
CONDOMINIUM OFFERING PLAN
87 LAFAYETTE CONDOMINIUM
A PLAN FOR CONDOMINIUM OWNERSHIP

of

PREMISES KNOWN AS
87 Lafayette Avenue
Brooklyn, New York 11217

3 Residential Units	\$1,405,000
1 Commercial Unit	\$ 650,000

Total Purchase Price of all Units being offered for sale.....\$2,055,000

Sponsor – Selling Agent
Grand Old Properties, Inc.
79 Worth Street
New York, New York 10013

Date of Acceptance for Filing January 27, 2003

The Term of the Initial Offer will end on January 26, 2004, **unless**
extended in a duly filed amendment.

SEE PAGE (i) FOR THE PLAN CONTAINS SPECIAL RISKS TO
PURCHASERS.

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

TABLE OF CONTENTS

PART I

	PAGE
SPECIAL RISKS TO BE CONSIDERED BY PURCHASERS	i
SECTION	1
A. INTRODUCTION	2
1. The Property	3
2. Features of Condominium Ownership	4
3. Offering of Units for Sale	5
4. Certain Definitions	5
B. DESCRIPTION OF THE PROPERTY AND IMPROVEMENTS	8
C. LOCATION AND AREA INFORMATION	12
D. OFFERING PRICES AND RELATED INFORMATION, SCHEDULE A	13
Notes to Schedule A	14
E. BUDGET FOR FIRST YEAR OF CONDOMINIUM OPERATION, SCHEDULE B	19
NOTES TO SCHEDULE B	20
BUDGET FOR INDIVIDUAL ENERGY COSTS, SCHEDULE B-1	25
F. COMPLIANCE WITH REAL PROPERTY LAW SECTION 339(i)	26
G. COMMERCIAL UNIT	27
H. CHANGES IN PRICES AND UNITS	28
I. EFFECTIVE DATE	30
J. PROCEDURE TO PURCHASE	32

K.	ASSIGNMENT of PURCHASE AGREEMENTS	38
L.	TERMS OF SALE	39
M.	UNIT CLOSING COSTS AND ADJUSTMENTS	41
N.	INTERIM LEASES	44
O.	RIGHTS AND OBLIGATIONS OF SPONSOR	46
P.	CONTROL BY SPONSOR	53
Q.	CONDOMINIUM BOARD	55
R.	RIGHTS AND OBLIGATIONS OF THE UNIT OWNERS AND THE BOARD OF MANAGERS	57
S.	REAL ESTATE TAXES	69
T.	INCOME TAX DEDUCTIONS TO UNIT OWNERS AND TAX STATUS OF CONDOMINIUM	71
U.	OPINION LETTERS	
	1. Tax Opinion of Counsel	73
	2. Opinion Letter of Real Estate Appraiser as to AV	77a
V.	RESERVE FUND AND WORKING CAPITAL FUND	78
W.	MANAGEMENT AGREEMENT AND CONTRACTS	79
X.	IDENTITY OF PARTIES	80
Y.	REPORTS TO UNIT OWNERS	82
Z.	DOCUMENTS ON FILE	83
AA.	GENERAL	84
BB.	SPONSOR'S STATEMENT OF BUILDING CONDITION	85

PART II

EXHIBIT

1. PURCHASE AGREEMENT	86
1A. FORM OF REQUEST FOR TAXPAYOR IDENTIFICATION NUMBER	102
2. POWER OF ATTORNEY	103
3. FORM OF UNIT DEED	107
4. DESCRIPTION OF PROPERTY AND SPECIFICATIONS	113
5. FLOOR PLANS	114
6. FORM OF APPLICATION TO ATTORNEY GENERAL FOR RESOLUTION OF DISPUTE CONCERNING DOWNPAYMENT	115
7. FORM OF ESCROW AGREEMENT WITH RESPECT TO DOWNPAYMENTS	116
8. DECLARATION OF CONDOMINIUM	121
9. CONDOMINIUM BY-LAWS	137
10. CERTIFICATIONS	186
A. SPONSOR AND PRINCIPALS	186
B. SPONSOR'S ARCHITECT	188
C. SPONSOR'S EXPERT CONCERNING ADEQUACY OF BUDGET	200

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2	2. The second part of the report deals with the economic situation of the country.
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31	31. The thirty-first part of the report deals with the list of numbers of the report.
32	32. The thirty-second part of the report deals with the list of symbols of the report.
33	33. The thirty-third part of the report deals with the list of abbreviations of the report.
34	34. The thirty-fourth part of the report deals with the list of maps of the report.
35	35. The thirty-fifth part of the report deals with the list of tables of the report.
36	36. The thirty-sixth part of the report deals with the list of figures of the report.
37	37. The thirty-seventh part of the report deals with the list of footnotes of the report.
38	38. The thirty-eighth part of the report deals with the list of references of the report.
39	39. The thirty-ninth part of the report deals with the list of sources of the report.
40	40. The fortieth part of the report deals with the list of documents of the report.
41	41. The forty-first part of the report deals with the list of publications of the report.
42	42. The forty-second part of the report deals with the list of works of the report.
43	43. The forty-third part of the report deals with the list of books of the report.
44	44. The forty-fourth part of the report deals with the list of articles of the report.
45	45. The forty-fifth part of the report deals with the list of chapters of the report.
46	46. The forty-sixth part of the report deals with the list of sections of the report.
47	47. The forty-seventh part of the report deals with the list of paragraphs of the report.
48	48. The forty-eighth part of the report deals with the list of sentences of the report.
49	49. The forty-ninth part of the report deals with the list of words of the report.
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PART I

SPECIAL RISKS TO BE CONSIDERED BY PURCHASERS

1. Use Provisions

87 Lafayette Condominium will consist of 3 Residential Units and 1 Commercial Unit and the Common Elements. The Residential Units, may generally only be used for residential purposes; the Commercial Unit may be used for any legal purpose.

2. Down payments; Default by Purchasers under their Purchase Agreements

Purchasers will be required to make a downpayment upon execution of a Purchase Agreement in an amount equal to 10% of the purchase price. Sponsor anticipates that the First Closing will occur on or about September 1, 2003. Downpayments made by a Purchaser will be held in escrow until the closing of the Unit. If the First Closing does not occur within 12 months after, September 1, 2003 Sponsor will offer Purchasers the right to rescind their Purchase Agreements, in which event Purchasers electing to rescind will have their Downpayments, returned together with any interest accrued thereon. After the Plan has been declared effective and the First Closing has occurred, if a Purchaser defaults under a Purchase Agreement and does not cure such default within 30 days after written notice of such default, then Sponsor shall cancel such Purchase Agreement and retain, as liquidated damages, the entire downpayment together with interest earned thereon. "Time is of the essence" with respect to a Purchaser's obligations under a Purchase Agreement. Accordingly, a Purchaser who defaults in making timely payment of the balance of the purchase price and does not cure such default within the time provided may not be afforded any additional time to make such payment. (See Part I, Section J, for further discussion.)

3. Control by Sponsor; First Meeting

Sponsor will be entitled to elect or designate a majority of the members of the Board of Managers of the Condominium until the later to occur of two years after the first closing of title to any Unit (the "First Closing") or the closing of title to an aggregate of 75% (in number and in aggregate Common Interests) of the Units. Therefore, during this period (the "Initial Control Period") Sponsor will be able to control the maintenance and operation of, and services to be provided by, the Condominium; Sponsor will also be able to control the determination of the Common Charges to be paid by all Unit Owners. Moreover, during the Initial Control Period, the Board may not, without the prior written consent of Sponsor, make any additions, alterations or improvements to the Common Elements, assess Common Charges to create or increase reserve funds in excess of 5% of the projected Common Expenses, increase or decrease the number of Condominium employees, enter into service or maintenance contracts or otherwise increase services beyond those described in this Plan, or borrow money on behalf of the Condominium; unless, however, in each case such action does not increase the Common Charges by

more than 5% in the aggregate above the prior year or is required in order to comply with law or provide for the health or safety of occupants of the Condominium. The Board shall consist of three members designated by Sponsor until the First Annual Meeting of Unit Owners, at which time the incumbent unit owners will resign and three members will be elected by the Unit Owners. The First Annual Meeting of the Board shall be held on a date not earlier than ten nor later than thirty days following the earlier to occur of (a) the first anniversary of the First Closing or (b) the closing of title to at least 50%, in number and in Common Interests, of all Units. However, at elections of members to the Board held during the Initial Control Period (that is, the period ending upon the later to occur of (a) the second anniversary of the First Closing or (b) the closing of title to Units representing 75% (in number and in aggregate Common Interests) of all Units), Sponsor and/or its designee will have the right to elect or designate not more than three members of the Board, in the aggregate, who are related to or affiliated with Sponsor, such designee or other Unsold Unit Owners, and Sponsor, such designee and all other Unit Owners shall have the right to elect the remaining members of the Board who shall not be related to or affiliated with Sponsor, such designee or other Unsold Unit Owners. (See Part I, Section P, and Section Q, for further discussion.)

4. No Bond or Other Security

No bond or other security has been posted by Sponsor to secure its obligation to pay Common Charges, special assessments or real estate taxes with respect to Unsold Units. Sponsor represents that it has the financial resources to pay such amounts with respect to the Unsold Units and agrees to pay such amounts. (See Part 1, Section O, for further discussion.)

5.. Sponsor's Right to Lease Unsold Units

Sponsor has reserved the right to rent or lease any Unsold Unit prior to closing the sale thereof or with respect to which a Purchase Agreement is not outstanding. Accordingly, a Purchaser may be acquiring a Unit that has been previously occupied, but such Unit will be delivered at closing free and clear of all leases and tenancies. (See Part I, Section N, for further discussion.)

6. Transfer Taxes

Purchasers shall be obligated to pay the New York City Real Property Transfer Tax and New York State Real Property Transfer Tax (Deed Stamps) which by law are the primary obligation of the Seller. (See Part I, Section M, for further discussion.) For the purposes of computation of the aforementioned taxes, the consideration is calculated by adding the amount of tax as additional consideration to the purchase price. The taxes are then paid on said higher consideration.

7. No Reserve Fund

No Reserve Fund is being established for the Condominium. Sponsor has elected not to provide for a reserve fund to be used for capital replacements, or repairs, because the Building, upon completion of the construction to be performed by Sponsor as described herein, will be new construction. The Board, in its discretion, and subject to certain restrictions contained in the By-Laws, may decide in the future to create a Reserve Fund by special assessment or by increases in Common Charges

8. Funds for Upgrades

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

9. Restrictions of Banks Regarding Number of Sold Units

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

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

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

10. Management

The Building will be self-managed. Individual unit owners will be responsible for performing the duties usually performed by a managing agent. However if the unit owners decide to hire a managing agent, common charges will be increased by the cost of said employee.

11. Default

In the event that a Purchaser fails to close title on the date set for closing or otherwise fails to perform any other obligations under his or her Purchase Agreement, and such default is not cured within 30 days after Sponsor gives written notice to such Purchaser of the default, Sponsor, at its option, may cancel such Purchase Agreement and retain as liquidated damages the Downpayment made by the Purchaser, together with interest earned thereon, and all rights, obligations and liabilities of Sponsor and the Purchaser to each other shall cease and terminate. In the event Sponsor elects not to cancel the

Purchase Agreement as a result of the failure of the Purchaser to close on the date specified by Sponsor, or if Sponsor approves a request from the Purchaser to adjourn the closing date, then Sponsor may require that (a) the Purchaser pay Sponsor interest at a rate of eighteen (18 %) percent per annum. (or such lower rate per annum if the legal limit is changed by law at the time of contract and 18% per annum then exceeds the legal limit) on the total purchase price, computed from the original closing date until the transaction is actually closed, and (b) all apportionments between Sponsor and the Purchaser be made as of the original closing date; in addition, the Purchaser shall reimburse Sponsor for any additional costs incurred by Sponsor as a result of the Purchaser's delay.

Time is of the essence with respect to the Purchaser's obligation to close title on the date set for closing and to pay, perform or observe all of his or her other obligations under the Purchase Agreement, and to cure a default within 30 days after Sponsor gives notice to the Purchaser of such default. Therefore, a Purchaser who defaults under his or her Purchase Agreement and who does not cure such default within said 30-day period may not be permitted any additional time to cure such default.

13. Financing

Purchasers' obligations under the Purchase Agreement are contingent upon obtaining financing, if desired, for the purchase of the Unit. Purchasers will have forty (40) days after execution of the Purchase Agreement to obtain a commitment for financing. Purchaser must notify Sponsor within five (5) days after the expiration of the aforementioned 40-day period if Purchaser is unable to obtain the commitment. Purchasers should note that financing commitments for purchase of Units may have expiration dates prior to which closing of title to the Unit may occur, unless the commitment is extended. It is Purchaser's obligation to obtain any extension of the commitment if necessary. If such extension is granted, or another commitment issued, no guarantee can be made that the terms will be the same as the expired commitment. If Purchaser can not obtain an extension of his commitment, the Purchase Agreement is at that time no longer contingent and Purchaser is obligated to close in accordance with the Purchase Agreement.

14. Working Capital Fund Contribution

Purchasers of units shall, at the closing of their units, pay the sum of \$1,000 for each Unit purchased to the Condominium Board . At the closing of all the residential units, \$4,000 will augment the Condominium's Working Capital Fund or any reserve or other fund then held or maintained by the Condominium Board. See Part I Section V.

15. Approval of Purchaser by Sponsor's Construction Lender

Pursuant to a Building Loan Agreement between Sponsor and The Community Preservation Corporation ("Lender"), dated May 20, 2002, Lender must approve purchasers prior to Sponsor's acceptance of purchase agreements. Lender shall indicate its approval or disapproval within five business days after receipt of the purchase agreement.

16. Effective Date

The Plan may not be declared effective until Purchase Agreements have been executed for all three residential units. However, Sponsor may declare the Plan effective when at least one residential unit is purchased.

17. Down payments

Deposits in excess of \$100,000 will not be federally insured.

18. Sponsor is not supplying washers and dryers in the units.

A. INTRODUCTION

Grand Old Properties, Inc., ("Sponsor"), presents this Offering Plan (the "Plan") for the establishment of 87 Lafayette Condominium, consisting of the land and building, and appurtenances thereto, known by the street number 87 Lafayette Avenue, Brooklyn, New York.

The purpose of the Plan is to set forth in detail all material terms of the offering by Sponsor of the Residential and Garage Units located in the Condominium. Sponsor may amend the Plan from time to time by filing an amendment with the New York State Department of Law ("Department of Law"), a copy of which amendment will be mailed or personally delivered to all purchasers of Units pursuant to executed Purchase Agreements and to all Unit Owners.

Part I of the Plan sets forth a general description of the offering and the rights and obligations of Sponsor and Unit Owners. Part II contains the basic documents necessary to create the Condominium and to otherwise effectuate the provisions of the Plan. Also included in Part II is a detailed physical description of the Property and certifications by Sponsor, Sponsor's architect and Sponsor's financial experts. In addition to the Plan, Sponsor has filed with the Department of Law exhibits to the Plan which are presented as Parts A (Certifications), B (General), C (Engineering) and D (Other Information).

The Plan, including all Schedules set forth herein, and Parts A, B, C and D of the exhibits, together constitute the entire offer of Sponsor to sell Units at the Condominium. Sponsor shall not make, and has not authorized any other party to make, any oral representations or statements concerning this Plan, and no such representations or statements shall be considered part of this Plan. No information, data or representations other than those contained herein or in the documents annexed hereto as exhibits in Part II of this Plan may be relied upon. Copies of the Plan and the exhibits will be available for inspection by prospective Purchasers without charge, and for copying, at a reasonable charge, at the Condominium's Sales Office by appointment and at the Department of Law.

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 and hereinafter referred to as the "Condominium Act." The Condominium is subject to and will comply with all statutes and regulations applicable to condominiums in the State of New York.

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

Each capitalized term used in Part I of the Plan shall have the meaning ascribed thereto in the section of the Plan entitled "Certain Definitions", unless otherwise clearly indicated.

1. The Property

On March 5, 2002, Sponsor acquired the Land and Building located at 87 Lafayette Avenue, Brooklyn, New York, which, upon completion of construction, will constitute 87 Lafayette Condominium.

As more specifically described herein, the Building, upon completion of construction, will be operated as a condominium apartment building and will include:

- (i) three apartments (the "Residential Units"), which will be located on the first through fourth floors;
- (ii) One Commercial Unit is located on the basement floor;
- (iii) together with the entrances and lobbies on the ground floor and other Common Elements, and
- (iv) various utility and service areas located throughout the Building.

Based upon the current construction schedule, Sponsor presently contemplates that, unless delayed by weather, casualty, labor difficulties (including work stoppages and strikes), late delivery and/or the inability to obtain materials, governmental restrictions, or other events beyond its reasonable control, construction of the Building will be sufficiently completed to permit closings of Units to begin on or about January 1, 2003. Prospective Purchasers should note, however, that the Units will be completed at differing times over a period that may begin prior to and/or extend significantly beyond such date. Sponsor will have no liability to any Purchaser, nor will a Purchaser be entitled to any credit, offset or reduction in the purchase price for his or her Unit or otherwise be relieved from any obligations under the Purchase Agreement, in the event that the First Closing occurs earlier or later than the targeted date or the time to complete or to close title to their Units is delayed or postponed by Sponsor, provided, however, that in the event the actual or anticipated commencement date of the first year of condominium operation is to be delayed by six months or more, Sponsor will amend the Plan to include a revised budget with current projections and if (i) the amended budget exceeds the projected budget set forth herein by 25% or more or (ii) the First Closing does not occur within 12 months after January 1, 2003, the date set forth in Schedule B as the commencement date for the first year of Condominium operation, then in either case Sponsor will offer all Purchasers (other than Purchasers who are then in default beyond any applicable grace period, if the Plan has been declared effective) the right to rescind their Purchase Agreements within not less than fifteen days after the presentation date of the amendment containing such revised budget, and any Purchasers electing rescission pursuant to such offer will have their Downpayments and any interest accrued thereon returned.

Sponsor reserves the right to change the number of Units from time to time by subdividing and/or combining Units, even after the Condominium is created, unless a binding Purchase Agreement for such Unit has been entered into and the Purchaser does not consent to such change. (See "Changes in Prices and Units", Section H, of Part I of the Plan.)

A detailed description of the Property is contained in "Description of the Property and Improvements" in Part I, Section B, of the Plan.

2. Features of Condominium Ownership

The ownership of a Unit is similar in many respects to the ownership of a private home or commercial building, as the case may be. Each Unit Owner is the fee owner of his or her Unit. Each Unit Owner also owns, in common with the owners of all other Units, an undivided interest in the Common Elements, which, as more particularly set forth herein and in the Declaration, include all Parts of the Property other than the Units themselves, including, without limitation, the Land and the roofs, foundations and supports of the Building, and all areas, equipment or facilities for the common use of two or more Units or two or more Unit Owners.

Use and occupancy of the Units is governed by the By-Laws of the Condominium, the provisions of this Plan and applicable laws.

A Residential Unit may be used only as a residence and, subject to compliance with the By-Laws and applicable laws, for a lawful home occupation.

Commercial Unit may be used for any legal commercial use subject to compliance with By-Laws and other applicable laws.

Any sale or lease of a Residential Unit or Storage Unit will be subject to a right by the Board to acquire or lease the Residential Unit on the same terms as were offered by the Unit Owner. This right of first refusal in favor of the Board is not applicable to a sale or lease of the Unsold Units. For a more complete discussion of the foregoing, see Part I, Section R, of the Plan.

Each Unit Owner must pay Common Charges to cover the costs of operation and maintenance of Condominium in accordance with Sections 339(i)(1)(iv) and 339(m) of the New York Condominium Act. The estimated Common Charges for each Unit for the projected first year of Condominium operation are set forth in Schedule A.

Operation of the Condominium will be vested in a Board of Managers, which will be elected by the Unit Owners. As more particularly set forth in the By-Laws, the Board will determine the amounts of Common Expenses, and the allocation of Common Expenses and will assess Unit Owners for Common Charges accordingly.

Unit Owners may decorate the interior of their Units in any way that they desire, subject to compliance with the By-Laws and Rules and Regulations. Unit Owners will be responsible for maintaining, repairing and painting their Units at their own expense. Unit Owners must obtain the consent of the Board before altering their Units.

Each Unit Owner may mortgage his or her Unit with such lender and in such amount as he or she chooses, provided only that the Unit Owner notifies the Board of the name and address of the lender, files a copy of the note and mortgage with the Board and satisfies all unpaid liens against his or her Unit prior to making such mortgage. Each Unit is separate and is not subject to the lien of any mortgage placed by other Unit Owners on their respective Units.

After the City of New York assesses as a separate tax lot each Unit and bills each Unit Owner, the Unit Owner will be responsible for paying the real estate taxes and assessments imposed against such Unit, and no Unit Owner will be responsible for the payment of, nor will his or her Unit be subjected to any lien arising from the non-payment of, taxes and assessments imposed on other Units.

In the opinion of Raphael and Marks, Sponsor's counsel, a Residential Unit Owner who utilizes his Unit as his primary or secondary residence, and who itemizes deductions generally may, under the income tax laws and regulations in effect as of the date of this Plan, subject to certain limitations, deduct from his income for Federal, New York State and New York City income tax purposes:

- (a) the annual real estate taxes assessed against his Unit and paid or incurred by such Unit Owner; and
- (b) the annual interest paid or incurred by such Unit Owner on mortgage indebtedness incurred to acquire or substantially improve his Unit.

Prospective Purchasers should refer to "Income Tax Deductions to Unit Owners and Tax Status of the Condominium" in Section T below, as well as to such counsel's Income Tax Opinion reproduced in Section U of Part I for a more complete discussion.

After the closing of title, Unit Owners will be responsible for maintaining casualty insurance with respect to fixtures, equipment and personal property within the Unit and liability insurance with respect to occurrences in or about the Unit. The Board will be responsible for maintaining casualty and liability insurance with respect to the Common Elements, in accordance with the provisions of Section 6.4 of the By-Laws. See "Rights and Obligations of the Unit Owners and the Board of Managers" in Part I, Section R, for a more complete discussion of the foregoing.

3. Offering of Units for Sale

Sponsor hereby offers three Residential Units and 1 Commercial Unit for sale under the Plan .

There are no limitations on who may purchase Units. However, Sponsor hereby reserves the right at any time and from time to time for any reason whatsoever, without the consent of the Board, any Unit Owner or mortgagee, to refuse to approve and execute a Purchase Agreement for any Unit; provided, however, that Sponsor shall not discriminate against any person because of race, creed, color, sex, disability, marital status or national origin, or as otherwise Prohibited by applicable law.

The prices for the Units offered under the Plan are listed on Schedule A, entitled "Schedule of Purchase Prices and Other Financial Details for Each Unit for January 1, 2003 to December 31, 2004, the Projected First Year of Condominium Operation". THESE PRICES HAVE BEEN SET BY SPONSOR AND ARE NOT SUBJECT TO REVIEW OR APPROVAL BY THE DEPARTMENT OF LAW OR ANY OTHER GOVERNMENTAL AGENCY.

The estimated Common Charges for each Unit for the projected first year of condominium operation are also set forth in said Schedule A. In addition to the payment of Common Charges, each Unit Owner will be responsible for the payment of the real estate taxes which will be separately assessed against such Unit, and interest and amortization payments on the mortgage, if any, which such Purchaser may obtain

Schedule A sets forth the estimate for the amount of real estate taxes which will be payable with respect to each Unit during the fiscal tax year from January 1, 2003 – December 31, 2003. See Note 6 to Schedule A of Part I with respect to the basis of such estimate.

4. Certain Definitions

For convenience, general definitions of certain of the terms used in Part I of the Plan are set forth below, which definitions are subject, in many cases, to the more particular definitions of such terms set forth in the Declaration and By-Laws included in Part R of the Plan.

Board: The Board of Managers of the Condominium, also sometimes referred to as the "Condominium Board".

Building: The building and other improvements located on the Land and commonly known as 87 Lafayette Avenue, Brooklyn, New York.

By-Laws: The By-Laws governing the operation of the Condominium, the form of which is set forth in Part II of the Plan, including the Rules and Regulations.

City Register's Office: The Kings County office of the Register of the City of New York.

Common Charges: Assessments payable to the Condominium Board by Unit Owners for the purpose of meeting Common Expenses.

Common Elements: The Land, all parts of the Building (other than the Units), including the foundations, roofs and supports of the Building and all areas, equipment or facilities for the common use of two or more Units or two or more Unit Owners.

Common Expenses: The costs and expenses in connection with the repair, maintenance, replacement, restoration and operation of, and any alteration, addition or improvement to, the Common Elements and the provision of services to Unit Owners.

Common Interest: The proportionate undivided interest in the Common Elements appertaining to each Unit, expressed as a numerical percentage and determined in accordance with the Declaration. The total of all Common Interest percentages appertaining to all Units equals 100%. The Common Interest is the basis of determining, among other things, a Unit Owner's (a) voting power and (b) liability for a share of the Common Expenses.

Condominium: 87 Lafayette Condominium.

Condominium Board: The Condominium Board of the Condominium, also sometimes referred to herein as the "Board".

Declaration: The instrument creating the Condominium, the form of which is set forth in Part II of the Plan.

Department of Buildings: The Department of Buildings of The City of New York.

First Closing: The first date upon which title to any Unit is conveyed to a purchaser under the Plan.

Floor Plans: The floor plans of the Building which will be filed with, and approved by, the Real Property Assessment Department of The City of New York and the City Register's Office at the time the Declaration is recorded. The Floor Plans will show the locations of the Units and the Common Elements in the Building.

General Common Elements: All of the Common Elements which are not Limited Common Elements.

Initial Control Period: The period ending upon the later to occur of (a) two years after the First Closing or (b) the closing of title to Units representing 75% (in number and in aggregate Common Interests) of all Units.

Land: The land situated on Lafayette Avenue, between South Portland Avenue and Eliot Place, Brooklyn, New York, as more particularly described in the Declaration.

Limited Common Elements: Those Common Elements which serve or benefit exclusively specific Units.

Managing Agent: The Building will be self managed, See "Management Agreement" in Part I, Section W of this Plan.

Permitted Encumbrances: Those matters encumbering title to a Unit subject to which a Purchaser agrees to take title, as more particularly itemized on Schedule A annexed to the form of Purchase Agreement.

Plans and Specifications: The Plans and specifications for the construction of the Building which (to the extent required by law) have been or will be filed with the Department of Buildings and which may, from time to time, hereafter be amended in accordance with the provisions of the Plan.

Property: The Land, the Building and the appurtenances thereto, including, without limitation, all Common Elements.

Purchase Agreement. The agreement to purchase a Unit pursuant to the Plan, the form of which is set forth as Exhibit 1 in Part II of the Plan.

Purchaser: A purchaser of a Unit pursuant to a Purchase Agreement.

Rules and Regulations: The rules and regulations of the Condominium made in accordance with the By-Laws and attached thereto as Schedule A.

Sponsor or its designee; or similar phrases: Sponsor, any affiliate of Sponsor or a designee of Sponsor shall be deemed to be a person who or entity which (i) owns 25% or more of the legal or beneficial interest of Sponsor, or (ii) an entity with respect to which Sponsor owns 25% or more of the legal or beneficial interest.

Sponsor Office: The office of Sponsor is located at 79 Worth Street, New York, New York or any other office regularly maintained by Sponsor in the Borough of Manhattan or Brooklyn.

Unit: Any space designated as a Unit in the Declaration, consisting, generally, of the relevant condominium unit in the Building and an appurtenant undivided interest in the General Common Elements . All or any of such Units are collectively referred to as the "Units".

Unit Owner or Owner: The owner of a Unit at the time in question.

Unsold Units: Any of the Units owned by Sponsor or its designee, other than any such Unit purchased by and for the use of Sponsor or its designee. All or any of such Units are collectively referred to as the "Unsold Units".

All other capitalized terms used in Part I of the Plan which are not separately defined in Part I shall have the meanings ascribed thereto in the By-Laws or in the Declaration, as the case may be. Unless the context otherwise requires, words used in the singular include the plural and vice versa, and a reference herein to any one gender, masculine, feminine or neuter, includes the other two.

B. DESCRIPTION OF THE PROPERTY AND IMPROVEMENTS

The following is a general description of the Property, including the Land, Building, Units and Common Elements, as well as certain facilities and services to be provided at the Condominium. The property will be improved and the units constructed in accordance with all applicable provisions of the New York City Zoning Resolution, the New York City Building Code, the New York City Multiple Dwelling Law, the New York City Electric Code and all other applicable zoning and building laws and requirements. For a more detailed physical description of the Property, see "Description of Property and Specifications" in Part II of the Plan.

1. The Building

The Building is located on the Land, situated on Lafayette Avenue between South Portland Avenue and South Elliot Place in the Fort Greene section of Brooklyn, New York.

The three Residential Units will be located in a rehabilitated building with a newly constructed penthouse on the fourth floor.

Sponsor has engaged Delacour and Ferrara, as architect for the Report contained herein and Bernard Doyle as architect of record (See "Identity of Parties" in Part I, Section X). The Plans and Specifications have been prepared by Mr. Doyle.

Rehabilitation and construction of the Building, including the individual Units, will be completed substantially in accordance with the Plans and Specifications, the Zoning Resolution, the Building Code of the City of New York and all other applicable governmental requirements. However, 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 in place of any materials, appliances, equipment and fixtures set forth therein or in Exhibit 5 in Part II of the Plan, items of substantially equal or better quality, provided, however, that any material change shall be set forth in an amendment to the Plan, that any necessary approval of any governmental authority having jurisdiction is first obtained, and that no such amendments, modifications or substitutions may be made if the same would materially adversely affect any Purchaser under a Purchase Agreement which has been countersigned by Sponsor and returned to the Purchaser unless the same is dictated by construction conditions at the Property, and in such event, Sponsor will, in the amendment disclosing, such change and delivered to the Purchasers, offer the affected Purchaser(s) the right, for at least fifteen days, to rescind their Purchase Agreements and receive a refund of their Downpayments, together with all interest earned thereon.

The location in the Building, size, layout and approximate square footages of the Units are shown on the floor plans duplicated in Exhibit 8 of Part II of the Plan. Such floor plans are subject to the rights of Sponsor or its designee to combine two or more Unsold Units, to add additional Units by subdividing Unsold Units or to change the number of rooms in, as well as the size, layout and square foot area of, any Unsold Units, as further described in Part I Section H, hereof provided, however, that any material change shall be set forth in an amendment to the Plan, that no material adverse change will be made in the size, configuration, or layout of a Unit for

which a Purchase Agreement which has been countersigned by Sponsor and returned to the Purchaser unless the same is dictated by construction conditions at the Property, and in such event, Sponsor will, in the amendment disclosing such change and delivered to the Purchasers, offer the affected Purchaser(s) the right, for at least fifteen days, to rescind their Purchase Agreements and receive a refund of their Downpayments, together with all interest earned thereon.

Sponsor will have no liability to any Purchaser, nor will any Purchaser be entitled to a credit, offset or reduction in the purchase price for his or her Unit or otherwise be relieved from any obligations under the Purchase Agreement, by virtue of a minor inaccuracy or error in the floor plans. With regard to size, such minor error would mean an increase or decrease in the size of any apartment of 3% or less.

Based upon the current construction schedule, Sponsor presently contemplates that, unless delayed by weather, casualty, labor difficulties (including work stoppages and strikes), late delivery or inability to obtain materials, governmental restrictions, or other events beyond its reasonable control, construction of the Building will be sufficiently completed to permit closings of Units to begin on or about January 1, 2003. Prospective Purchasers should note, however, that the Units will be completed at differing times over a period that may begin prior to and/or extend beyond such date. Sponsor will have no liability to any Purchaser, nor will a Purchaser be entitled to any credit, offset or reduction in the purchase price for his or her Unit or otherwise be relieved from any obligations under the Purchase Agreement, in the event that the First Closing occurs earlier or later than the targeted date or the time to complete or to close title to their Units is delayed or postponed by Sponsor. However, if the First Closing does not occur within 12 months after January 1, 2003, the date set forth in Schedule B as the commencement date for the first year of Condominium operation, then Sponsor will offer all Purchasers the right to rescind their Purchase Agreements and receive a refund of their downpayment, with interest, if any.

Further, in the event the actual or anticipated commencement date of the first year of condominium operation is to be delayed by six months or more, Sponsor will amend the Plan to include a revised budget with current projections and if the amended budget exceeds the projected budget set forth in the Plan by 25% or more Sponsor will offer all Purchasers the right to rescind their Purchase Agreements within not less than fifteen days after the presentation date of the amendment containing such revised budget, and any Purchasers electing rescission pursuant to such offer will have their Downpayments and any interest accrued thereon returned.

2. Residential Units

There will be a total of three Residential Units; two 2 bedroom apartments with 960 square feet each and one 3 bedroom duplex penthouse apartment with 1280 square feet. Detailed descriptions of the Units are set forth in the Declaration and in Exhibit 5 in Part II of the Plan. Exhibit 5 also includes a detailed description of the fixtures, finishes, appliances and equipment included in each Unit.

A Residential Unit may be used only as a residence and, subject to compliance with these By-Laws, for a lawful home occupation. A Residential Unit may only be occupied by (i) any individual who is a Unit Owner or permitted lessee, (ii) any officer, director, stockholder or employee of any corporation which is a Unit Owner or permitted lessee, (iii) any partner or

employee of any partnership which is a Unit Owner or permitted lessee, (iv) the fiduciary or beneficiary of any fiduciary which is a Unit Owner or permitted lessee and member and/or non-paying guests of any of the forgoing.

3. Commercial Unit

There will be one Commercial Unit located on the basement floor that may be used for retail space or as a restaurant..

4. Common Elements

The Common Elements consist of the Land and all parts of the Building other than the Units themselves, including, generally, the foundations, roofs and supports of the Building and all other parts of the Building and all apparatus, installations, systems, equipment and facilities therein for the common use of the Units and Unit Owners or which are necessary or convenient for the existence, maintenance or safety of the Property

The Common Elements cannot be divided or partitioned, except as provided in the New York Condominium Act. A Unit Owner's interest in the Common Elements shall not be separated from the Unit to which it appertains. For a detailed description of the Common Elements, see Exhibit 5 in Part II of the Plan and Article 7 of the Declaration (Exhibit 9 in Part II of the Plan).

5. Available Services and Facilities

Generally, all services normally associated with the operation and maintenance of a residential condominium will be provided to Unit Owners at no cost other than Common Charges; these are described below in the section entitled "Building Standard Services and Facilities".

Building Services and Facilities (included in Common Charges payable by Unit Owners):

- (i) Communications Facilities and Intercom Service. Each Unit will be equipped with an intercom. This system will enable the occupants of each Unit to communicate directly with guests and visitors.
- (ii) Mail.
There will be an area in the lobby containing mailboxes for each Unit Owner.
- (iii) Maintenance Personnel.
Building personnel will include a part time building superintendent
- (iv) Utilities and Cable Service.
Each Unit will contain connections for all utilities, including electricity, domestic hot and cold water, telephone and cable service. Electricity for the Building will be provided by Consolidated Edison and metered to each Unit. Gas will be provided by Brooklyn Union

Gas for heating and cooking and metered to the Building as an entity. Water and sewer services will be provided by The City of New York and paid for as part of the common charges and cable service by Time Warner Cable of New York City or another cable service provider, which will be paid for by individual unit owners.

- (vi) **Refuse Disposal.** Refuse disposal will be provided by the City of New York Department of Sanitation. The residents of the building will be responsible for placing the refuse in the trash room.
- (vii) **Security Procedures.** There will be an intercom system at the main entrance that communicates with each unit. No representation or warranty is made and no assurance is given that the security system and procedures of the Building will prevent personal injury or damage to or loss of personal property.
- (viii) **Smoke Detectors.** Smoke detectors shall be provided in each Unit in compliance with applicable legal requirements

C. LOCATION AND AREA INFORMATION

1. Location and Services

The Condominium is situated at 87 Lafayette Avenue in the Fort Greene section of Brooklyn, New York. It is located in a R6 zone which permits residential development. Pre-existing commercial space in the basement is being retained. The zoning permits construction of a residential building with a floor area of three times the lot area above grade. The building, upon completion, will not utilize all of the floor area permitted as of right by the zoning.

Fort Greene is a twenty-minute subway ride to midtown Manhattan. New York City is one of the leading cultural centers of the world, with many of the finest universities, museums, libraries, theaters and cultural institutions, attracting millions of national and international tourists. New York City is the nation's center for communications, publishing, advertising, the stock market and other financial services, visual and performing arts and the fashion industry. Less than four blocks to the east of the property is famed Prospect Park. Widely known cultural institutions include the Brooklyn Museum, the Brooklyn Botanic Gardens, the main branch of the Brooklyn Public Library and the Brooklyn Academy of Music.

New York City is served by three major airports -LaGuardia Airport, John F. Kennedy and Newark International Airport. Passenger railroad service is provided from Pennsylvania Station, located at Seventh Avenue and 33rd Street, and from Grand Central Station, located at Lexington Avenue and 42nd Street in Manhattan.

Transportation to and from the Building, and throughout New York City, is provided by the New York Transit Authority subway system, the LIRR and various buses. The 2,3,4,5,Q, W, N, R, M, J and R trains all provide convenient access throughout the boroughs. The Brooklyn- Queens Expressway links the highways, bridges and tunnels. Convenient access to Manhattan is provided by the Brooklyn Bridge and the Battery tunnel. A number of commercial parking garages are located nearby.

A number of excellent medical centers, such as Brooklyn Plaza Medical Center and Brooklyn Hospital are readily accessible.

All public services, including schools, police protection, library and street maintenance, are provided by the City of New York. The nearest Police Station is at 298 Classon Avenue. The nearest Fire Station is at 160 Carlton Avenue.

Private and public schools in the neighborhood include Brooklyn Tech High School and PS 46. Colleges in the area include Brooklyn College, Long Island University and Brooklyn Law School and the Pratt Institute.

Section D

SCHEDULE A
87 LAFAYETTE CONDOMINIUM
87 Lafayette Avenue, Brooklyn, New York 11215
SCHEDULE OF PURCHASE PRICES AND OTHER FINANCIAL DETAILS
FOR EACH UNIT FOR THE FIRST YEAR OF CONDOMINIUM OPERATION
COMMENCING ON January 1, 2003

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	Total Carrying Costs	
Unit	Rooms/ Baths	Percentage of Common Interest	Area in Square Feet	Offering Price	Common Charges Annual	Real Estate Taxes Annual	Monthly	Annual	Monthly
1	4/1	26.0	867	\$435,000	\$4,030	\$335	\$2,400	\$2,400	\$535
2	4/1	26.0	857	\$435,000	\$4,030	\$335	\$2,400	\$2,400	\$535
3	5/1	33.0	1217	\$535,000	\$5,115	\$426	\$3,192	\$2,666	\$692
Commercial		15.0	937	\$650,000	\$2,325	\$194	\$2,664	\$2,222	\$386
Total:		100%	4,135	\$2,055,000	\$15,500	\$1,290	\$10,656	\$888	\$25,776

Units 1 has a Porch as a Limited Common Element
 Unit 2 has a Balcony as a Limited Common Element.
 Unit 3 has a Roof Terrace as a Limited Common Element.
 The Commercial Unit has an area of the Cellar and the Rear Yard as Limited Common Elements.

Notes to Schedule A

1. See Column 2 of Schedule A:

Any floor plan or sketch shown to a prospective Purchaser is only an approximation of the square foot area and layout of the Unit in question. However, any material change (for example, variations in square footage in excess of 3% will be set forth in an amendment to the Plan, and no material adverse change will be made in the size, configuration, or layout of a Unit for which a Purchase Agreement which has been countersigned by Sponsor and returned to the Purchaser unless the same is dictated by construction conditions at the Property, and in such event, Sponsor will, in the amendment disclosing such change and delivered to the Purchasers, offer the affected Purchaser(s) the right, for at least fifteen days, to rescind their Purchase Agreements and receive a refund of their Downpayments, together with all interest earned thereon.

As noted at the bottom of Schedule A, the Limited Common Elements which serve or are the benefit exclusively of specific Units are as follows:

1. The Balconies appurtenant to Units 1 and 2;
2. The Roof Terrace appurtenant to Unit 3;
3. Cellar area and yard appurtenant to the Commercial Unit; and
4. The Porch appurtenant to Unit 1.

See also Exhibit B to the Declaration, Part II, Exhibit 8 of the Plan.

As to the aforementioned Limited Common Elements, under the New York City Zoning Resolution, there are 663 square feet of available floor area that could be built as of right as residential floor area without a variance. The Sponsor has allocated this available floor area to the Commercial Unit which would allow the Commercial Unit Owner to build a one story residential structure (to the height of the floor of Unit 1) enclosing the entire rear yard (a limited common element for the Commercial Unit. Should this space be built as additional commercial space, it would be necessary for the Commercial Unit Owner to obtain a variance as to use from the Board of Standards and Appeals. No structure may be built on the roof as of right; any plan to build a structure on the roof would require a variance from the Bureau of Standards and Appeals.

In the event that any construction to the Limited Common Elements is contemplated by the owners of the aforementioned units, the Board of Managers may regulate time periods during which work is permitted; the manner in which construction debris is handled; security measures; liability insurance and the interruption of building services.

The owner of the Unit which has the yard as a Limited Common Element has sole financial responsibility for the maintenance of said yard. The owners of the Units of the cellar, roof terrace, porch and balcony have the sole financial responsibility for the repair or replacement of the cellar, roof, porch, terrace or balcony to the extent that any repair is needed as a result of the owner's use. Further, the condominium has unlimited access to all areas of the aforementioned limited common elements for the purpose of making repairs.

2. See Column 4 of Schedule A: The square feet area of the Units as set forth in the floor plans and in Exhibit B to the Declaration are approximate and were obtained by using the

method customarily used in New York City to measure rental and cooperative apartments. The Units were measured from the exterior side of the exterior walls (perimeter steel columns and perimeter mechanical pipes are not deducted) to the midpoint of the interior walls and partitions separating one Unit from another Unit, or the exterior side of the interior walls and partitions separating a Unit from public corridors, stairs, elevators and other mechanical equipment spaces or any Common Elements or Limited Common Elements. As is customary in New York City, these square foot areas exceed the useable floor area of each Unit.

Measured vertically, each Unit will consist of the volume from the top of the floor slab below (located under the finished flooring and sub-floor materials) to the underside of the floor slab. However, the Board, Sponsor and Sponsor's designee will each have an easement to install and maintain pipes, conduits, wires, ducts and other facilities in the space between the underside of each such floor slab and the top surface of each Unit's finished ceiling, without any need to obtain the consent of any Unit Owner with respect to the same. The clearance between the top of the floor and the bottom of the finished ceiling in the Units will generally be approximately 9.0 feet, but certain Units and certain areas within other Units (such as kitchens and bathrooms) may have clearances of less than 9.0 feet to accommodate facilities located above the same or otherwise to respond to field conditions.

The room count is calculated as follows:

Whole rooms: Bedrooms, Kitchens, Living Rooms

Half Rooms: Bathrooms, Dining Areas.

The above do not necessarily conform to room counts used by the New York City Buildings Department or any other government agency. Any floor plan or sketch shown to a prospective purchaser is only an approximation of the dimension and layout and present position of partitions. Sponsor reserves the right to change the location of any demising walls used in defining the spaces of any Unit, and thereby change the approximate gross square footage, a Purchaser who has signed a Purchase Agreement will be given the right to rescind. If this results in a dimension of more than 3% of the square footage of the apartment.

3. **See Column 3 of Schedule A:** The percentage of Common Interest of each Unit has been determined, pursuant to Section 339-i(1)(iv) of the Condominium Act, based upon equal percentages within separate classifications of Units as of the date of the filing of the Declaration. In accordance with such method of calculation, the Common Interests have been determined based primarily upon a comparison of the floor areas of the Units, subject to the location of such space and the additional factors of relative value to other space in the Condominium, the uniqueness of the Unit, the availability of the Common Elements for exclusive or shared use and the overall dimensions of the particular Unit.

The aggregate Common Interests of all of the Units equal one hundred percent.

4. See Column 5 of Schedule A: Sponsor has reserved the right to change the purchase prices (as well as other terms of sale) of Units not subject to executed Purchase Agreements, so Purchasers may pay different prices for similar Units. See "Changes in Prices and Units" in Part I, Section H, below for further discussion. In addition to paying the purchase prices of their Units, purchasers will be responsible for paying certain closing adjustments and closing costs (see "Unit Closing Costs and Adjustments" in Part I, Section M, below for further discussion).

5. See Column 6 of Schedule A:

These projections have been based upon the projections contained in "Projected Budget for First Year of Condominium Operation – Schedule B" (set forth in Section E below), which were made based on the assumption that the first year of condominium operation will be from January 1, 2003 to December 31, 2003. The actual first year of operation may be earlier or later. In the event the actual or anticipated commencement date of the first year of condominium operation is to be delayed by six months or more, Sponsor will amend the Plan to include a revised budget with current projections. If the amended budget exceeds this projected budget by 25% or more, Sponsor will offer all Purchasers the right to rescind their Purchase Agreements, within not less than fifteen days after the presentation date of the amendment containing such revised budget, and any Purchasers electing rescission pursuant to such offer will have their Down payments and any interest accrued thereon, returned.

The amount of the Common Charges necessary to defray the cost of the interim services and facilities described in the preceding paragraph, as well as the manner of allocating such Common Charges among any Unit Owners who are exclusively benefited by any of the same, will be determined by the Board, which will be controlled by Sponsor during such period. However, such allocation will be made in compliance with Section 339-m of the New York State Real Property Law, and in no event will Purchasers be assessed Common Charges during such interim period- that are more than the Common Charges listed in Schedule A as the same may theretofore have been amended.

In addition to the payment of Common Charges, each Unit Owner will incur additional expenses for:

- (i) mortgage payments under any loan or loans obtained to finance the purchase of the Unit;
- (b) the cost of electricity supplied to the Unit, which will be separately submetered and payable as and when billed;
- (c) the cost of interior repairs to, and the maintenance, painting and decoration of, the Unit, including, without limitation, the equipment and appliances contained in the same, and any appurtenant Limited Common Elements;
- (d) the cost of any insurance that the Unit Owner may desire to carry covering the furniture, belongings, equipment and other personal property in the Unit, as well as his or her liability to others for personal injury or property damage as a result of occurrences in the Unit;
- (e) telephone and cable television charges; and
- (f) real estate taxes (see footnote 6 below).

- (6) See Column 7 of Schedule A: The projection of the real estate taxes that will be payable for each of the Units, during the first year of condominium ownership is based upon an estimate that the aggregate real estate taxes for the Units for such first year will be approximately for the Residential Units and for the Commercial Unit. This estimate has been based upon:
- (a) estimates made by Jerome Mazursky, Sponsor's real estate tax appraiser; and
 - (b) a projection that the assessed valuation for 2003/2004 will be \$165,000 and that the commercial unit will be assessed at 25% and the residential units at 75% of the total assessed valuation; that the tax rate in effect for the twelve month period commencing January 1, 2003, will average \$11.00 per \$100 of assessed valuation. The real estate taxes for first year of operation are estimated as follows:

Commercial Unit

1/1 to 6/30/03	\$ 400.00
7/1 to 12/31/03	\$2,269.00

3 Residential Units

1/1 to 6/30/03	\$1,199.00
7/1 to 12/31/03	\$6,806.00

- (c) That the residential units will be 75% and the Commercial Unit will be 25% of the total assessed valuation.
- (d) No warranty, guaranty or assurance is given that:
 - any projected or estimated amount set forth above (including, without limitation, the estimates of the Property's assessed valuations during the first year of condominium operation; the estimates of the portions of such assessed valuations that will be allocable to the Units; the projection of the average real estate tax rate that will be in effect during such first year; and the rate of construction progress, which will determine the real estate tax rate between September 1, 2003, and December 31, 2003, will approximate the actual amount;
 - of that the New York City Real Estate Tax Assessment Bureau will allocate the Property's aggregate assessed valuation between the Units in accordance with the appraised values used by Jerome Mazursky for such purpose, or that such bureau will allocate the aggregate assessed valuation attributable to the Units among the different Units as described above; or
 - that any of the projections or estimates made above and in Schedule A are accurate.

See Mazursky's letter, Part I, section U for further discussion.

Until the Units are separately assessed, each Unit Owner will pay to the Board his Unit's pro rata share of the Property's real estate taxes for the period in question.. The Board will pay such real estate taxes to the Department of Finance of The City of New York or directly to Sponsor if Sponsor has paid such real estate taxes. If any Unit Owner fails to pay his pro rata share as set forth above, the Board will be entitled to assess late charges and/or place a lien on such Unit as if such unpaid share were Common Charges. (See "Collection and Lien for Non-Payment of Common Charges" in Part I, Section R for further discussion.) At such

time as a Unit is separately assessed and separate tax bills are issued, the Unit Owner will pay such taxes directly to the taxing authority.

There is no assurance that the proration of taxes described in the paragraph above will equal the actual amount of real estate taxes which will be assessed against the Units, and the actual amounts may vary considerably from the method set forth above. Sponsor will amend the Plan to disclose the actual amount of real estate taxes assessed against the Units promptly after the same are assessed.

In the opinion of Raphael and Marks, counsel to Sponsor, the tax laws existing on the date of this Plan in general permit a Residential Unit Owner who itemizes his deductions to deduct from income for the purposes of Federal, New York State and New York City income taxes, any real estate taxes actually paid by such Unit Owner with respect to his Unit. However, the amount of such deductions may vary from year to year due to changes in the amount of the real estate taxes payable by the Unit Owner (which might result from changes in the assessed valuation of the Unit, in the tax rate and/or in the manner of assessing real property). Prospective Purchasers should refer to "Income Tax Deductions to Unit Owners and Tax Status of the Condominium" in Part I, Section T below, as well as to the "Counsel's Income Tax Opinion" in Section U, below, for further discussion.

SECTION E

87 LAFAYETTE CONDOMINIUM

Projected Budget for First Year of Condominium Operation
January 1, 2003 to December 31, 2003 (Note 1)

Estimated Income	
Common Charges (Note 2)	\$15,500
Estimated Expenses	
Payroll and Related Expenses (Note 3) (Part-time superintendent 2 hrs./day)	\$ 3,000
Heating and Hot Water (Note 4)	\$ 3,200
Electricity (Note 5)	\$ 500
Water Charges and Sewer Rent (Note 6)	\$ 900
Repairs and Maintenance (Note 7)	\$ 500
Service Contracts and Supplies (Note 8)	\$ 900
Insurance (Note 9)	\$ 5,231
Legal and Audit Fees (Note 10)	\$ 800
Contingencies (Note 11)	\$ 469
Total	\$ 15,500

The Notes to Schedule B below are an integral part of this Schedule and should be read in conjunction herewith.

NOTES TO SCHEDULE B

- (1) Amounts are projected on the assumption that the first year of condominium operation will be the year from January 1, 2003 to December 31, 2003. The actual first year of condominium operation may be earlier or later than that year. In the event the actual or anticipated commencement date of the first year of condominium operation is to be delayed by six months or more, Sponsor will amend the Plan to include a revised budget with current projections. If the amended budget exceeds this projected budget by 25% or more, Sponsor will offer all Purchasers (other than Purchasers who are then in default beyond any applicable grace period, if the Plan has been declared effective) the right to rescind their Purchase Agreements within not less than fifteen days after the presentation date of the amendment containing such revised budget, and any Purchasers electing rescission pursuant to such offer will have their Downpayments returned, together with interest earned thereon.
- (2) (a) These figures represent the total Common Charges to be levied against and collected from the Units during the first year of condominium operation. The Common Charges will be utilized by the Board to defray the operational expenses of the Condominium. Common Expenses have been allocated among the Units on the basis of percentage of Common Interest.
(b) The Commercial Unit does not share in the following Common Charges: Heat, hot water, electricity, water (other than for a single bathroom), cleaning. Also, in the event that the owner of the Commercial Unit requires additional insurance coverage, the Commercial Unit Owner will be solely responsible for assuming those costs. The common charges payable by the Commercial Unit Owner is sufficient to cover the share of expenses attributable to that unit.
- (3) Payroll and Related Expenses:

There will be one non union part-time superintendent who will work approximately two hours a day, five days a week. The payroll taxes and benefits include FICA (projected at 8% of total wages), Federal and New York State unemployment insurance (projected at \$350.00 per person per year), workers' compensation (projected at 6.5% of total wages), disability insurance (projected at \$50.00 per person per year), holidays and vacation pay. The Residential and Commercial Units will pay its percentage share of common interest toward this expense. (Residential: \$2,550 and Commercial : \$450.)

The level of staffing described in this Schedule B complies with all applicable housing and labor laws.

No warranty is made as to the actual wages, salaries, benefits and related payroll taxes and similar expenses, which will be applicable and in effect during the first year of condominium operation. However, the projected expenses for wages, salaries and benefits as well as the assumptions described herein, are believed to be reasonable and reflect the experience of Sponsor's budget expert, Peggy Aquayo in managing comparable buildings.

(4) Heating and Hot Water:

Heat and hot water for the Building will be produced using gas supplied by Brooklyn Union Gas ("BUG"). Because the Building is in the process of being constructed as a residential building, it has no operational history upon which to base a projection of future gas usage. The budgeted estimate includes the cost of gas service supplied by Brooklyn Union Gas company for domestic heating and hot water purposes in the Units. The cost of gas is based on the estimate and projection of consumption as described in a letter, dated September 25, 2002 from Donald La Rosa of Bayside Builders, 79 Worth Street, New York, NY, which reflects an estimated annual consumption of 2,550 therms of gas at the current rate of \$.95 per therm including tax. The estimated cost of gas reflects an increase of approximately 10% over rates currently in effect.

It is impossible to predict whether the budgeted figure will reflect the actual cost of gas for the first year of condominium operation. This cost will vary with both the level of consumption of gas and the tariff rate charged by the utility company. The level of consumption of gas will be affected by the severity of the weather and any conservation measures (such as staggering the hours of heating, lowering the temperature of the heat and hot water etc.) adopted by the Board. Any projection of future costs therefore is difficult.

It is believed that the budgeted figure will be sufficient to cover any reasonable increase in the cost of gas during the first year of condominium operation. However, no budget item is warranted.

(5) Electricity:

The amount set forth is the estimate for the electricity consumed only by the Common Elements. The amount set forth in Schedule B for electricity is based on the estimate and projections of consumption for all common elements as described in a letter, dated September 25, 2002 from Donald La Rosa of Bayside Builders, Inc., 79 Worth Street, New York, New York, which reflects an estimated annual consumption of approximately 105,000 kilowatt hours of electricity based on the rate of \$0.15 per kilowatt hour of electricity, including tax. The budgeted amount represents an increase of approximately 5% above the rates of Con Edison currently in effect.

See Schedule B1 for individual Residential electricity costs.

In view of the varying costs of energy, it is not possible to predict with certainty whether the estimated figures will reflect the actual cost to be incurred during the first year of condominium operation although it is believed that reasonable provisions for increased costs have been made. The actual cost for electricity will vary depending upon various factors, including the amount of consumption, the conservation measures, if any, adopted by the Board or, the rates of the utility company (which fluctuate periodically), and the possibility of changes in the methods of calculating charges by the utility company.

(6) Water Charges and Sewer Rent:

The budgeted amount constitutes a projection of the water charges and sewer rents that will be payable with respect to the Building. The budgeted amount is based upon the estimate and

projection of consumption and rates by Aguayo and Associates Realty, 244 Fifth Avenue, Brooklyn, New York, 11215, which reflects an estimated annual consumption of 720 CCF and is based on current New York City water and sewer rates of \$1.25 per CCF, plus tax and a projected increased cost factor of 10%. Water meters will be installed to measure actual water usage for billing purposes. It is believed that the budgeted amount should be sufficient to cover any reasonable increase in the cost of water during the first year of Condominium operation..

(7) Repairs and Maintenance:

This figure represents the estimated cost for ordinary maintenance and repairs of the Common Elements, including periodic painting, and supplies such as cleaning supplies, lubricants, bulbs, fixtures, hardware, rubbish compactor bags, etc. used in connection with the operation of the Common Elements. No amounts have been budgeted for repairs to the roof, the heating and ventilating system or the Building exterior, and a relatively small amount has been estimated for other repairs, because the Building systems will be new. This estimate is based on experience of Sponsor's budget expert, Aguayo and Associates Realty, in operating comparable new buildings.

Repair and maintenance expenses have been allocated among all Units on the basis of percentage of Common Interest. The Residential Units share is \$425 and the Commercial Unit is \$75.

(8) Service Contracts and Supplies:

This estimate includes the cost of exterminating services (approximately \$500 per annum) and supplies (approximately \$400). The Residential Units share is \$765 and the Commercial Unit is \$135.

No maintenance or service contracts have been entered into as of the date of the Plan. The budgeted amounts are based on estimates received from contractors and otherwise or the experience of Sponsor's budget expert, Aguayo and Associates Realty in operating similar buildings. While this Schedule B includes a reasonable allowance for possible increases in cost which may occur prior to and during the first year of condominium operation, no warranty is made that the actual cost for these or other services will be in accordance with this projection.

(9) Insurance:

The insurance premiums are based on a letter from Irving Weber Associates, Inc. 50 Route 111, Smithtown, New York 11787, dated August 22, 2002, setting forth the following coverages:

Coverage & Perils	Estimated Amounts
A. Property:"All Risk" Coverage	
Replacement Cost	
Agreed Amount	
Limit:	\$1,500,000
Loss of Income:	Actual Loss Sustained Basis
Deductible:	\$1,000.00
B. Liability	
Each Occurrence	\$ 1,000,000
General Aggregate	2,000,000

C.	Directors & Officers Liability	1,000,000
D.	Umbrella (Excess Liability)	\$1,000,000

The total premium for these various coverages for the first year of condominium operation is estimated at \$5,231. The Residential Units share is \$4,446.35 and the Commercial Unit's share is \$785. Additional coverage for boiler and machinery may be purchased under a separate policy for approximately \$500 per year. This coverage does not include claims for personal injury or property damage resulting from occurrences in individual Units, nor does it include coverage of the furniture or personal property of Unit Owners.

This quotation is an indication of insurance premiums at current rates. Because conditions in the insurance marketplace are volatile, it is not possible to predict what the premiums will be for the first year of Condominium operation. Purchasers should be aware of the possibility of rate increases.

Sponsor will procure, on behalf of the Board, all liability insurance required to be carried by the Condominium.

The fire, casualty and general liability insurance carried by the Condominium will provide that there will be no cancellation without notice to the Board of Managers; a waiver of subrogation; a waiver of invalidity because of the acts of the insured and Unit Owners; and a waiver of pro-rata reduction if Unit Owners obtain additional coverage.

Each unit owner will be an additional insured under the policy to the extent of their interest.

(10) Legal and Audit Fees:

Based upon the estimate of David F. Calman, certified public accountant, 74 Newport Drive, Hewlett, NY 11557 as set forth in a letter dated August 2, 2002, \$800 has been budgeted for fees to be incurred in connection with the preparation of the audited financial statements for the Condominium's first year of condominium operation and its federal, state and city income tax returns. The Residential Units share is \$680 and the commercial Unit's share is \$120. There is no budgeted amount for legal services .

(11) Contingencies:

This amount is to cover possible increases in expenses not now foreseen and for expenses not included. The budget may be modified from time to time prior to commencement of, or during, the first year of condominium operation to increase items of expenses and decrease the contingency reserve. The reserve has been allocated among all Units on the basis of percentage of Common Interest.

This estimate does not include an estimate for income taxes payable by the Condominium. More than 85% of the total square footage of all Units of the Condominium, will be used by individuals for residential purposes. Accordingly, the Condominium may be eligible to elect to be treated as a homeowners association which is not subject to Federal income tax on amounts received as

membership dues, fees, or assessments from Unit Owners, for its first taxable year. Absent such election, the status of the Condominium for tax purposes is uncertain. The Condominium may be treated as a conduit for the Unit Owners, rather than a separate taxpayer. If treated as a separate entity, the Condominium may be treated as a partnership for tax purposes, and as such would not be subject to Federal or New York State income tax, but may be subject to the New York City Unincorporated Business Tax.. Based on the projected budget, it is the opinion of Sponsor's counsel that the unit owners will not be obligated to pay taxes with regard to the above.(See the Sections of the Plan entitled, "Income Tax Deductions to Unit Owners and Tax Status of the Condominium" and "Opinions of Counsel" (Sections T and U , Part I.)

In the opinion of Peggy Aguayo, principal of the firm, Aguayo and Associates, the projected income for the Condominium is adequate to meet the estimated expenses for the first year of condominium operation, assuming that such first year is the fiscal year commencing September 1, 2003. The budget, however, is not intended, and should not be taken, as a guarantee by anyone that the annual Common Charges or Common Expenses for the first or any subsequent year of operation of the Property by the Board will be as set forth in the budget. In fact, it is likely that the actual income and expenses for the first year of condominium operation will vary from the amounts shown in the budget.

SCHEDULE B-1

Projected Budget for Individual Electricity Costs

By letter dated September 20, 2002, from George Hart, 79 Worth Street, New York, New York, electrical engineer, provided the following estimate of monthly electric energy costs for lighting and for operating the typical electrical appliances located in each apartment:

It includes the following appliances used for the estimated average monthly KWH shown below at the current rate of \$.125 per KWH for the first 258 of KWH. Additional KWH are charged at the rate of \$.134 per KWH. This does not include sales tax and a monthly service charge of \$ 6.80.

Appliance	KWH
Refrigerator	192
Dishwasher	2.4
Stove	0.009
Microwave	18
Washer	19.2
Dryer	3.74
Lighting	33
AIR CONDITIONING (4 Units)	12.3

Total KW/month Summer = 714

Total KW/month Winter = 408

Total monthly cost \$ 166.07

The projected rates are not guaranteed and it must be expected that these rates will increase with the passage of time and may be affected by many factors, which are beyond the control of the Sponsor. Purchasers are advised that the projections are only estimates and actual consumption will be metered and will vary based on the personal needs of occupants and weather conditions.

F. COMPLIANCE WITH REAL PROPERTY LAW SECTION 339 (i)(1)(iv)

Raphael and Marks
866 United Nations Plaza
New York, NY 10017

September 1, 2002

Grand Old Properties, Inc.
77 Worth Street
New York, New York

Re: 87 Lafayette Condominium
87 Lafayette Avenue, Brooklyn, NY

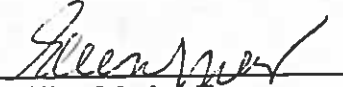
Gentlemen,

The undersigned counsel to Sponsor has reviewed the allocation of common interests as shown on the Schedule A to be included in the offering plan for the subject project. The law firm of Raphael and Marks has prepared more than seventy five offering plans as counsel to sponsors of condominiums over the last twenty years and both represented sponsors in the sales of their units as well as themselves as principals in condominium offerings.

It is the opinion of counsel that the assignment of the percentage of common interest to each Unit has been done in compliance with Section 399(i)(1)(iv) of the New York State Real Property Law.

The common interests have been allocated to each condominium unit based upon floor space, subject to the location of such space and the additional factors of relative value to other space in the Condominium, the uniqueness of the Unit, the availability of Common Elements for exclusive or shared use, and the overall dimensions of the particular Unit, in accordance with Section 399(i) (1) (iv) of the New York State Real Property Law. This opinion is based on factual determinations of measurements and calculations of net square footage made by Delacour and Ferrara, Sponsor's Architect.

Very truly yours,
Raphael and Marks

By: 
Ellen Marks, Esq.

G. COMMERCIAL UNIT

The Commercial Unit may be used for as a retail space or a restaurant. The basis for projecting the share of expenses attributable to the unit is an estimate of its actual percentage share in the budgeted items. It is anticipated that the Commercial Unit shall install and maintain its own heat, electrical and water supply and that it shall obtain its own insurance policy. to the extent that the use is not covered in the ordinary course of the residential coverage. The percentage of expenses allocated to the commercial unit is 15% of the total costs of the condominium.

The common charges payable by the commercial unit owner are sufficient to cover the expenses fairly attributable to the commercial unit.

The Commercial Unit shall have exclusive use of a portion of the cellar for storage and the yard appurtenant to the Commercial Unit.

H. CHANGES IN PRICES AND UNITS

The purchase prices and other terms of payment (but not other terms of sale) with respect to a particular Unit are negotiable and may be changed by Sponsor at any time and from time to time, both before and after the recording of the Declaration, without prior notice and without the consent of the Board, any Unit Owner or mortgagee. Unless an affected purchaser consents, no material change will be made in unit size, layout, or percentage of common interest if a purchase agreement has been executed and delivered to the sponsor for that unit and the purchaser is not in default.

The Plan will be amended to disclose: (a) any increase (but not any decrease) in the purchase price of an individual Unit; (b) any changes in either purchase prices (whether increases or decreases) or other financial terms of sale that are across-the-board changes affecting one or more lines or types of Units; or (c) any changes in either purchase prices or other financial terms of sale that are to be advertised. Other than the changes described in (a) through (c) above, purchase prices and other terms of sale of one or more Units which are not subject to executed Purchase Agreements may be changed without either notice or amendment of the Plan.

If Sponsor changes the purchase price of a Unit, the Purchaser affected thereby may pay more or less than other Purchasers under the Plan for similar Units, but this will not affect any prior or subsequent sale of any other Units, nor will the Common Interest of any Unit be altered by a price change for such Unit.

In order to meet the possible varying demand for number and type of different Units, or to meet particular requirements of prospective Purchasers, or for any other reason, Sponsor and its designees reserve the right (except to the extent prohibited by law) at any time and from time to time, before and after the recording of the Declaration, without prior notice and without the consent of the Board, any Unit Owner or mortgagee, to (i) make alterations, additions or improvements, whether structural or non-structural, interior or exterior, ordinary or extraordinary, in, to and upon any Unsold Unit; (ii) change the layout of, or number of rooms in, any Unsold Unit; (iii) change the size and/or number of Unsold Units by subdividing one or more such Units into two or more separate Units, combining separate Unsold Units (including those resulting from a subdivision or combination or otherwise) into one or more Units, altering any boundary walls between any Unsold Units, and/or incorporating within any Unsold Unit the use of any portion of the Common Elements adjacent thereto (but only to the extent that such Common Elements are not required to be maintained as Common Elements based upon such alterations); (iv) if appropriate, reapportion among the Unsold Units affected by such change, their Common Interests, provided, however, that after the recording of the Declaration, no change in any Unit's Common Interest will be made without obtaining the prior consent of all Unit Owners affected by such change. Any such change shall be disclosed by Sponsor in a duly filed amendment to the Plan and, when applicable, to the Declaration. In the event of any such change after the Declaration is recorded, the Declaration and Floor Plans shall each be amended and such amendments duly recorded and disclosed in a duly filed amendment to the Plan. As more particularly provided in the Declaration, Sponsor or its designee will have the right to (or to cause the Board to) so amend the Declaration and Floor Plans, to the extent required, in order to reflect any such change affecting Unsold Units.

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.

1. EFFECTIVE DATE

The offering by Sponsor under the Plan is contingent upon the Plan being declared effective in compliance with the relevant conditions and time periods set forth in the Plan.

The Plan may be declared effective, when bona-fide Purchase Agreements have been executed and are in effect with respect to not less than one Residential Unit, representing 15% of all Residential Units. The Plan must, however, be declared effective when bona-fide Purchase Agreements have been executed and are in effect with respect to 80% or more of all units offered under the plan.

The Plan will be declared effective by commencement of service by mail or delivering personally to each Purchaser a written notice to such effect, stating the date, the percentage used to declare the plan effective and a list of the units being counted to meet the minimum percentage. The First Closing will not occur until the Plan is declared effective.

The Plan will not be declared effective based on a Purchase Agreement: (i) signed by a Purchaser who has been granted a right of rescission that has not yet expired or been waived; (ii) signed by a Purchaser not afforded the time to review the Plan (prior to executing a Purchase Agreement) provided for in Part I, Section J hereof; or (iii) entered into with a Purchaser who is Sponsor, the Selling Agent or the Managing Agent, or who is a principal of any of the foregoing or who is related to any of the foregoing or any principal thereof by blood, marriage or adoption or as a business associate, employee, shareholder or limited partner, except that such a Purchaser (other than Sponsor or a principal of Sponsor) may be included if Sponsor submits proof satisfactory to the Department of Law establishing that such Purchaser is bona fide.

The Plan may be withdrawn or abandoned by Sponsor for any reason whatsoever at any time prior to its being declared effective. Once the Plan has been declared effective, it may not be abandoned except for the following:

- (i) a defect in title which cannot be cured without or cannot be cured for less than a stated amount which shall not be less than one-half of one percent of the total offering amount, or
- (ii) substantial damage or destruction of the building by fire or other casualty which cannot be cured for less than a stated amount which shall not be less than one-half of one percent of the total offering amount, or (iii) a taking of all or a material portion of the Property by condemnation or eminent domain. In calculating the costs referred to in clauses (i) and (ii) above, any defects in title (including violations or work orders) that existed on the date the Units were initially offered for sale under the Plan, and were either known to Sponsor or were a matter of public record, and attorneys' fees, shall be excluded.

In the event of a withdrawal or abandonment of the Plan, Sponsor will promptly submit an amendment to the Department of Law to such effect, together with Form RS-2. Purchasers will be notified in writing of a withdrawal or abandonment of the Plan. All Downpayments, together with any interest earned thereon, will be returned to Purchasers within 20 days following such withdrawal or abandonment, except that after the Plan has been declared effective and the First Closing has occurred, Sponsor may retain the Downpayment, together with

interest earned thereon, of any Purchaser whose Purchase Agreement has been cancelled due to such Purchaser's default, provided, however, that any requisite notice has been given to the Purchaser and any dispute with respect to the disposition of the Downpayment has been determined in favor of Sponsor pursuant to the dispute resolution procedures provided by the regulations promulgated by the Department of Law. Upon the return or retention of the Downpayment, together with interest earned thereon, a Purchase Agreement will be null and void and Sponsor will have no further obligation or liability to the Purchaser under the Plan or the Purchase Agreement.

J. PROCEDURE TO PURCHASE

1. Execution of Documents

Anyone desiring to purchase a Unit will be required to execute four copies of a Purchase Agreement, in the form set forth as Exhibit 1 in Part II of the Plan, for each Unit desired. The Purchase Agreement sets forth in detail the terms of sale with respect to the Units and should be read carefully by each prospective Purchaser. In the event of any conflict between the Plan and the Purchase Agreement, the provisions of the Plan shall control.

At Sponsor's option, purchasers will be afforded: (a) not fewer than seven (7) days after delivering an executed purchase agreement together with the required deposit to rescind the purchase agreement and have the full deposit refunded promptly. The purchaser must either personally deliver a written notice of rescission to the sponsor or selling agent within the seven day period or mail the notice of rescission to the sponsor or selling agent and have the mailing post marked within the seven day period; or (b) not fewer than three (3) business days to review the offering plan and all filed amendments prior to executing a purchase agreement.

A prospective Purchaser shall deliver to the Selling Agent, together with the four signed copies of the completed Purchase Agreement, the following: three completed and signed copies of Form W-9 (Request for Taxpayer Identification Number and Certification), in the form required by law (the forms currently required by law is reproduced as Exhibits 1A in Part II of this Plan); and a downpayment (the "Downpayment") in an amount equal to ten (10%) percent of the Purchase Price.

Purchase Agreements will not be binding on Sponsor until approved and executed by Sponsor. Sponsor will have 20 days after delivery by the Purchaser of an executed Purchase Agreement, together with the amounts and other items described above, within which to accept or reject such Purchase Agreement. Sponsor reserves the right to request thorough identification and financial information concerning any prospective Purchaser, subject to any limitations and requirements imposed by law. If a Purchase Agreement is not accepted by Sponsor within such 20 day period, the Purchase Agreement shall be deemed to have been rejected and cancelled and all sums deposited by the Purchaser in connection therewith shall be promptly returned to the Purchaser, together with any accrued interest. The purchase agreement and plan shall not contain, or be modified to contain, a provision waiving purchaser's rights or abrogating sponsor's obligations under Article 23-A of the GBL. Sponsor reserves the right to reject any prospective Purchaser without cause or explanation, provided that such rejection is not based on race, creed, color, age, sex, disability, marital status, national origin, ancestry, or any other ground proscribed by law, and to refuse to execute a Purchase Agreement for any Unit, or a Purchase Agreement or Purchase Agreements, as the case may be, for more than one Unit to any one person or entity.

2. Downpayments

A prospective Purchaser shall deliver to the Selling Agent, together with the four signed copies of the completed Purchase Agreement, a downpayment. (the "Downpayment") in an

amount equal to ten (10%) percent of the Purchase Price. All such payments shall be made by check drawn on a member bank of the New York Clearing House Association made payable to "Raphael and Marks, as escrow agent". All such checks shall be subject to collection and if any such check is returned for insufficient funds or any other reason, Sponsor shall have the right, among other things, to deem such Purchase Agreement to be cancelled and of no further force or effect, and to retain any Downpayment and other amounts previously deposited.

All Downpayments received by Sponsor will be held in escrow by Raphael and Marks (the "Escrow Agent") and placed in an account in conformity with the procedure set forth herein. 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, and the provisions of Lien Law Section 71-a(3).

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

All deposits, Downpayments, or advances made by Purchasers prior to closing of each individual transaction will be placed, within five business days after the agreement is signed by all necessary parties, in a segregated special escrow account of Raphael and Marks, the Escrow Agent, whose address is 866 United Nations Plaza, New York, New York 10017, and whose telephone number is 212-888-9665. The signatories on this account authorized to withdraw funds is Stephen M. Raphael and/or Ellen Marks. The name of the account will be "87 Lafayette Condominium Escrow Account or similar name, located in Citibank, 866 United Nations Plaza, New York, New York. This bank is covered by federal bank deposit insurance to a maximum of \$100,000 per individual deposit. If a Purchaser makes deposits, Downpayments, or advances in excess of \$100,000 for the purchase of a Unit, the amount in excess of \$ 100,000 will not be federally insured.

The account will be interest-bearing and, unless the Purchaser defaults, interest will be credited to the Purchaser at closing. The interest rate to be earned will be the prevailing rate for these accounts, which currently is approximately 2.12% per annum. Interest will begin to accrue within five business days after tender of the Downpayment, provided that the Purchaser has delivered a completed and signed Form W-9 (Request for Taxpayer Identification Number) in the form reproduced as Exhibit I A in Part II of the Plan, to Sponsor or Selling Agent at the time Purchaser tenders the Downpayment and the Purchase Agreement. If a Purchaser does not deliver the Form W-9, the Downpayment will be deposited in a non-interest-bearing escrow account at the aforesaid bank until the Form W-9 has been delivered.

Within ten business days after tender of the Downpayment, the Escrow Agent will notify the Purchaser that such funds have been deposited into the escrow account and will provide

the account number and the initial interest rate. If the Purchaser does not receive notice of such deposit within fifteen business days after tender of the Downpayment, the Purchaser may cancel the purchase and rescind the Purchase Agreement so long as the right to rescind is exercised within 90 days after tender of the Downpayment or apply to the Attorney General for relief. Rescission may not be afforded where proof satisfactory to the Attorney General is submitted establishing that the escrowed funds were timely deposited and requisite notice was timely mailed to the Purchaser in conformity with the Attorney General's regulations.

Funds received by Sponsor from Purchasers for special work to be performed by Sponsor or furnishings to be provided by Sponsor in such Purchasers' Units shall be held in escrow by the Escrow Agent but may be released to Sponsor prior to the closing of title to the Unit for the purpose of paying for such work or extras. Accordingly, in the event a Purchaser becomes entitled to rescission after the release of such funds, the Purchaser shall not receive a refund of any such funds used to pay for special work or extras which cannot readily be used in another Unit, as well as the cost of any work necessary to restore the Unit to its condition prior to such work having been performed.

Except as set forth in the immediately preceding paragraph, the Escrow Agent will hold funds in escrow until otherwise directed in (i) a writing signed by both Sponsor and the Purchaser, (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 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 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.

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 or (ii) all Purchasers after an amendment abandoning the Plan is accepted for filing by the Department of Law.

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

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 escrowed funds and any interest thereon. Sponsor must avail itself of this procedure if there is a dispute which needs to be resolved. A form for this purpose is set forth as Exhibit 6 in Part II of the 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, 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 General's regulations is set forth as Exhibit 7 in Part II of the Plan.

The Escrow Agent will maintain all records concerning the escrow account for seven years after the release of funds. Upon the dissolution of any law firm which was the escrow agent, the former partners or members of the firm shall make appropriate arrangements for the maintenance of these records by the successor firm and shall notify the Office of the Attorney General of such transfer.

The Office of the Attorney General may perform random reviews and audits of any records involving escrow accounts to determine compliance with statute and regulations.

Escrow Agent shall be permitted to act as counsel to Sponsor in any dispute as to the disbursement of the Downpayment or any other dispute between Sponsor and a Purchaser whether or not Escrow Agent is in possession of the Downpayment and continues to act as Escrow Agent.

3. Date of First Closing

If the First Closing does not occur within 12 months after January 1, 2003, the date set forth in Schedule B as the commencement date for the first year of Condominium Operation, Sponsor will amend the Plan to update the budget and to offer Purchasers the right to rescind their Purchase Agreements within fifteen days following the expiration of such 12-month period, and any Purchasers electing rescission pursuant to such offer will have their Downpayments and any interest accrued thereon returned.

After the Plan has been declared effective sponsor will fix dates for closing title to all units for which purchase agreements have been executed by serving notice on each purchaser stating the date of the first closing and stating purchaser's closing date. Such notice will be served By personal delivery or mailing by regular or certified mail, addressed to the purchaser at the last known residence of such purchaser and, in compliance with the Attorney General Regulations no less than thirty days before the date set for the closing of the units. Purchasers may waive this thirty-day provision.

4. Default

In the event that a Purchaser fails to close title on the date set for closing or otherwise fails to perform any other obligations under his or her Purchase Agreement, and such default is not cured within 30 days after Sponsor gives notice to such Purchaser of the default, Sponsor, at its option, may cancel such Purchase Agreement and retain as liquidated damages the Downpayment made by the Purchaser, together with interest earned thereon, and all rights, obligations and liabilities of Sponsor and the Purchaser to each other shall cease and terminate. In the event Sponsor elects not to cancel the Purchase Agreement as a result of the failure of the Purchaser to close on the date specified by Sponsor, or if Sponsor approves a request from the Purchaser to adjourn the closing date, then Sponsor may require that (a) the Purchaser pay Sponsor interest at a rate of eighteen (18 %) percent per annum. (or such lower rate per annum which is the legal limit, if 18% per annum exceeds the legal limit) on the total purchase price, computed from

the original closing date until the transaction is actually closed, and (b) all apportionments between Sponsor and the Purchaser be made as of the original closing date; in addition, the Purchaser shall reimburse Sponsor for any additional costs incurred by Sponsor as a result of the Purchaser's delay.

Time is of the essence with respect to the Purchaser's obligation to close title on the date set for closing and to pay, perform or observe all of his or her other obligations under the Purchase Agreement, and to cure a default within 30 days after Sponsor gives notice to the Purchaser of such default. Therefore, a Purchaser who defaults under his or her Purchase

Agreement and who does not cure such default within said 30-day period may not be permitted any additional time to cure such default.

5. Risk of Loss

The risk of loss to any Unit by fire or other casualty until the closing of title to such Unit (or an earlier taking of possession by the Purchaser) is assumed by Sponsor, but Sponsor has no obligation or liability to repair or restore any Unit. If a Unit is damaged or destroyed by fire or other casualty prior to the closing of title, but after the signing of a Purchase Agreement, and Sponsor gives written notice to the Purchaser of Sponsor's election to repair or restore the Unit, then the Purchase Agreement shall continue in full force and effect, and the Purchaser shall not have the right to reject title or receive a credit against, or abatement in, the purchase price. Sponsor shall be entitled to a reasonable period of time within which to complete the repair or restoration, and any proceeds received from insurance or in satisfaction of any claim or action in connection with such loss shall, subject to the rights of the Board and other Unit Owners, belong entirely to Sponsor. However, if Sponsor notifies the Purchaser in writing that it does not elect to repair or restore the Unit, or if the Unit Owners do not resolve to make such repair or restoration pursuant to the By-Laws (see "Rights and Obligations of the Unit Owners and the Board of Managers" in Part I, Section R, page 54), the Purchase Agreement shall be deemed terminated, Sponsor shall return to the Purchaser the entire Downpayment, together with interest earned thereon, and the parties shall be released and discharged from all rights, obligations and liability under the Purchase Agreement and this Plan, except that if the Purchaser is then in default under the Purchase Agreement beyond any applicable grace period, Sponsor may retain such Purchaser's Downpayment, together with interest earned thereon.

6. Financing

Purchasers' obligations under the Purchase Agreement are contingent upon obtaining financing, if desired, for the purchase of the Unit. Purchasers will have forty (40) days after execution of the Purchase Agreement to obtain a commitment for financing. Purchaser must notify Sponsor within five (5) days after the expiration of the aforementioned 40-day period if Purchaser is unable to obtain the commitment. Purchasers should note that financing commitments for purchase of Units may have expiration dates prior to which closing of title to the Unit may occur, unless the commitment is extended. It is Purchaser's obligation to obtain any extension of the commitment if necessary. If such extension is granted, or another commitment issued, no guarantee can be made that the terms will be the same as the expired commitment. If Purchaser can not obtain an extension of his commitment, after using his best efforts, he may notify Sponsor in

writing along with written confirmation by his Bank. Then, sponsor shall offer a 15 day right of rescission which must be exercised in writing.

7. Transfer Taxes

Purchasers shall be responsible for payment of the New York City Real Property Transfer Tax and New York State Real Estate Transfer Tax as described in Section M below, notwithstanding that these taxes are by law imposed on the seller. For purposes of computation of the aforementioned taxes, the consideration is calculated by adding the taxes to the purchase price as additional consideration.

K. ASSIGNMENT OF PURCHASE AGREEMENTS

A Purchase Agreement may not be assigned by the Purchaser thereunder. If a Purchaser desires to take title in the name of an entity related to, or controlled by, the Purchaser that differs from the name on the Purchase Agreement, or to add, delete or substitute the name of a member of the Purchaser's family, then, if such alteration, addition, deletion or substitution is permitted by Sponsor (in Sponsor's sole discretion), the Purchaser will be required to deliver to the Selling Agent or Sponsor's counsel, four signed assignments of the Purchase Agreement (in form and content acceptable to Sponsor, in its sole discretion), as well as three completed and signed copies of either Form W-9 (Request for Taxpayer Identification Number and Certification). The assignments and Form W-9, must be delivered to the Selling Agent or Sponsor's counsel, together with a personal certified check, or an official bank or cashier's check, in the amount of \$300 made payable to Raphael and Marks (for services rendered in connection with the assignment), not less than 20 days prior to the date scheduled for the Purchaser's closing. In no event will the Purchaser have the right to postpone the closing as a result of such change in name or assignment. Sponsor is not obligated to consent to any such assignment and, if Sponsor refuses to consent, the Purchaser will not be excused from his or her obligations under the Purchase Agreement.

L. TERMS OF SALE

1. Prerequisites to Closing of Title

The term "closing" as used in this Plan refers to Sponsor's conveyance of title to a Unit to a Purchaser by the delivery of a deed, upon payment by the Purchaser to Sponsor of the balance of the purchase price for such Unit. The closing of title to each Unit shall take place only after or concurrently with the satisfaction of the following prerequisites:

(a) the Plan has been declared effective in accordance with its terms and the amendment to the Plan disclosing, same has been accepted;

(b) a temporary or permanent certificate of occupancy for the Unit is in effect (unless Sponsor is unable to obtain such temporary or permanent certificate of occupancy for the Unit as a result of special work being done in the Unit at the request of the Purchaser);

(c) the Declaration, By-Laws, Floor Plans and such other documents as may be required by law have been filed or recorded, as the case may be, or have been submitted to Sponsor's title insurance company for filing or recording;

(d) at least 30 days' prior written notice of the time and place of the closing of title has been given to the Purchaser;

(e) the Purchaser or his or her designee has been given an opportunity to examine the Unit within the week prior to the closing; and

(f) the Unit and its appurtenant interest in the Common Elements have been released from the lien of all mortgages encumbering the Property. At the time of conveyance of the first unit, each mortgagee will consent to the formation of a condominium and acknowledge that its lien will be limited to unsold condominium units and release its lien on the condominium unit being conveyed and its interest in the common elements.

(g) Sponsor assumes the risk of loss to the Unit by fire or other casualty prior to closing and may elect to repair or restore the Unit, in which case the Purchases Agreement shall remain in full force and effect. In the event that Sponsor notifies Purchaser that he does not elect to restore or repair the Unit, the Purchase Agreement shall be deemed cancelled and Sponsor shall return to Purchaser all sums deposited thereunder, together with interest, if any.

(h) All personal property located within the unit on the date the Purchase Agreement is signed or located within the common elements on the date the declaration is filed, that is owned by the sponsor or the owner of the property, is included in the conveyance, unless specifically excepted in the Plan.

2. Closing of Title; Payment of Balance of Purchase Price

At the closing of each Unit, Sponsor shall execute and deliver to the Purchaser a bargain and sale deed with covenant against grantor's acts, substantially in the form of the Unit Deed set forth as Exhibit 3 in Part II of the Plan, conveying title to the Unit and its appurtenant Common Interest, free and clear of all liens, encumbrances and other title exceptions other than the Permitted Encumbrances. The Purchaser shall also sign the Unit Deed.

Simultaneously with the delivery of the Unit Deed, the Purchaser shall pay the balance of the purchase price and the closing apportionments and costs described in "Unit Closing Costs and Adjustments" in Part I, Section M. Payments shall be by cashier's check or unendorsed certified check drawn on or issued by a bank or trust company which is a member of the New York Clearing House Association, payable to the direct order of Sponsor or to such other party or parties as Sponsor notifies the Purchaser prior to the closing.

The Purchaser will also be required to execute and deliver at the closing: a Unit Power of Attorney to the Board substantially in the form set forth as Exhibit 2 in Part II of the Plan, designating the Board as the Purchaser's attorney-in-fact, coupled with an interest, for the purpose of managing, selling, mortgaging, leasing, voting and otherwise dealing with the Common Elements and any Units acquired by the Board, in accordance with the Declaration and By-Laws; and a New York City Real Property Transfer Tax Return, Real Estate Transfer Tax Return and Credit Line Mortgage Certificate, in the forms required to be filed by law.

M. UNIT CLOSING COSTS AND ADJUSTMENTS

As more particularly set forth in the Purchase Agreement, in addition to the Purchaser's own legal fees, the Purchaser will pay the following closing costs at the time of the closing of title of such Purchaser's Unit: (Recording charges, fees and taxes are based on rates and methods of computing in effect on the date of the Plan and are subject to change by the title insurance company selected by the Purchaser or by reason of legislation hereafter enacted by the State and/or City of New York, and a Purchaser will not be relieved of his or her obligations under a Purchase Agreement by reason of any change in such charges, fees or taxes.)

1. If the Purchaser elects to obtain fee title insurance, the Purchaser will pay the premium therefor, which premium will vary depending upon the amount of insurance purchased. Fee title insurance charges are currently \$402 on a Purchase Price up to \$35,000, \$5.49 for each additional thousand dollars up to \$500,000. A reduced rate for fee and mortgagee title insurance may be available if the Purchaser obtains a mortgage loan, and fee and mortgagee title insurance are ordered simultaneously. Each Purchaser may obtain title insurance from any title insurance company selected by Purchaser. Sponsor makes no warranty regarding the terms of any such insurance. See paragraph 7 below.

2. The fees charged by the City Register's Office for recording the Unit Deed, Unit Owner's Power of Attorney and mortgage (if any), in the amount of \$15.00 for each document plus \$5.00 per page (in addition, a service charge to the title company may be payable).

3. New York City Real Property Transfer Tax and New York State Real Estate Transfer Tax (the "deed stamps" and, if applicable,) in respect of the purchase price. As of the date of the Plan, the total of such taxes payable upon the conveyance of a Unit would be:

Combined New York City Transfer Tax, New York State Transfer Tax	Purchase Price Rates
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Under \$500,000	1.400%
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Between \$500,000 and \$999,999	1.825%
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(All amounts and rates are approximate due to rounding)

4. In order to reimburse Sponsor for the mortgage recording tax previously paid in connection with any existing mortgages, if the Purchaser (a) obtains a mortgage loan, the Purchaser will pay to Sponsor an amount equal to the partial mortgage tax credit available pursuant to Section 339-ee(Z) of the New York State Condominium Act or (b) assumes or consents to the continuation of a mortgage lien encumbering only such Purchaser's Unit and as a result is entitled to an exemption of all or a portion of the mortgage tax otherwise payable, the Purchaser will pay to Sponsor an amount equal to such exemption; but in no event will the amount payable by the Purchaser to Sponsor exceed the amount of mortgage tax which would have been payable by the Purchaser to the taxing authority if such mortgage tax credit or exemption had not been available to the Purchaser.

5. If the Purchaser obtains a mortgage loan, the Purchaser will be responsible for the payment of all mortgage recording tax (less any payments made pursuant to subparagraph (4) above) and closing costs and expenses in connection therewith, in amounts determined by such lender, which closing costs may include, but are not limited to, the fees of lender's counsel, recording charges and mortgage title insurance. Currently, the mortgage recording tax in New York City applicable to Units is 2% with respect to mortgages under the amount of \$500,000 and 2.125% with respect to mortgages in the amount of \$500,000 or more (less, in each case, a \$25.00 credit). In addition, deposits for Common Charges, real estate taxes, assessments and (if separately assessed) water charges and sewer rents may be required by the Purchaser's lender.

6. The sum of \$650.00 payable to Raphael and Marks, Sponsor's counsel, to defray legal fees incurred in connection with the closing of title of Purchaser's Unit. If the Purchaser obtains financing and the lender is unwilling to close at the offices of Sponsor's counsel, the closing may be held elsewhere in New York City, provided that an additional travel fee is paid to Sponsor's counsel equal to (a) \$250 if the closing is held elsewhere in Manhattan, and (b) \$350 if the closing takes place in a borough other than Manhattan. In addition, (i) if the closing is adjourned through no fault of Sponsor, the Purchaser will be required to pay to Sponsor's counsel an additional fee of \$250 to help defray the cost of preparing for and coordinating the new closing; and (ii) if Purchaser shall use an abstract company or title insurance company other than Philip O'Hara Associates, Inc. as agent for Lawyer's Title Insurance Company (the "Title Company"), then Purchaser shall pay Sponsor's counsel an additional fee of \$500 for its services rendered in connection with its review of the title report and clearance of title exceptions.

7. The sum of \$1,000 for each Unit purchased, payable by Purchasers at the time of closing of their unit, to the Condominium Board for its initial Working Capital Fund. Said contributions shall constitute the Working Capital Fund of the Condominium.

The following table illustrates the projected closing costs (based on current rates) for a typical Residential Unit purchased by a Purchaser at a Purchase Price of \$450,000, assuming such Purchaser finances eighty (80%) percent (i.e., \$360,000) of the purchase price:

	Fees
Fee Title Insurance (if purchased simultaneously with mortgage title insurance)	\$ 2,300
- recording Unit Deed (7 pages) and Unit Owner's Power of Attorney (5 pages)	\$ 104
-recording mortgage (assuming 20 pages)	\$ 152
-mortgage recording tax (at 2.00% of \$280,000) (a portion of which will be paid directly to Sponsor)	\$ 7,200
- mortgage title insurance (if purchased simultaneously with fee insurance)	\$ 480

other bank charges (an appraisal fee of \$275 and legal fees of \$500)

and assuming further that the lender does not require Purchaser to deposit funds to establish a real estate tax escrow)

\$ 775

New York City Real Property Transfer Tax and New York State Deed Stamps(based on consideration of \$456,300)*

*1.4% of purchase price added to original purchase price

\$ 6,388

Working Capital Payment

\$ 1,000

Closing Fee (assuming the closing occurs at the offices of Sponsor's counsel)

\$ 650

Total

\$19,049

The projected closing costs referred to above are approximate and are not guaranteed. The mortgage loan closing costs vary widely among different lenders and also will vary depending on the loan program chosen.

At the closing, adjustments will be made between Sponsor and the Purchaser with respect to (a) real estate taxes and assessments, if any (including water charges and sewer rents if separately assessed) on the basis of the period for which assessed, (b) Common Charges for the month in which title closes, and (c) accrued rent and any other charges pursuant to any interim lease or occupancy or other rental agreement affecting the Unit, if the Purchaser is allowed to lease, occupy or rent such Unit prior to the closing. Real estate taxes will be adjusted at closing between Sponsor and each Purchaser based on the period for which real estate taxes have been prepaid by Sponsor either directly to the taxing authority or as part of the Common Charges to the Board. If real estate taxes have been separately assessed to each Unit as of the closing, then the adjustment shall be based on the Unit's actual taxes for such period. If the real estate taxes have not been separately assessed against each Unit as of the closing date, then the adjustment shall be determined by allocating to the Unit a prorated portion of the actual taxes for the entire Property for such period determined as provided in Section 6.17 of the By-Laws. When the Unit has been separately assessed, Sponsor and the Purchaser shall readjust any overpayment or underpayment of real estate taxes as more fully described in the Plan based upon the actual initial apportionment of the Property's assessed valuation to the ratio that the initial separate assessed value of the Unit bears to the actual initial aggregate assessed values of all Units.

N. INTERIM LEASES

Sponsor reserves the right, prior to the date of closing title to a Unit, to rent or lease such Unit to Purchasers and others for periods of one year or more. Accordingly, a Purchaser of a Unit may be acquiring a Unit that has been previously occupied, but, unless otherwise specifically agreed to in writing by Sponsor and such Purchaser, such Unit will be delivered at the closing vacant and free and clear of all leases, tenancies and rights of occupancy. However, once a Purchase Agreement for a Unit is fully executed and for so long as the Purchase Agreement is in effect, such Unit may only be leased to its Purchaser. No Purchaser shall have the right to occupy any Unit prior to the closing unless Sponsor agrees to permit such occupancy under an interim lease or other written rental agreement.

Interim leases will not be subject to the Rent Stabilization Law, the Rent Stabilization Code or any other rental protection laws.

If Sponsor agrees to lease a vacant Unit, the lease will be for a rent and upon such other terms and conditions as may be agreed upon by Sponsor and the tenant; provided, however, that in the case of an interim lease to a Purchaser, such lease will provide that an uncured default by the Purchaser under the Purchase Agreement (that is, a default not cured within 30 days after the sending of written notice thereof) will constitute a default under the lease entitling the landlord (i.e., Sponsor), at its sole option, to immediately terminate such lease. The Purchase Agreement contains a similar provision entitling Sponsor to terminate the Purchase Agreement and retain the Downpayment as liquidated damages in the event the Purchaser fails to cure a default under such Purchaser's lease within the applicable grace period (if any) and either (x) Sponsor has obtained an order of eviction against the Purchaser from a court of competent jurisdiction or (y) the Purchaser has vacated the Unit.

No portion of the rental paid under any lease will be credited towards the Purchase Price of a Unit unless the lease and the Purchase Agreement therefor expressly so provide.

In the event of a material adverse amendment to the Plan in which a Purchaser is allowed to rescind a Purchase Agreement, if a Purchaser who is a tenant under an interim lease duly elects to rescind, the interim lease made with such Purchaser shall be cancelled and possession of the Unit must be surrendered within 60 days thereafter free of all occupants and in broom clean condition. A Purchaser shall be liable to Sponsor for any and all damages, costs and expenses incurred by Sponsor by reason of any failure to vacate within said 60-day period. If such failure to timely vacate occurs prior to the First Closing, the Purchaser shall be liable for use and occupancy in an amount equal to the rent under the interim lease. If such failure to timely vacate occurs after the First Closing, the Purchaser shall be liable for the costs of carrying the Unit (such as Common Charges, real estate taxes and the allocable portion (based on such Unit's Common Interest) of debt service on any loan covering the Unsold Units). In addition, irrespective of when such failure to timely vacate occurs, such Purchaser shall be liable to Sponsor for loss of profit and all costs and expenses incurred by Sponsor to obtain possession of the Unit, including the cost of litigation and reasonable attorneys' fees.

In the event the Plan is abandoned, a Purchaser who has entered into an interim lease will have no right to remain in occupancy as a tenant after the abandonment of the Plan.

O. RIGHTS AND OBLIGATIONS OF SPONSOR

1. Sponsor's Obligations

a. Construction

Sponsor will perform such work and supply such materials, or will cause the same to be performed and supplied, as is necessary in order to complete the construction of the Building with a quality of construction comparable to the currently prevailing local standards and substantially in accordance with the plans and specifications for the construction work filed with the Department of Buildings of the City of New York and other appropriate governmental authorities.

Based upon its current construction schedule, Sponsor presently contemplates that, unless delayed by weather, casualty, labor difficulties (including work stoppages and strikes), late delivery of or inability to obtain materials, governmental restrictions, or other events beyond its reasonable control, the construction of the Building will be sufficiently completed to permit closings of Units to begin on or about January 1, 2003. Prospective Purchasers should note, however, that the Units may be completed at differing times over a period that may likely extend beyond such date. Purchasers will not be excused from paying their full purchase prices (without credit or set-off), and will have no claim against Sponsor for damages or losses, in the event that the First Closing occurs earlier or later than the targeted date or the time to complete or to close title to their Units is delayed or postponed by Sponsor.

In the event the actual or anticipated commencement date of the first year of condominium operation is to be delayed by six months or more, Sponsor will amend the Plan to include a revised budget with current projections. If the amended budget exceeds the projected budget included in this Plan by 25% or more, Sponsor will offer all Purchasers the right to rescind their Purchase Agreements within not less than fifteen days after the presentation date of the amendment containing such revised budget, and any Purchasers electing rescission pursuant to such offer will have their Downpayments returned (provided, however, that after the Plan has been declared effective and the amendment disclosing the same has been accepted by the Department of Law, a Purchaser who is in default under his or her Purchase Agreement beyond the expiration of any applicable grace period will not have the right to rescind).

Sponsor reserves the right, without prior notice to Purchasers or amendment of this Plan (but subject to obtaining any required approval(s) of any governmental authorities having jurisdiction), to (x) amend from time to time any of the Plans and Specifications (including changes in layouts and designs and changes affecting the materials, appliances, equipment, fixtures and other construction details) and/or (y) substitute materials, appliances, equipment and fixtures that are of substantially similar or better quality and design in place of those described in the Plans and Specifications. Any such change, if material (for example, variations in square footage in excess of 2%), shall be disclosed by Sponsor in a duly filed amendment to the Plan and, when applicable, to the Declaration. No such change will be made if the same would materially adversely affect any Purchaser under a Purchase Agreement which has been countersigned by Sponsor and returned to the Purchaser unless the same is dictated by construction conditions at the Property, and in such event, Sponsor will, in the amendment disclosing such change, offer the affected Purchaser(s) the right, for at least fifteen days, to rescind their Purchase Agreements and receive a refund of their

Downpayments, together with all interest earned thereon. However, as long as the layout and dimensions of a Unit conform substantially to the Plans and Specifications, a Purchaser will not be excused from purchasing a Unit by reason of a minor, non-material deviation or change and will not have any claim against Sponsor as a result thereof.

The issuance of a temporary or permanent Certificate of Occupancy for the entire Building shall be deemed presumptive evidence that the construction of the Building and its appurtenances and all of the Units have been substantially completed in accordance with this Plan and the Plans and Specifications. However, notwithstanding the foregoing, Sponsor or its representatives will correct, repair or replace all defects in the construction of the Building and its appurtenances and the Units, or in the installation or operation of any appliances, fixtures or equipment in the same, or will cause the same to be corrected, repaired or replaced, but only if such defects are due to improper workmanship or material substantially at variance with the Plans and Specifications, and Sponsor is notified by the Board or Unit Owner in writing of such defect (i) as to the Common Elements, within one year from the earlier of the issuance of a temporary Certificate of, Occupancy for the portion of the Building subject to such defect or the date of substantial completion of the portion(s) of the Common Elements which is claimed to be defective or (ii) as to any Unit, on or prior to the date of closing for such Unit, except that if any such defect in a Unit can be detected only by occupancy of the Unit, Sponsor will correct such defect if notified in writing by the Unit Owner within one year from the earlier of the closing of title to such Unit or the commencement date of an interim lease for such Unit. Notwithstanding the foregoing, Sponsor will not be responsible for correcting any defects in construction or installation or operation of any appliances, equipment or fixtures with respect to which assignable warranties or other undertakings (however denoted) from contractors, materialmen or others are assigned to the Board or Unit Owners; or for any condition resulting from normal wear and tear or natural deterioration, or for defects of an insubstantial nature, such as, without limitation, partial or total demise of any landscape improvements, nail pops, ridging on sheet rock walls, lumber shrinkage, door sticking due to weather, door warpage, bath tile grouting, slight separation in joints of kitchen tile or wood flooring, floor levels, ceiling imperfections, painting defects, alignment of bathroom finishes, air infiltration from windows, any consequential damage resulting from settling (including, without limitation, concrete or drywall cracks which do not impair the structural soundness of the Building), normal plumbing, heating and air conditioning noises, or carpet discoloring and stretching; or for paint touch-ups or for repair of chips, mars, breaks or other defects in electric fixtures and globes, interior painted surfaces, sinks, tubs, bowls, shower doors, kitchen cabinets, counter tops, vanity tops and bases, medicine cabinets, doors, mirrors, hardware, flooring and appliance cabinets, unless notified thereof prior to the closing of title to such Unit or the leasing of such Unit to the Purchaser thereof. Except as expressly set forth herein, Sponsor has no obligation to make any repairs of any kind. In no event shall Sponsor be liable for consequential damages (whether based on negligence, breach of contract, warranty, or otherwise), it being intended that Sponsor's sole obligations under the Plan shall be to repair or, at Sponsor's option, replace any defective item of construction (whether arising as a result of defects in material or improper workmanship or material substantially at variance with the Plans and Specifications), subject to the terms and conditions (and within the time limits) set forth in this paragraph, provided, however, that nothing contained herein is intended to relieve Sponsor of liability for property damage or personal injury arising as a result of negligence of Sponsor or its authorized agents or employees in connection with the transactions contemplated in the Plan.

Sponsor shall not be obligated to correct and will not be liable to any Purchaser as a result of (i) any insubstantial variations from the Plans and Specifications or the description of the Building, or a Unit set forth in the Plan or (ii) variations from the Plans and Specifications or the description of the Building or a Unit set forth in the Plan which are neither in violation of applicable building codes, nor require the approval of any governmental authority having jurisdiction, provided such variations are of equal or better quality than as set forth in the Plans and Specifications or description in this Plan. Any such variation which is material will be disclosed in a duly filed amendment to the Plan. Also, all unit owners and contract vendees must consent in writing to any changes in the size, location of building or units or common elements if such changes affects the percentage of common interests or adversely affect the value of any unit to which title had closed or a purchase agreement had been executed.

Each Unit and the fixtures and personal property contained therein, are being sold and delivered, as described in the Plan, at the time of transfer of title to such Unit, unless Sponsor and the Purchaser of such Unit otherwise agree in writing. The Purchaser of a Unit shall inspect such Unit prior to the Closing Date and shall execute at such time an inspection statement acknowledging the Purchaser's acceptance of the Unit in good condition and in accordance with the terms of the Plan. However, if a Purchaser finds that Sponsor's improvements as described in the Plan or in the Purchase Agreement for such Unit or other writing duly executed and delivered by Sponsor, have not been fully completed, although such improvements have been substantially completed, then Sponsor or its designated representative and the Purchaser will at the time of such execution agree upon and set forth in the inspection statement a list of the incomplete work to be completed in the Unit by Sponsor following the Closing for such Unit.

The Housing Merchant Implied Warranty Law (New York State General Business Law Article 36-B) applies to the residential units in this offering and confers certain rights on purchasers. The coverage includes the following: 1. For one year the home must be free from defects caused by workmanship or materials that do not meet the standards of the building code; 2. For two years, the plumbing, electrical, heating, cooling and ventilation systems must be free from defects caused by unskillful installation; and 3. For six years the home must be free from physical defects in the structural elements which make it unsafe or unlivable. In the Offering Plan, this warranty is limited. It excludes all consequential and incidental damages, except as required by New York Law. The limited warranty and the provisions of the Law are reproduced in Part II, Exhibit 11 of the Plan. The Housing Merchant Implied Warranty Law (New York State General Business Law Article 36-B) applies to this offering and confers certain rights on purchasers. The limited warranty and the provisions of the Law are reproduced in Part II of the Plan.

b. Payment of Expenses

All costs and expenses in connection with the construction of the Building and its appurtenances (including all sums properly due to contractors, subcontractors, suppliers and all others involved in such construction for work performed and fixtures, material and equipment supplied or installed) will be paid by Sponsor. Sponsor will cause all mechanic's liens arising out

of the construction of the Building to be bonded or discharged promptly after Sponsor receives notice of the filing of the same.

Sponsor will bear all costs and expenses incurred by it in connection with the creation of the Condominium and the preparation of the Plan and all selling expenses and compensation payable to sales or other personnel of Sponsor.

c. Assignment of Warranties

Upon the recording of the Declaration, Sponsor will deliver, assign or otherwise grant to the Board, on behalf of all Unit Owners, the right to proceed under any assignable warranties and other undertakings received by Sponsor from contractors, suppliers or others in connection with the construction and equipping of the Building, except that warranties and undertakings received by Sponsor which relate to appliances, equipment or fixtures located in any Unit shall be assigned to the Purchaser of such Unit on the date of closing of title thereto.

d. Certificate of Occupancy

If, as of the First Closing, only a temporary Certificate of Occupancy has been issued for the Building, Sponsor will use all reasonable diligence to cause the New York City Department of Buildings to continuously renew the temporary Certificate of Occupancy until a permanent, Certificate of Occupancy for all of the Units has been issued. Sponsor will, at its sole expense, do and perform, or cause to be done and performed, all work and will supply, or cause to be supplied, all materials that shall be necessary in order to continuously cause the temporary Certificate of Occupancy to be renewed and to obtain the permanent Certificate of Occupancy, as well as to obtain any requisite certificates or permits relative to the electrical work, plumbing, heating and elevator at the Building. Prospective Purchasers are advised that a permanent Certificate of Occupancy is required for permanent use of the Building, and that a temporary Certificate of Occupancy may be renewed only for a total of two years from the first date of issuance.

In the event that a permanent Certificate of Occupancy has not been issued for the Building as of the First Closing, Sponsor will place in escrow with its counsel, an unconditional irrevocable letter of credit issued by an institutional lender, a surety bond from an institutional lender or recognized bonding company acceptable to the Department of Law, or cash, in each case in an amount equal to the cost of the work remaining to be done by Sponsor in order to obtain a permanent Certificate of Occupancy, as certified by a registered architect, certified engineer or construction manager selected by Sponsor. If Sponsor has placed cash in escrow, such funds will be held by such counsel in escrow in a separate bank account. All interest and income on such escrowed funds will be paid to Sponsor, as and when earned and collected. The escrow funds will be released to Sponsor from time to time, as the work progresses, upon delivery to such counsel of a certificate issued by Sponsor's registered architect, certified engineer or construction manager stating that the remaining amount is sufficient to complete the balance of the work remaining to be done by Sponsor in order to obtain a permanent Certificate of Occupancy. Sponsor's counsel will rely entirely upon such certificate in releasing such funds and will not make any independent inquiry or evaluation. Any remaining balance of the escrow funds will be released to Sponsor upon

the issuance of a permanent Certificate of Occupancy for the Building. If Sponsor has deposited a letter of credit or surety bond, it will be subject to periodic reduction in amount upon the same terms as described above for the reduction and release of the cash deposit.

Following the issuance of a final Certificate of Occupancy for the Building, Sponsor will deliver to the Board a complete set of architectural drawings and a complete set of mechanical, electrical, plumbing and sprinkler "as-built" drawings for the entire Building.

e. Architect's Inspection and Certification

In accordance with Section 339-p of the New York Condominium Act, a registered architect or licensed professional engineer shall certify within reasonable tolerances that the Floor Plans are an accurate copy of portions of the plans of the Building as filed with appropriate governmental authorities. In addition, such architect or professional engineer shall make periodic inspections at various stages of construction to determine that the Building is constructed in accordance with such plans. The inspection reports shall be available at Sponsor's Office and the Department of Law for examination by the Board for a period of six years from the date of the Plan.

f. Payment of Common Charges and Real Estate Taxes

Sponsor will pay all Common Charges, real estate taxes and special assessments attributable to the Unsold Units in accordance with the provisions of the By-Laws. Sponsor represents that it has the financial resources to meet the aforesaid obligations with respect to Unsold Units and fund same from income from projected sales, the rental or leasing of Unsold Units and Sponsor's other financial resources.

g. Insurance

Sponsor will initially procure on behalf of the Board, to take effect on or before the date of the First Closing, the insurance relating to the Condominium which is required to be maintained by the Board in accordance with the provisions of the By-Laws (see "Rights and Obligations of the Unit Owners and the Board of Managers" in Part I, Section R.), the cost of which insurance has been reflected in the Projected Budget set forth as Schedule B in Part I, Section E.

h. Right of Access

Sponsor and its contractors, subcontractors, agents and employees will have a right of access to each Unit and to all of the Common Elements for the purpose of fulfilling Sponsor's obligations under the Plan, performing certain alterations and repairs in or about the Unsold Units and exercising its other rights or performing its other obligations under the Plan. Sponsor will repair any damage caused as a result of such access and will use reasonable efforts to exercise such access in such a manner as will not unreasonably interfere with the use of any Unit for its permitted purposes.

i. Dissolution

In the event of the dissolution or liquidation of Sponsor or the transfer of ten (10) or more Units or twenty percent (20%) or more of the total number of Units in the Condominium, whichever is less, to a single Purchaser, the principals of Sponsor will provide financially

responsible entities or individuals who will assume the status and all of the obligations of Sponsor for those Units under the Plan and applicable laws or regulations.

j. General

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

k. Construction Financing.

Construction financing is in place at this time.

Sponsor agrees to indemnify the Board and the Unit Owners against, hold them harmless from and defend on their behalf any suits, proceedings, or claims arising out of any default by Sponsor in performing its obligations under this Plan or any breach of any representation expressly made by Sponsor in this Plan and resulting (a) as to any Unit, from any occurrence taking place prior to the closing of title to such Unit, or (b) as to the Common Elements, from any occurrence taking place prior to the First Closing. However, Sponsor will not be liable for, or obligated to defend, any suits, proceedings or claims arising out of any occurrence taking place from and after the respective dates set forth above, except those arising out of any negligence or violation of Article 23A of the New York State General Business Law by Sponsor.

The obligations of Sponsor hereunder shall be enforceable by the Board on behalf of all Unit Owners. Obligations of Sponsor shall be enforceable by individual Unit Owners if either the Board fails to take reasonable action to enforce such obligations within 90 days following the giving of notice of such claim by any Unit Owner to the Board or (ii) the applicable statute of limitations with respect to any claim by a Unit Owner which would otherwise be enforceable by the Board will expire during the aforesaid 90-day period.

Sponsor has not furnished any bond or other security for the performance of the obligations of Sponsor under the Plan. Sponsor's ability to perform its obligations under the Plan will depend on its financial condition from time to time. No warranty is made that Sponsor will be financially able to perform all or any of such obligations.

2. Use of Unsold Units

Sponsor and its designee reserve the right to use or occupy or to rent, hire or lease any Unsold Unit to any Purchaser or non-purchasers at any time, both before and after the First Closing (provided that a permanent or temporary Certificate of Occupancy covering each such Unit has been obtained). However, once a Purchase Agreement is signed for a Unit, and for so long as such Purchase Agreement is in effect, such Unit may be leased only to the Purchaser listed on the Purchase Agreement.

Sponsor and its designee reserve the right, without prior notice or amendment to the Plan, to use Unsold Units on any floor of the Building as sales offices and model units, or for any lawful use, subject in each case, however, to the provisions of Article 6 of the By-Laws and to show all units for sale or rental.

3. **Alterations of Unsold Units**

Sponsor shall have the right, pursuant (and subject) to the terms of the Declaration, without the approval of the Board, to make any alterations, additions, improvements or repairs in or to any Unsold Units, whether structural or non-structural, interior or exterior, ordinary or extraordinary. Furthermore, an initial purchaser of an Unsold Unit shall have the right, without the approval of the Board, to make any alterations, additions, improvements or repairs in or to such Unit, provided that such purchaser obtains all necessary approvals required by law and that Sponsor has consented to the same in writing at or prior to the closing of title to the Unit.

4. **Miscellaneous**

Sponsor and its designee reserve the right to erect, use, lease, maintain, repair, replace and operate antennae, satellite dishes and other communications equipment on any part of the roof of the Building that is not occupied by any Building installations, without the consent of, or charge by, the Board or any other Unit Owners, provided, however, that Sponsor and its designee shall give reasonable prior notice to the Board of the type and location of any such equipment before installation. Any obligations and rights of the landlord under such lease or any other similar lease hereafter entered into by Sponsor shall be the obligations and rights, respectively, solely of Sponsor and not of the Condominium.

Sponsor shall have the right, until the third anniversary of the First Closing, to use portions of the Building, without charge, for exhibitions or other promotional functions with respect to Sponsor's sales program.

P. CONTROL BY SPONSOR

Until the first annual meeting of the Unit Owners ("First Annual Meeting"), the Board shall consist of three persons designated by Sponsor. Those persons shall be Bernard Doyle, Donald LaRosa and Carol M. Stern, who are principals or employees of the Sponsor and are experienced in real estate matters and familiar with the Property. The First Annual Meeting shall be held on a date not earlier than ten nor later than thirty days following the later to occur of (a) the second anniversary of the First Closing or (b) the closing of title to at least 50% (in number and in aggregate Common Interests), of all Units (see Part I, Section Q, for further discussion), at which time, the Unit Owners (including Sponsor) shall elect a new three-member Board.

At meetings of the Unit Owners, Sponsor will have the right to vote all of the Common Interests attributable to the Units owned by Sponsor as it sees fit. However, at elections of members to the Board held during the Initial Control Period (that is, the period ending upon the later to occur of (a) the second anniversary of the First Closing or (b) the closing of title to Units representing 75% (in number and in aggregate Common Interests) of all Units), Sponsor and/or its designee will have the right to elect or designate not more than three members of the Board, in the aggregate, who are related to or affiliated with Sponsor, such designee or other Unsold Unit Owners. Sponsor, such designee and all other Unit Owners shall have the right to elect the remaining members of the Board who shall not be related to or affiliated with Sponsor, such designee or other Unsold Unit Owners. In addition, while Sponsor and/or its designee owns Units representing at least 25%, but less than 50%, of the Common Interests of the Condominium, Sponsor and/or its designee shall have the right to elect or designate not more than two members of the Board, in the aggregate, who are related to or affiliated with Sponsor, such designee or other Unsold Unit Owners, and Sponsor, such designee and all other Unit Owners shall have the right to elect the remaining members of the Board who shall not be related to or affiliated with Sponsor, such designee or other Unsold Unit Owners; and while Sponsor and/or its designee owns Units representing less than 25% of the Common Interests but at least two Units, Sponsor and/or its designee shall have the right to elect or designate one member of the Board, who is related to or affiliated with Sponsor, such designee or other Unsold Unit Owners, and Sponsor, such designee and all other Unit Owners shall have the right to elect the remaining members of the Board who shall not be related to or affiliated with Sponsor, such designee or other Unsold Unit Owners. Accordingly, from and after the first meeting of Unit Owners, at least two of the members of the Board shall be unrelated to and unaffiliated with Sponsor or other Unsold Unit Owners. There is no restriction on the right of the Unsold Unit Owners (including Sponsor) to vote for members of the Board who are not related to or affiliated with Sponsor or other Unsold Unit Owners.

The number of members of the Board may not be increased without the consent of the owner of the Unsold Units, for so long as there remain at least one Unsold Unit.

Until Sponsor no longer designates or elects a majority of the members of the Board, Sponsor will, through its control of the Board, be able to determine the maintenance and operation of, and the services to be provided by, the Condominium, and the Common Charges to be paid by all Unit Owners.

Until the expiration of the Initial Control Period, the Board may not, without Sponsor's prior written consent, (i) make any addition, alteration or improvement to the Common Elements (unless required by law), (ii) assess any Common Charges for the creation of, addition to or replacement of all or any reserve, contingency or surplus fund in excess of 5% in the aggregate of the projected Common Expenses for any year of operation, (iii) hire any employee in addition to or fewer than the employees provided for in Schedule B hereof (see Part I, Section E, beginning on page 21), (iv) enter into any service or maintenance contract for work not covered in said Schedule, or otherwise provide services in excess of those contemplated by such Schedule or elsewhere in the Plan (however, in no event shall Sponsor allow the services covered in Schedule B to be materially reduced without the consent of a majority in interest of all Unit Owners other than Sponsor) or (v) borrow money on behalf of the Condominium. However, the Board may take any of the actions enumerated in sections (i) through (v) of this paragraph if (a) the cost of such actions, when added to all other budgeted operating expenses, will not result in increasing the Common Charges for any year of operation by more than 5% in the aggregate above the prior year's Common Charges or (b) such action is required to comply with laws or regulations applicable to the Building, to remedy any notice of violation entered against the Building, to comply with any proper work order by an insurer of the Building, or for the health or safety (but not the general comfort or welfare) of the occupants of the Building.

Q. CONDOMINIUM BOARD

1. General

The affairs of the Condominium shall be governed by the Board. The Board shall consist of three members designated by Sponsor (see Part I, Section P) until the First Annual Meeting of Unit Owners, at which time the incumbent Board will resign and three members will be elected by the Unit Owners. The First Annual Meeting shall be held on a date not earlier than ten nor later than thirty days following the later to occur of (a) the second anniversary of the First Closing or (b) the closing of title to at least 50%, in number and in Common Interests, of all Units.

The term of office of each of the three members of the Board will usually be two years, except that, with respect to the first three member Board, two members will serve for approximately two years and two members will serve for approximately one year and all members' terms will end on the first regularly scheduled annual meeting or anniversary thereof, rather than on the anniversary of the First Annual Meeting. At the expiration of the initial term of office of each member of the Board, such members' successors will be elected to serve for a term of two years. The members of the first three member Board who receive the highest number of votes will serve for the longest terms; any members designated or elected by reason of the votes cast by Sponsor or its designee, as owner of the Unsold Units, will serve for the shortest terms. Notwithstanding the expiration of the term of office of a member of the Board, such member shall serve until a successor has been elected and qualified.

Other than Board members designated or elected by reason of the votes cast by Sponsor or its designee, all members of the Board must be either Unit Owners or interested parties in a Unit Owner, such as: (i) individual Unit Owners or individual mortgagees of Units; (ii) partners or employees of a partnership owning, or holding a mortgage encumbering a Unit; (iii) officers, directors, stockholders or employees of corporate owners or corporate mortgagees of Units; (iv) members of a limited liability company owning, or holding a mortgage encumbering a Unit; (v) fiduciaries or their beneficiaries who are owners or mortgagees of Units (or directors, officers, stockholders or employees of corporate fiduciaries or partners or employees of partnership fiduciaries); or (vi) adult family members or spouses of any of the foregoing individuals.

No member of the Board shall continue to serve on the Board if, during such member's term of office, said member shall cease to be a Unit Owner or an interested party as described in the immediately preceding paragraph.

Any Unit Owner, or interested party in a Unit Owner, who is in arrears in the payment of Common Charges beyond any applicable grace period (a) shall not be eligible to be elected as a Board member and (b) may be removed as a Board member by a majority vote of the other Board members.

Members of the Board shall serve without compensation.

2. Powers and Duties of and Determinations by Board of Managers

The Board shall have the powers and duties necessary for or incidental to the administration of the affairs of the Condominium. As more fully set forth in the By-Laws, all

determinations required to be made by the Board shall be by majority of the votes cast at any meeting at which a quorum is present.

3. Meetings and Votes of Unit Owners

After the First Annual Meeting as described above, annual meetings of Unit Owners will be held within four weeks of the anniversary of the First Annual Meeting on a date to be set by the Board. At each such meeting, the Unit Owners shall elect members to replace those members of the Board whose terms have expired. In addition, special meetings may be held from time to time pursuant to the By-Laws. At all meetings of Unit Owners, the presence in person or by proxy of more than 50% of the Common Interests attributable to all Units shall constitute a quorum and, except as otherwise provided in the By-Laws or Declaration, a majority of votes cast at any such meeting at which a quorum is present shall be binding on all Unit Owners.

Each Unit Owner, upon obtaining title, will in accordance with Section 339-e of the Real Property Law, automatically have the right to vote at all meetings of the Unit Owners, based upon the Common Interest appurtenant to each of the Unit or Units owned by such Unit Owner, and at all such meetings, each Unit Owner (or his or her proxy) entitled to vote thereat (including Sponsor or its designee with respect to Unsold Units) shall be entitled to cast one vote for each .000 1% of interest in the Common Elements attributable to his or her Unit or Units.

4. Officers

The principal officers of the Condominium will be the President, Vice President, Secretary and Treasurer, all of whom shall be elected by the Board. The Board may also appoint additional officers. None of the officers of the Condominium need be Unit Owners or have any interest therein or be Board members until the first organizational meeting of the Board following the First Annual Meeting. Thereafter, both the President and Vice President must be members of the Board. Except as otherwise provided by the Board, no officer shall receive any compensation for acting as such. Upon the affirmative vote of a majority of the members of the Board, any officer of the Board may be removed, either with or without cause, and his or her successor may be elected, at any regular meeting of the Board or at any special meeting of the Board called for such purpose. No officer of the Board shall have any personal liability with respect to the operation of the Condominium, except that an officer shall be liable for his or her own bad faith or willful misconduct. All Unit Owners severally indemnify each officer against any liability or claim except those arising out of such officer's own bad faith or willful misconduct.

R. RIGHTS AND OBLIGATIONS OF THE UNIT OWNERS AND THE BOARD OF MANAGERS

1. Sales and Leases of Units

Each Unit Owner may sell his or her Unit and lease his or her Unit for terms of one (1) year or more, provided such Owner first gives the Board notice of intention to sell or lease such Unit, accompanied by a fully executed copy of the contract of sale or lease, as the case may be. The Board shall then have the right to purchase or lease the Unit at the same price or rental and on the same terms as were offered in good faith by a prospective Purchaser or lessee, as more specifically set forth in Article 8 of the By-Laws. If the Board does not elect to purchase or lease the Unit within 20 days after receipt of the notice, or waives such election in writing, the Unit Owner will have 90 days thereafter to enter into a written agreement with the prospective Purchaser or lessee, as the case may be, embodying the terms set forth in such notice. In the event that such written agreement is not executed by the Unit Owner within said 90-day period or such sale or lease is not so consummated within 30 days following the expiration of said 90-day period, the Unit Owner will be required to again first offer the same to the Board. The Board may not exercise its option to purchase or lease any Unit without prior approval of a majority in interest of Unit Owners present in person or by proxy and voting at a meeting at which a quorum is present. Any such lease shall be in the form and substance then approved by the Board (as the same may be changed from time to time), including provisions such as a prohibition on assignment or subletting.

If a Unit Owner is a corporation, any sale, assignment, transfer or other disposition of any of its stock other than through any recognized national securities exchange or "over-the-counter" market, or if a Unit Owner is a partnership, limited liability company or other entity, any sale, assignment, transfer or other disposition of any interest in such partnership, company or other entity, shall also subject the Unit owned by such entity to the requirement that the Unit first be offered to the Board for purchase or lease, as described in the preceding paragraph. Notwithstanding the foregoing, a Unit Owner may, without complying with the foregoing restrictions, sell, lease or convey his or her Unit to an affiliate (an affiliate being defined as a person or entity who or which owns 50% or more of the legal and beneficial interest of such Unit Owner or an entity with respect to which such Unit Owner owns 50% or more of the legal and beneficial interest) or to any one or more of a spouse, adult child, parent or adult sibling, or to a trust for the benefit of any one or more of the foregoing and/or one or more minor children of any of the foregoing, or convey a Unit by gift, or devise a Unit by will, or have it pass by intestacy; provided, however, that each succeeding Unit Owner shall be bound by, and its Unit shall be subject to, the preceding restrictions. Article 8 of the By-Laws more specifically describes the right of first refusal and those situations in which a Unit Owner may sell, lease or convey his or her Unit to a related or controlled individual or entity.

The restrictions upon the sale or lease of Units shall not apply to Sponsor or its designee with respect to any Unsold Units or to any Units acquired by a mortgagee in foreclosure or by deed in lieu of foreclosure; such Units may be sold to anyone without first being offered for sale to the Board.

Each conveyance of a Unit by the Owner thereof shall include as part of the property to be conveyed, such Unit Owner's (i) undivided interest in the Common Elements, (ii)

undivided interest in any Unit or Units acquired by the Board from Unit Owners (or the proceeds received at a foreclosure or other judicial sale of a Unit) and (iii) undivided interest in any other assets of the Condominium. No part of a Unit Owner's interest in the Limited Common Elements or the General Common Elements may be sold, transferred or otherwise disposed of, except as part of a sale, transfer or other disposition of the Unit or as part of a sale, transfer or other disposition of the specific interest in the Limited Common Elements or the General Common Elements by all affected Unit Owners.

A Unit may not be conveyed unless all unpaid Common Charges and liens against such Unit (other than Permitted Mortgages) are paid and satisfied at or prior to closing. In addition, the Board may establish reasonable fees for the processing of such offers for sale or lease, which shall be payable by the selling or leasing Unit Owner to the Managing Agent.

2. Use of Units

A. A Residential Unit may be used only as a residence and, subject to compliance with the By-Laws, for a lawful home occupation.

A Residential Unit may only be occupied by (i) any individual who is a Unit Owner or permitted lessee, (ii) any officer, director, stockholder or employee of any corporation which is a Unit Owner or permitted lessee, (iii) any partner or employee of any partnership which is a Unit Owner or permitted lessee, (iv) any member of any limited liability company which is a Unit Owner or permitted lessee, (v) the fiduciary or beneficiary of any fiduciary which is a Unit Owner or permitted lessee, (vi) any principal or employee of any other entity (including, but not limited to, embassies and consulates of foreign governments) which is a Unit Owner or permitted lessee and (vii) family members and/or non-paying guests of any of the foregoing.

B. The Commercial Unit may be used only for retail space or for a restaurant.

3. General Provisions with Respect to Use

No portion of a Unit, other than the entire Unit, may be leased. No nuisance or offensive or unlawful use shall be allowed in the Condominium or any portion thereof all laws, zoning ordinances and regulations of governmental bodies having jurisdiction thereof, relating to any portion of the Property, shall be complied with at the sole expense of the respective Unit Owners or the Board, whoever shall have the obligation to maintain or repair such portion of the Property.

The Rules and Regulations concerning the use of the Units may be amended from time to time by the Board, provided that copies thereof are furnished to each Unit Owner prior to the time that they become effective. However, no amendment of the Rules and Regulations will apply to the Unsold Units, unless agreed to by all the owners of same who are affected by such amendment. Further provisions with respect to the use and leasing of Units are set forth in the By-Laws and Rules and Regulations.

4. Obligations Of Unit Owners With Respect To Limited Common Elements.

The Limited Common Elements comprised of the Porch appurtenant to Unit 1, the Balcony appurtenant to Units 1 and 2; the Roof Terraces appurtenant to Unit 3, and a portion

of the Cellar and the Yard appurtenant to the Commercial Unit have the following restrictions:

The cellar area may only be used for storage .

No structure may be built in the yard or on the roof as of right. Any plan to build any structure would require a variance from the New York City Bureau of Standards and Appeals. Unit owners should understand that opposition to such applications by the Board of Managers may result in denial of the application.

In the event that any construction to the Limited Common Elements is contemplated by the unit owners, the Board of Managers may regulate time periods during which work is permitted; the manner in which construction debris is handled; security measures; liability insurance and the interruption of building services.

The owners of units which have exclusive use of the common limited elements appurtenant to their units, have the sole financial responsibility for the repair or replacement of said limited common elements and the sole financial responsibility for the repair or replacement of them to the extent that any repair is needed as a result of the owner's use. Further, the condominium has unlimited access to the aforementioned areas for the purpose of making repairs.

5. Mortgage of Units by Unit Owners

Each Unit Owner may mortgage his or her Unit in accordance with the provisions of Article 7 of the By-Laws, which requires that the Board be notified in writing of the making of such mortgage and receives a conformed copy of the note and mortgage and that the Unit Owner first satisfy all unpaid liens against the Unit, other than Permitted Mortgages

6. Common Charges: Determination and Assessment

At least once per year, the Board will prepare a budget setting forth its projections of Common Expenses for the next fiscal year of the Condominium and will allocate the Common Expenses among the Units . The Common Charges payable by each Unit Owner will be in proportion to the Unit's percentage Common Interests compared to the total of all Unit Owners.

The respective Common Interests of the Units, as estimated by Sponsor, have been allocated to each Unit based upon floor space subject to the location of such space and the additional factors of relative value to other space in the Condominium, the uniqueness of the Unit, the availability of Common Elements for exclusive or shared use and the overall dimensions of the particular Unit.

The Board will furnish copies of the budgets to all Unit Owners and advise each Unit Owner of the amount of Common Charges payable. Unless otherwise determined by the Board, Common Charges will be payable in monthly installments, in advance, on the first day of each month.

7. Collection and Lien for Non-Payment of Common Charges

Unit Owners may not exempt themselves from liability for Common Charges by waiving use of any of the Common Elements or by abandoning their Units. No Unit Owner, however, will be liable for the payment for any part of the Common Charges assessed against his or her Unit subsequent to a permissible sale, transfer or other conveyance by him or her of such Unit. In addition, as more specifically set forth in Section 6.2 of the By-Laws, a Unit Owner, by conveying his or her Unit (without consideration) to the Board and provided that such Unit is free and clear of liens and encumbrances and that no violation of the Declaration, the By-Laws or the Rules and Regulations then exists with respect to such Unit, may be exempt from Common Charges thereafter accruing.

On a resale of any Unit, the purchaser will be liable for the payment of any unpaid Common Charges against such Unit. In the event of a foreclosure by the Board of its lien on any Unit for unpaid Common Charges, or otherwise, if the net proceeds of the foreclosure sale are insufficient for the payment of such unpaid charges, or if a Unit is acquired by a mortgagee or purchaser in foreclosure, the original Unit Owner can be sued for the unpaid balance. The Board will also have the right to assess such unpaid balance as a Common Charge among all Unit Owners.

Under the provisions of Section 339-z of the New York Condominium Act and Section 6.3 of the By-Laws, the Board, on behalf of all Unit Owners, will have a lien on each Unit for unpaid Common Charges, together with interest thereon, assessed against such Unit. All such liens, however, to the extent required by applicable law, will be subordinate to liens for real estate taxes on the Unit. Any lien for unpaid Common Charges against a Unit will be effective from and after filing of a verified notice thereof in the City Register's Office and until all sums secured thereby with interest accrued thereon shall have been fully paid, or until six years from the date of filing (unless foreclosure of such lien is started within such six-year period), whichever shall be sooner. Such liens may be foreclosed by a suit brought in the name of the Board (acting on behalf of all Unit Owners) in the same manner as the foreclosure of a mortgage on real property, or an action may be brought by the Board to recover unpaid Common Charges without foreclosing such lien. In addition, the Board may assess Unit Owners a late charge of \$.04 for each dollar of Common Charges which remains unpaid for more than ten days after the date when due, and interest at the rate of 1.5% per month on such unpaid amounts (less any "late charges" theretofore collected), plus all expenses of collection. Sponsor obligates itself to cause any members of the Board related to or affiliated with Sponsor to vote in favor of filing a lien against any Unsold Units owned by Sponsor with respect to which payments of Common Charges have not been made within 30 days after the date when due.

Non-Occupying Owners

Under the provisions of Section 339-kk of the Real Property Law and Section 6.3.5 of the By-Laws, if a non-occupying owner rents his unit to a rental tenant and then fails to make payments due for common charges, assessments or late fees within 60 days of the expiration of the grace period after they are due, the Board shall provide written notice to the tenant and non-occupying owner providing that until such payments are to be made current, all rental payments are to be made payable to the Condominium Association. Where a majority of the Board has been

elected by Unit Owners who are in occupancy the Board may elect not to require that rental payments be made payable to the Condominium Association.

8. Repairs to and Maintenance of Units and Common Elements

Generally, all painting, decorating, maintenance, repairs and replacements, whether structural or non-structural, or ordinary or extraordinary, (a) in or to any Unit (other than, in general, to the Common Elements included therein) will be made by the Owner of such Unit at his or her expense and (b) in or to the General Common Elements will be made by the Board and the expense thereof will be charged to the Unit Owners as a Common Expense. Without limiting the foregoing, Unit Owners shall be responsible for all maintenance, repairs and replacements of all plumbing, heating and lighting fixtures, heating and air-conditioning units and appliances in their respective Units. Except as otherwise provided herein, a Unit Owner shall not be responsible for the cost of any painting, decorations, maintenance, repairs or replacements in or to any Unit other than to its own Unit (and any Common Elements or Limited Common Elements included therein) and to its share of the General Common Elements.

Unit Owners shall be prohibited from obstructing or altering the facade of the Building, thus prohibiting the installation of through-the wall air conditioning units. The right of Unit Owners to install air-conditioning window units shall be determined by the Board.

The washing and cleaning of interior and exterior glass surfaces of windows in the Units shall be the responsibility of the respective Unit Owners. The Board may from time to time enforce the responsibility of the Unit Owners to wash and clean the exterior surfaces of windows located in their respective Units.

If any repairs or replacements to the Common Elements, whether structural or non-structural, ordinary or extraordinary, or any replacement of glass windows in any Unit because of breakage or otherwise, are necessitated by the negligence, misuse or abuse of a Unit Owner or such Unit Owner's agents, workers, guests, etc., such maintenance, repairs or replacements will be made by the Board, and any portion of the cost thereof which is not covered by the insurance maintained by the Board shall be paid by such Unit Owner.

The By-Laws provide that each Unit and all portions of the Common Elements shall be kept in first-class condition by the Unit Owner or the Board, whichever is responsible for the maintenance thereof. In the event that any Unit Owner fails to keep his or her Unit in such condition, the Board, at the expense of such Unit Owner, may enter such Unit and perform such acts as are necessary to cure such default. (See "Rights of Access" hereinafter set forth in this Section R.)

9. Alterations and Improvements of Units

No Unit Owner may make any alteration, addition, improvement or repair in or to his or her Unit if the same would affect the structural, mechanical, electrical or plumbing elements of the Building or the exterior appearance of the Building, without first obtaining the written approval of the Board, which approval may not be unreasonably withheld. Except as otherwise permitted in the By-Laws, no Unit Owner may make any alteration, addition, improvement or

repair in or to a rooftop terrace or the Common Elements without the prior written approval of the Board.

The Board, at its option, may require the Unit Owner to execute an agreement in form and substance satisfactory to the Board setting forth the terms and conditions under which any such alteration, addition, improvement or repair may be made. Any Unit Owner making or permitting an alteration, addition, improvement or repair in his or her Unit is required by the By-Laws to (i) obtain such insurance as the Board or the Managing Agent may require, (ii) indemnify the Board and the Managing Agent against any liability arising from the work, (iii) reimburse the Board for its architectural, engineering, and legal fees incurred in connection with such work and (iv) employ such architects, engineers, contractors, workers, suppliers and other laborers who are on the Managing Agent's then approved list, as such list may change from time to time (in the sole discretion of the Managing Agent).

The foregoing restrictions affecting Units shall not apply to Sponsor or its designee in respect of Unsold Units (see Part I, Section 0).

Any alteration, addition, improvement or repair in or to a Unit or any Common Elements must comply with all legal requirements. Additionally, if any Unit Owner desires to make any alteration, addition, improvement or repair in or to a Unit which affects any exterior architectural feature of the Building, then, in addition to obtaining any necessary consent from the Board, such party must first obtain approval from the Board.

10. Alterations and Improvements of Common Elements

Generally, all alterations, additions or improvements in or to the Common Elements will be made by the Board. The costs of alterations, additions or improvements to the Common Elements will be charged to all Unit Owners as a Common Expense; and costs attributable to the Limited Common Elements will be charged to all Unit Owners in the proportion that their respective Common Interests bear to the aggregate Common Interests of all Unit Owners. Whenever, in the judgment of the Board, the Common Elements require additions, alterations, improvements, or repairs costing more than \$10,000, in the aggregate, in any calendar year, such additions, alterations, improvements or repairs may not be made unless the same have been approved by the Unit Owners owning a majority of the Common Interests of all Units liable for the cost thereof pursuant to the preceding sentence, including Sponsor, if it then owns any Unit, at a duly constituted meeting of Unit Owners or unless the same is necessary to comply with applicable laws or regulations, to remedy any violation imposed against the Property, to comply with a proper work order of an insurer of the Property, or for the health or safety (but not the general comfort or welfare) of the residents or occupants of the Property. In any such event, the Board may, in its discretion, assess each Unit Owner liable therefor for his or her pro-rata share of the cost of such additions, alterations, or improvements, according to his or her Common Interest, as part of the Common Charges.

Any additions, alterations, or improvements costing \$100,000 or less, in the aggregate, any calendar year may be made by the Board without the approval of the Unit Owners.

Notwithstanding the foregoing, elevator landings which serve fewer than four Units may be decorated and/or furnished by the adjoining Unit Owners as they desire, at their expense, provided that each such Unit Owner consents in writing thereto, and the Board gives its written consent to such decoration and/or furnishing, which consent of the Board may not be unreasonably withheld or delayed. After an elevator landing is decorated and/or furnished by the Unit Owners serviced by the same, the Owners of such Units, and not the Board, will be responsible for keeping the decor and furnishings in a first class condition and state of repair and performing, at their joint expense, all repairs and maintenance necessary or desirable in order to accomplish the same.

In addition, as set forth in Section 6.12.3 of the By-Laws and to the extent permitted by law, the Owner or Owners of any one or more Units, if such Unit or Units are the only Unit or Units serviced or benefited by any Common Elements adjacent or appurtenant thereto (for example, that portion at the end of a hallway that is directly adjacent to the Unit or Units located at the end of such hallway) and not affecting access or service (including, without limitation, heating and ventilating) to any other Unit or to any other portion of the Common Elements shall, with the consent of the Board (which consent shall not be unreasonably withheld or delayed and shall not be required if the Unit Owner or Owners shall be Sponsor or its designee), have the right to use such Common Elements exclusively (including the right, in the above example of a portion of a hallway, to enclose such portion), and no amendment to the Declaration or reallocation of Common Interests shall be made by reason thereof. In such an event, however, such Owners shall, at their sole expense, (i) operate, maintain and repair such Common Element for so long as such Owners exercise such exclusive right of use and (ii) restore such Common Element to its original condition, reasonable wear and tear excepted, after such Owners cease to exercise such exclusive right of use.

11. Rights of Access

As more fully set forth in the By-Laws, the Board and any managing agent, manager and other persons authorized by the Board will have a right of access to any Unit and to the rooftop terraces for the purposes, among others, of (a) making inspections of, or removing violations of governmental laws or regulations against, any part of the Property; (b) curing defaults under the By-Laws, Declaration or Rules and Regulations by the owner of such Unit; (c) performing maintenance, installations, alterations, repairs or replacements to the mechanical or electrical systems, or other portions of the Common Elements, located within such Unit or elsewhere in the Building; or (d) correcting any conditions originating in any Unit and threatening another Unit or any Common Element.

In the event that the Board or any Unit Owner fails to maintain or repair parts of the Building required to be maintained or repaired by the Board or Unit Owner, respectively, or in the event of any breach of the Declaration, By-Laws or Rules and Regulations, Article 6 of the By-Laws provides for certain specified rights to perform such maintenance or repairs or cure such breach.

12. Compliance with Terms of Declaration, By-Laws and Rules and Regulations

Each Unit Owner must strictly comply with the provisions of the Declaration, By-Laws and Rules and Regulations. Pursuant to Section 339 of the Condominium Act, failure to so comply will be grounds for an action for damages or injunctive relief, or both. The By-Laws,

together with the Rules and Regulations, will be recorded with the Declaration in the City Register's Office.

13. Repair or Reconstruction after Fire or Other Casualty

In the event that the Building or any part thereof is damaged or destroyed by fire or other casualty, the Board will arrange for the prompt repair and restoration thereof (including each Unit, but excluding appliances, fixtures, furniture, furnishings and other personal property not constituting a part of such Unit).

If the insurance proceeds are insufficient to cover the cost of repairs or restoration, Unit Owners may be assessed for such deficiency. If there is a surplus of insurance proceeds, the surplus shall be paid to Unit Owners in accordance with the following paragraph, except that no payment shall be made to a Unit Owner until there has first been paid out of his or her share, such amounts as may be necessary to reduce unpaid liens on his or her Unit, other than Permitted Mortgages, in the order of priority of such liens.

If the Units and/or the Common Elements are damaged or destroyed by fire or other casualty and the insurance proceeds are insufficient to cover, or exceed, the cost of repairs and restoration, the deficit or surplus, as the case may be, will be shared by all Unit Owners in proportion to their respective Common Interests.

In the event of a loss for which the proceeds of all policies of physical damage insurance maintained by the Board exceed \$2,000,000, the proceeds shall be payable to a New York City bank or trust company designated by the Board as insurance trustee pursuant to the provisions of Section 12.6 of the By-Laws. The insurance trustee shall hold all such proceeds in accordance with Section 254-(4) of the New York Real Property Law.

Notwithstanding any of the foregoing, if three-fourths or more of the Building is destroyed or substantially damaged and if 75% or more in Common Interest of all Unit Owners do not duly resolve within 60 days from the date of such damage or destruction to proceed with the repair or restoration thereof, the Building will not be repaired and shall be subject to an action for partition instituted by any Unit Owner or lienor, as if the Building were owned in common, in which case the net proceeds of sale, together with the net proceeds of insurance policies, shall be divided among all Unit Owners in proportion to their respective Common Interests, provided, however, that no payment shall be made to a Unit Owner until there has first been paid out of his or her share of such funds, such amounts as may be necessary to discharge all unpaid liens on his or her Unit in the order of the priority of such liens.

14. Insurance

The Board is required to obtain and maintain, in accordance with the provisions of Section 6.4 of the By-Laws, to the extent obtainable and to the extent determined by the Board to be appropriate, the following insurance: (a) fire insurance with all risk extended coverage, vandalism and malicious mischief endorsements, insuring the entire Building (including each Unit, but excluding fixtures, furniture, furnishings or other personal property not constituting a part of such Unit), together with all service machinery contained therein, and covering the interests of the

Condominium, the Board and all Unit Owners and Permitted Mortgagees, as their respective interests may appear, in an amount equal to the full replacement value of the Building (exclusive of foundation and footings), without deduction for depreciation; (b) rent insurance in an amount equal to Common Charges for one year; (c) workers' compensation and New York State disability benefits insurance; (d) boiler and machinery insurance; (e) plate glass insurance to the extent, if any, determined by the Board; (f) water damage insurance to the extent, if any, determined by the Board; (g) elevator liability and collision insurance; (h) fidelity insurance covering all Board members, officers, directors and employees of the Condominium and Managing Agent; (i) directors' and officers' errors and omissions coverage; and (j) such other insurance as the Board may from time to time determine.

The amount of fire insurance and all risk extended coverage to be maintained until the first meeting of the Board following the First Annual Meeting of the Unit Owners shall be in at least the sum of \$2,000,000. All policies of physical damage insurance shall contain, to the extent obtainable, waivers of subrogation and waivers of any defense based on (i) co-insurance, (ii) other insurance, (iii) invalidity arising from any acts of the insured, or (iv) pro rata reduction of liability, and shall provide that such policies may not be cancelled or substantially modified without at least ten days' prior written notice to all of the insureds, including all Unit Owners, who have requested the same from the Board in writing. Duplicate originals or certificates of insurance of all policies of insurance and of all renewals thereof, if obtainable, together with proof of payment of premiums, shall be delivered to all Unit Owners who have requested the same from the Board in writing. Renewals shall be obtained at least ten days prior to the expiration of the then current policies.

The Board shall also be required to obtain and maintain, to the extent obtainable, comprehensive general liability insurance against claims for personal injury, death or property damage occurring in, on or about the Property, in such amounts as are carried by prudent owners of comparable properties in the City of New York as the Board may from time to time determine, covering (1) the Board, the Managing Agent and each Board member and each officer and employee of the Condominium, and (2) each Unit Owner, except that such policy will not cover liability of a Unit Owner arising from occurrences within his or her own Unit or within the Common Elements, if any, exclusive to his or her Unit. In no event shall the comprehensive general liability insurance afford protection to the limit of less than \$1,000,000 per occurrence, plus at least \$1,000,000 umbrella liability coverage. The insurance discussed above shall also include cross liability claims of one insured against another.

Any insurance maintained by the Board may provide for such deductible amounts as the Board may determine. The premiums for all insurance referred to above shall be a Common Expense and shall be borne by the Unit Owners as part of Common Charges.

The Board is not required to obtain or maintain any insurance with respect to any property contained in any Unit or any liability with respect to occurrences in or about each Unit. Consequently, all Unit Owners are urged to obtain casualty insurance with respect to the fixtures, furniture, furnishings and other personal property located within their respective Units and liability insurance with respect to occurrences in or about their Units. Unit Owners may carry additional insurance, provided that any such policies shall contain waivers of subrogation, if available, and

further provided that the liability of the carriers issuing insurance obtained by the Board shall not be affected or diminished by reason of any such additional insurance carried by any Unit Owner.

15. Liability of Board of Managers and Unit Owners

Every contract made by the Board, any officer of the Condominium, or the Managing Agent shall state that (a) it is being executed by such party only as agent for all Unit Owners, and such Board members, officer or Managing Agent shall have no personal liability thereon (except in their capacities as Unit Owners) and (b) the liability of any Unit Owner with respect to such contract shall be limited to (i) such proportionate share of the total liability as the Common Interest of such Unit Owner bears to the aggregate Common Interests of all Unit Owners and (ii) to the extent permitted by law or as otherwise determined by the Board in its sole and absolute discretion, such Unit Owner's interest in his or her Unit and its appurtenant Common Interest.

To the extent permitted by applicable law, Board members shall have no liability to Unit Owners, except that a Board member shall be liable for his or her own bad faith or willful misconduct. The Board may contract or effect any other transaction with any Board member, any Unit Owner, Sponsor or its designee, or any affiliate of any of them without incurring any liability for self-dealing, except in cases of bad faith or willful misconduct. All Unit Owners shall severally, to the extent of their respective interests in their Units and their appurtenant Common Interests, indemnify each Board member against any liability or claim except those arising out of the bad faith or willful misconduct of such member.

16. Amendments to Condominium Documents

Generally, subject to certain exceptions, any provision of the Declaration or By-Laws may be amended, added to or deleted by affirmative vote of at least 66-2/3% in number and in Common Interest of the Unit Owners.

However, for so long as Sponsor is the owner of one or more Units, the Declaration, By-Laws and Rules and Regulations may not be amended, modified, added to, or deleted so as to adversely affect Sponsor without the prior written consent of Sponsor. In addition, the provisions of the Declaration and By-Laws relating to:

(a) the use of Units or each Unit's Common Interest may not be amended, modified, added to, or deleted without the prior written consent of every Unit Owner affected by such amendment; and

(b) the rights, benefits and exemptions of the owners of the Unsold Units may not be amended, added to, or deleted without the prior written consent of such owners (including Sponsor if it still owns any Unsold Units).

17. Termination of Condominium

The Condominium shall continue and the Property shall not be subject to an action for partition (unless the Condominium shall be terminated by casualty loss, condemnation or eminent domain as provided in the By-Laws) until such time, if any, as the Property shall be withdrawn from the provisions of the New York Condominium Act as a result of the vote to do so of at least 80% in number and in Common Interest of all Unit Owners.

Sponsor will not vote its interests appurtenant to Unsold Units in favor of such withdrawal unless at least 80% in number and in Common Interest of all other Unit Owners elect to withdraw, at which time Sponsor may choose to vote its Common Interests either in favor of or against withdrawal from condominium ownership, as it sees fit.

In the event of withdrawal of the Property from condominium ownership, the Property shall be subject to an action for partition by any Unit Owner or any lienor as if the Property were owned in common, in which event the net proceeds of the sale shall be divided among all Unit Owners in proportion to their respective Common Interests, after first applying the share of the net proceeds of such sale otherwise payable to any Unit Owner to the payment of any liens on his or her Unit, in the order of priority of such liens.

18. Units Acquired by the Board

All Units acquired or leased by the Board or its designee shall be held by the Board, or its designee, on behalf of all Unit Owners. The rent or purchase price, closing costs and adjustments payable in connection therewith shall be assessed against all Unit Owners. No Units held by the Board shall carry any voting rights.

The purchase of any Unit by the Board or its designee, on behalf of all Unit Owners, may be made from the funds deposited in the capital and/or expense accounts of the Board by or on behalf of Unit Owners. If the funds in such accounts are insufficient to effectuate any such purchase, the Board may levy an assessment against each Unit in proportion to its respective Common Interest, as a Common Charge, and/or the Board may, in its discretion, finance the acquisition of such Unit; provided, however, that no such financing may be secured by an encumbrance or hypothecation of any portion of the Property other than the Unit to be purchased together with its appurtenant interest in the Common Elements.

19. Procedure to Review Real Estate Tax Assessments

The Board, on behalf of and as agent for all Unit Owners, will be authorized to commence, pursue and settle certiorari proceedings to obtain reduced real estate tax assessments with respect to the Units. All Unit Owners will share the costs in connection therewith and the benefits derived therefrom. In the event any Unit Owner individually seeks to have the assessed valuation of his Unit reduced by bringing a separate certiorari proceeding, the Board, if necessary for such proceeding, will execute any documents or other papers required for, and otherwise cooperate with such Unit Owner in pursuing such reduction, provided that such Unit Owner indemnifies the Board from all claims, costs and expenses (including, without limitation, reasonable attorneys' fees) resulting from such proceedings.

20. Mechanics' Liens

Under the provisions of the New York Condominium Act, 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 against only the Units and their respective Common Interests. Labor performed on, or materials supplied to, a Unit may not be the basis for a mechanic's lien against the Unit of a Unit Owner not expressly consenting to or requesting such

work, except in the case of emergency repairs. No labor performed on, or materials furnished to, the Common Elements shall be the basis for a lien thereon but all Common Charges received by the Board shall constitute trust funds for the purpose of paying the cost of labor performed or materials furnished at the request or with the consent of, the Board or the Managing Agent.

21. Easements and Name of Condominium

In order to facilitate the operation and maintenance of the Building and the sale or leasing of Units therein, each of the Units will be subject to certain easements, including easements in favor of Sponsor. These easements, which are more particularly set forth in Article 15 of the Declaration, include an easement in favor of each Unit Owner to use, operate, maintain, repair, alter, rebuild, restore and replace Common Elements and, generally, an easement of support and of necessity in favor of all Units and the Common Elements. These easements shall be exercised in a manner that will not unreasonably interfere with the use of any of the Units for their permitted purposes.

The Condominium shall be designated and known as "87 Lafayette Condominium".

S. REAL ESTATE TAXES

The projection of the real estate taxes that will be payable for each of the Units during the first year of condominium ownership is based upon an estimate that the real estate taxes for the Units for such first year will be approximately \$2,669 for the Commercial Unit and \$8,005 for the three residential units. This estimate has been based upon:

- (a) estimates made by Jerome Mazursky, The Mazursky Group, 42 Broadway, New York, NY Sponsor's real estate tax appraiser, that the approximate assessed values of the Units upon completion of construction of the Building during the 2003/2004 tax year, will be \$165,000 and that:
- (b) a projection that the tax rate in effect for the twelve month period commencing January 1, 2003 as to the Units will average \$11.00 per \$100 of assessed valuation.
- (c) That the commercial unit will be assessed at 25% and the residential units at 75% of the total valuation.

No guaranty or assurance is given that: (i) any of the assumptions described above will be valid; (ii) any projected or estimated amount set forth above (including, without limitation, the estimates of the Property's assessed valuations during the first year of condominium operation, the estimates of the portions of such assessed valuations that will be allocable to the Units and the projection of the average real estate tax rate that will be in effect during such first year) will approximate the actual amount; or (iii) the Real Estate Tax Assessment Bureau of the New York City Department of Finance will allocate the Property's aggregate assessed valuation between the Units in accordance with the appraised values used by Jerome Mazursky for such purpose, or that such Bureau will allocate the aggregate assessed valuation attributable to the Units among the different Units as described above. Sponsor will amend the Plan promptly to disclose the same if it discovers that any of such assumptions are invalid as well as after the Units have been assessed and the applicable tax rate determined.

Until the Units are separately assessed, each Unit Owner will pay to the Board a share of the Property's real estate taxes for the period in question calculated in accordance with its share of the common elements. The share so allocated to the Units will then be pro-rated to each individual Unit, respectively, on the basis of the ratio that the percentage of common interest for the Unit set forth in Schedule A above bears to the total common elements of all Units, set forth in Schedule A. The Board will pay such real estate taxes timely to the Department of Finance of The City of New York, or directly to Sponsor if Sponsor has paid such taxes, so that no lien will be placed on the Property or any Unit. If Sponsor fails to pay real estate taxes attributable to any Unsold Unit in a timely manner and as a result of such failure a lien is placed on the Property and/or any other Unit, Sponsor will immediately cause such lien to be removed at its sole cost and expense. If Unit Owners fail to pay their pro rata share of Real Estate Taxes as set forth above, the Board will be entitled to assess late charges and/or place a lien on their Units as if such unpaid

share were Common Charges. (See "Collection and Lien for Non-Payment of Common Charges" in Part I, Section R for further discussion.) A Unit Owner will not be responsible for the payment of, and will not be subject to any lien arising from the non-payment of real estate taxes assessed against any other Units. At such time as a Unit is separately assessed and separate tax bills are issued, the Unit Owner will pay such taxes directly to the taxing authority.

There is no assurance that the pro-ration of taxes described in the paragraph above will equal the actual amount of real estate taxes which will be assessed against the Units, and the actual amounts may vary considerably from the method set forth above.

Real estate taxes will be adjusted at closing between Sponsor and each Purchaser based on the period for which real estate taxes have been prepaid by Sponsor either directly to the taxing authority or as part of the Common Charges to the Board. If real estate taxes have been separately assessed to each Unit as of the closing, then the adjustment shall be based on the Unit's actual taxes for such period.

T. INCOME TAX DEDUCTIONS TO UNIT OWNERS AND TAX STATUS OF CONDONUNIUM

The following discussion of certain income tax consequences of the Plan was prepared by Sponsor based, in part, upon the opinion of Raphael and Marks, counsel to Sponsor, a copy of which opinion is included herein in Part I, Section U of the Plan. Prospective Purchasers should refer to such opinion letter itself for a more detailed discussion the tax consequences summarized below.

Prospective Purchasers should note that the opinion letter addresses the tax consequences that would result from the ownership of a Unit by an individual taxpayer for use as his or her own primary or secondary residence. It does not address the tax consequences that might result from the ownership of a Unit by a taxpayer that is not an individual or who is a foreign person. It also does not address the tax consequences that might result from the ownership of a Unit that is held by an individual taxpayer either in connection with his or her trade or business, for investment, or for the production of income.

RAPHAEL AND MARKS IS COUNSEL TO SPONSOR AND NOT TO ANY PURCHASER UNDER THE PLAN. EACH PURCHASER SHOULD CONSULT WITH HIS OR HER OWN TAX COUNSEL, ACCOUNTANT OR OTHER FINANCIAL ADVISOR AS TO THE TAX CONSEQUENCES OF THE OWNERSHIP OF A UNIT.

1. Deductibility of Real Estate Taxes and Mortgage Interest

Each Unit Owner will own legal (fee simple) title to his or her Unit, together with an undivided interest in the Common Elements. Subject to certain restrictions, each Unit Owner may mortgage his or her Unit, and thereby become individually liable for the payment of the principal and any finance charges or interest on such mortgage indebtedness. Additionally, each Unit will be a separate tax lot for purposes of New York City real estate taxes and assessments. As a result, each Unit Owner will be individually liable for the real estate taxes and assessments levied against his or her Unit.

Generally, it is the opinion of Raphael and Marks that each Unit Owner will, under the present income tax laws and regulations, for Federal, New York State and New York City income tax purposes, be entitled to a deduction for:

- (a) the real estate taxes assessed against his or her Unit and paid by such Unit Owner; and
- (b) subject to certain qualifications and limitations discussed below, "qualified residence interest" paid by such Unit Owner with respect to such Unit.

Qualified residence interest includes interest paid by the Unit Owner on (i) debt used to acquire, construct or substantially improve any "qualified residence," as defined below, and secured by such residence, up to \$1,000,000 (\$500,000 in the case of a married individual filing a separate return), and (ii) other indebtedness secured by a qualified residence, up to \$100,000 (\$50,000 in the case of a married individual filing a separate return). Interest on home mortgage indebtedness in excess of these limitations is not deductible.

A "qualified residence" means (i) a "principal residence" and (ii) one secondary residence selected by the Unit Owner.

Prospective Purchasers should note that no deduction will be allowed to a cash basis taxpayer in the year of payment for prepaid interest (except in the case of "points" paid under certain circumstances), and that the deductions for real estate taxes and qualified residence interest may be subject to the overall limitation on the allowance of itemized deductions.

2. Taxation of the Condominium

Certain condominium boards may elect to be treated as a "homeowners association" within the meaning of Internal Revenue Code section 528(c) and, therefore, could elect to be exempt from federal income tax on Common Charges received from Unit Owners ("exempt function income"). In order for the Board to qualify to make such election, section 528 and the Treasury Regulations promulgated thereunder require, among other things, that at least 85% of the total square footage of all the units within the project be used by individuals for residential purposes and that the Condominium meet certain gross income and expenditure tests. Since 85% of the total square footage of all the Units in the Condominium will be used for residential purposes, the Condominium will be eligible to make this election and will meet the other requirements of section 528. For any taxable year for which the Condominium elects to be treated as a homeowners association under section 528, it will be subject to tax at a 30 percent rate on the excess of its non-exempt function income over the allowable deductions (computed with certain modifications) directly connected with the production of such income.

Absent the application of Code section 528, the status of the Condominium Board for Federal, New York State and New York City income tax purposes is uncertain. If the Board is deemed to be merely a conduit for the Unit Owners, all income earned by the Board, less the expenses incurred in earning such income, would be deemed to constitute income to the Unit Owners and be taxable to them. However, under this analysis, Common Charges would not be considered income to the Condominium Board and given the proposed budget there would not be any taxes for Unit Owners.

If the Board were to be treated as a separate entity, it may be treated as a partnership for tax purposes, with the result that all income earned by the Board, less the expenses incurred in earning such income, would be taxable to the Unit Owners. In such case, the Board would not itself be subject to Federal or New York State income tax, but might be subject to the New York City Unincorporated Business Tax income tax on that portion of the Common Charges deemed to constitute gross income, to the extent that such portion (together with any income earned from interim investment of funds) exceeds allowable deductions.

No warranties are given that the Internal Revenue Service, the New York State Department of Taxation and Finance or the New York City Department of Finance will allow any of the deductions mentioned above in this Section T or that the tax laws or the regulations or rulings issued thereunder, or any judicial interpretation thereof, upon which counsel to Sponsor bases its opinion, will not change. In addition, no warranties are given by Sponsor, counsel to Sponsor, the Selling Agent, the Managing Agent or any other person connected with this offering, with respect to the tax consequences of the Plan or the tax consequences of ownership of any Units offered under the Plan, and no one has been authorized to give any such warranties.

U. OPINION LETTERS

1. TAX OPINION OF RAPHAEL AND MARKS

**RAPHAEL AND MARKS
866 UNITED NATIONS PLAZA
NEW YORK, NY 10017
(212) 888-9665**

**Stephen M. Raphael
Ellen Marks**

July 1, 2002

**Grand Old Properties, Inc.
79 Worth Street
New York, New York**

**Re: Condominium Offering Plan for
87 Lafayette Condominium**

Gentlepeople:

You have requested our opinion concerning (i) the deductibility, for Federal, New York State and New York City income tax purposes, of mortgage interest and real estate taxes paid by individual residents of New York who purchase Units ("Units") pursuant to the above-referenced Offering Plan (the "Plan"), and (ii) the income tax treatment to 87 Lafayette Condominium (the "Condominium") of the assessments payable by unit owners to meet common expenses of the Condominium ("Common Charges").

In connection with rendering this opinion, we have reviewed the Plan (including the exhibits thereto), relevant sections of the Internal Revenue Code of 1986, as amended (the "Code"), the New York State Tax Law, the New York City Administrative Code, the Regulations promulgated thereunder and such other material as we deemed relevant. The opinions expressed herein are based upon the assumptions that (1) the Plan becomes effective and is consummated in accordance with its terms, (2) condominium ownership of Units located in the premises known as 87 Lafayette Condominium is established under applicable law and (3) the legal consequences of the Plan are as described therein. Except where otherwise indicated, the terms used in this opinion have the same meaning as in the Plan.

The Plan provides for the establishment of condominium ownership of the land and building, and appurtenances thereto, comprising 87 Lafayette Condominium, situated at 87 Lafayette Avenue, Brooklyn, New York. The Condominium will be comprised of residential Units, ("Units") and the common elements (the "Common Elements"). This opinion addresses the tax consequences that would result from the ownership of a Unit by an individual taxpayer for use as his or her own primary or secondary residence.

I. Deductibility of Mortgage Interest and Real Estate Taxes

Each Unit Owner will own his or her Unit and an undivided interest in the Common Elements in fee simple and, under New York State Law, each Unit (including its undivided interest in the Common Elements) will be taxed as a separate parcel for real estate tax purposes. Each Unit Owner may mortgage his or her Unit and become individually liable for the payment of the principal and any finance charges or interest on such mortgage indebtedness, and will be liable to the local tax authority for the tax assessment with respect to his or her interest in the Unit. Under these circumstances, the Internal Revenue Service has ruled that the owner of a residential condominium unit who itemizes deductions in filing his or her Federal income tax returns may deduct interest paid on his or her mortgage indebtedness and the real estate taxes assessed and paid on his or her interest in the property. Rev. Rul. 64-31, 1964-1 (Part I) C.B. 300.

Based on the foregoing, it is our opinion that each individual Unit Owner who itemizes deductions will be entitled under current law to deduct from his or her gross income, subject to an overall limitation on itemized deductions as set forth in section 68 of the Code, for Federal, New York State and New York City income tax purposes, real estate taxes assessed against his or her Unit and paid to the local authority. However, no deduction for real estate taxes is permitted for purposes of the Federal alternative minimum tax. Unit Owners should consult their tax advisers regarding the applicability of the overall limitation on itemized deductions to the deductibility of real estate taxes, and the effect of the alternative minimum tax.

A taxpayer generally is entitled to a deduction for Federal income tax purposes for interest paid during the taxable year on "acquisition indebtedness" or "home equity indebtedness" with respect to a "qualified residence" of the taxpayer. A "qualified residence" means the principal residence of the taxpayer and one other residence of the taxpayer selected by the taxpayer for the taxable year. "Acquisition indebtedness" means any indebtedness which is secured by any qualified residence of the taxpayer and which is incurred in acquiring, constructing or substantially improving the qualified residence (or which constitutes a refinancing thereof, to the extent that such indebtedness does not exceed the amount of the refinanced debt). The aggregate amount treated as acquisition indebtedness for any period cannot exceed \$1,000,000 (\$500,000 in the case of a married individual filing a separate return). Home equity indebtedness means any indebtedness (other than acquisition indebtedness) secured by a qualified residence, up to the excess of the fair market value of such qualified residence over the amount of acquisition indebtedness with respect to such residence. The aggregate amount treated as home equity indebtedness for any period cannot exceed \$100,000 (\$50,000 in the case of a married individual filing a separate return). Accordingly, an owner of a Unit who itemizes deductions and who uses such Unit as a qualified residence will be entitled, under current law, to deduct from his or her

gross income, subject to an overall limitation on itemized deductions as set forth in Section 68 of the Code, for Federal income tax purposes, interest paid by him or her on (i) acquisition indebtedness incurred with respect to such Unit to the extent that such indebtedness, when added to the amount of acquisition indebtedness incurred with respect to a second qualified residence (if any), does not exceed \$1,000,000 (\$500,000 in the case of a married individual filing a separate return) and (ii) home equity indebtedness with respect to such Unit to the extent that such indebtedness, when added to the amount of home equity indebtedness incurred with respect to a second qualified residence (if any), does not exceed \$100,000 (\$50,000 in the case of a married individual filing a separate return). Since the rules and limitations regarding the deductibility of home mortgage interest are complex, purchasers are urged to consult their tax advisers regarding the application of such rules to them, as well as regarding the deductibility of interest with respect to their Units for alternative minimum tax purposes (which at present is subject to rules different from those described above for regular tax purposes). In addition, owners of Units should consult their tax advisers regarding potential limitations on the deductibility of points and prepaid interest, if any, on their mortgage loans and on the overall limitation on the allowance of itemized deductions.

Each owner of a Unit who uses such Unit as a residence will generally be entitled to the same deduction for interest and real estate taxes paid or accrued with respect to such Unit for New York State and New York City income tax purposes as is allowed for Federal (regular) income tax purposes. However, although the overall limitation set forth in Section 68 of the Code does not apply, under New York State and New York City income tax law, itemized deductions, such as interest and real estate tax deductions, are subject to reduction by as much as 50% in the case of individuals having income exceeding certain prescribed levels. Furthermore, purchasers should consult their tax advisers to determine the application, if any, of the New York State and New York City minimum tax to the deduction for interest and real estate taxes with respect to their Units.

II. Common Charges

Under the Plan, the Condominium Board will, from time to time, assess Common Charges against the Unit Owners generally in proportion to their respective percentage interests in the Common Elements in order to pay the costs and expenses of operating, repairing, and maintaining the Common Elements.

Certain condominium boards may elect to be treated as a "homeowners association" within the meaning of Code section 528(c) and, therefore, could elect to be exempt from Federal income tax on its exempt function income. In order for the Condominium Board to qualify to make such election, section 528 requires, among other things, that substantially all of the Units in the Condominium be used by individuals for residences. The Treasury Regulations promulgated under section 528 state that substantially all of the condominium units will be considered as used by individuals for residences if at least 85% of the total square footage of all the units within the project is used by individuals for residential purposes. Since 85% of the total square footage of all the Units in the Condominium will be used for residential purposes, the Condominium will be eligible to elect to be treated as a homeowners association and will meet the requirements of section 528.. Among the other requirements are that 60 percent or more of the gross income of the Condominium for the taxable year be exempt function income, and that 90 percent or more of the

expenditures of the Condominium for the taxable year be qualifying expenditures for the acquisition, construction, management, maintenance, and care of Property. "Exempt function income" means amounts received as membership dues, fees, or assessments from Unit Owners in their capacity as such, if such amounts are used by the Condominium for qualifying purposes.

For any taxable year for which the Condominium elects to be treated as a homeowners association under section 528, it will be subject to tax only on its homeowners association taxable income for such year. Such tax will be imposed at the rate of 30 percent. For this purpose, "homeowners association taxable income" is defined as an amount equal to the excess (if any) of the gross income for the taxable year (excluding any exempt function income) over allowable deductions that are directly connected with the production of the gross income (excluding exempt function income). Such allowable deductions are computed with certain modifications, including the disallowance of the net operating loss deduction and special deductions otherwise allowable to corporations, including the deduction for dividends received and the amortization of organizational expenditures.

Absent the application of section 528, the present state of the law is uncertain as to the proper reporting and tax treatment of the income of the Condominium derived from Unit Owners ("membership income") and others ("non-membership income") in excess of appropriate deductions and credits. It is possible that the Condominium could be viewed as an agent or conduit for Unit Owners, in which case each Unit Owner would be required to report his or her proportionate share of non-membership and possibly membership income (and the deductions attributable thereto) directly on his or her own tax return. Alternatively, the Internal Revenue Service may take the position that the Condominium should be treated as a separate entity, which entity may be taxable as a partnership. If the Condominium is so treated, the Unit Owners (but not the Condominium) would be subject to Federal and New York State income tax on the taxable income of the Condominium. Under any of these circumstances, it is our opinion that given the projected budget, unit owners would not be subject to taxes. In determining the taxable income of the Condominium, the Condominium's deductions attributable to furnishing services to Unit Owners may be limited to its membership income. Certain amounts expended for the benefit of Unit Owners, and possibly rebates, if any, to Unit Owners of excess membership dues, fees or assessments, may be treated as distributions to them. In addition, the Condominium may be subject to the New York City Unincorporated Business Tax.

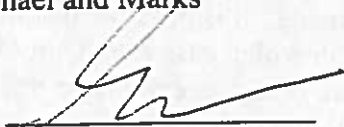
We express no opinion concerning (a) any Federal, New York State, or New York City tax consequences not explicitly discussed in this opinion, including, without limitation, the New York City earnings tax on non-residents, (b) any other aspects of the Plan other than those consequences and aspects explicitly discussed in this opinion, or (c) the tax status and tax consequences of the Plan under the laws of any other local or foreign jurisdiction. Except as explicitly provided, this opinion does not address (i) tax consequences which may result with respect to any Units held in connection with a trade or business, or any Units held for purposes of investment or for the production of income, or (ii) tax consequences which may result to a foreign Unit Owner by reason of his or her foreign status. This opinion also does not discuss the tax consequences which may arise if Units or Common Elements are acquired and/or leased by the Board or the issue of whether a Unit Owner may be deemed to be a resident of the United States, New York State, or New York City as a result of the ownership of a Unit and the attendant income, estate or other tax

consequences. We advise, therefore, that each person contemplating the purchase of a Unit consult his or her own tax adviser concerning all such tax matters, as well as with respect to the matters discussed in this opinion.

It should be noted that this opinion is based solely on the facts and documents referred to above and is not binding on the Internal Revenue Service, the New York State Department of Taxation and Finance, or the New York City Department of Finance. Moreover, the Federal, New York State and New York City tax laws and regulations and the rulings and decisions thereunder may change and thereby affect the opinions stated above in whole or in part. We undertake no obligation to update, modify or supplement this opinion in the event of any such change in applicable law, although we have advised Sponsor that it is obligated to do so.

This opinion is not a guarantee; it is based on existing rules of law applied to the facts and documents referred to above. No assurances can be given that the tax laws upon which counsel bases this opinion will not change. In no event will Sponsor, Sponsor's counsel, the Condominium Board, the Selling Agent, the Managing Agent or any other person be liable if at any time it is held that the Unit Owners are not entitled to the income tax deductions, described above.

Very truly yours,
Raphael and Marks

By: 
Ellen Marks, Esq.

2. Opinion letter of REAL ESTATE
APPRAISER

August 20, 2002

Grand Old Properties
c/o Mr. Donald La Rosa
79 Worth Street
New York, New York, 10013

Re: 87 Lafayette Avenue, Brooklyn

I, JEROME MAZURSKY, CERTIFY:

THAT I am a real estate appraiser and have many years of experience in the assessment of real estate for tax purposes both as an Assessor in the Borough of Manhattan and as the Department of Finance's Assistant Commissioner of the Real Property Assessment Division;

THAT I have been retained by Grand Old Properties to estimate for inclusion in an Offering Plan to be submitted to the Attorney General, the assessed valuation of the above-captioned property after renovation and conversion to condominium status;

THAT in estimating the assessed valuation of the property, I am aware of the renovation and construction costs, rental values and offering prices of the units;

THAT I have consulted with personnel in the Property Division of the Department of Finance regarding the current practice in assessing properties in which there has been both renovation and new construction to an existing building. Specifically, discussions centered around appropriate land and building factors and income projections for properties similar to the subject in type and location.

I have discovered the following:

- 1) The subject property is improved with a three-story and basement building located at 87 Lafayette Avenue in the borough of Brooklyn. The city has classified the building as S4, which is defined as a primarily one-family residence with store or office. The building has been vacant for the past two years.

The site has 20' frontage on the northerly side of Lafayette Avenue and extends 80' in depth. It is rectangular in shape and contains 1,600 square feet of ground area. The property is currently identified on the city's tax records as Block 2099 Lot 80.

- 2) The sponsor has filed plans with the Building Department to renovate and increase the size of the building. The plans include a gut-renovation of the existing building, a new 10' 5" three-story and basement rear extension and a new penthouse that will be constructed on a portion of the roof. When finished, the property will be converted into a condominium containing one retail unit and three residential units. It will contain the following approximate square foot areas and uses:

<u>FLOORS</u>	<u>AREA</u>	<u>USE</u>
Cellar	720	Boiler, Storage, Mechanical and Meter Rooms
Basement	935	Retail Store, Residential Entry
1	960	1-2BR Apartment with Open Porch
2	960	1-2BR Apartment with Open Balcony
3	960	1-3BR Duplex Apartment
PH	320	Upper Part of Duplex Apartment, Roof Terrace

3)

The property is currently assessed in Tax Class 1. After conversion to condominium status, the units will be assessed in Tax Class 2C under the classification system adopted by the State Legislature in its revision of the Real Property Tax Law (Section 305, Article 1802, and Section 581, applicable to the assessment of cooperative apartments and condominiums.)

Tax Class 1 is comprised of primarily one to three family homes. The city's assessment policy for Class 1 properties is to value them at 8% of market value. Increases for physical changes are limited to 8% of the added value. All other increases are limited to 6% per annum and 20% over a five year period. Tax Class 2C consists of primarily residential cooperatives or condominiums with ten units or less. The City's assessment ratio policy for Class 2C properties is to value them at 45% of market value based upon the value as an income-producing property. Increased values, other than for physical changes to the building, are limited to 8% per year or 30% over a five year period.

The Class 1 tax rate for the 2002/03 tax year is \$11.609 per \$100. The Class 2C tax rate for 2002/03 is \$10.847 per \$100. These rates are subject to adjustment by the City Council. Based upon present factors and past trends, I estimate the 2002/03 and 2003/04 Tax Class 2C tax rates to be \$11 per \$100.

4)

The recent history of assessed valuation of 87 Lafayette Avenue is as follows:

<u>2001/02</u>	<u>Land</u>	<u>Total</u>
Actual:	\$ 8,400	\$ 15,693
Transitional:	\$ 8,400	\$ 15,693
<u>2002/03</u>	<u>Land</u>	<u>Total</u>
Actual:	\$ 7,600	\$ 27,550
Transitional:	\$ 7,600	\$ 27,550 ¹
Market Value:		\$359,000

5)

It is my judgment that after completion of construction, the assessed valuation of the property will be as follows:

<u>2003/04</u>	<u>Land</u>	<u>Total</u>
Actual:	\$ 7,600	\$165,000
Transitional:	\$ 7,600	\$165,000
<u>2004/05</u>	<u>Land</u>	<u>Total</u>
Actual:	\$ 7,600	\$178,200
Transitional:	\$ 7,600	\$178,200

1. Because of legal limitations on increases to assessed values of Class 1 properties, the subject property is currently assessed at 7.67% of the city's estimate of market value.

- 6) Using relative values as a rental building as the criterion, I have estimated that for the first year of operation, beginning January 1, 2003, the retail unit will be assessed at 25%, and the residential units at 75% of the total assessed valuation. The tax liability for the retail unit and the residential units during the first year of operation is estimated at \$2,669 and \$8,005, respectively. The calculations are as follows:

Retail Unit

1/1/03 - 6/30/03

$$\text{\$ } 27,550^2 \times .25^3 \times .11609^4 \times .50^5 = \text{\$ } 400$$

7/1/03 - 12/31/03

$$\text{\$ } 165,000^6 \times .25^3 \times .11^4 \times .50^5 = \underline{2,269}$$

Total Estimated R.E. Taxes for Retail Unit: \$ 2,669

3 Residential Units

1/1/03 - 6/30/03

$$\text{\$ } 27,550^2 \times .75^3 \times .11609^4 \times .50^5 = \text{\$ } 1,199$$

7/1/03 - 12/31/03

$$\text{\$ } 165,000^6 \times .75^3 \times .11^4 \times .50^5 = \underline{6,806}$$

Total Estimated R.E. Taxes for 3 Residential Units: \$ 8,005

SECOND YEAR OF OPERATION

Retail Unit

1/1/04 - 6/30/04

$$\text{\$ } 165,000^6 \times .25^3 \times .11^4 \times .50^5 = \text{\$ } 2,269$$

7/1/04 - 12/31/04

$$\text{\$ } 178,200^7 \times .25^3 \times .11^4 \times .50^5 = \underline{2,450}$$

Total Estimated R.E. Taxes for Retail Unit: \$ 4,719

3 Residential Units

1/1/04 - 6/30/04

$$\text{\$ } 165,000^6 \times .75^3 \times .11^4 \times .50^5 = \text{\$ } 6,806$$

7/1/04 - 12/31/04

$$\text{\$ } 178,200^7 \times .75^3 \times .11^4 \times .50^5 = \underline{7,351}$$

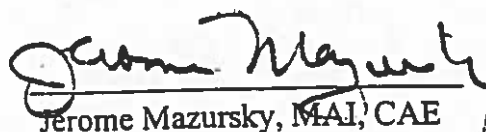
Total Estimated R.E. Taxes for 3 Residential Units: \$ 14,157

2. 2002/03 Taxable Assessed Value
3. Portion of value attributable to this type of space.
4. Estimated Applicable Tax Rate
5. Part of year
6. Estimated 2003/04 Taxable Assessed Value
7. Estimated 2004/05 Taxable Assessed Value

- 6) cont. Each unit will be given a separate tax lot number. Individual tax liability for each unit may be estimated by apportioning the total tax among the unit owners in proportion to the relative value of their space as indicated by the Offering Plan prices.
- 7) The co-op/condominium real estate tax abatement law, that over the past few years has had a favorable effect on the real estate tax burden of residential co-op and condominium unit owners, was recently extended by the State Legislature for the 2001/02, 2002/03, and 2003/04 tax years. The Legislature indicated that its intention in passing this law was to address the disparity between the tax burden of one to three family homeowners and that of residential co-op and condominium unit owners. The law would allow up to a 17.5% abatement of the real estate tax bill of a residential unit owner who owned fewer than four units on the city's taxable status date of January 5, 2003. It is unclear at this time whether the law will be extended past its current term. The abatement will not apply to properties that are granted J51 or 421a tax exemption benefits
- 8) This estimate of the assessed valuation has been prepared for inclusion in the Offering Plan, and I consent to its use for this purpose.

Although the aforesaid estimate of the Actual Assessed Valuation is a good-faith estimate, it is not possible to estimate same with any degree of certainty. Assessed valuations, when actually made, may be lesser or greater based on our interpretation of the administrative code and the applicable rules and regulations of the City of New York. Although I believe my opinions are well-founded, they are not intended, and should not be construed as warranties as to future assessed valuations of the property under discussion.

In no event will this firm, the Sponsor, the Sponsor's counsel or any other person be liable if the assessed valuation, when actually made, is lesser or greater than that estimated above, or if the administrative code and the applicable rules and regulations of the City of New York are changed in the future, or if the facts as represented prove to be untrue.


Jerome Mazursky, MAI, CAE

V. RESERVE AND WORKING CAPITAL FUND

Each Purchaser under this Plan will be required to pay to the Condominium Board, at the closing of title to his or her Unit(s), an amount equal to \$1,000 for each Unit purchased in order to establish the initial Working Capital Fund.

No Reserve Fund is being established for the Condominium. Sponsor has elected not to provide for a reserve fund to be used for capital replacements or repairs, because the Building, upon completion of the construction to be performed by Sponsor as described herein, will be new construction. The Board, in its discretion, and subject to certain restrictions contained in the By-Laws, may decide in the future to create a Reserve Fund by special assessment or by increases in Common Charges.

The Working Capital Fund may be held or used for working capital, to make repairs and/or for such other appropriate purposes permitted under the Declaration and the By-Laws as will be determined by the Board, in its sole discretion. However, while Sponsor controls the Board, the Working Capital Fund will not be used to reduce estimated Common Charges, and in no event shall any portion of the Working Capital Fund be used to pay any Common Charges attributable to Unsold Units.

No representation is made that the Working Capital Fund, together with the Common Charges, will be, or is intended to be, adequate to cover expenses for the first or any subsequent year of condominium operation, including, without limitation, the cost of any necessary repairs or replacements. If additional funds are required over and above the Working Capital Fund, it may be necessary to increase the Common Charges or to impose special assessments on Unit Owners.

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

W. MANAGEMENT AGREEMENT AND CONTRACTS

The building will be self managed. The unit owners shall be responsible for the following:

- (1) billing and collecting Common Charges payable by Unit Owners;
- (2) causing the Common Elements to be operated, maintained, repaired and altered, as it shall deem necessary or advisable, except that the approval of the Board shall be necessary for any expenditure of over \$7,500 for any one item of repair or alterations (other than emergency repairs);
- (3) contracting for necessary services;
- (4) purchasing all necessary supplies;
- (5) checking all bills received in connection with the operation of the Condominium and causing all such bills and other expenses to be paid;
- (6) supervising, hiring and discharging employees, which duty may be delegated by the Managing Agent to one or more persons in its general employ;
- (7) tendering monthly statements of receipts and disbursements to the Board;
- (8) maintaining payroll records and filing withholding tax statements for employees;
- (9) maintaining accurate sets of books for the Board (other than books of account maintained by the Board's accountants);
- (10) preparing and submitting annually to the Board an operating budget of the anticipated income and expenses for the ensuing year for the Condominium
- (11) generally, attending to the various needs and comforts of Unit Owners.

The annual certified financial statement with respect to the Condominium will be prepared by an independent certified public accountant engaged by the Board, at the expense of the Unit Owners.

X. IDENTITY OF PARTIES

1. Sponsor

Sponsor is Grand Old Properties, Inc., a New York limited liability company with an office at 79 Worth Street, New York, New York.

There have been no prior felony convictions of Sponsor, or any principals of Sponsor; and no prior convictions, injunctions and judgments against Sponsor, or any principals of Sponsor that may be material to the Plan or an offering of securities generally, that occurred within fifteen (15) years prior to the submission of this Plan.

The principals of Sponsor are Carol M. Stern and Bernard Doyle. Bernard Doyle, an architect, has over twenty years of real estate experience. Carol M. Stern is an Associate National Director of the ADL. She currently is a principal in another condominium conversion (see below), which is her first real estate endeavor. Mr. Doyle has had previous experience as a selling agent of cooperative units.

The Sponsor has not been involved in New York in the last five years in any public offerings of cooperative or condominium conversions. However, both Carol Stern and Bernard Doyle, principals of the Sponsor, are principals of the Sponsor, Rue Premier LLC, who is converting the Premises at 28-32 Garfield Place to Condominium ownership. That Plan has not yet been filed with the Department of Law.

The principals of Sponsor do not own any condominium or cooperative units.

2. Attorneys for Sponsor

Sponsor has retained the law firm of Raphael and Marks, having an office at 866 United Nations Plaza, New York, New York 10017, to represent it in connection with the Plan. Ellen Marks, Esq., a partner in Raphael and Marks has been involved in the preparation of the Plan, the Declaration, the By-Laws and the forms of Purchase Agreement, Unit Deed and Unit Power of Attorney and have also rendered opinions with respect to the possible availability of income tax deductions to purchasers of Units and the allocation of Common Interests.

Raphael and Marks will serve as Escrow Agent under the Purchase Agreements and will represent Sponsor in connection with Unit closings. Ellen Marks and Stephen Raphael will be the sole signatories on the escrow account.

3. Selling Agent

The Selling Agent is the Sponsor, Grand Old Properties, Inc. The Selling Agent and its principals have never had any felony convictions, prior convictions, injunctions and/or judgments against it that may be material to the Plan or an offering of securities generally, that occurred at any time prior to the submission of this Plan.

4. Budget Expert

Peggy Aguayo, a principal of Aguayo and Huebner, Fifth Avenue, Brooklyn, New York estimated all amounts of income and expenses in Schedule A, "Projected Budget for First Year of Condominium Operation," in consultation with Sponsor. Ms. Aguayo who provided the certifications with respect to the budget, has over 15 years of experience in building management and has been involved in management and/or sales of over 50 properties. The budget expert has no financial interest in the Property, in Sponsor, in the Managing Agent, or in any other party interested in this transaction, except for its fees for services rendered in connection with the same.

5. Real Estate Appraiser

Jerome Mazursky, a principal of The Mazursky Group, Inc., 42 Broadway, New York, New York, has been engaged as a real estate appraiser under the Plan. The firm prepared a forecast of the assessed valuation of the Units following reconstruction and condominium conversion of the Property that was used in preparing the provisions of Schedule A regarding projected real estate taxes.

6. Construction Professionals

The architect who prepared the report for the Building is Delacour and Ferrara, 91 Atlantic Avenue, Brooklyn, New York. They do not have any financial interest in the Property, in Sponsor, in the Managing Agent, or in any other party interested in this transaction, except for their respective fees for services rendered in connection with the same. Bernard Doyle, principal of the Sponsor is the architect of record for the Building.

Y. REPORTS TO UNIT OWNERS

It is the obligation of the Board to give all Unit Owners a report annually regarding the following:

1. A financial statement of the Condominium prepared by a certified public accountant or public accountant, within 120 days after the end of each fiscal year of the Condominium. Such statement shall be certified while Sponsor is in control of the Board;
2. A copy of the proposed annual budget of the Condominium at least 30 days prior to the date set for adoption thereof by the Board. While Sponsor is in control of the Board, such budget shall be certified in compliance with Section 20.4(d) of the Regulations of the Department of Law.
3. Prior notice of the annual unit owners' meeting.

Z. DOCUMENTS ON FILE

Pursuant to the provisions of Section 352-e of the New York General Business Law, copies of the Plan, all documents referred to herein and all Exhibits submitted to the Department of Law in connection with the filing of the Plan shall be kept on file and available for inspection without charge, and for copying at a reasonable charge, at Sponsor's office for a period of six years after the First Closing. In addition, a set of Floor Plans showing the layout, locations and approximate dimensions of each Unit and its unit number designation and tax lot number, certified by the appropriate governmental authority of The City of New York as conforming to the official tax lot number for each such Unit, will be filed in the City Register's Office when the Declaration is recorded, and an additional set will be furnished to the Board at the time of the First Closing.

The Declaration and the By-Laws will be recorded in the City Register's Office prior to or concurrently with the First Closing, and a copy thereof will be furnished to the Board at such time.

AA.GENERAL

There are no lawsuits, administrative proceedings or other proceedings, the outcome of which may materially affect the offering, the Property, Sponsor's capacity to perform all of its obligations under the Plan, the Condominium or the operation of the Condominium.

The Property has not been the subject of any prior cooperative or condominium offerings. No preliminary binding agreements have been entered into and no money has been collected from prospective Purchasers.

Sponsor and the Selling Agent each hereby represent that it will not discriminate against any person on the basis of race, creed, color, national origin, sex, age, disability, marital status or other grounds prohibited by law.

The Plan does not knowingly omit any material fact or knowingly contain any untrue statement of any material fact. Sponsor believes that the Plan contains a fair summary of the material provisions of the documents referred to in the Plan, including those documents contained in Part II of the Plan. Exact copies are contained in Part II of the Plan of the form of Declaration, form of By-Laws, form of Purchase Agreement, form of Unit Deed, form of Unit Power of Attorney and other documents. Statements made in Part I of the Plan as to the provisions of such documents or any other document referred to herein, copies of which are on file with Sponsor, are necessarily not complete. Each such statement is qualified in all respects by the contents of such documents and, in the case of any such documents executed by or with the written consent of a Purchaser pursuant to the Plan, any rider or separate agreement changing or adding provisions to such document.

No party other than any Purchaser shall have any right or benefit herein or herefrom, including, without limitation, the right to insist upon or enforce against Sponsor the performance of all or any of the Sponsor's obligations hereunder and no party other than any Purchaser shall be deemed to have received any benefit as a result of any of the provisions of the Plan.

Sponsor reserves the right, from time to time prior to the First Closing, to substantially revise the terms and conditions upon which the Units are to be sold, including changes affecting the rights, obligations and liabilities of Sponsor and/or prospective Purchasers under the Plan. However, no such change with respect to any Unit for which a Purchase Agreement is then in effect may be made without the consent of the Purchaser thereunder. All substantive or material revisions will be contained in a duly filed amendment to the Plan. If there is a material change that adversely affects any Purchasers, Sponsor shall grant such Purchasers a right to rescind their Purchase Agreements by written notice to Sponsor given within fifteen (15) days after the date of presentation of such amendment. Sponsor shall direct the Escrow Agent to return the Downpayments of any Purchasers who duly rescind their Purchase Agreements.

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

BB. SPONSOR'S STATEMENT OF BUILDING CONDITION

Sponsor hereby adopts the Description of Property and Specifications set forth as Exhibit 5 in Part II of the Plan, and represents that it has no knowledge of any material defects or need for major repairs to the Property except as set forth in such Description of Property and Specifications or as contemplated to be made as described therein. As more fully described in "The Property" in Section A, page 2 above, and subject to the matters described therein, Sponsor anticipates that construction of the Building will be sufficiently completed to allow the first closing of a Unit to occur on or about January 1, 2003. No closing shall occur until the Sponsor obtain a temporary Certificate of Occupancy. The permanent Certificate of Occupancy will be obtained upon completion of construction to provide for the changes in use contemplated by this Plan.

All notices of building code violations or other violations of law which have been received with respect to the Property will be cured prior to the First Closing, or an escrow will be established to secure the same.

Sponsor represents that there is no Lead-Based Paint in the Premises.

Sponsor shall assign its window warranty from Bonneville Windows and Doors, the manufacturer, to purchasers. The warranty is a ten year limited warranty on the insulated glass against seal failure, a one year limited warranty against defects in workmanship and materials and a one year limited warranty against stress cracks in the glass.

Sponsor shall obtain updated permits and certificates prior to closing.

Dated:

New York, New York

SPONSOR: Grand Old Properties, Inc.

1. The first part of the report deals with the general situation in the country. It is a very interesting and informative study of the country's development. The author has done a great deal of research and has gathered a wealth of material. The report is well written and is easy to read. It is a valuable contribution to the study of the country's development.

2. The second part of the report deals with the economic situation. It is a very detailed study of the country's economy. The author has done a great deal of research and has gathered a wealth of material. The report is well written and is easy to read. It is a valuable contribution to the study of the country's economy.

3. The third part of the report deals with the social situation. It is a very detailed study of the country's society. The author has done a great deal of research and has gathered a wealth of material. The report is well written and is easy to read. It is a valuable contribution to the study of the country's society.

4. The fourth part of the report deals with the political situation. It is a very detailed study of the country's politics. The author has done a great deal of research and has gathered a wealth of material. The report is well written and is easy to read. It is a valuable contribution to the study of the country's politics.

5. The fifth part of the report deals with the cultural situation. It is a very detailed study of the country's culture. The author has done a great deal of research and has gathered a wealth of material. The report is well written and is easy to read. It is a valuable contribution to the study of the country's culture.

6. The sixth part of the report deals with the environmental situation. It is a very detailed study of the country's environment. The author has done a great deal of research and has gathered a wealth of material. The report is well written and is easy to read. It is a valuable contribution to the study of the country's environment.

7. The seventh part of the report deals with the international situation. It is a very detailed study of the country's international relations. The author has done a great deal of research and has gathered a wealth of material. The report is well written and is easy to read. It is a valuable contribution to the study of the country's international relations.

8. The eighth part of the report deals with the future of the country. It is a very detailed study of the country's future. The author has done a great deal of research and has gathered a wealth of material. The report is well written and is easy to read. It is a valuable contribution to the study of the country's future.

9. The ninth part of the report deals with the conclusion. It is a very detailed study of the country's development. The author has done a great deal of research and has gathered a wealth of material. The report is well written and is easy to read. It is a valuable contribution to the study of the country's development.

10. The tenth part of the report deals with the appendix. It is a very detailed study of the country's development. The author has done a great deal of research and has gathered a wealth of material. The report is well written and is easy to read. It is a valuable contribution to the study of the country's development.

PART II

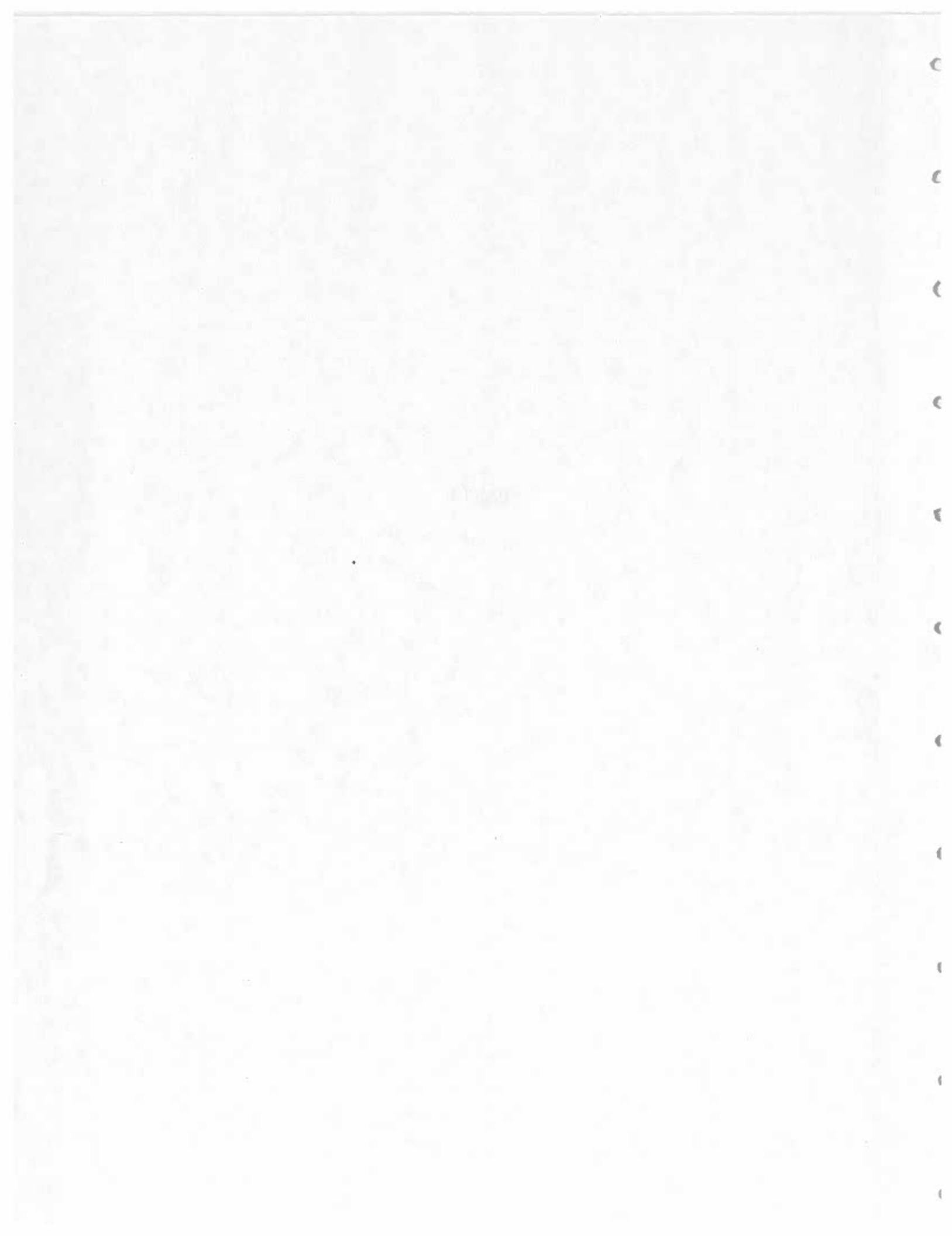


EXHIBIT 1

PURCHASE AGREEMENT

Purchaser

with

**Grand Old Properties, Inc.
Sponsor**

**For Residential Unit _____
For Commercial Unit _____**

**87 Lafayette Condominium
87 Lafayette Avenue
Brooklyn, New York, 11215**

PURCHASE AGREEMENT

Residential Unit No. ____
(Commercial Unit ____)
87 LAFAYETTE CONDOMINIUM
87 Lafayette Avenue
BROOKLYN, NEW YORK

AGREEMENT between Grand Old Properties, Inc., a New York limited liability company, having an office at 79 Worth Street, New York, New York 10013 ("Sponsor"), and having an address at _____ ("Purchaser").

1. Definitions. Terms used in this Agreement and not otherwise defined herein shall have the meanings set forth in the Offering Plan for 87 Lafayette Condominium (such plan, together with any amendments thereto filed prior to the date hereof, is hereinafter referred to as the "Plan").

2. The Unit. Sponsor agrees to sell and convey, and Purchaser agrees to purchase, Residential / Commercial Unit No. ____ at the Condominium (as designated in the Declaration), together with the undivided ____% interest in the Common Elements appurtenant to such Unit (the "Unit"), upon and subject to the terms and conditions set forth herein.

3. Purchase Price.

3.1 The purchase price ("Purchase Price") is \$ _____, payable as follows:

a) \$ _____ (the "Downpayment"), on the signing of this Agreement, receipt of which (subject to collection) is hereby acknowledged, and

b) \$ _____ (the "Balance"), constituting the balance of the Purchase Price, at the closing as hereinafter provided.

3.2 All checks shall represent United States currency, be drawn on or issued by a New York bank which is a member of the New York Clearing House Association and shall be unendorsed. Checks for the Downpayment shall be Purchaser's good check(s) or, at Sponsor's option, Purchaser's certified check(s) or an official bank check(s), made payable to the direct order of "Raphael and Marks, as escrow agent". The check or checks for the Balance and all other sums due Sponsor pursuant to this Agreement shall be good certified check of Purchaser or official bank check, made payable to the direct order of "Grand Old Properties, Inc." (or such other party as Sponsor directs to Purchaser, in writing, at least three days prior to the date of closing of title). If any check is returned for insufficient funds or for any other reason, such return shall be deemed to be a default by Purchaser under this Agreement and shall entitle Sponsor to exercise any of the remedies set forth in Article 12 hereof.

4. Down payment.

4.1 The Down payment shall be deposited within five (5) business days after this Agreement is countersigned by or on behalf of Sponsor and returned to Purchaser into a segregated special interest-bearing escrow account at CitiBank, 866 United Nations Plaza, New York, New York (the "Depository") entitled "87 Lafayette Condominium Escrow Account". The Down payment shall be held in trust in such account in conformity with Sections 352-e(2)(b) and 352-h of the New York General Business Law and the Attorney General's regulations promulgated pursuant thereto until such funds may be withdrawn in accordance with such laws and regulations and the terms of this Agreement and the Plan. While the same are being so held, such funds shall not be commingled with any other funds of Sponsor (except, at Sponsor's sole election, funds deposited by other purchasers under the Plan). The account will be interest-bearing and, unless Purchaser defaults, interest will be credited to Purchaser at the closing. The interest rate to be earned will be the prevailing rate for these accounts, which currently is approximately 2.95% per annum. Interest will begin to accrue within five business days after tender of the Down payment. Notwithstanding anything to the contrary contained herein, unless and until Purchaser has delivered to escrow agent a completed and signed Form W-9 or the Down payment will be deposited in a non-interest-bearing escrow account at European American Bank.

4.2 The Down payment shall be held in the escrow account identified in Section 4.1 above until Raphael and Marks ("escrow agent") is otherwise directed in (a) a writing signed by both Sponsor and Purchaser; or (b) a determination of the Attorney General pursuant to the dispute resolution procedures contained in the Attorney General's regulations; or (c) a judgment or order of a court of competent jurisdiction.

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

4.4 Sponsor will 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.

4.5 Purchaser or the escrow agent may apply to the Attorney General in the event of a dispute for a determination on the disposition of the escrowed funds and any interest thereon. Sponsor must avail itself of this procedure if there is a dispute which needs to be resolved. A form for this purpose is attached as Exhibit 6 of Part II of the 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, Sponsor, Purchaser and the escrow agent shall abide by any interim directive issued by the Attorney General.

4.6 Sponsor and Purchaser hereby jointly direct the escrow agent as follows:

a) if title to the Unit is transferred to Purchaser, the Down payment shall be paid to Sponsor, and any interest earned on the Down payment shall be paid to Purchaser; or

b) if Purchaser becomes entitled to cancel this Agreement in accordance with the terms of this Agreement or the Plan, and actually cancels this Agreement as so provided, the Down payment and any interest earned on the Down payment shall be refunded in full.

5. Closing Date and Place.

5.1 The closing of title shall be held at the offices of Raphael and Marks, 866 United Nations, New York, New York (or such other place in the City and State of New York as Sponsor may designate to Purchaser) and on such date and hour as Sponsor may designate to Purchaser on not less than 30 days' prior notice. Sponsor may, from time to time, adjourn such date and hour on not less than five (5) business days' notice to Purchaser, which notice shall fix a new date (and hour and place, if appropriate) for the closing of title (but in no event may Sponsor adjourn the date originally set herein for a closing for more than twelve months in the aggregate without the consent of Purchaser).

5.2 Whenever used herein, the terms "Closing Date" or "closing of title" or words of similar import shall mean the date on which the deed to the Unit is delivered to Purchaser.

6. Delivery of Deed and Power of Attorney.

6.1 At the closing of title, Sponsor shall deliver to Purchaser a bargain and sale deed with covenant against grantor's acts conveying fee simple title to the Unit to Purchaser, subject only to the liens, encumbrances and title conditions set forth on Schedule A annexed hereto and made a part hereof. Sponsor shall prepare the deed, which shall be substantially in the form set forth in Exhibit 3 in Part II of the Plan, and Sponsor and Purchaser shall execute the deed and have the same acknowledged, in form for recording.

6.2 At the closing of title, Purchaser shall execute and acknowledge a power of attorney to the Board prepared by Sponsor and substantially in the form set forth in Exhibit 2 in Part II of the Plan.

6.3 The executed deed and power of attorney to the Board shall be delivered to the representative of the title company insuring Purchaser's title (or if no such representative is present, then to Sponsor's attorney) for recording in the City Register's Office. After being recorded, (i) the deed shall be returned to Purchaser and (ii) the power of attorney shall be sent to the Board.

6.4 Purchaser's payment of the Balance and acceptance of a deed to the Unit shall constitute Purchaser's recognition that Sponsor has satisfactorily performed those obligations stated in the Plan and this Agreement to be performed by Sponsor prior to closing. However, nothing herein contained shall excuse Sponsor from performing those obligations (if any) expressly stated herein or in the Plan to be performed subsequent to the closing, and nothing herein shall be

in derogation of the rights of purchasers under Article 23-A of the General Business Law, the Plan or Part 20 of the Regulations issued by the Department of Law.

7. State of Title.

7.1 The title conveyed by Sponsor to Purchaser shall be subject only to the liens, encumbrances and title conditions set forth in Schedule A annexed hereto and made a part hereof. Any lien, encumbrance or condition to which title is not to be subject shall not be an objection to title if: (a) the instrument required to remove it of record is delivered at or prior to the closing of title to the proper party or to Lawyer's Title Insurance Company of New York (the "Title Company"), together with the recording or filing fee; or (b) Purchaser's title insurance company will insure Purchaser, at the company's regular rates and without additional premium, that it will not be collected out of, or enforced against, the Unit; or (c) Purchaser's title insurance company is unwilling to issue the affirmative insurance described in subsection (b) at its regular rates and without additional premium, and the Title Company would be willing to do so at its regular rates and without additional premium (as evidenced by the issuance of the same by the Title Company in connection with the closing of any other Units in the Condominium).

7.2 Sponsor shall be entitled to adjourn the closing to remove or correct any defect in title which is not set forth in Schedule A. However, if such defect existed at least 10 days' prior to the closing and Purchaser, or Purchaser's attorney, failed to send Sponsor's attorney written notice of such defect in title at least 10 days' prior to the closing, then, for purposes of Article 12 below, Purchaser shall be deemed at fault for not having sent timely notice, and the closing adjournment to allow Sponsor to correct or remove such title defect shall be considered as being at the request of Purchaser.

7.3 The covenants in the deed will be solely for the personal benefit of Purchaser and will not inure to the benefit of Purchaser's successors or subrogees. In the event of a claimed breach of any covenant of the grantor contained in the deed, Purchaser must first seek recovery against Purchaser's title insurance company before proceeding against Sponsor, it being agreed that the liability of Sponsor will be limited to any loss or damage not covered by such title insurance. In the event that Purchaser elects not to purchase title insurance, then the liability of Sponsor shall be limited to any loss or damage which would not have been covered by the title insurance that was available to Purchaser at the closing. The terms of any marked-up title binder of any title insurance company authorized to do business in New York State issued in connection with any Unit shall be conclusive evidence of the title insurance coverage that was available to Purchaser. The provisions of this Section 7.3 shall survive the closing.

8. Closing Adjustments.

8.1 The following costs with respect to the Unit shall be apportioned between Sponsor and Purchaser as of the Closing Date:

- a) real estate taxes and assessments, if any (including water charges and sewer rents, if separately assessed), on the basis of the period for which assessed;
- b) Common Charges for the month in which title closes; and

c) if Purchaser is allowed to occupy the Unit prior to the closing, accrued rent and any other charges pursuant to an interim lease or occupancy or other agreement, if any, covering the Unit.

8.2 If the Unit has been separately assessed but the closing of title occurs before the tax rate is fixed, adjustment of taxes shall be based upon the latest tax rate applied to the most recent applicable assessed valuation. Installments for tax assessments due after the delivery of the deed, if any, shall be paid by Purchaser; however, the installment for the then current period shall be apportioned appropriately. If the Unit has not been separately assessed as of the Closing Date for the then current tax period, the adjustment under subsection 8. 1 (a) hereof shall be based upon the Property's actual taxes and assessment for such period prorated to the Unit in the manner set forth in Section 6.1 of the By-Laws and in Part I of the Plan.

8.3 Sponsor shall remit or cause to be remitted to Purchaser an amount equal to interest earned on the Down payment, on or promptly after the Closing Date.

8.4 In the event that Purchaser fails to close title to the Unit on the date originally scheduled for the closing of title, postpones the closing for any reason, or is deemed at fault for not timely sending notice of a title defect as provided in Article 7 above, and title thereafter closes, then:

a) closing date; and the closing apportionments shall be made as of the originally scheduled

b) Purchaser shall pay Sponsor interest at the rate of eighteen (18%) percent per annum (or such lower rate per annum, which is the legal limit, if 18% per annum exceeds the legal limit) on the total purchase price, computed from the original Closing Date until this transaction is actually closed.

8.5 Adjustments and apportionments shall be calculated on the basis of the actual number of days in the period for which payments were made or are due, as the case may be. The "Customs in Respect to Title Closings" recommended by The Real Estate Board of New York, Inc., as amended to date shall apply to the adjustments and other matters therein mentioned, except as aforesaid and as otherwise provided herein or in the Plan.

8.6 Any errors or omissions in calculating apportionments at closing shall be corrected, and payment shall be made to the proper party, promptly after discovery. This provision shall survive the closing.

9. Closing Costs.

Purchaser shall be required to pay certain costs in connection with the purchase of the Unit, in addition to any net credit in favor of Sponsor that may result from the closing adjustments and any interest or late closing charge described in Article 8. Other than any such net credit in favor of Sponsor that may result from the closing adjustments, all such closing costs shall be paid by Purchaser, at closing, by Purchaser's unendorsed, personal certified check or by official bank check, in either event drawn upon a bank that is a member of the New York Clearing House

Association. Such closing costs will include the following, the amounts of which (where applicable) are based on rates in effect on the date hereof and are subject to change without prior notice:

9.1 If Purchaser elects to obtain fee title insurance, Purchaser will pay a premium to the title company for such insurance, which will vary depending upon the amount of insurance purchased.

9.2 Purchaser will pay a fee to the City Register for recording the deed and the power of attorney of approximately \$12.00 for each instrument plus \$5.00 for each page, together with a service charge to the title company for recording each document.

9.3 If Purchaser obtains a mortgage loan, Purchaser shall pay all closing costs associated with such loan, which may include, but need not be limited to the following:

a) a fee and service charge for recording the mortgage at the same rates given above for recording the deed and power of attorney;

b) a mortgage recording tax in the amount provided for by law, which on the date hereof is 2.0% of the principal amount of the mortgage for mortgages of less than \$500,000 and 2.125% of the principal amount of the mortgage for mortgages equal to or greater than \$500,000 (further, pursuant to law, the mortgagor receives a \$25 deduction and the mortgagee pays .25 %, and in each case, the amount payable to Sponsor under subparagraph (c) below is deducted);

c) to Sponsor, a sum equal to the amount of the partial mortgage tax credit provided by Section 339-ee(2) of the New York Condominium Act, as a reimbursement for the mortgage recording taxes previously paid (such credit is based, in general, on the Common Interest of the Units being purchased multiplied by a portion of the mortgage tax previously paid on account of pre-existing mortgages on the Building);

d) the premium for mortgage title insurance, if required by Purchaser's lender;

e) deposits for Common Charges, real estate taxes, any assessments, water charges and sewer rents (if separately assessed), if required by Purchaser's lender; and

f) such other costs and expenses in connection with such loan as determined by Purchaser's lender.

9.4 Purchaser will be required to pay the amount of \$650 to Raphael and Marks, Sponsor's counsel, for each Unit purchased hereunder, representing a fee for services in connection with preparing the deed and power of attorney and for coordinating and attending the closing. If a Purchaser obtains financing and his or her lender is unwilling to close at the offices of Sponsor's counsel, then Purchaser will be required to pay Sponsor's counsel a travel fee of \$250 if the closing is held elsewhere in Manhattan or \$350 if the closing is held in another borough. If Purchaser shall use a title abstract or insurance company or agent other than the Lawyer's Title Company, then Purchaser shall pay Sponsor's counsel an additional fee of \$500 for its services rendered in

connection with its review of the title report and clearance of title exceptions. If, through no fault of Sponsor, Purchaser fails to close on the date scheduled by Sponsor (including the failure of Purchaser or Purchaser's attorney to give at least ten (10) days' prior written notice of a title defect as required in Article 7 above), then Purchaser shall pay to Sponsor's counsel an additional fee of \$250 for each Unit purchased hereunder for each rescheduled closing to help defray the cost of preparing for and coordinating the new closing and recalculating the closing apportionments.

9.5 Purchaser shall pay to the Condominium Board the sum of \$1,000 for each Unit purchased hereunder as part of its initial Working Capital Fund.

9.6 Purchaser shall pay the Real Estate Transfer Tax due to the State of New York (the so-called "deed stamps"), the Real Property Transfer Tax due to the City of New York and any other real property transfer tax due to the City or State of New York.

10. Transfer Tax Returns. At the closing, Purchaser shall duly complete and sign before a notary public the real property transfer tax return required to be filed with The City of New York ("RPT Form") and Purchaser shall duly complete and sign the Combined Real Estate Transfer Tax Return and Credit Line Mortgage Certificate ("Combined Tax Form") required to be filed with the Department of Taxation and Finance of the State of New York (the "Tax Department"), or such other forms as may then be required by law. The RPT and Combined Tax Form shall be delivered at closing to the representative of Purchaser's title insurance company (or, if none, to Sponsor's attorney) for filing with the proper governmental officer.

11. The Plan.

11.1 Purchaser acknowledges having received and read a copy of the Plan, including all amendments thereto, if any, filed prior to the date hereof with the Department of Law of the State of New York, at least three (3) business days before submitting this Agreement. If, however, Purchaser did not receive a copy of the Plan at least three (3) business days before submitting this Agreement, Purchaser may rescind this Agreement, by sending written notice of same to Sponsor by certified or registered mail, return receipt requested, or by personal delivery, in either case within seven (7) days of Purchaser's submission of this Agreement.

11.2 The Plan is incorporated herein by reference and made a part hereof with the same force and effect as if set forth herein at length. In the event of any inconsistency between the provisions of this Agreement and the Plan, the Plan shall govern.

11.3 Purchaser hereby adopts, accepts and approves the Plan (including, without limitation, the Declaration, By-Laws and Rules and Regulations contained therein) and agrees to abide and be bound by the terms and conditions thereof, as well as all amendments to the Plan duly filed by Sponsor.

12. Default by Purchaser a) The following shall constitute "Events of Default" hereunder:

i) Purchaser's failure to pay the Balance or any closing apportionment or closing cost required to be paid by Purchaser in Article 8 or 9 hereof on the Closing Date designated by Sponsor pursuant to Article 5 hereof, or the dishonor of any check given by Purchaser to Sponsor;

ii) the failure to pay, perform or observe any of Purchaser's other obligations hereunder; or

iii) if Purchaser is permitted to become the tenant or other occupant of the Unit, Purchaser's failure to pay rent or to perform some other lease or occupancy obligation within the period after notice, if any, set forth in the lease or occupancy or other agreement and either (x) Sponsor has obtained an order of eviction against Purchaser from a court of competent jurisdiction or (y) Purchaser has vacated the Unit.

b) TIME IS OF THE ESSENCE with respect to Purchaser's obligations to pay the Balance and to pay, perform or observe Purchaser's other obligations under this Agreement. Upon the occurrence of an Event of Default, Sponsor, in its sole discretion, may elect by notice to Purchaser to (i) cancel this Agreement or (ii) seek specific performance. If Sponsor elects to cancel, Purchaser shall have thirty (30) days from the giving of the notice of cancellation to cure the specified default. If the default is not cured within such thirty (30) days, then this Agreement shall be deemed cancelled, and Sponsor shall have the right to retain, as and for liquidated damages, the Downpayment and any interest earned on the Downpayment. Upon the cancellation of this Agreement, Purchaser and Sponsor will be released and discharged of all further liability and obligations hereunder and under the Plan, and the Unit may be sold to another as though this Agreement had never been made, and without accounting to Purchaser for any of the proceeds of such sale.

13. Agreement Subject to Mortgage. No lien or encumbrance shall arise against the Property or the Unit as a result of this Agreement or any money deposited hereunder, except as hereinafter set forth. In furtherance and not in limitation of the provisions of the preceding sentence, Purchaser agrees that the provisions of this Agreement are and shall continue to be subject and subordinate to the lien of any mortgage heretofore or hereafter made and any payments or expenses already made or incurred or which hereafter may be made or incurred, pursuant to the terms thereof, or incidental thereto, or to protect the security thereof, to the fullest extent thereof, without the execution of any further legal documents by Purchaser. Sponsor shall, at its option, either satisfy such mortgages or obtain a release of the Unit and its undivided interest in the Common Elements from the lien of such mortgages on or prior to the Closing Date, unless, if Purchaser is obtaining financing on the Unit, Purchaser assumes such mortgages (at Sponsor's discretion). The existence of any mortgage or mortgages encumbering the Property, or portions thereof, other than the Unit and its undivided interest in the Common Elements, shall not constitute an objection to title or excuse Purchaser from completing payment of the Purchase Price or performing all of Purchaser's other obligations hereunder or be the basis of any claim against, or liability of, Sponsor, provided that any such mortgage is subordinated to the Declaration, or the Unit is released from, or not subject to, the lien of such mortgage at closing (unless Purchaser has assumed the continuation of a mortgage lien encumbering such Unit as hereinabove described).

14. Agreement Subject to Plan Being Effective. The performance by Sponsor of its obligations under this Agreement is contingent upon the Plan having been declared effective in accordance with the terms and provisions of the Plan (as the same may be amended from time to time). The Plan may be withdrawn or abandoned by Sponsor only under certain conditions and at certain times, as set forth in the Plan. If the Plan is abandoned or if, after being declared effective, the Plan is not consummated for any reason and Purchaser is not in default under this Agreement beyond any applicable grace period, this Agreement shall be deemed cancelled and the Downpayment, together with interest earned thereon, shall be returned to Purchaser. Upon such return, neither party shall have any further rights, obligations or liability to or against the other and the parties shall be released and discharged from all obligations and liability under this Agreement and the Plan.

15. Sponsor's Inability to Convey the Unit. If Sponsor is unable to deliver title to the Unit to Purchaser in accordance with the provisions of this Agreement and the Plan by reason of a defect in title, substantial damage or destruction of the Building by fire or other casualty, or the taking of any material portion of the Property by condemnation or eminent domain, Sponsor shall not be obligated to bring any action or proceeding or otherwise incur any cost or expense of any nature whatsoever in excess of its obligations set forth in the Plan in order to cure such inability. If Sponsor is not so obligated under the Plan and notifies Purchaser of its election not to cure such inability, and Purchaser is not in default hereunder, Purchaser's sole remedy shall be to either (a) take title to the Unit subject to such inability (without any abatement in or credit against the Purchase Price, or any claim or right of action against Sponsor for damages or otherwise) or (b) terminate this Agreement. If Purchaser so elects to terminate this Agreement, Sponsor shall, within 30 days after receipt of notice of termination from Purchaser, return the Downpayment to Purchaser, together with interest earned thereon. Upon making such payment, this Agreement shall be terminated and neither party shall have any further rights, obligations or liability to or against the other and the parties shall be released and discharged from all obligations and liability under this Agreement and the Plan. The foregoing remedy must be exercised by written notice sent by Purchaser to Sponsor within ten days after the giving of Sponsor's notice of election not to cure such inability, failing which it shall be conclusively deemed that Purchaser elected the first remedy above to acquire title subject to such inability.

16. Fixtures, Appliances and Personal Property. Only those fixtures, appliances and items of personal property which are described in the Plan as being included in the Unit are included in the sale of the Unit pursuant to this Agreement. No portion of the Purchase Price shall be attributable to such items.

17. Construction.

17.1 The construction of the Building and the Unit, including the materials, equipment and fixtures to be installed therein, shall be substantially in accordance with the Plan and the Plans and Specifications (as defined in the Plan), subject to the right of Sponsor to amend the Plan and the Plans and Specifications in order to substitute materials, equipment or fixtures of equal or better quality, provided that the approval of any governmental authorities having jurisdiction is first obtained (if required). The issuance of a final Certificate of Occupancy for the Building shall be deemed presumptive evidence that the Building and the Unit have been fully

completed in accordance with the Plan and the Plans and Specifications. However, nothing herein contained shall excuse Sponsor from its obligation to correct any defects in construction in accordance with the conditions set forth in the Plan in the section entitled "Rights and Obligations of Sponsor."

17.2 The construction of the Building and the Unit and the correction of any defects in construction to the extent required under the Plan are the sole responsibility of Sponsor. Purchaser acknowledges and agrees that Sponsor will not be liable for, and will have no obligation to correct, certain variations from the Plan and Plans and Specifications as indicated in the Section of the Plan entitled "Rights and Obligations of Sponsor" and will only be responsible to correct any construction defects to the extent, and on the terms and conditions, set forth in such Section.

17.3 The closing of title shall occur only after, or concurrently with, compliance with the prerequisites set forth under "Prerequisites to Closing of Title" in Part I of the Plan. As a result, if all other prerequisites not involving the construction of the Unit are met, Purchaser shall be obligated to close and complete payment of the full Purchase Price (without provision for escrow) once a temporary or permanent Certificate of Occupancy is issued for the Unit (notwithstanding any construction items noted on Purchaser's Inspection Report (as hereinafter defined) remaining for Sponsor to complete and/or correct in accordance with its obligations under the Plan, and notwithstanding the incomplete construction and/or decoration of any other portions of the Building not affecting the Unit).

17.4 Sponsor has projected the First Closing of any Unit for January 1, 2003 based upon the current construction schedule. The actual date for the First Closing is not guaranteed or warranted, and may be earlier or later depending on the progress of construction and compliance with the other prerequisites recited in the section of the Plan entitled "Prerequisites to Closing of Title". Purchaser acknowledges that construction may be delayed by late delivery of material or equipment, labor difficulties, unavailability of building trades, casualty, inclement weather and other events beyond Sponsor's reasonable control. Purchaser further acknowledges that the units in the Building will be completed at varying times over a period that could extend well beyond the First Closing. The order in which these units will be completed is in the discretion of Sponsor. Purchaser acknowledges that except as otherwise provided in the Plan, Purchaser shall not be excused from paying the full Purchase Price, without credit or set-off, and shall have no claim against Sponsor for damages or losses, in the event that the First Closing occurs substantially later than the projected date or the time to complete or to close title to the Unit is delayed or is postponed by Sponsor.

18. Inspection of Unit. At least one week (but not more than one month) prior to the Closing Date, the Selling Agent shall notify Purchaser that the Unit is ready for inspection. Upon receipt of the notice, Purchaser shall promptly arrange an appointment with the Selling Agent to inspect the Unit within the week prior to the Closing Date. Purchaser or his or her duly authorized agent shall attend such inspection and shall complete, date and sign the Inspection Statement (in the form set forth as Schedule B to this Agreement) and deliver same to the Selling Agent at the conclusion of the inspection. Failure of Purchaser either to arrange such appointment or to inspect the Unit within the week prior to the Closing Date or to so sign and deliver the completed Inspection Statement shall not excuse Purchaser from paying the Balance when due and shall

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

19. Damage to the Unit. If between the date of this Agreement and the closing of title, the Unit is damaged by fire or other casualty, the following shall apply:

19.1 The risk of loss to the Unit by fire or other casualty, until the earlier of closing of title or possession of the Unit by Purchaser, is assumed by Sponsor, provided that Sponsor shall have no obligation or liability to repair or restore the Unit. In the event of damage or destruction of the Unit due to fire or other casualty prior to the closing of title and the election by Sponsor to repair or restore the Unit, this Agreement shall continue in full force and effect, Purchaser shall not have the right to reject title or receive a credit against, or abatement in, the Purchase Price and Sponsor shall be entitled to a reasonable period of time within which to complete the repair or restoration. Any proceeds received from insurance or in satisfaction of any claim or action in connection with such loss shall, subject to the rights of the Board and other Unit Owners if the Declaration has theretofore been recorded, belong entirely to Sponsor and if such proceeds are paid to Purchaser, Purchaser shall promptly upon receipt thereof turn them over to Sponsor. The provisions of the preceding sentence shall survive the closing of title.

19.2 In the event of damage to or destruction of the Unit by fire or other casualty prior to the closing of title and the election by Sponsor, with notice thereof to Purchaser, that it does not elect to repair or restore the Unit, or, if the Declaration has been recorded prior thereto, then if the Unit Owners do not resolve to make such repairs or restoration pursuant to the ByLaws, this Agreement shall be deemed cancelled and of no further force or effect and Sponsor shall return to Purchaser all sums deposited by Purchaser hereunder, together with interest earned thereon, and neither party shall have any further rights, obligations or liability to or against the other and the parties shall be released and discharged from all obligations and liability hereunder and under the Plan, except that if Purchaser is then in default hereunder (beyond the applicable grace period, if any), Sponsor shall retain all such sums deposited by Purchaser hereunder and any interest earned thereon, as and for liquidated damages.

20. No Representations. Purchaser acknowledges that Purchaser has not relied upon any architect's plans, sales plans, selling brochures, advertisements, representations, warranties, statements or estimates of any nature whatsoever, whether written or oral, made by Sponsor, the Selling Agent or otherwise, including, but not limited to, any relating to the description or physical condition of the Property, the Building or the Unit, or the size or the dimensions of the Unit or the rooms therein contained or any other physical characteristics thereof, the services to be provided to Unit Owners, the estimated Common Charges allocable to the Unit, the estimated real estate taxes of the Unit, the ability to rent the Unit and/or the rental income therefor, the right to any income tax deduction for any real estate taxes or mortgage interest paid by Purchaser, or any other data, except as herein or in the Plan specifically represented; Purchaser has relied solely on his or her own judgment and investigation in deciding to enter into this Agreement and purchase the Unit. No person has been authorized to make any representations on behalf of Sponsor. No oral representations or statements shall be considered a part of this Agreement. Purchaser agrees (a) to purchase the Unit, without offset or any claim against, or liability of, Sponsor, whether or not any layout or dimension of the Unit or any part thereof, or of the Common Elements, as shown on the

Floor Plans on file in Sponsor's office and [to be] filed in the City Register's Office, is accurate or correct, and (b) that Purchaser shall not be relieved of any of Purchaser's obligations hereunder by reason of any immaterial or insubstantial inaccuracy or error. The provisions of this Article 20 shall survive the closing of title.

21. Prohibition Against Advertising. Prior to the closing of title, Purchaser agrees not to advertise or publicize the availability of the Unit for sale or lease.

22. Broker. Purchaser represents to Sponsor that Purchaser has not dealt with any broker in connection with this transaction other than the Selling Agent and Purchaser shall pay the commission of any broker with whom Purchaser may have dealt, other than the Selling Agent and the aforementioned broker. Purchaser agrees that, should any claim be made against Sponsor for commissions by any broker other than the Selling Agent on account of any acts or dealings of Purchaser or Purchaser's representatives, Purchaser will indemnify and hold Sponsor free and harmless from and against any and all liabilities and expenses in connection therewith, including, but not limited to, reasonable legal fees and disbursements. The provisions of this Article 22 shall survive the closing of title.

23. Agreement May Not Be Assigned. This Agreement, or any interest of Purchaser herein', may not be assigned by Purchaser without the prior written consent of Sponsor, which consent may be given or denied by Sponsor in its sole discretion. Any purported assignment by Purchaser in violation of this Agreement shall be a default by Purchaser, entitling Sponsor to the remedies set forth in Article 12 hereof, and shall be voidable at the option of Sponsor.

24. Binding Effect. The submission of this Agreement to Purchaser does not create a binding obligation on the part of Sponsor. This Agreement shall not be binding on Purchaser or Sponsor until Purchaser has signed this Agreement and delivered the signed Agreement and the Downpayment obligation on the part of Sponsor. This Agreement shall not be binding on Purchaser or Sponsor until Purchaser has signed this Agreement and delivered the signed Agreement and the Down payment to Sponsor, and a counterpart hereof executed by Sponsor has been delivered to Purchaser. If this Agreement is not signed by Sponsor and a fully executed counterpart delivered to Purchaser or its attorneys within twenty (20) days after the date hereof, this Agreement shall be deemed to have been rejected and the Initial Down payment shall be promptly returned to Purchaser. Upon such refund being made, neither party shall have any further rights, obligations or liabilities hereunder with respect to the other. Prior to Sponsor's countersigning and returning this Purchase Agreement to Purchaser, and at any time thereafter, Purchaser agrees upon request to provide Sponsor with written information about Purchaser's employment, financial and rental/ownership history. Such information obtained prior to countersignature may be used to determine Purchaser's qualification to purchase and own the Unit, but does not constitute a reservation or binding obligation on either the applicant or Sponsor. Sponsor has the right, without incurring any liability, to reject this Agreement without cause or explanation to Purchaser. This Agreement may not be rejected due to Purchaser's sex, race, creed, color, national origin, ancestry, disability, marital status, or other ground proscribed by law.

25. Notices.

25.1 Any notice, election, demand, consent, request or other communication hereunder or under the Plan shall be in writing and either delivered in person or sent, postage prepaid, by registered or certified mail, return receipt requested or by Federal Express or other reputable overnight courier, with receipt confirmed: to Purchaser at the address given at the beginning of this Agreement; and to Sponsor c/o Raphael and Marks, 866 United Nations Plaza, New York, New York 10017, Attention: Ellen Marks, Esq. Either party may hereafter designate to the other in writing a change in the address to which notices are to be sent. Except as otherwise expressly provided herein, a notice shall be deemed given when personal delivery or delivery by overnight courier is effected or, in the case of mailing, the three (3) days after the date of mailing, except that the date of actual receipt shall be deemed to be the date of the giving of any notice of change of address.

25.2 Sponsor hereby designates and empowers both the Selling Agent and Sponsor's counsel (Raphael and Marks) as Sponsor's agents to give any notice to Purchaser under this Agreement (including, without limitation, a notice of default) in Sponsor's name, which notice so given shall have the same force and effect as if given by Sponsor itself.

26. Joint Purchasers. The term "Purchaser" shall be read as "Purchasers" if the Unit is being purchased by more than one person, in which case their obligations shall be joint and several.

27. Liability of Sponsor. Sponsor shall be excused from performing any obligation or undertaking provided for in this Agreement for so long as such performance is prevented, delayed or hindered by an act of God, fire, flood, explosion, war, riot, sabotage, inability to procure or general shortage of energy, labor, equipment, facilities, materials or supplies in the open market, failure of transportation, strike, lockout, action of labor unions, or any other cause (whether similar or dissimilar to the foregoing) not within the reasonable control of Sponsor. Sponsor's time to perform such obligation or undertaking shall be tolled for the length of the period during which such performance was excused.

28. Further Assurances. Either party shall execute, acknowledge and deliver to the other party such instruments and take such other actions, in addition to the instruments and actions specifically provided for herein, as such other party may reasonably request in order to effectuate the provisions of this Agreement or of any transaction contemplated herein or to confirm or perfect any right to be created or transferred hereunder or pursuant to any such transaction.

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

30. Strict Compliance. Any failure by either party hereto to insist upon the strict performance by the other party of any of the provisions of this Agreement shall not be deemed a waiver of any of the provisions hereof, and each party, notwithstanding any such failure, shall have

the right thereafter to insist upon the strict performance by the other party of any and all of the provisions of this Agreement to be performed by such other party.

31. **Governing Law.** The provisions of this Agreement shall be governed by, and construed and enforced in accordance with, the internal laws of the State of New York applicable to contracts made and to be performed wholly in the State of New York, without regard to principles of conflicts of law.

32. **Waiver of Jury Trial.** Except as prohibited by law, the parties shall, and they hereby do, expressly waive trial by jury in any litigation arising out of, connected with, or relating to this Agreement or the relationship created hereby or in the Plan. With respect to any matter for which a jury trial cannot be waived, the parties agree not to assert any such claim as a counterclaim in, nor move to consolidate such claim with, any action or proceeding in which a jury trial is waived.

33. **Entire Agreement.** This Agreement, together with the Plan, supersedes any and all understandings and agreements between the parties and constitutes the entire agreement between them with respect to the subject matter hereof.

34. **Certain References.** A reference in this Agreement to any one gender, masculine, feminine or neuter, includes the other two, and the singular includes the plural, and vice versa, unless the context otherwise requires. The term "herein," "hereof" or "hereunder," or similar terms used in this Agreement, refer to this entire Agreement and not to the particular provision in which the term is used. Unless otherwise stated, all references herein to Articles, Sections or other provisions are references to Articles, Sections or other provisions of this Agreement.

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

36. **Successors and Assigns.** Subject to the provisions of Article 23 hereof, the provisions of this Agreement shall bind and inure to the benefit of Purchaser and Purchaser's heirs, legal representatives, successors and permitted assigns and shall bind and inure to the benefit of Sponsor and its successors and assigns.

37. **No Oral Changes.** This Agreement, or any provision hereof, cannot be orally changed, terminated or waived. **ANY CHANGES OR ADDITIONAL PROVISIONS MUST BE SET FORTH HEREIN.**

38. **Agreement Subject to Loan:** This Agreement is subject to the Purchaser obtaining a loan commitment in the amount of \$ _____ at the prevailing rate of interest, for a period of 25/30 years. The Purchaser shall have forty (40) days from the acceptance of this Agreement to obtain said loan. In the event that Purchaser notifies Seller within five days after the expiration of said 40 day period, by certified mail, of his inability to obtain said loan, this Agreement will be null and void, and Sponsor will return the down payment with interest within 5 business days.

The Purchaser agrees to make immediate and diligent application for the required mortgage loan herein, and will furnish all information, and will execute and deliver all papers

and/or instruments that may be required by the mortgage broker and/or lending institution and/or Federal Agency that processes and/or grants the mortgage loan therein.

In the event that Purchaser's loan commitment expires prior to closing, it is Purchaser's obligation to obtain an extension of such commitment until the closing date. In the event that the terms of the commitment change prior to closing, Purchaser shall be bound to accept those changed terms. In addition, in the event that Purchaser cannot obtain an extension of his commitment, this Agreement will be firm and he shall be obligated to close pursuant to the terms of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of

SPONSOR:
GRAND OLD PROPERTIES, INC.

By: _____
Name:

PURCHASER: _____
Purchaser's Social Security Number : _____
PURCHASER: _____
Purchaser's Social Security Number: _____

Purchaser acknowledges receipt of Offering Plan [and amendments] on _____, 2002 at
(A.M.)(P.M.)

Initials of Purchaser:

EXHIBIT A

REQUEST FOR TAXPAYER IDENTIFICATION NUMBER AND CERTIFICATION

IMPORTANT TAX INFORMATION - REQUEST FOR TAXPAYER IDENTIFICATION NUMBER & CERTIFICATION

(NOTE: Nonresident Aliens do not complete this form, complete instead Certificate of Foreign Status (EAB1482)-Substitute Form W-8)

Please	Name (if a joint account or you changed your name, see Specific Instructions on page 2.)	
	4) Business name, if different from above. (See Specific Instructions on page 2.)	
	Check appropriate box: ☐ Individual/Sole proprietor ☐ Corporation ☐ Partnership ☒ Other ☐	Address (number, street, and apt. or suite no.)
	1 Requester's name and address (optional)	
	City, state, and ZIP code	

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. For individuals, this is your social security number (SSN). However, if you are a resident alien OR a sole proprietor, see the instructions on page 2. For other entities, it is your employer identification number (EIN). If you do not have a number, see **How To Get a TIN** on page 2. Note: If the account is in more than one name, see the chart on page 2 for guidelines on whose number to enter.

Social security number

____/____/____

OR

Employer identification number

____-____

List account number(s) here (optional)

Part II For Payees Exempt From Backup Withholding (See the instructions on page 2.)**Part III Certification**

Under penalties of perjury, I certify that:

- The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
- I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding.

Certification Instructions.-You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the Certification, but you must provide your correct TIN. (See the instructions on page 2.)

Sign Here

Signature ►

Date ►

Purpose of Form.-A person who is required to file an information return with the IRS must get your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

Use Form W-9 to give your correct TIN to the person requesting it (the requester) and, when applicable, to:

- Certify the TIN you are giving is correct (or you are waiting for a number to be issued),
- Certify you are not subject to backup withholding, or
- Claim exemption from backup withholding if you are an exempt payee. Note: If a requester gives you a form other than a W-9 to request your TIN, you must use the requester's form if it is substantially similar to Form W-9.

What Is Backup Withholding?-Persons making certain payments to you must withhold and pay to the IRS 31 % of such payments under certain conditions. This is called "backup withholding." Payments that may be subject to backup withholding

include interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee pay, and certain payments from fishing boat operators. Real estate transactions are not subject to backup withholding.

If you give the requester your correct TIN, make the proper certifications, and report all your taxable interest and dividends on your tax return, payments you receive will not be subject to backup withholding. Payments you receive will be subject to backup withholding if:

- You do not furnish your TIN to the requester, or
- The IRS tells the requester that you furnished an incorrect TIN, or
- The IRS tells you that you are subject to backup withholding because you did not report all your interest and dividends on your tax return (for reportable interest and dividends only), or
- You do not certify to the requester that you are not subject to backup withholding under 3 above (for reportable interest and dividend accounts opened after 1983 only), or

5. You do not certify your TIN when required. See the Part III instructions on page 2 for details.

Certain payees and payments are exempt from backup withholding. See the Part III instructions and the separate Instructions for the Requester of Form W-9.

Penalties

Failure To Furnish TIN.-If you fail to furnish your correct TIN to a requester, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect. **Civil Penalty for False Information With Respect to Withholding.**-If you make a false statement with no reasonable basis that results in no backup withholding, you are subject to a \$500 penalty.

Criminal Penalty for Falsifying Information.-Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

Misuse of TINs.-If the requester discloses or uses TINs in violation of Federal law, the requester may be subject to civil and criminal penalties.

EXHIBIT 2

UNIT OWNER'S POWER OF ATTORNEY

UNIT OWNER'S POWER OF ATTORNEY

All terms used in this Unit Owner's Power of Attorney that are used in that certain Declaration dated as of _____, 2003, by 87 Lafayette Condominium pursuant to Article 9-B of the Real Property Law of the State of New York, establishing condominium ownership of the premises known as 87 Lafayette Condominium, 87 Lafayette Avenue, Brooklyn, New York (hereinafter called the "Condominium"), which Declaration was recorded in the Kings County Office of the Register of the city of New York (hereinafter called the Register's Office") on _____, 2003 in Reel _____, at page _____ (hereinafter called the "Declaration"), shall have the same meaning in this Unit Owner's Power of Attorney as in the Declaration.

The undersigned _____, residing at 87 Lafayette Avenue, Brooklyn, New York, the owner of the condominium unit (hereinafter called the "Unit") known as Unit No. ____ at 87 Lafayette Condominium, said Units being so designated and described in the Declaration and also designated as Tax Lot ____ in Block 2099 of the Borough of Brooklyn on the Tax Map of the Real Property Assessment Bureau of the City of New York and on the Floor Plans of the Condominium certified by _____ on _____, 2003, and filed with the Real Property Assessment Bureau of the City of New York on _____, 2003, as Condominium Plan No. _____, does/do hereby irrevocably nominate, constitute and appoint the persons who may from time to time constitute the Board, true and lawful attorneys-in-fact for the undersigned, coupled with an interest, with power of substitution, in their own names, as members of the Board, or in the name of their designee (corporate or otherwise), but subject in all respects to the provisions of the Condominium Documents then in effect, to:

- a) acquire in the name of the Board or its designee, corporate or otherwise, on behalf of all Unit Owners any Unit, together with its Appurtenant Interest:
 - i) whose owner desires to surrender the same pursuant to Section 6.2.2 of the By-Laws:
 - ii) that becomes the subject of a foreclosure or other similar sale; or
 - iii) for the use and occupancy of a superintendent or otherwise, on such terms, including, without limitation, price (with respect to subdivisions (ii) or (iii)) above as said attorneys-in-fact shall deem proper.
- b) following due authorization by the Unit Owners, acquire or lease in the name of the Board or its designee, corporate or otherwise, on behalf of all Unit Owners, any Unit, together with its Appurtenant Interest, from any Unit Owner desiring to sell, convey, transfer, assign or lease the same, on such terms and conditions as shall be approved by a Majority of Unit Owners;
- c) convey, sell, lease, mortgage, or otherwise deal with (but not to vote the Common Interest appurtenant to) any Unit so acquired or to sublease any Unit so leased by them, without the necessity of any further authorization by the Unit Owners, on such terms as said attorneys-in-fact may determine, granting to said attorneys-in-fact the power to do all things in and to said Unit which the undersigned could do if personally present; and

- d) execute, acknowledge, deliver and (if determined to be necessary or desirable by said attorneys-in-fact) cause to be recorded in the City Register's Office:
- i) any declaration or other instrument affecting the Condominium that the Board deems necessary or appropriate to comply with any Law (including, without limitation, Chapter 3 of Title 25 of the New York City Administrative Code) applicable to the maintenance, demolition, construction, alteration, repair, or restoration of the Condominium; or
 - ii) following due authorization by any affected Unit Owners to the extent required in the Declaration or the By-Laws, any consent, covenant, restriction, easement or declaration, or amendment thereto, affecting the Condominium or the Common Elements that the Board deems necessary or appropriate.

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

This Power of Attorney shall be irrevocable.

IN WITNESS WHEREOF, the undersigned have executed this Unit Owner's Power of Attorney as of the ____ day of _____, 2003.

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

On the _____ day of _____ in the year 2004 before me, the undersigned, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

Notary Public

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

On the _____ day of _____ in the year 2004 before me, the undersigned, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

Notary Public

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

On the _____ day of _____ in the year 2004 before me, the undersigned, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

Notary Public

Exhibit 3

CONDOMINIUM UNIT DEED

GRAND OLD PROPERTIES, INC.
TO

87 LAFAYETTE CONDOMINIUM
87 Lafayette Avenue
BROOKLYN, NEW YORK 11215
RESIDENTIAL UNIT NO. _____
COMMERCIAL UNIT _____

COUNTY: KINGS
BLOCK: 2099
F/K/A LOT: 80
NEW LOT:

Record and Return to:
Raphael and Marks
866 United Nations Plaza
New York, NY 10017

CONDOMINIUM OF UNIT DEED

THIS INDENTURE, made the _____ day of _____, 2004, between Grand Old Properties, Inc., having an address at 79 Worth Street, New York, New York "Grantor," and residing at 87 Lafayette Avenue, Brooklyn, New York, Grantee,"

WITNESSETH:

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

The Residential Unit known as Unit No. _____ (hereinafter called "the Unit") in the building (hereinafter referred to as the "Building") referred to in the declaration of the 87 Lafayette Condominium (hereinafter called the "Condominium Property"), made by the 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 _____, 2003, recorded in the Office of the Register of the City of New York, County of Kings, on the _____ day of _____, 2003, in Reel _____ at Page _____ (hereinafter called the "Declaration"), and designated also as Tax Lot No. 2099 on the floor plans (hereinafter called the "Floor Plans") of the Units, certified by _____ filed in the said Office of the Register of the City of New York, County of Kings, as Map No. _____.

The Land Area of the condominium Property is described on Schedule A attached hereto and made a part hereof.

TOGETHER with the benefits, rights, privileges, easements and subject to the burdens, covenants, restrictions, by-laws, rules, regulations and easements all as set forth in the condominium documents filed and recorded as aforesaid, and

TOGETHER with the appurtenant interests as described in the Declaration and By-Laws of the Condominium;

TOGETHER with an undivided _____ percent interest appurtenant to the Unit in the common elements of the Condominium 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 Condominium Property, and serving the Unit;

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

TOGETHER also with a right of way through the common Elements to the public streets;

TOGETHER with the right, if any, to the use of the limited common elements as is set forth in the Declaration and subject to the rights of other Unit Owners to use the limited common elements appurtenant to their Units, if any, as set forth in the Declaration;

TOGETHER also with the easements created by the Declaration, which are incorporated herein by reference as though fully set forth herein;

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

SUBJECT to: (1) State of facts an accurate survey would show; and (2) any other covenants, restrictions, easements, liens, agreements, documents and instruments that Sponsor may record against the Condominium Property for the construction of the improvements and the use, maintenance and operation thereof.

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 Condominium Property and serving such other Units;

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 Register of the City of New York, County of Kings, 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 the Power of Attorney from Grantee to the Board of Managers and their successors relating, among other things, to disposition of Units acquired or leased by the Board of Managers;

SUBJECT also to the easements created by the Declaration, which are incorporated herein by reference as though fully set forth herein;

SUBJECT also to the rights reserved in the Declaration to establish, grant and create additional utility easements in, under and through the Condominium Property, to relocate existing utility easements in any portion of the Condominium Property and to dedicate any or all of such facilities to any governmental body, public benefit corporation or utility company;

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 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 residential space as permitted by the By-Laws and the Declaration.

The Grantor covenants that it has not done or suffered anything whereby said premises have been encumbered in any way, 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 the terms and provisions thereof as the same may be amended from time to time by instruments recorded in the Office of the Register of the City of New York, County of New York.

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

The terms "Grantor" and "Grantee" shall be read as "Grantors" and "Grantees" however 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.

GRAND OLD PROPERTIES, INC., Grantor

By: _____

Grantee

State of New York)

)ss:

County of New York)

On the _____ day of _____ in the year 2004 before me, the undersigned, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

Notary Public

State of New York)

)ss:

County of New York)

On the _____ day of _____ in the year 2004 before me, the undersigned, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

Notary Public

EXHIBIT A TO CONDOMINIUM UNIT DEED

Description of the Land

The Condominium Unit (the "Unit") known as Unit No. ____ in the premises known as the 87 Lafayette Condominium, said Unit being designated and described as Unit No. ____ in the Declaration establishing a plan for condominium ownership of said premises under Article 9-B of the Real Property Law of the State of New York, (the "New York Condominium Act") dated _____ 2003 and recorded in the Kings County Office of the Register of the City of New York (the Register's Office) on _____ 2003 in Reel ____ Page ____, and also designated as Tax Lot ____ in Block ____ of Section ____ of the Borough of Kings on the Tax Map and the Floor Plans of said Building, certified by _____ on _____ and filed with the Real Property Assessment Department of the City of New York on _____ as Condominium Plan No. ____ Map No. _____.

TOGETHER with an undivided _____ % Interest in the Common Elements.

The premises within which the Unit is located are more particularly described as follows:

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

BEGINNING at a point on the northerly side of Lafayette Avenue, as laid down on a certain map entitled "Map of Property in the City of Brooklyn belonging to the Heirs of John Jackson, Brooklyn, May 1839, Silas Ludlam, City Surveyor", and filed in the office of the Register of the County of Kings on September 29, 1840, distant 20 feet Westerly from the northwesterly corner of South Portland Avenue and Lafayette Avenue;

RUNNING THENCE Northerly, parallel with South Portland Avenue, 80 feet;

THENCE Westerly, parallel with Lafayette Avenue, 20 feet;

THENCE Southerly, parallel with South Portland Avenue, 80 feet to the northerly side of Lafayette Avenue;

THENCE Easterly along the northerly side of Lafayette Avenue, 20 feet to the point or place of BEGINNING.

EXHIBIT 4
DESCRIPTION OF PROPERTY AND SPECIFICATIONS



DESCRIPTION OF PROPERTY AND SPECIFICATIONS

PREMISES:

87 Lafayette Avenue
Brooklyn, New York 11217

BLOCK:

2099

LOT:

80

PREPARED BY:

Richard Ferrara, AIA
DeLaCour & Ferrara, Architects P.C.
91 Atlantic Avenue
Brooklyn, New York 11201

A handwritten signature in black ink, appearing to read 'R. Ferrara', is written over a faint circular stamp.

DATE:

December 15, 2002

113(a)

The existing building was constructed in the late 19th Century as a one family residence. It is currently a Class "A" converted dwelling with a store. The rehabilitation will maintain this classification while renovating the building and its systems. The renovation will consist of a new heating system, electrical system, plumbing system as well as all new finishes, except as noted in the Report.

The building is located at 87 Lafayette Avenue on the north side between South Portland Avenue and South Elliot Place. It is four stories high, with a cellar. A penthouse addition is being constructed on the roof. The total height of the building is approximately 47 feet upon completion.

This report is being prepared based on a review of the plans dated January 15, 2002 (Revised March 19, 2002) and discussions with the Sponsor during construction.

LOCATION & USE OF PROPERTY:

Address: 87 Lafayette Avenue
Brooklyn, New York 11217

Block: 2099
Lots: 80

Zoning:

The building is located in a R6 zone which permits residential (Use Group 2) development. The site is not in a landmarks district. A pre-existing commercial space in the basement is being retained.

Permissible Use:

The zoning permits construction of a residential building with a floor area of 3.0 times the lot area above grade. The building upon completion will not utilize all of the floor area permitted by zoning and will comply with the applicable provisions of the New York City Zoning Resolution.

STATUS OF CONSTRUCTION:

An Alteration Permit Application has been filed to permit the rehabilitation of the building. The proposed permitted uses and occupancies are listed below. The application number for which the work has been approved is 301229640. The construction permit has been obtained. Construction commenced in March of 2002 and according to the Sponsor will be substantially completed by November 2002.

Certificate of Occupancy:

Upon completion the building will be a "residential use" building with a commercial space (Use Group 6). At that time the Sponsor will obtain a Certificate of Occupancy for three (3) Class "A" units and one (1) commercial space:

Cellar	Ordinary, Storage
Basement	Store (Commercial Use Group 6)
First Floor	Residential - One (1) Apartment
Second Floor	Residential - One (1) Apartment
Third Floor	Residential - One Half (1/2) Apartment duplexed with Penthouse
Penthouse	Residential - One Half (1/2) Apartment
Total	3 Class "A" Apartments 1 Commercial Space (Use Group 6)

113(b)

02-141 ENG
FR 2

Prior to Units closing the Sponsor shall obtain a temporary or permanent certificate of occupancy.

Construction Classification:

The Building has been designed to conform with the New York City "Old" Building Code as a Class 3 building; and, Article 6 of the Multiple Dwelling Law as a Converted Dwelling. A Class 3 building is fire protected combustible construction. The fire ratings required for the various components of the building are as follows:

Exterior Non-Bearing and Lot Line Walls	2 hours
Columns and Beams	1 hour
Floor Construction	1 hour
Enclosure of vertical Exits and Shafts	1 hour

All ceilings will consist of a suspended gypsum drywall attached to the light gage steel joists or wood joists except at the cellar where the ceiling will be attached directly to the wood joists. All interior partitions and walls will be constructed of gypsum wallboard attached to steel or wood studs. The wall assemblies will be one hour rated as required by the New York City Building Code. Steel columns and beams will be framed and wrapped with gypsum drywall to achieve the required fire rating. These systems shall be approved assemblies providing the required fire ratings for the structural element they protect.

SITE:

The zoning lot is 20 feet by 80 feet fronting on the north side of Lafayette Avenue 20 feet west of South Portland Avenue, containing 1,600 square feet of land. The Basement through the third floor will enclose approximately 960 square feet each and the Penthouse is 320 square feet.

The Sponsor intends to subdivide the lot as one zoning lot with four (4) tax lots.

Lafayette Avenue is a one way street with traffic running from west to east. The street is paved with asphalt. Lighting is provided by street lamps furnished and maintained by the City of New York.

There is a twenty four foot wide sidewalk along the entire street frontage of Lafayette Avenue with a granite curb. The curb is in good condition and the sidewalk is in good condition. There is a Con Edison vault below the sidewalk.

The "G" line of the subway system runs below the street.

The site is level. The surrounding lots on all sides are constructed full.

UTILITIES:

The following utilities will be provided or connected to the Building by the companies or agencies indicated:

Domestic Water and Sprinkler Supply metered by the City of New York

Sanitary and Storm Sewer (Combined) - City of New York

Gas - Keyspan

Electric - Con Edison Company

Refuse Collection - Department of Sanitation - City of New York (twice weekly)

Telephone - Verizon

Cable TV - Brooklyn/Queens Time Warner Cable

113 (2)

The Board of the Condominium shall maintain a metered account with Consolidated Edison (electric) for the provision of electricity serving the Common Elements only with Keyspan (natural gas) for heating and domestic hot water for the entire building only; and, with the City of New York for the provision of water (domestic and sprinkler) and sewer service to the entire Building.

All other utilities shall be obtained by Unit Owners at their own individual expense with refuse disposal provided by the City of New York.

Refuse disposal for the Commercial Unit will be the responsibility of the Unit Owner who will make arrangements for private sanitation pick up and pay early fees associated with the service.

SUBSOIL CONDITIONS:

There is no evidence of moisture or seepage or ground water at the cellar of the building, nor any danger of mud slides or erosion in the site or adjacent sidewalks in the immediate vicinity of the site.

There appears to be no or little danger of flooding either due to water table or overflow from other bodies of water.

LANDSCAPING:

The Sponsor will not provide landscaping. An existing deciduous tree in a tree pit is located in the sidewalk at the curb.

BUILDING SIZE:

The building will consist of a cellar, a basement, three floors and a penthouse. The building is approximately 20 feet wide by 48 feet deep from the basement to third floor and 20 feet by 16 feet deep at the penthouse. The Penthouse will be set back approximately 10 feet from the street line.

The main roof is approximately 47'-0" inches above grade. A 3 foot 6 inches high rail will be constructed above the roof line at the front and rear.

The floor-to-floor heights of each level are as follows:

Cellar to Basement	7' - 4"
Basement to First Floor	9' - 5"
First Floor to Second Floor	10' - 0"
Second Floor to Third Floor	9' - 3"
Third Floor to Penthouse	11' - 0" Max.
Penthouse to Roof	9' - 0"

The basement floor is approximately 2 feet below the level of the sidewalk.

EQUIPMENT ROOMS:

The cellar will be open except for an enclosed Boiler Room. The cellar will be entered via an areaway on the southeast side of the building. The wall construction for the Boiler Room will be one hour non-combustible construction (concrete block). The floor throughout will be a new concrete slab and the ceilings will be finished with gypsum board. The Boiler Room will be entered through a ¾ hour rated hollow metal door and frame with spring hinges and a Schlage or equal cylindrical lockset.

The Boiler Room will contain the heating and domestic hot water heating systems. Combustion air for the boiler will be provided by means of a one square foot duct to the areaway.

The remainder of the cellar will have the water, sewer, gas, and electric services at the front of the building with the associated meters.

STRUCTURAL SYSTEM:

The structural system of the building consists of 8 inch brick masonry bearing walls supported on stone rubble foundation walls at the cellar. These walls run north/south. The condition of these walls which were visible are in good condition. The rubble wall require spot pointing. The west wall is an independent wall and the east wall is a party wall. At the rear new 8 inch concrete block walls have been added on top of the existing extension walls at the basement level. The rear walls extend to the roof. 3 inch by 8 inch wood joists 16 inches on center span east/west between the masonry walls. At the cellar two rows of masonry piers supporting 4 inch by 8 inch wood beams running north/south to reinforce the basement floor. The extent of condition of the footings supporting the masonry piers or masonry walls could not be ascertained. Floor and roof sheathing on top of the joists consists of 3/4 inch thick plywood.

The balcony on the second floor at the rear of the building is cantelevered and constructed of 8 inch Super "Cee" joists extending back into the building. These Super "Cee" joists have a metal deck with a 3 inch concrete fill.

The porch at the rear of the first floor consists of a 4 inch concrete slab on a metal deck supported by 10 inch Super "Cee" joists. The joists are framed into a party wall on the east side and a new 8 inch concrete block wall with a concrete footing 3'-6" below grade on the west side.

The east and west walls of the penthouse which sit on top of the brick masonry bearing walls are 8 inch concrete block. The exterior of all exposed concrete block walls, will be finished with an EIFS system described below in BUILDING EXTERIOR.

The structure has been designed to support the dead load or the structural components as well as the following live loads:

Commercial portion	-	75 pounds/sq. ft.
Residential portions	-	40 pounds/sq. ft.
Roofs	-	30 pounds/sq. ft.

The structural system is sound with no signs of settling.

BUILDING EXTERIOR:

The front wall of the building is a composite wall of 4 inch brick and 4 inch concrete block. This wall is in good condition and is capped with a precast concrete coping.

Above the basement at the rear and the front and rear wall of the penthouse the building exterior will consist of an exterior insulation finishing system (EIFS). The wall construction will be steel studs with insulation between the studs finished with 1 layer of gypsum board on the interior and 2 layers of exterior gypsum board on the exterior. A vapor barrier will be applied to the exterior followed by a 1 1/2 inch rigid insulation board with a synthetic acrylic stucco coating over a fiberglass mesh.

There will be windows and/or doors in the front and rear of the building which are discussed below.

Windows:

New windows at the front and rear will be Bonneville or equal double hung aluminum clad wood windows. All windows will have a minimum 1/2 inch thick insulated glazing, shall be weatherstripped, furnished with screens and the manufacturers standard hardware.

Child guards for the windows shall be the responsibility of the Unit Owners, who will be required to install such protection in the event that the Unit is occupied by children.

The new window at the front of the Commercial Unit will be a fixed aluminum frame with 1/4" thick plate glass.

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END

Sliding Doors to Balconies and Terraces:

New sliding doors will be aluminum clad wood, Bonneville or equal. The construction is similar to the windows described above. However, the doors have extruded aluminum sills, tempered insulating glass and the manufacturer's standard hardware.

Lintels and Sills:

At the front of the building, lintels consist of steel angles at all openings and the sills are brick. The lintels and sills have been finished with a brownstone stucco finish to give the impression of stone. The condition of the lintels and brownstone finish is good.

Parapets and Copings:

At the sides and front of the building the masonry walls extend up 1 foot 6 inches above the roof to form parapets. These walls are capped with a new precast concrete coping stone. These parapets are in good condition and will be repaired as required. At the roof terrace a 3 foot 6 inch high rail will be installed on top of the parapet at the front and sides.

At the rear of the building the steel stud wall with the EIFS system will extend 1'-6" above the roof to form a parapet and will be capped with a formed aluminum coping. The new handrails will be of similar construction as outline in BALCONIES AND TERRACES.

Thermal and Sound Insulation:

Thermal insulation in the exterior walls at the front and the metal stud walls will consist of 3 1/2 inch thick fiberglass batt insulation (R11) set between studs. The insulation for the new exposed concrete block walls will be the 1 1/2 inch insulation used in the EIFS system. Roof insulation consists of a minimum of 9 inch thick fiberglass batt insulation (R30) between the roof joists.

2 inch sound attenuation blankets will be installed between the studs of the walls between the apartments and public spaces.

Chimneys and Caps:

There is a new brick masonry chimney on the southwest side of the building which serves as the flue for the boiler and hot water heater. This chimney is lined with an 8 inch square terra cotta flue. The chimney extends above the penthouse roof.

Balconies and Terraces:

There is a new balcony on the second floor at the rear of the building for the exclusive use of the Unit 2. There is a new porch on the first floor at the rear for the exclusive use of Unit 1 and there is a roof terrace at the fourth floor for the exclusive use of Unit 3. The porch will have a new open riser checkered plate tread sheet stair down to the rear yard. The porch, roof terrace and balconies are limited common elements.

A new rail around the perimeter of the porch, balcony and roof terrace will be 3 foot 6 inches high and will be constructed of steel 5/8 inch square balusters 5 inches on center with 1 1/4 inch ID steel pipe top rail. All connections will be welded and the rails painted. The access to the porch, balcony and roof terrace will be through sliding door. The Sponsor may substitute a NYC approved steel reinforced vinyl railing system of similar configuration.

The wearing surfaces of the porch and balconies will be concrete and at the roof terrace will be a treated wood deck supported on sleepers sitting on the roof membrane which will allow water to run to the roof drain.

Exterior Entrances:

The main entrance to the Residential Units is up a flight of brownstone steps which will be restored. The entrance and vestibule doors are existing glazed wood parallel doors. The doors will be restored and refinished

the existing hardware will be restored and repaired as required to make them operational. A new aluminum saddle will be installed at the main entrance door. The front door will have an electric strike which is connected to the intercom system which is located adjacent to the entrance. Lighting will consist of high hat (recessed) fixtures manufactured by Halo in the vestibule and a decorative exterior lighting fixture adjacent to the main entrance door connected to a timer in the cellar. The interior of the vestibule will contain front loading vertical aluminum mailboxes for the Residential Units.

The entrance to the Commercial Unit will be down a flight of concrete steps to an enlarged areaway and then through a new glazed aluminum door and frame. This door will have the manufacturers standard hardware and an aluminum saddle. A new 4 inch brick and 4 inch concrete block retaining wall with a concrete flooring will be installed along the street line and west side of the areaway. A new 4 inch concrete slab with an areaway drain connected to the storm system will be installed in this areaway.

The stair to the Residential Units and the areaway for the Commercial Unit are constructed beyond the building line onto city property. A new decorative steel fence with handrails will be placed around the areaway and will extend up the stoop as a handrail. This fence will be painted.

SERVICE ENTRANCE:

There will be no service entrance to the building. Access to the cellar service areas will be through the areaway which is approximately 42 inches by 42 inches at the east side of the building at the street line. The walls are stone rubber in fair to good condition and floor will be concrete. A checkered plate steel hinged cover at the top with a fresh air vent constructed on the top will seal the areaway from the weather. It will have a hasp with a lock.

ROOF AND ROOF STRUCTURES:

All roofing shall be new adhesive applied modified bitumen roof membrane over a base sheet flashed up to a termination bar which will be caulked on top or up under the coping. All roof penetrations shall either be flashed, as outlined above, or shall be installed with pitch pockets. All exposed roof edges will have a formed aluminum gravel stop. The Sponsor will not provide a guarantee. The upper roofs will be pitched to the perimeters where storm water will drain into aluminum gutters pitched to aluminum leaders. There was no indication of leaks on the interior.

The public stair will have a new nine square foot sheetmetal skylight with 3/16 inch clear glass, wire mesh guards above and below the skylight and a one square foot ridge vent.

A new minimum 21 inch by 28 inch metal covered wood roof hatch will be installed at the top of the Public Stair.

A new operating aluminum framed skylight with tempered insulating glass serving the Kitchenette of Unit 3 is also located on the rear portion of the roof.

The roof of the Penthouse will be pitched to a gutter with a leader at the rear. The roof areas at the front and rear of the building each have a roof drain connected to an interior cast iron leader to the storm system in the cellar.

FIRE ESCAPES:

There will be no fire escapes. None are required by law.

YARDS AND COURTS:

There are no front or side yards.

The rear yard is located approximately 32 feet deep. A portion of this rear yard will be a limited common element for Unit 1 and a portion will be a limited common element for the Commercial Unit.

The yard is enclosed on all sides by adjacent buildings. The yard has two area drains. A new 4 inch thick concrete slab will be installed over a portion of the yard with the remainder being left for planting. The Sponsor will not landscape the rear yard.

INTERIOR STAIRS:

There will be one new interior stair serving the building from the First Floor to the Third Floor. At the top of the stair there will be a steel ladder which will lead to a roof hatch with access to the roof. The stair will be fabricated of pine stringers, risers and treads. A steel handrail and balustrade shall be installed. The pine stringers will receive a natural polyurethane finish and the treads, risers and landing will be covered with carpet. The stairs will be enclosed in one hour rated gypsum drywall construction. The stair in Unit 3 will be of similar construction.

INTERIOR DOORS AND FRAMES:

New Unit entrance doors, stair hall doors, roof doors, and cellar doors will consist of knock down hollow metal frames and hollow metal doors. Unit entrance doors will have a ¾ hour fire rating and will be provided with 1½ pair spring hinges, a Schlage or equal cylindrical lockset with lever handles and a deadbolt above, a combination peep hole and chime and door chain. All other doors will have ¾ hour fire rating and will be provided with spring hinges and a Schlage cylindrical lockset or equal. Exterior door to Units will be weatherstripped and have aluminum saddles.

Doors within the Units will be painted hardboard hollow core doors with wood frames. Doors to bedrooms and baths will be fitted with a pair of butt hinges and a Schlage cylindrical privacy lockset, or equal. Single swing closet doors will be similar to the doors and frames outlined above but with cylindrical latchset. Closet openings larger than 3 feet wide will be bi-fold doors of similar construction with ball catches and fixed pulls on each leaf or equal.

Sliding glass doors are discussed in the section SLIDING DOORS TO BALCONIES AND TERRACES.

Entrance doors to Units, stair doors and bathroom doors will have aluminum saddles.

ELEVATOR:

There will be no elevator in the building.

AUXILIARY FACILITIES:

There are no auxiliary facilities in the building. However, the first floor apartment (Unit 1) will have hookups for a full size stacking clothes washer and gas dryer in a recess behind one of the bathrooms. Hookups will consist of hot and cold water, waste, a duplex electric outlet, and ¾ inch gas connection for the dryer. The dryer will be vented to a goose necks at the main roof in individual ducts. The Sponsor will not provide the clothes washers and dryers. The Unit Owner will responsible for purchasing and having the stacking clothes washer and clothes dryer installed.

REFUSE DISPOSAL:

Refuse disposal will be provided by the City of New York Department of Sanitation and is collected on scheduled days weather permitting. The residents of the building will be responsible for placing the refuse at the curb and sorting the recyclables. On the pick up days the Condominium will have to make arrangements to have the refuse placed at the street curb.

The Owner of the Commercial Unit will be responsible for having a private carting company make refuse pick-ups and will pay all charges.

PLUMBING:

Water Supply:

A new 1½ inch diameter metered water service will be taken off of the sprinkler service. From the service the new cold water mains and risers of sufficient diameter shall serve each Unit. The mains and branches will be soldered Type "L" hard copper pipe. All of the piping in the cellar will be insulated.

Fire Protection:

A new 3 inch diameter ductile steel pipe sprinkler service with a meter will be installed from a water main located in Lafayette Avenue and will distribute water throughout the building via mains and branches to furnish full sprinkler coverage for the entire Building. The new service will be complete with all controls, a double detector check valve, tamper flow switches and valves. The system shall be a wet system consisting of Schedule 40 black steel pipe with fusible link sprinkler heads. Sprinkler will be provided heads in the public stair hall and cellar and will be pendant mounted. The entire system will be supplemented by a single hose siamese connection located in the exterior building wall on Lafayette Avenue.

Water Storage Tank:

There are no provisions within the structure or on the roof for water storage facilities and none are required by the law since there is normally adequate street pressure to service the building.

Domestic Hot Water:

Domestic hot water will be supplied to the fixtures and appliances in each Unit. The new hot water heater will be in the Boiler Room and will consist of two 50 gallon gas fired A.O. Smith Model PGX-50 hot water heaters MEA N^o 150-79-E with a 40,000 BTUH input and a recovery rate of 40.9 gallons of water per hour at a rise of 90°F. Hot water will be distributed throughout the building through Type "L" copper pipe mains and branches with soldered joints.

Sanitary System:

All sanitary sewage which will be new shall be drained by gravity through no-hub standard weight cast iron pipe with gasketed fittings sized in accordance with New York City Building Code to an existing house trap which is located on the west side of the building above the cellar floor which is connected to the combined sewer to Lafayette Avenue. The sanitary system shall be vented to the main roof through a separate system of cast iron no-hub vent piping extending to the roof. The existing sewer line pipe to the street is 4 inch diameter bell and spigot cast iron. The condition could not be ascertained.

Storm Drainage System:

The new gravity storm system from the roofs, front areaway and rear yard will be connected to the building's storm drainage system and a new house trap using no-hub cast iron pipe with gasketed fittings. The porch at the rear will have an aluminum gutter and leader which will drain into the rear yard.

Plumbing Fixtures:

All plumbing fixtures within the units which will consist of water closets, lavatories, bathtubs and kitchen sinks will be the following:

- | | |
|----------------|--|
| Water Closets: | American Standard Elongated Cadet. |
| Bathub: | American Standard 5 foot Long Americast with Delta fittings. |
| Lavatory: | American Standard Pedestal with single lever Delta Faucet. |
| Kitchen Sink: | Elkay stainless steel with single lever Delta Faucet. |

Plumbing fixtures and fittings will be as specified above or of equal quality.

Gas Supply:

An existing 2 inch diameter gas service enters the center of the cellar from Garfield Place. The service will be distributed to four (4) new gas meters one for the boiler and domestic hot water heater in the cellar and one to each apartment. From the meters new Schedule 40 black steel pipe mains and risers will extend up to the apartments (2

inch diameter) and the equipment in the Boiler Room (1 inch diameter).

There is no provision for gas in the Commercial Unit.

HEATING:

The new gas fired hot water boilers will be a Dunkirk Model PVWD-60 with a total input of 175,000 BTUH and an output of 140,000 BTUH. The new boiler breeching will be connected to a masonry flue extending to the roof. The condition of the existing flue or terra cotta lining could not be ascertained. The new boiler will be complete with new pumps, aquastats, reset controls, etc. For heating, hot water will be pumped through a system of Type "M" hard copper pipe mains and risers throughout the building to new Slant Fin 30 or equal baseboard heating in the Units. The boiler will be connected to an outdoor thermostat connected to a new Heat-Timer or equivalent control panel in the boiler room, which will control the operation of the boiler as required by the New York State Multiple Dwelling Law. In addition a clock thermostat located in each Unit and connected to a circulating pump in the Boiler Room will allow Unit Owner to control the heat in their unit during those hours when the heat timer boiler controls call for heat for the building. The heating system has been designed in accordance with the temperature standards of the New York State Energy Code and will provide adequate heat throughout the residential portions of the building.

There will be no heat in the Commercial Unit.

AIR CONDITIONING:

There will be no central air conditioning. Air conditioning outlets will be provided for each bedroom and living/dining room of each Unit as required by the New York City Electric Code. The outlets will be 120 volts. The Sponsor will not provide the air conditioners. It will be the responsibility of the Unit Owner to purchase and make arrangements for the installation of the air conditioning units in the windows adjacent to the electric outlet.

The electric outlets will be adequate for the size of an air conditioning unit with a capacity up to 12,000 BTUH for all spaces.

There is no provision for air conditioning in the Commercial Unit.

VENTILATION:

All bathrooms will be ventilated through ducts extending to goose neck vents on the roof. Individual fans in each bathroom connected to individual ducts will be switched with the light. Kitchenette exhaust will consist of a common duct serving each kitchenette with a roof mounted exhaust fan. Greenheck or equal (600 CFM), connected to a timer in the cellar set to operate between the hours of 6:00 AM to Midnight. Bathroom exhaust shall be a minimum of 60 cu. ft. min. and kitchen exhaust shall be a minimum of 150 cu. ft./min.

Ventilation for the public stair is provided, as required by the Building Code, through the skylight at the top of the stair. See ROOF AND ROOF STRUCTURES above.

Gas clothes dryer exhaust is discussed in the paragraph AUXILIARY FACILITIES.

ELECTRICAL SYSTEM:

The new electric service to the building will be 400 amps single phase. Each Residential Unit shall be served by a separate metered 100 ampere single phase 208 volt riser terminating in a circuit breaker panel within the Unit. The Commercial Unit will have a separate metered 200 ampere single phase 208 volt riser terminating at a circuit panel within the Unit. The service for the house panel (lighting, elevator, fans, lighting, etc.) for common elements will be 60 amperes single phase 208 volts located in the cellar. The residential units shall have a minimum of twelve circuits including power wiring for at least three circuits for convenience outlets and three for lighting and a separate circuit for each A/C unit. The sizing of the panel and circuits is in accordance with the electrical code of the City of New York.

In addition to the connection of all appliances to be delivered to the units, convenience and lighting outlets and switches will be installed within the units at a minimum as required by the Electric Code of New York. Lighting fixtures

provided within the units shall be incandescent surface mounted lighting fixtures in the halls, a mounted fluorescent fixture over the lavatory and a surface mounted incandescent ceiling light in the bathroom and surface mounted fluorescent light fixtures in the kitchenette. All fixtures will be wall switched. For all other spaces a switched duplex outlet will be provided. For all Units with a terrace, porch or balcony an exterior incandescent light fixture will be installed adjacent to the sliding door. Ground fault interrupter outlets will be provided in the bathrooms.

In the Commercial Unit minimal lighting will be provided.

INTERCOMMUNICATION AND DOOR SIGNAL SYSTEMS:

All residential units shall be connected to a voice intercom and remote door release system with an annunciator panel located at the main entrance. Each unit will be provided with one audio apartment station for communication with the main panel at the front entrance. The system will be LeeDan or equal.

The Commercial Unit will not be connected to the intercom system.

PUBLIC AREA LIGHTING:

The entrance/elevator lobby will be provided with recessed incandescent high hat lighting. Surface mounted fluorescent lighting will be provided in the halls and stairs. The common areas in the cellar will be adequately lit by ceiling mounted surface fluorescent lighting.

CABLE TELEVISION AND TELEPHONE:

All residential Units shall have cable television and telephone connection terminals in one bedroom and, the living/dining room. Cable television and telephone service for each Unit shall be obtained and paid for by the Unit owner.

The Commercial Unit shall not be wired for Cable Television or Telephone.

GARAGES AND PARKING:

There is no parking on the site. However, parking is permitted on the local streets. Alternate side of the street parking is in effect on certain days for up to three hours when parking is not permitted. During this period the street is cleaned.

RECREATION FACILITIES:

There are no recreational facilities on the site.

PERMITS AND CERTIFICATES:

There will be no violations on this building at the time the construction is completed and the Certificate of Occupancy is obtained.

The sprinkler system which protects the entire building must also be inspected yearly by a licensed plumber selected by the Condominium.

All of these inspection reports must be filed with the Department of Buildings and all necessary defects corrected. The cost for the various maintenance companies is outlined in another section of this prospectus.

UNIT INFORMATION:

After the Unit designation, the number of bedrooms and the number of habitable rooms are indicated based on the New York City Building Code. The Building Code establishes that each "habitable" room (living room, bedroom, separate dining room, etc.) as one room. There are a total of three (3) residential dwelling Units and one Commercial Unit. A diagram of the layout of the Units accompanies this report.

Unit Location

Commercial Unit

Basement

This Unit consists of one space entered at the bottom of a set of sets in the center of the building from the street. This space will have half-bath and access to the rear yard.

<u>Unit</u>	<u>Location</u>	<u>Rooms</u>	<u>Bedrooms</u>
Unit 1	First Floor	3	2 Bedrooms

This Unit is entered from the Public Stair Hall. The entrance is into the Living Room. There will be two closets in the Living Room. Past the Living Room is a washer/dryer alcove on one side with the full bath behind the alcove; and, a Kitchenette, and two closets on other side. At the end of this passage are two bedrooms each with a closet and sliding doors leading to a porch. A stair from the porch will lead to the back of the rear yard.

<u>Unit</u>	<u>Location</u>	<u>Rooms</u>	<u>Bedrooms</u>
Unit 2	Second Floor	3	2 Bedrooms

This Unit is accessed from the Public Stair Hall. The entrance is into a Hall with a Kitchenette directly across from the entrance and the Living/Dining Room which faces Lafayette Avenue on one side. The Hall extends to the rear of the building where there is a full bath on one side, two closets on the other side and two bedrooms facing the rear yard. Each bedroom has a closet, and a sliding door leading to a balcony.

<u>Unit</u>	<u>Location</u>	<u>Rooms</u>	<u>Bedrooms</u>
Unit 3	Third Floor & Penthouse	4	3 Bedrooms

This Unit is accessed from the Public Stair Hall. Entrance is directly into a Hall with a Kitchenette directly across from the door and the Living/Dining Room facing Lafayette Avenue on one side. The Hall extends to the rear of the building where there is a full bath on one side, two closets on the other side and two bedrooms facing the rear yard. At the front of the Living/Dining Room a stair leads up to a penthouse with a third bedroom with access to the terrace facing Lafayette Avenue through two sliding doors.

Finishes for all Units:

The Sponsor will deliver all of the Units with new finishes except for the Commercial Unit which will have gypsum walls and ceilings but no finish floor.

All walls and ceilings will be finished with gypsum drywall in thicknesses as required by the Building Department approved assemblies. The bathroom and wet walls in other areas will have moisture resistant gypsum drywall. At the bathtub enclosures the walls will be finished with a cementitious fiberglass reinforced board prepared to receive ceramic tile.

Kitchen Floors:
Bathrooms Floors:
Floors (remainder):

Walls and Ceilings:
Doors and Door trim:

Baseboards/mouldings:
Tub and shower surrounds and 4'-0"
High ceramic tile wainscots in baths:
Window sills:

Quarry Tile or Stone
Ceramic Tile
2 1/4 inch wide strip hardwood sealed and
finished with 2 coats of polyurethane
Painted gypsum wallboard
Painted wood except for entrance door and
frame, all door frames will be painted wood
Painted wood or wood products

Thinset ceramic tile
Painted wood

Appliances:

The new appliances provided by the Sponsor will be as follows or equivalent:

<u>Item</u>	<u>Manufacturer</u>	<u>Model</u>
Dishwasher	GE	GSD3230ZWW
Gas Range (Self Cleaning)	GE	JGBP79WEA WW
Under Cabinet Microwave Oven	GE	JVM1460WA
Refrigerator	GE	TFX22PRBWW

The sponsor reserves the right to provide alternative manufacturer models of equivalent quality.

The clothes washer and gas clothes dryer will be the responsibility of the purchaser of Unit 1. There are no hook-ups for clothes washers and clothes dryers in the remaining Units.

Cabinets:

Wall and base kitchen cabinets will be manufactured by Lescare or equivalent wood cabinets with full overlay doors and drawers and will have maple frames with maple panel doors and drawers. The cabinet boxes will be melamine. The countertops will be plastic laminate faced on plywood with hardwood edges. The medicine cabinets will be made of wood composition board faced with white plastic laminate with full frameless mirrors.

FINISH SCHEDULE (COMMON SPACES)

Common spaces will be finished and painted except for the existing cellar walls and floors which will remain unfinished. Finishes in vestibule and public stair will be new.

<u>LOCATION</u>	<u>FLOOR</u>	<u>WALLS</u>	<u>CEILINGS</u>	<u>REMARKS</u>
<u>Cellar</u>				
Boiler Room Open Cellar	Concrete	Concrete Block/ Stone Rubble/ Brick	Gypsum Drywall	
<u>Basement to Roof</u>				
Vestibule (First Floor)	Quarry or Stone Tile	Gypsum Drywall	Gypsum Drywall	Wood Base
Public Stair (First to Third)	Wool Carpet	Gypsum Drywall	Gypsum Drywall	Wood Base

NOTES:

1. Floor finishes, concrete block and stone rubble/brick will not be painted.
2. Gypsum Drywall will be painted.
3. Ferrous metals will be painted.

SAFETY AND WARNING DEVICES:

Each residential unit shall be provided with a hardwired smoke detector in full compliance with New York City Building Code.

LOCAL LAW 58 COMPLIANCE:

The building is not required to comply with the requirements of New York City Local Law 58 concerning accessibility for persons with disabilities to the various residential units.

END OF REPORT

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NYC DEPARTMENT OF ENVIRONMENTAL PROTECTION
Asbestos Control Program
59-17 Junction Boulevard, 8th Floor, Corona, NY 11368-5107

NOT AN ASBESTOS PROJECT

FOR OFFICIAL USE ONLY

1. 301 229 6
NYC Buildings Dept. Application

ACP 5 Fee \$

ONLY
TYPEWRITTEN
FORMS WILL
BE ACCEPTED

When submitting this form at the NYC Department of Buildings, the original form and three (3) copies with original signature and seal are required. Submittal at the NYCDEP requires one copy of the form with original signature and seal.

2. Facility Address 87 Lafayette Avenue Borough Brooklyn Zip 11217
AKA _____ 3. Block 2099 4. Lot 80
5. Building Owner Grand Old Properties, Inc. Tel. # (718) 631-3258
6. Address 211-25 34th Road, Bayside State NY Zip 11358
7. Contact Person Bernard Doyle, President 8. Tel. # (718) 631-3258
9. Description of the Entire Scope of Work
Renovate building and convert one family store and SRO to three family store.

10. Est. Start Date _____ ☒ As soon as permit approved Est. Completion Date _____ of the Entire Scope of

11. I, Anthony Cannizzaro have conducted an asbestos investigation on 3/11/02 in accordance with
Name of Certified Asbestos Investigator Date

Sections 1-16 and 1-27 of the NYC DEP Asbestos Control Program Rules and declare that at said facility address, the

- ☐ a. premise to be demolished is free of any asbestos containing material (ACM).
☐ b. premise to be demolished contains 10 square feet or less or 25 linear feet or less of ACM.
☒ c. cumulative surfaces of structure(s) affected by the work are free of ACM.
☐ d. cumulative surfaces of structure(s) affected by the work contain 10 square feet or less or 25 linear feet or less of ACM
☐ e. normally non-friable ACM shall be disturbed/removed. Specify amount: _____ square feet
☐ f. ACM will not be disturbed during the scope of work. Specify amount of ACM present: _____ square feet

All ACM specified in "b", "d", or "e" must be removed in accordance with the DEP Asbestos Rules or NYS DOL ICR56

12. RESULTS OF BUILDING SURVEY AND HAZARD ASSESSMENT:

FLOOR (including cellar and basement)	DESCRIBE SECTION OF FLOOR (e.g. entire, east wing, room #, boiler room, lobby, etc.)	ALL MATERIALS ASSUMED TO CONTAIN ACM AND/OR SAMPLED	NUMBER OF SAMPLES ANALYZED	ASBESTOS PRESENT		ASST AC
				YES	NO	
Cellar.	Entire-visible & accessible areas	None visible	0		☒	
Bsmnt.	Entire-visible & accessible areas	None visible	0		☒	
1st	Entire-visible & accessible areas	None visible	0		☒	
2nd	Entire-visible & accessible areas	None visible	0		☒	
3rd	Entire-visible & accessible areas	None visible	0		☒	

13. Analytical Laboratory None

14. ELAP # _____ 15. Date(s) Samples Analyzed _____

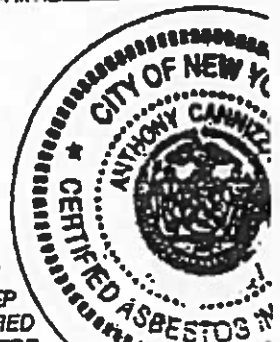
NYS DOH CERTIFICATION

16. I hereby declare the information provided herein is true and complete.

Anthony Cannizzaro 86538 3/11/02 (718) 445-7910
NYC DEP Certified Asbestos Investigator's Signature Certificate Number Date Daytime Telephone Number

Any modification or deviation from information provided on this form must be reported immediately in writing directly to the NYCDEP. The requirements of the Asbestos Control Program Rules may not be fully realized or lessened through the performance of work in incremental or piecemeal fashion.

SEAL
OF THE
NYC DEP
CERTIFIED
ASBESTOS





EXPRESS RESEARCH SERVICES

10 Court Street
Brooklyn, N.Y. 11201
Tel: (718)624-6969
Fax: (718)624-0201

479 Joan Str
Ronkonkoma, N.Y. 117
Tel: (516)981-7
Fax: (516)585-7

HOUSING AND BUILDING DEPARTMENT SEARCH

DATE: 08/09/2002

TITLE # POHK KCB34269
PREMISES: 87 LAFAYETTE AVENUE
COUNTY: KINGS
BLOCK: 2099 LOT: 80
MDR #:

A search of the records of the Department of Buildings, and the Rent and Housing Maintenance Department of the City of New York was made on 08/09/2002 and the following violations were reported pend

BUILDING DEPARTMENT: POSTING DATE: 07/15/2002
A search by the Building Department shows VIOLATIONS. See Attached.

RENT AND HOUSING MAINTENANCE DEPARTMENT:
A search of the Rent and Housing Department shows NO VIOLATIONS.

BUILDING CLASSIFICATION:PD

Multiple Dwelling _____
Not a Multiple Dwelling X

IMPORTANT NOTICE ABOUT SEARCH INFORMATION ABOVE

EXPRESS RESEARCH SERVICES DOES HEREBY CERTIFY THAT THE RECORDS OF THE ABOVE GOVERNMENT AGENCIES WERE EXAMINED AND THAT THE INFORMATION REPORTED ABOVE IS A TRUE AND ACCURATE ABSTRACT OF THE INFORMATION CONTAINED THEREIN.

EXPRESS RESEARCH SERVICES IS SUBMITTING THIS REPORT FOR INFORMATION PURPOSES ONLY. NO LIABILITY IS ASSUMED HEREUNDER. THIS SEARCH DOES NOT INCLUDE OTHER AGENCIES VIOLATIONS.

THIS SEARCH PREPARED FOR EXCLUSIVE USE BY PHILIP O'HARA ASSOCIATES
KCB34269 HR

ECBI

08/07/02

ECB VIOLATION DETAILS

ECB VIOLATION NUMBER ==> 34290068X

VIOL ACTIVE
OVERDUE COMPLBIN #: 30
BLOCK: 20
LOT : 80
CB : 30LOCATION INFO:
87 LAFAYETTE AVENUE , BKN , NY 11217

RESPONDENT INFO:

OWNER OF 87 LAFAYETTE AVE . 87 LAFAYETTE AVENUE , BK , NY 11217

GEO FLAG:

VIOL ISSUE DATE : 05/24/01
 VIOL TYPE : CN - CONSTRUCTION
 ISSUING INSP ID : 0737
 DEVICE TYPE :
 SCHED HRG DATE : 10/15/01
 AMOUNT IMPOSED : \$ 800.00
 HEARING STATUS : V - IN VIOLATION
 COMPL BY DATE : 10/08/01
 COMPL MET DATE :

DELIVERED DATE : 05/24/01
 DOB VIOL NUMBER: 052401C02T1VW
 TAX LIEN SERV. : NO
 DEVICE NUMBER : 3058846
 HEARING TIME : 8:30 LOCATION
 AMOUNT PAID : \$ 800.00
 COMPL STATUS : O - OVERDUE COMPL
 COMPL MET FLAG :
 VIOL SEVERITY : A - HIGH

INFRACTION CODES: BP6
 FIRST INFRACTION: 27-147
 HISTORICAL EVENT DATES:

WORK WITHOUT A PERMIT - HAZARDOUS

CUR: HRG:
 AJR: ASG:
 PF1 = PREV. SCREEN

COM:
 WRI:
 PF2 = MENU 0 9

DEF: STIP ACC:
 REINSPECTION COMPLIANCE:
 PF3 = INFR CODE TRANS;
 a:Connected Port

4B■

08/07/02

ECB INFRACTION CODE TRANSLATION

ECB VIOLATION NUMBER ==> 34290068X

LOCATION INFO:

BIN #: B
 BLOCK:
 LOT :
 CB :

87 LAFAYETTE AVENUE , BKN , NY 11217

RESPONDENT INFO:

OWNER OF 87 LAFAYETTE AVE . 87 LAFAYETTE AVENUE , BK , NY 11217

CODE TRANSLATION

BP6 27-147

WORK WITHOUT A PERMIT - HAZARDOUS

DESCRIPTION OF VIOLATION:

WORK WITHOUT PERMIT.WORK NOTED:ENTIRE STRUCTURE IS BEING RENOVATED AT
 THE INTERIOR & REAR.NEW ROOF & ROOF JOIST,NEW FLRS. & JOIST,NEW PARTI
 IONS FRAMING, NEW SUSPENDED CEILING FRAMING & NEW WOOD STAIRS.REM:STC
 PF1 = PREVIOUS SCREEN PF2 = RETURN TO VIOLATIONS SCREEN
 a:Connected Port

4B■

NOTICE OF VIOLATION AND HEARING

COMMISSIONER OF THE DEPARTMENT OF BUILDINGS OF THE CITY OF NEW YORK, PETITIONER, V.

RESPONDENT:

Owner of 87 Lafayette Ave

BK

Last Name

First Name

MAILING
ADDRESS:

Street

City

State

Zip Code

COMMISSIONER'S ORDER TO CORRECT VIOLATION(S)

PLEASE TAKE NOTICE that the premises cited is in violation of the requirements of law. It is further ORDERED BY THE COMMISSIONER OF THE DEPARTMENT OF BUILDINGS that these violations be remedied and certified to be in compliance with the requirements of Certification of Correction must be made on the Certificate of Correction form on the back of this violation or other Department of Buildings supplied form. Send the Certificate of Correction to: New York City Department of Buildings, Administrative Enforcement Unit, 60 Hudson Street, 14th Floor, New York, NY 10013-3394.

TO AVOID A HEARING AND PENALTY FOR FIRST OFFENSE, NON-HAZARDOUS VIOLATIONS, THE PROPERLY COMPLETED CERTIFICATE OF CORRECTION AND ALL ADDITIONAL PROOF OF COMPLIANCE MUST BE BOTH RECEIVED BY THE DEPARTMENT OF BUILDINGS, ADMINISTRATIVE ENFORCEMENT UNIT BEFORE THE CLOSE OF BUSINESS ON 07/11/01 AND APPROVED BY THE DEPARTMENT.

READ THE INSTRUCTIONS CAREFULLY: CALL (212) 312-8400 FOR INFORMATION

ATTENTION SECOND OFFENSE, HAZARDOUS OFFENSE AND FAILURE TO CERTIFY/FALSE CERTIFICATION VIOLATORS MUST COMPLY WITH THE COMMISSIONER'S ORDER AND APPEAR AT THE HEARING ON THE SCHEDULED DATE.

NOTICE OF VIOLATION AND HEARING

If the Certificate of Correction is not received by the date indicated above or is not approved by the Department or if you are charged with a Hazardous or Second Offense violation, YOU ARE REQUIRED AND HEREBY DIRECTED TO APPEAR FOR A HEARING ON 07/23/01 at ☐ 8:30 a.m. ☒ 10:30 a.m. ☐ 1:30 p.m. at the Environmental Control Board (ECB) hearing office located in:

☒ Brooklyn 233 Schermerhorn Street ☐ Queens 144-06 94th Avenue ☐ Staten Island 350 St. Marks Place ☐ Manhattan 66 John Street ☐ Bronx 1932 Arthur Avenue

Proceedings will be held under authority of the N.Y.C. Charter section 1404 and rules promulgated thereunder. The hearing is your opportunity to answer and defend against the allegations set forth below. If you do not appear, you will be held in default and subject to maximum penalties.

Upon investigation it has been determined by the above named Petitioner that the above named Respondent violated Title 26 and/or 27 of the N.Y.C. Administrative Code and/or the Zoning Resolution of the City of New York and/or rules and regulations promulgated thereunder.

PLACE OF OCCURRENCE		BORO	DATE OF VIOLATION	Type	Dist.	Code
87 Lafayette Avenue		BKlyn	06/05/01	C	02	MC
Construction	No. of Stories	Block	Basis of Violation (P.A. No. or Other)		PRIOR VIOLATION	
NFP	3				110389CO	
Occupancy at time of inspection						
Dwelling						

DESCRIPTION OF VIOLATION(S)

2 SECOND

☐ HAZARDOUS

BoG 27-127 Failure to Maintain Exterior Building
Detect is a Missing Section of Bricks
third story window at front South East
Section of concrete window sill cracked
Missing front wall Bulging above first
floor to third floor.
Remedy: Obtain all Necessary Permits
Repair Defects. 342967

☐ 26-126.1(e)(1) Per day penalty for violation of section 27-118.1 x _____ units added.

INSPECTOR'S LAST NAME, FIRST INITIAL

I PERSONALLY OBSERVED THE COMMISSION OF THE OFFENSE ABOVE, AND/OR VERIFIED THEIR EXISTENCE THROUGH REVIEW OF DEPARTMENTAL RECORDS.

COMMISSIONER OF THE DEPARTMENT OF BUILDINGS OF THE CITY OF NEW YORK, PETITIONER, V.

RESPONDENT:

OWNER OF 87 LAFAYETTE AVENUE

Last Name

First Name

MAILING ADDRESS:

Street

City

State

Zip Code

COMMISSIONER'S ORDER TO CORRECT VIOLATION(S)

PLEASE TAKE NOTICE that the premises cited is in violation of the requirements of law. It is further ORDERED BY THE COMMISSIONER OF THE DEPARTMENT OF BUILDINGS that these violations be remedied and certified to be in compliance with the requirements of the Department of Buildings. Certification of Correction must be made on the Certificate of Correction form on the back of this violation or other Department of Buildings supplied form. Send the Certificate of Correction to: New York City Department of Buildings, Administrative Enforcement Unit, 60 Street, 14th Floor, New York, NY 10013-3394.

TO AVOID A HEARING AND PENALTY FOR FIRST OFFENSE, NON-HAZARDOUS VIOLATIONS, THE PROPERLY COMPLETED CERTIFICATE OF CORRECTION AND ALL ADDITIONAL PROOF OF COMPLIANCE MUST BE BOTH RECEIVED BY THE DEPARTMENT OF BUILDINGS, ADMINISTRATIVE ENFORCEMENT UNIT BEFORE THE CLOSE OF BUSINESS AND APPROVED BY THE DEPARTMENT.

READ THE INSTRUCTIONS CAREFULLY: CALL (212) 312-8400 FOR INFORMATION

ATTENTION SECOND OFFENSE. HAZARDOUS OFFENSE AND FAILURE TO CERTIFY/FALSE CERTIFICATION VIOLATIONS MUST COMPLY WITH THE COMMISSIONER'S ORDER AND APPEAR AT THE HEARING ON THE SCHEDULED DATE.

NOTICE OF VIOLATION AND HEARING

If the Certificate of Correction is not received by the date indicated above or is not approved by the Department or if you are charged with a Hazardous or Second Offense violation, YOU ARE REQUIRED AND HEREBY DIRECTED TO APPEAR FOR A HEARING ON

07/09/01

at 8:30 a.m. 10:30 a.m. 1:30 p.m.

at the Environmental Control Board (ECB) hearing office located in

Brooklyn

Queens

Staten Island

Manhattan

Bronx

233 Schermerhorn Street

144-06 94th Avenue

350 St. Marks Place

66 John Street

1932 Art

Proceedings will be held under authority of the N.Y.C. Charter section 1404 and rules promulgated thereunder. This hearing is your opportunity to answer and defend against the allegations set forth below. If you do not appear, you will be held in default and subject to maximum penalties.

Upon investigation it has been determined by the above named Petitioner that the above named Respondent violated Title 26 and/or 27 of the N.Y.C. Administrative Code and/or the Zoning Resolution of the City of New York and/or rules and regulations promulgated thereunder.

PLACE OF OCCURRENCE				BORO	DATE OF VIOLATION	Type	Dist.	Code
87 LAFAYETTE AVENUE				BKLYN	05/24/01	C	02	T
Construction	No. of Stories	Block	Lot	Basis of Violation (P.A. No. or Other)		PRIOR VIOLATION		
Full	3 & 4			Complaint				
Occupancy at time of inspection								
VACANT STRUCTURE								
Com-puter No	Provision of Law	DESCRIPTION OF VIOLATION(S)				☐ SECOND		
B6A 27-127		FAILURE TO MAINTAIN EXTERIOR BUILDING WALL. HAZARDOUS DEFECT IS: CRACK, MISSING, AND DEFECTIVE BRICK WORK AT SECOND AND THIRD STORY FRONT WALL APPEAR POSSIBLE DANGER OF COLLAPSE. REMEDY: IMMEDIATE PROTECTION A FRONT SIDEWALK OBTAIN A PERMIT MAKE ALL REPAIRS FORTHWITH. SUBMIT ENGINEER'S REPORT AS TO STRUCTURAL ST.				342900		
☐	26-126.1(e)(1)	Per day penalty for violation of section 27-118.1 x units added.						

INSPECTOR'S LAST NAME, FIRST INITIAL

PADMORE S

ISSUING OFFICE

03

I PERSONALLY OBSERVED THE COMMISSION OF THE OFFENSES ABOVE, AND/OR VERIFIED THEIR EXISTENCE THROUGH REVIEW OF DEPARTMENTAL RECORDS.

Inspector's signature: [Signature] This statement is affirmed under penalty of perjury.

COMMISSIONER OF THE DEPARTMENT OF BUILDINGS OF THE CITY OF NEW YORK, FURTHER

RESPONDENT:

OWNER OF 87 LAFAYETTE AVENUE

Last Name

First Name

MAILING ADDRESS:

Street

City

State

Zip Code

COMMISSIONER'S ORDER TO CORRECT VIOLATION(S)

PLEASE TAKE NOTICE that the premises cited is in violation of the requirements of law. It is further ORDERED BY THE COMMISSION OF THE DEPARTMENT OF BUILDINGS that these violations be remedied and certified to be in compliance with the requirements of Certification of Correction must be made on the Certificate of Correction form on the back of this violation or other Department of Building supplied form. Send the Certificate of Correction to: New York City Department of Buildings, Administrative Enforcement Unit, 60 Hudson Street, 14th Floor, New York, NY 10013-3394.

TO AVOID A HEARING AND PENALTY FOR FIRST OFFENSE, NON-HAZARDOUS VIOLATIONS, THE PROPERLY COMPLETED CERTIFICATE OF CORRECTION AND ALL ADDITIONAL PROOF OF COMPLIANCE MUST BE BOTH RECEIVED BY THE DEPARTMENT OF BUILDINGS, ADMINISTRATIVE ENFORCEMENT UNIT BEFORE THE CLOSE OF BUSINESS ON 7/19/01 AND APPROVED BY THE DEPARTMENT.

READ THE INSTRUCTIONS CAREFULLY: CALL (212) 312-8400 FOR INFORMATION ATTENTION SECOND OFFENSE, HAZARDOUS OFFENSE AND FAILURE TO CERTIFY/FALSE CERTIFICATION VIOLATORS MUST COMPLY WITH THE COMMISSIONER'S ORDER AND APPEAR AT THE HEARING ON THE SCHEDULED DATE.

NOTICE OF VIOLATION AND HEARING

If the Certificate of Correction is not received by the date indicated above or is not approved by the Department or if you are charged with a Hazardous or Second Offense violation, YOU ARE REQUIRED AND HEREBY DIRECTED TO APPEAR FOR A HEARING ON 07/09/01 at ☒ 8:30 a.m. ☒ 10:30 a.m. ☐ 1:30 p.m. at the Environmental Control Board (ECB) hearing office located in

☒ Brooklyn 233 Schermerhorn Street ☐ Queens 144-06 94th Avenue ☐ Staten Island 350 St. Marks Place ☐ Manhattan 66 John Street ☐ Bronx 1932 Arthur Avenue

Proceedings will be held under authority of the N.Y.C. Charter section 1404 and rules promulgated thereunder. This hearing is your opportunity to answer and defend against the allegations set forth below. If you do not appear, you will be held in default and subject to maximum penalties.

Upon investigation it has been determined by the above named Petitioner that the above named Respondent violated Title 26 and/or 27 of the N.Y.C. Administrative Code and/or the Zoning Resolution of the City of New York and/or rules and regulations promulgated thereunder.

PLACE OF OCCURRENCE		BORO	DATE OF VIOLATION	Type	Dist.	Code
87 LAFAYETTE AVENUE		BROOKLYN	05/24/01	C	C2	T
Construction	No. of Stories	Block	Lot	Basis of Violation (P.A. No. or Other)		
III	3 & 2 BAS			Complaint		
Occupancy at time of inspection		DESCRIPTION OF VIOLATION(S)				
VACANT STRUCTURES		☒ HAZARDOUS				
Computer No	Provision of Law	27-147 WORK WITHOUT A PERMIT. WORK NOTED: ENTIRE STRUCTURE IS BEING RENOVATED INTERIOR AND REAR. NEW ROOF AND ROOF NEW FLOORS ANY JOIST, NEW PARTITIONS FOR NEW SUSPENDED CEILING FRAMING AND NEW STAIRS CONSTRUCTED. REMEDY: STOP ALL IMMEDIATELY AND OBTAIN A PERMIT FOR NOTIFY DEPT. OF BLDG. BEFORE RETURNING TO WORK.				
23P6	27-147	42900				
☐	26-126.1(e)(1)	Per day penalty for violation of section 27-118.1 x units added				

INSPECTOR'S LAST NAME FIRST INITIAL

PADMORE S

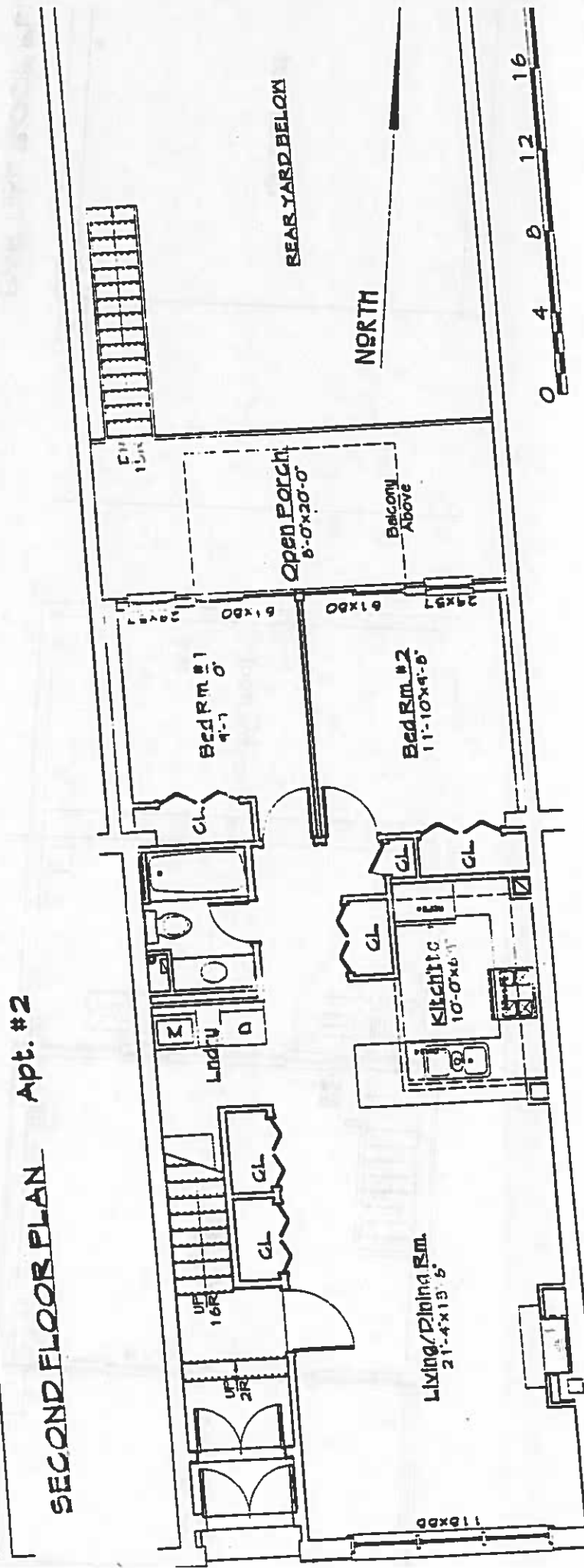
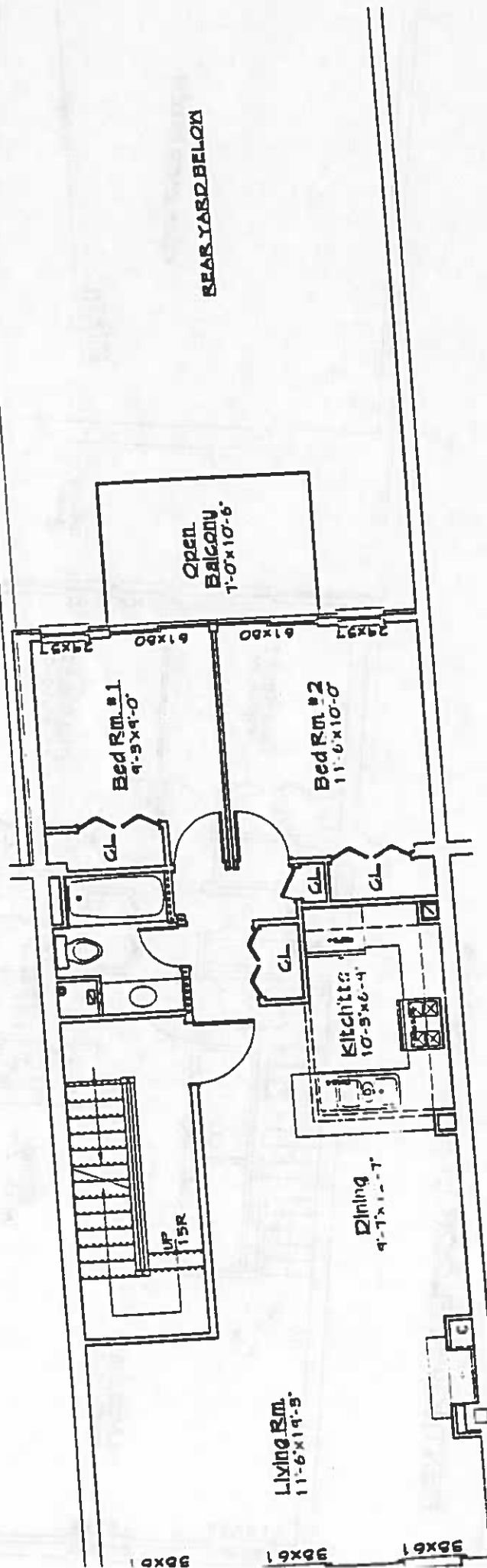
HEARING OFFICE

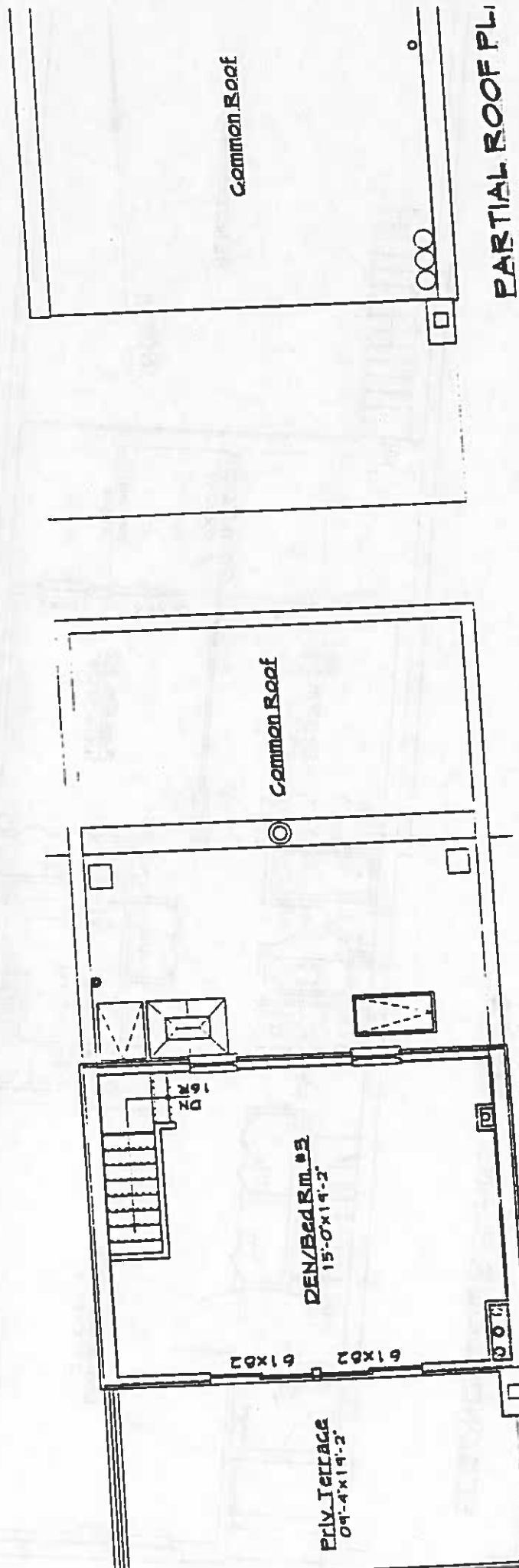
03

I PERSONALLY OBSERVED THE COMMISSION OF THE OFFENSE ABOVE, AND/OR VERIFIED THEIR EXISTENCE THROUGH THE DEPARTMENTAL RECORDS

Inspector's signature: [Signature] This statement is affirmed under penalty of perjury

EXHIBIT 5
FLOOR PLANS





Apt. #3

PENTHOUSE FLOOR PLAN



REAR YARD

PORCH ABOVE

EXISTING NON-CONFORMING
USE GROUP 6 STORE
31 OCCUPANTS MAX

Commercial Space

BASEMENT FLOOR PLAN

NORTH



Existing Cellar-
Ordinary Storage
(Mech)

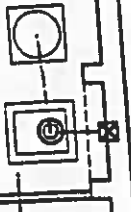


EXHIBIT 6
FORM OF APPLICATION TO ATTORNEY GENERAL
FOR RESOLUTION OF DISPUTE CONCERNING DOWNPAYMENTS

EXHIBIT 6

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

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

Re: _____
Address of Building or
Name of Project

File Number: _____

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

1. Name _____
of Applicant

2. Address _____
of Applicant

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

4. This is an application for:

- ☐ return of down payment.
☐ forfeiture of down payment.
☐ other: _____

5. The project is: ☐ a conversion of occupied premises.
☐ newly constructed or rehabilitated.
☐ vacant (as is).

6. The project is structured as:

- ☐ a cooperative
- ☐ a condominium
- ☐ a homeowners association
- ☐ a timeshare
- ☐ other: _____

7. Name and Address of Sponsor:

8. Name and Address of Escrow Agent:

9. If downpayments are maintained in an escrow account:

(a) Name of Account: _____

(b) Name and Address of Bank: _____

(c) Account Number (if known): _____

(d) Initial interest rate (if known): _____

10. If downpayments have been secured by bonds:

(a) Name and address of bond issuer or surety: _____

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

11. If down payments have been secured by a letter of credit:

(a) Name and address of bank which issued the Letter of Credit:

(b) Date of expiration of the Letter of Credit, if known:

12. Plan Information:

(a) Date of filing of Plan: _____

(b) Plan:

☐ has been declared effective. Approximate Date:

☐ has not been declared effective.

(c) If effective, the Plan

☐ has closed or the first unit has closed.

Approximate date: _____

☐ has not closed.

☐ do not know.

(d) Down payments are secured by:

☐ escrow account.

☐ bonds.

☐ letter of credit.

13. Contract Information:

(a) Copy of contract and all riders or modification letters are attached.
(DO NOT SEND ORIGINALS).

(b) Date on which subscription or Purchase Agreement was signed:

_____.

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

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

Signature: _____ Date: _____

Name (Printed): _____

Telephone: (Home) _____ (Business) _____

Mailing Address: _____

EXHIBIT 7
ESCROW AGREEMENT

AGREEMENT made this day of 2004, between Grand Old Properties, Inc. ("SPONSOR"), as sponsor, and Raphael and Marks ("ESCROW AGENT"), as escrow agent.

WHEREAS, SPONSOR is the sponsor under an offering plan (the "Offering Plan") for 87 Lafayette Condominium, located at 87 Lafayette Avenue, Brooklyn, New York; and

WHEREAS, Raphael and Marks 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 (the "Regulations"); and

WHEREAS, SPONSOR desires that ESCROW AGENT act as escrow agent for deposits and payments by purchasers of units from SPONSOR under the Offering Plan, 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.

SPONSOR and ESCROW AGENT hereby establish an escrow account with ESCROW AGENT for the purpose of holding deposits or payments made by purchasers from and after the date hereof. The escrow account has been opened with Marine Midland Bank, at its office located at 140 Broadway, New York, New York .

1.2 The name of the account is "87 Lafayette Condominium Escrow Account".

1.3 The following partner in ESCROW AGENT is the sole signatory on the account: Ellen Marks .

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 hereafter 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 into the escrow account. All instruments to be deposited into the escrow account shall be made payable to, or endorsed by the purchaser to the order of Raphael and Marks as escrow agent for the Offering Plan for 87 Lafayette Condominium. Any instrument payable or endorsed other than as required hereby, and which cannot be deposited into such escrow account, shall be returned to the prospective purchaser promptly, but in no event more than five (5) business days following receipt of such instrument by ESCROW AGENT. In the event of such return of

funds, the instrument shall be deemed not to have been delivered to ESCROW AGENT pursuant to the terms of this Agreement.

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

3. RELEASE OF FUNDS.

3.1 ESCROW AGENT shall not release the escrowed funds of a defaulting purchaser until after consummation of the Offering Plan as defined in the Attorney General's regulations. Consummation of the Offering 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 the purchaser or (b) a determination of the Attorney General or (c) a judgment or order of a court of competent jurisdiction or until released pursuant to 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 Offering Plan or an amendment to the Offering Plan or (b) all purchasers after an amendment abandoning the Offering Plan is accepted for filing by the Department of Law.

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

4. RECORDKEEPING.

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

4.2 Upon the dissolution of ESCROW AGENT, the former partners or members of the firm shall make appropriate arrangements for the maintenance of these records by one of the partners or members of the firm or by the successor firm and shall notify the Department of Law of such transfer.

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

5. GENERAL OBLIGATIONS OF ESCROW AGENT.

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

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

6. RESPONSIBILITIES OF SPONSOR.

6.1 SPONSOR agrees that SPONSOR and its agents, including any selling agents, shall immediately deliver all deposits and payments received by them prior to closing of an individual transaction to ESCROW AGENT.

6.2 SPONSOR agrees that it shall not interfere with ESCROW AGENT's performance of its fiduciary duties and compliance with the Attorney General's regulations.

7. TERMINATION OF AGREEMENT.

7.1 This Agreement shall remain in effect unless and until it is cancelled, by either:

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

(b) The resignation of ESCROW AGENT upon giving notice to SPONSOR of its desire to so resign, which resignation shall take effect only upon the filing of an amendment with the Department of Law providing for a successor ESCROW AGENT; or

(c) All unsold units offered by SPONSOR pursuant to the Offering Plan have been sold and all sales transactions have been consummated.

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

8. SUCCESSORS AND ASSIGNS.

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

9. GOVERNING LAW.

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

10. ESCROW AGENT'S COMPENSATION.

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

11. ESCROW AGENT'S RIGHTS.

11.1 ESCROW AGENT shall not be responsible to SPONSOR for any act or failure to act on its part except for its own willful default or gross negligence. ESCROW AGENT shall be automatically released by SPONSOR from all responsibility and liability under this Agreement upon ESCROW AGENT's distribution of deposits and payments in accordance with the provisions of this Agreement, GBL Section 352-e(2-b) and the Regulations.

11.2 SPONSOR hereby indemnifies and holds ESCROW AGENT harmless from any and all losses, damages, claims, liabilities, judgments and other costs and expenses of every kind and nature which may be claimed against or incurred by ESCROW AGENT by reason of its acceptance of, and/or its performance under, this Agreement (other than those ultimately determined to have arisen out of the willful misconduct or gross negligence of ESCROW AGENT), including, without limitation, attorneys' fees either paid to retained attorneys or amounts representing the fair value of legal services rendered to itself. The foregoing indemnification shall survive the termination of this Agreement.

11.3 As to SPONSOR, ESCROW AGENT shall be entitled to consult with and retain counsel selected by it (including any member of its firm) with respect to its duties as ESCROW AGENT and be reimbursed by SPONSOR for all reasonable fees and expenses of such consultation and retention. As to SPONSOR, ESCROW AGENT may act or refrain from acting in respect of any matter referred to herein by and with, and in full reliance upon, the advice of such counsel and, except in the case of its own willful default or gross negligence, ESCROW AGENT shall be fully protected in so acting or refraining from acting upon the advice of such counsel.

11.4 ESCROW AGENT or any member of its firm may act as counsel to SPONSOR in any dispute or question as to the disposition of the deposits or payments or in any dispute between SPONSOR or any purchaser with respect to any matter whatsoever, whether or not ESCROW

AGENT is then holding any deposits or payments of such purchaser and is continuing to act as ESCROW AGENT hereunder.

12. SEVERABILITY.

12.1 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.

13. ENTIRE AGREEMENT.

13.1 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:
Raphael and Marks

By: _____
Ellen Marks, Esq. Partner

SPONSOR:
Grand Old Properties, Inc.

By: _____
Carol M. Stern

EXHIBIT 8

DECLARATION

**Establishing a Plan for Condominium Ownership
Of the Premises known as
87 Lafayette Avenue
Brooklyn. New York**

**Pursuant to Article 9-B of the Real Property
Law of the State of New York**

87 LAFAYETTE CONDOMINIUM

**Block 2099
Lot
F/K/A Lot 80**

**Record and Return to:
Raphael and Marks
866 United Nations Plaza
New York, NY 10017**

DECLARATION
Of
87 LAFAYETTE CONDOMINIUM

(Pursuant to Article 9-B of the Real Property Law of the State of New York)

Grand Old Properties, Inc., a New York Corporation, having an office at 79 Worth Street, New York, New York ('Sponsor'), does hereby declare as follows:

ARTICLE 1

SUBMISSION OF THE PROPERTY

1.1 Sponsor hereby submits the land and Building (each as hereinafter defined), all other improvements erected and to be erected thereon, all easements, rights and appurtenances belonging thereto and all other property, real, personal or mixed, intended for use in connection therewith (collectively, the "Property"), to the provisions of Article 9-B of the Real Property Law of the State of New York (the "New York Condominium Act") and pursuant thereto does hereby establish a condominium to be known as 87 Lafayette Condominium (the "Condominium").

1.2 Attached to this Declaration and made part hereof are the By-Laws of 87 Lafayette Condominium which set forth detailed provisions governing the operation, Use and Occupancy of the Condominium (said By-Laws, as they may be amended from time to time, are hereinafter referred to as the "By-Laws"). All capitalized terms which are not separately defined herein shall have the meanings given to such terms in the By-Laws.

ARTICLE 2

THE LAND

Included in the Property described in Article 1 is all that certain tract, plot, piece and parcel of land as more particularly described in Schedule A annexed hereto and made a part hereof (the "Land"), situate, lying and being in the County of Kings, City and State of New York. The Land is owned by Sponsor in fee simple absolute and has an area of approximately 1,600 square feet.

ARTICLE 3

THE PROPERTY

3.1 Included in the Property described in Article 1 is a building (the "Building") containing, besides lobbies, hallways, corridors and other service, utility and mechanical areas: (i) three Residential Units, located on the first through fourth floors and one Commercial Unit located in the basement floor. (collectively, the "Units" and individually "Unit").

3.2.1 The Units are sometimes hereinafter to as the "Units" and individually as a "Unit".

3.2.2 The owner of a Unit is herein called a " Unit Owner" or "Unit Owner" and the owners of all Units are herein collectively called the "Unit Owners".

3.3 The street address of the Property is 87 Lafayette Avenue, Brooklyn, New York

ARTICLE 4

THE BUILDING

The Building is classified as being of fireproof construction and is constructed of cast in place reinforced concrete foundations, foundation walls, frames and slabs, with poured reinforced concrete exterior walls and roofs consisting of insulated roof membrane assemblies.

ARTICLE 5

THE UNITS

Schedule B annexed hereto and made a part hereof sets forth the following data with respect to each Unit necessary for the proper identification thereof. Unit designation; tax lot number; direction in which each Unit faces; approximate square foot area; number of rooms; the portions of the Common Elements (as hereinafter defined) to which the Unit has immediate access; and the percentage interest in the Common Elements appurtenant to such Unit. The location of each Unit is shown on the floor plans of the Building (the "Floor Plans") certified by Richard Ferrara intended to be filed in the Kings County office of the Register of The City of New York (the "City Register's Office") simultaneously with the recording of this Declaration.

ARTICLE 6

DIMENSIONS OF UNITS

The square foot area of the Units set forth in the floor plans, Schedule A to the Offering Plan and Schedule B to the Declaration are approximate and were obtained by using the method customarily used in New York City to measure rental and cooperative apartments. The Units were measured from the exterior side of the exterior walls (perimeter concrete columns and perimeter mechanical pipes are not deducted) to the midpoint of the interior walls and partitions separating one Unit from another Unit, or the midpoint of the interior walls and partitions separating a Unit from public corridors, stairs, elevators and other mechanical equipment spaces or any Common Elements or Residential Limited Common Elements. As is customary in New York City, these square foot areas exceed the useable floor area of each Unit.

Measured vertically, each Unit will consist of the volume from the top of the concrete floor slab below (located under the finished flooring and sub-floor materials) to the underside of the concrete ceiling above. However, the Board, Sponsor and Sponsor's designee will each have an easement to install and maintain pipes, conduits, wires, ducts and other facilities in the space between the underside of each such floor slab and the top surface of each Unit's finished ceiling, without any need to obtain the consent of any Unit Owner with respect to the same.

ARTICLE 7

COMMON ELEMENTS

7.1 The Common Elements of the Condominium (the "Common Elements") consist of the entire Property including the Land and all parts of the Building and improvements thereon other than the Units. The Common Elements include but are not limited to, those rooms, areas, corridors, spaces and other parts of the Building and all facilities therein for the common use of the Units and the Unit Owners or which are necessary or convenient for the existence, maintenance or safety of the Property. The "Limited Common Elements" of the Condominium consists of those Common Elements which serve or benefit exclusively the Units or the Unit Owners. A Common Element which is not a Limited Common Element is a "General Common Element".

7.2 The General Common Elements include the following:

7.2.1 The Land, together with all easements, rights and privileges appurtenant thereto.

7.2.2 All foundations, foundation walls, main roof, footings, columns, girders, beams, supports, interior load-bearing walls, floor slabs and ceilings.

7.2.3 The water storage tank.

7.2.4 All passages and corridors, mechanical and other rooms, all fire staircases, landings and stairs, areas and spaces located in the Building, serving or benefiting the Units.

7.2.5 Ventilation supply system consisting of motors, ductwork, fans and controls and piping.

7.2.6 Hot water and water systems.

7.2.7 All mechanical equipment and associated piping and controls.

7.2.8 All electrical risers, feeders, lines and equipment, including incoming service, main switchgear and distribution panelboards, conduits, wires, meters, transformers and panelboards, excluding, however, all such items located within a Unit and serving only that Unit.

7.2.9 All plumbing fixtures, equipment for distribution of cold water and equipment for producing and distributing hot water (including pumps, valves, pressure reducers, meters and water heaters), excluding, however, all such items located within a Unit and serving only that Unit.

7.2.10 All storm and sanitary sewer equipment and pipes (including vent lines, ejectors, interceptors, filters and valves), excluding, however, all such items located within a Unit and serving only that Unit.

7.2.11 All electric service rooms, gas and water meter rooms, generator rooms, building storage rooms, and other service, mechanical and utility rooms serving or benefiting any of the Units.

7.2.12 All other facilities of the Building (including shafts, pipes, wires, ducts, vents, flues, cables, conduits and lines) which serve or benefit or are necessary or convenient for the existence, maintenance, operation or safety of the Units.

7.2.13 All other parts of the Property either existing for the common use of the Units or the Unit Owners or that are necessary or convenient for the existence, maintenance, operation or safety of the Property.

7.2.14 With respect to the ground floor, loading/receiving area, elevator and lobbies, egress stairs and corridors and all associated mechanical equipment serving same. The exterior space at the Building entries consisting of the stairs, railings, lighting and other electrical equipment, marquees and ornamental fixtures, planters and other freestanding structures.

7.2.15 With respect to the first basement floor through fourth floors, corridors, egress stairs, elevator and lobbies and their enclosing walls and doors and all mechanical equipment serving same; all utilities and mechanical and electrical transfers and equipment used for any combination of the Units.

7.2.16 With respect to the rooftop, egress stairs, elevator machine room, house tank room and their enclosing walls and doors and all mechanical equipment serving same.

7.2.17 The lobby and entrance.

7.2.18 Smoke detection alarm system and cable television system.

The General Common Elements also include the installations, equipment, apparatus, facilities, exterior walls, interior walls, doors, partitions, floors, roofs, ceilings, hallways, lobbies, corridors and vestibules that enclose or service all the Units.

7.3 The Limited Common Elements consist of the following:

7.3.1 The Balconies appurtenant to Units 2 and 3.

7.3.2 The Roof Terrace appurtenant to Unit 3.

7.3.3 The Cellar area and yard appurtenant to the Commercial Unit.

7.3.4 The Porch appurtenant to Unit 1.

ARTICLE 8

USE OF UNITS

8.1 As more particularly set forth and described in the By-Laws, except as otherwise herein and in the By-Laws expressly provided, the Residential Units may be used only for residential purposes and, subject to compliance with the By-Laws, for a lawful home occupation. The Commercial Unit may be used for retail space or as a restaurant. Units may be owned or leased by an individual, corporation, partnership, limited liability company, fiduciary or any other entity (including, but not limited to, embassies and consulates of foreign governments), and may only be occupied by said individual, or an officer, director, stockholder or employee of such corporation, or a member of said limited liability company, or a partner or employee of such partnership, or said fiduciary (including directors, officers, stockholders or employees of corporate fiduciaries or partners or employees of partnership fiduciaries) or the beneficiary of said fiduciary, or a principal or employee of such other entity, or members of the immediate family or non-paying guests of any of the foregoing. Units may only be leased in accordance with the By-Laws and the Rules and Regulations.

ARTICLE 9

CHANGES IN UNSOLD UNITS

Except to the extent prohibited by law, Sponsor or its designee shall have the right, at any time and from time to time, without prior notice and without the vote or consent of the Board or any other Unit Owner or any mortgagee to: (a) make alterations, additions or improvements, whether structural or non-structural, interior or exterior, ordinary or extraordinary, in, to and upon the Units ("the Unsold Units") at the time owned by Sponsor or its designee (the term "Sponsor's designee" or similar terms shall mean any affiliate of Sponsor); (b) change the layout of, or number of rooms in, any Unsold Unit from time to time; (c) change the size and/or number of Unsold Units by subdividing one or more such Units into two or more separate Units, combining separate Unsold Units (including those resulting from a subdivision or combination or otherwise) into one or more Units, altering any boundary walls between any Unsold Units, and/or incorporating within any Unsold Unit the use of any portion of the Common Elements adjacent thereto (but only to the extent that such Common Elements are not required to be maintained as Common Elements based upon such alterations); (d) if appropriate, reapportion among the Unsold Units affected by any such change in size or number pursuant to the preceding clause (c), their percentage interests in the Common Elements; provided, however, that the percentage interest in the Common Elements of any other Units (other than Unsold Units) shall not be changed by reason thereof unless the owners of such Units shall consent thereto; (e) change the permitted use of some or all of the Unsold Storage Units; provided, however, that any such alteration, addition, improvement, change, reapportionment or redesignation shall not cause the Property or any portion thereof to not comply with any laws, ordinances and regulations of any governmental authorities having jurisdiction and Sponsor (or such designee) shall hold the Board and all other Unit Owners harmless from any liability arising therefrom.

ARTICLE 10

PERSON TO RECEIVE SERVICE

10.1 Grand Old Properties, Inc., having an address at 79 Worth Street, New York, New York, or any successor managing agent of the Condominium is hereby designated to receive service of process in any action which may be brought against the Condominium.

ARTICLE 11

DETERMINATION OF PERCENTAGE INTERESTS IN COMMON ELEMENTS

The percentage interest of the respective Units in the Common Elements has been determined based upon floor space, subject to the location of such space and additional factors of

relative value to other space in the Condominium, the uniqueness of the Unit, the availability of Common Elements for exclusive or shared use, and the overall dimensions of the particular Unit.

ARTICLE 12

ENCROACHMENTS

If (a) any portion of the Common Elements encroaches upon any Unit or upon any other Common Element, (b) any Unit encroaches upon any other Unit or upon any portion of the Common Elements, or (c) any encroachment shall hereafter occur as a result of (i) settling or shifting of the Building, (ii) any alteration, repair or restoration made to the Common Elements in accordance with the terms of this Declaration and the By-Laws by, or with the consent (when required by the By-Laws), of the Board, or made by Sponsor or its designee, (iii) any alteration, repair or restoration of the Building (or any portion thereof) or of any Unit or Common Element after damage by fire or other casualty or any taking by condemnation or eminent domain proceedings of all or any portion of any Unit or the Common Elements, then, in any such event, a valid easement shall exist for such encroachment and for the maintenance of the same as long as the Building shall stand.

ARTICLE 13

FACILITIES AND ALL OTHER COMMON ELEMENTS

Each Unit Owner shall have an easement in common with all other Unit Owners to use, maintain, repair, alter and replace all facilities and all other Common Elements located in any of the other Units or elsewhere on the Property which serve his or her Unit. Each Unit shall be subject to an easement in favor of all Unit Owners to use, maintain, repair, alter and replace the facilities and all other Common Elements located in such Unit or elsewhere on the Property, which serve other Units. The Board shall have a right of access of each Unit (and to each roof terrace which comprises a part of any Unit) to inspect the same, to remove violations therefrom and to maintain, repair or replace the Common Elements contained therein or elsewhere in the property, provided such right of access shall be exercised in such a manner as will not unreasonably interfere with the use of any of the Units for their permitted purposes. Such entry shall be permitted on not less than one day's notice, except that no notice will be necessary in the case of any "emergency" (i.e., a condition requiring repair or replacement immediately necessary for the preservation or safety of the Building or the safety of occupants of the Building, or other persons, or required to avoid the suspension of any necessary service in the Building.)

ARTICLE 14

EASEMENTS AND NAME OF CONDOMINIUM

14.1 Each Unit Owner shall have, in common with all other Unit Owners, an easement for the exclusive use of the Limited Common Elements.

14.2 Each Unit Owner shall have, to the extent reasonably necessary, in common with all other Unit Owners, an easement for ingress and egress and to the extent reasonably necessary, for the use of any Common Element.

14.3 Each Unit Owner shall have, in common with all other Unit Owners and each Unit shall be subject to an easement: (a) to install, operate, maintain, repair, alter, rebuild, restore and replace the Limited Common Elements located in, over, under, through or upon any Unit, or any other Common Elements or elsewhere on the property; and (b) to maintain any encroachment on any Unit or the General Common Elements resulting from repair, alteration, rebuilding, restoration or replacement of the Units or the Limited Common Elements.

14.4 Each Unit Owner shall have in common with all other Unit Owners, and each Unit shall be subject to, an easement: (a) to install, operate, maintain, repair, alter, rebuild, restore and replace the Common Elements located in, over, under, through or upon any Unit, or any other Common Elements or elsewhere on the Property; and (b) to maintain any encroachment on any Unit, the General Common Elements or any Limited Common Elements resulting from the repair, alteration, rebuilding, restoration or replacement of the Units or the Common Elements.

14.5 Each Unit and the Common Elements shall have easements of subagency, support and necessity, and the same shall be subject to such easements in favor of all other Units and the common Elements.

14.6 Sponsor (or its designee) and the Board with respect to the Property shall have the right to grant such additional electric, gas or other utility easements or relocate any existing utility easements in any portion of the Property as Sponsor or its designee, the Board, as the case may be, shall deem necessary or desirable for the proper operation and maintenance of the Building, or any portion thereof, or for the general health or welfare of the owners, tenants and occupants of the appropriate Units.

14.7 The Condominium shall be designated and known as "87 Lafayette Condominium".

14.8 Sponsor and its designee (and their respective successors and assigns) shall have an exclusive easement for so long as the Condominium shall remain in existence (i) to erect, use, maintain, repair, replace and operate antennae, satellite dishes and other communications equipment on any part of the roof of the Building that is not occupied as of the hereof for any other Building installations and (ii) to erect, use, lease, maintain, repair, replace and operate related electronic and other communications equipment in any portion of any mechanical equipment room that is not occupied as of the date hereof by any other Building installations, and the right to erect

partitions separating such portion from the balance of such equipment room; in each case, without the consent of or charge by, the Board or any other Unit Owners; provided, however, that Sponsor (or its designee) shall give prior notice to the Board of the type and location of any such equipment before installation. Any obligations of Sponsor under any lease, license or other right to receive rent or other consideration for such lease, license or other right of use, shall be the right solely of Sponsor and not of the Condominium. In connection with such easements and related rights, each have, to the extent necessary or advisable for such erection, use, lease, maintenance, repair, replacement and operation, an easement in common with all Unit Owners for ingress, egress and the use of any Common Elements. The Units shall be subject to such easement. The word "utility" or "utilities" as used in this Section 14.8 shall be deemed to include fiber optic cable and other communications lines, wires, cables and conduits.

ARTICLE 15

POWER OF ATTORNEY TO THE BOARD

Each Unit Owner shall grant to the persons who shall from time to time constitute the Board, an irrevocable power of attorney, coupled with an interest (in such form and content as the Board shall determine): (a) following due authorization by the Unit Owners, to acquire or lease any Unit, together with its Appurtenant Interests (as hereinafter defined), from any Unit Owner desiring to sell, convey, transfer, assign or lease the same, upon such terms and conditions as shall be approved by a Majority of Unit Owners; (b) to acquire any Unit, together with its Appurtenant Interests, whose Owner elects to surrender the same pursuant to subsection 6.2.2 of the By-Laws; (c) to acquire any Unit, together with its Appurtenant Interests, which becomes the subject of a foreclosure or other similar sale, on such terms and at such price or rental as the case may be, as the attorneys-in-fact deem proper, in the name of the Board or its designee, corporate or otherwise, on behalf of all Unit Owners, and after any such acquisition or leasing, to convey, sell, lease, sublease, mortgage or otherwise deal with (but not vote the interest appurtenant thereto) any such Unit so acquired by them, or to sublease any Unit so leased by them without the necessity of further authorization by the Unit Owners, on such terms as the attorneys-in-fact may determine; and (d) to execute, acknowledge and deliver (i) any declaration or other instrument affecting the Condominium which the Board deems necessary or appropriate to comply with any law, ordinance, regulation, zoning resolution or requirement of the Department of Buildings, the City Planning Commission or any other public authority, applicable to the maintenance, demolition, construction, alteration, repair or restoration of the Condominium, or (ii) any consent, covenant, restriction, easement or declaration, or any amendment thereto, affecting the Condominium or the Common Elements which the Board deems necessary or appropriate.

ARTICLE 16

ACQUISITIONS OF UNITS BY THE BOARD

16.1 If (a) any Unit Owner surrenders 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 other Units therefore acquired by the Board or its designee, corporate or otherwise, 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 the Common Elements and any other assets of the Condominium (such interests in (i), (ii) and (iii) being hereinafter collectively called the "Appurtenant Interests"), pursuant to the provisions of Section 339-x of the New York Condominium Act, (b) the Board, pursuant to Article 8 of the By-Laws, acquires or leases a Unit, together with its Appurtenant Interests, or (c) the Board purchases, at a foreclosure or other similar sale, a Unit, together with its Appurtenant Interests, shall be held by the Board or its designee, corporate or otherwise, on behalf of all Unit Owners, in proportion to their respective interests in the Common Elements. The lease or sublease covering any Unit leased or subleased by the Board or its designee shall be held by the Board or its designee, corporate or otherwise, on behalf of all Unit Owners, in proportion to their respective interests in the Common Elements.

ARTICLE 17

COVENANTS RUNNING WITH THE LAND

17.1 All provisions of this Declaration, the By-Laws and the Rules and Regulations (true copies of which are annexed hereto and made a part thereof), including, without limitation, the provisions of this Article 18, shall, to the extent applicable and unless otherwise expressly herein or therein provided to the contrary, be perpetual and be construed to be covenants running with the Land and with every part thereof and interest therein, and all of the provisions hereof and thereof shall be binding upon and inure to the benefit of the owner of all or any part thereof, or interest therein, and his or her heirs, executors, administrators, legal representatives, successors and assigns, but the same are not intended to create nor shall they be construed as creating any rights in or for the benefit of the general public. All present and future owners, tenants and occupants of Units shall be subject to and shall comply with the provisions of this Declaration, the By-Laws and the Rules and Regulations, as they may be amended from time to time. The acceptance of a deed or conveyance or the entering into a lease or the entering into occupancy of any Unit shall constitute an agreement that the provisions of this Declaration, the By-Laws and the Rules and Regulations, as they may be amended from time to time, are accepted and ratified by such owner, tenant or occupant, and all of such provisions shall be deemed and taken to be covenants running with the Land and shall bind any person having at any time any interest or estate in such Unit, as though such provisions were recited and stipulated at length in each and every deed or conveyance or lease thereof.

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

17.3 Subject to the provisions of Section 17.2, if this Declaration and the By-Laws are insufficient to submit the Property to the provisions of the New York Condominium Act, the provisions of this Declaration and the By-Laws shall nevertheless be valid and binding upon and inure to the benefit of the owners of the Property, and their heirs, executors, administrators, legal representatives, successors and assigns, as covenants running with the Land and with every part thereof and interest therein under other applicable law to the extent permitted under such applicable law with the same force and effect as if, immediately after the recording of this Declaration and the By-Laws, all Unit Owners had signed and recorded an instrument agreeing to each such provision as a covenant running with the Land.

ARTICLE 18

AMENDMENTS OF DECLARATION

18.1 Subject to the provisions contained herein or in the By-Laws with respect to amendments, modifications, additions or deletions affecting Sponsor (or its designee) or any Unsold Units. a) any provision of this Declaration may be added to, amended, modified or deleted by the vote of at least 66-2/3% in number and in common interest of all Unit Owners, taken in accordance with the provisions of the By-Laws.

ARTICLE 19

TERMINATION OF CONDOMINIUM

The Condominium shall continue and shall not be subject to an action for partition until (a) terminated by casualty loss, condemnation or eminent domain, as more particularly provided in the By-Laws or (b) such time as withdrawal of the Property from the provisions of the New York Condominium Act is authorized by a vote of at least 80% in number and in common interest of all Unit Owners. Sponsor or its designee will not vote its interests appurtenant to any Unsold Units for such withdrawal unless at least 80% in number and in common interest of all

other Unit Owners have voted in favor of such withdrawal, at which time Sponsor or its designee may choose to vote either in favor of or against withdrawal from condominium ownership, as it sees fit. In the event said withdrawal is authorized as aforesaid, the Property shall be subject to an action for partition by any Unit Owner or lienor as if owned in common, in which event the net proceeds of sale shall be divided among all Unit Owners in proportion to their respective common interests, provided, however, that no payment shall be made to a Unit Owner until there has first been paid from out of its share of such. net proceeds all liens on its Unit, in the order of priority of such liens.

ARTICLE 20

WAIVER

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

ARTICLE 21

CAPTIONS

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

ARTICLE 22

CERTAIN REFERENCES

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

22.2 The terms "herein" "hereof" or "hereunder" or similar terms used in this Declaration refer to this entire Declaration and not to the particular provision in which the terms are used.

22.3 Unless otherwise stated, all references herein to Articles, Sections or other provisions are references to Articles, Sections or other provisions of this Declaration.

IN WITNESS WHEREOF, Sponsor has caused this Declaration to be executed as of the day of
2003.

Grand Old Properties, Inc.

By: _____
Member

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

On the _____ day of _____ in the year 2003 before me, the undersigned,
personally appeared _____, personally known to me or proved to me on
the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the
within instrument and acknowledged to me that he/she/they executed the same in his/her/their
capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the
person upon behalf of which the individual(s) acted, executed the instrument.

Notary Public

SCHEDULE A TO DECLARATION
Description of the Land

The Condominium Unit (the "Unit") known as Unit No. ____ in the premises known as the 87 Lafayette Condominium, said Unit being designated and described as Unit No. ____ in the Declaration establishing a plan for condominium ownership of said premises under Article 9-B of the Real Property Law of the State of New York, (the "New York Condominium Act") dated _____ 2003 and recorded in the Kings County Office of the Register of the City of New York (the Register's Office) on _____ 2003 in Reel ____ Page ____, and also designated as Tax Lot ____ in Block 2099 of Section ____ of the Borough of Kings on the Tax Map and the Floor Plans of said Building, certified by _____ on _____ and filed with the Real Property Assessment Department of the City of New York on _____ as Condominium Plan No. ____ Map No. _____.

TOGETHER with an undivided _____ % Interest in the Common Elements.

The premises within which the Unit is located are more particularly described as follows:

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

BEGINNING at a point on the northerly side of Lafayette Avenue, as laid down on a certain map entitled "Map of Property in the City of Brooklyn belonging to the Heirs of John Jackson, Brooklyn, May 1839, Silas Ludlam, City Surveyor", and filed in the office of the Register of the County of Kings on September 29, 1840, distant 20 feet Westerly from the northwesterly corner of South Portland Avenue and Lafayette Avenue;

RUNNING THENCE Northerly, parallel with South Portland Avenue, 80 feet;

THENCE Westerly, parallel with Lafayette Avenue, 20 feet;

THENCE Southerly, parallel with South Portland Avenue, 80 feet to the northerly side of Lafayette Avenue;

THENCE Easterly along the northerly side of Lafayette Avenue, 20 feet to the point or place of BEGINNING.

87 LAFAYETTE CONDOMINIUM
SCHEDULE B TO DECLARATION

Units	# of Rooms and Baths	Approx. Area in Square Feet	Tax Lot No.	% Common Interest	Location in Building
1	4/1	867		26	First Floor
2	4/1	857		26	Second Floor
3	5/1	1217		33	Third Floor and Penthouse
Commercial Unit	1/1	937		15	Basement

Unit	Limited Common Elements	Square Feet
1	Porch	160
2	Balcony	75
3	Roof Terrace	300
Commercial	Cellar Area	600
Commercial	Yard	663

EXHIBIT 9

BY-LAWS OF 87 LAFAYETTE CONDOMINIUM

TABLE OF CONTENTS

Article	Section	PAGE
1	GENERAL	141
	1.1 Purpose	141
	1.2 Applicability of By-Laws	141
	1.3 Principal Office of Condominium	141
2	BOARD OF MANAGERS	142
	2.1 Number, Election and Qualification	142
	2.2 Powers and Duties	145
	2.3 Term of Office of Members of the Board	146
	2.4 Election of Board Members; Rights of Sponsor	147
	2.5 Resignation and Removal	148
	2.6 Vacancies	148
	2.7 Organizational Meeting of Board	148
	2.8 Regular Meetings of Board	148
	2.9 Special Meetings of Board	148
	2.10 Waiver of Notice	147
	2.11 Determinations by Board; Quorums	149
	2.12 Compensation	149
	2.13 Liability of Board and Unit Owners.	150
	2.14 Committees	150
	2.15 Principal Office of Board	150
	2.16 Status of Board	150
	2.17 Incorporation or Organization of Board	150
	2.18 Board as Agent of Unit Owners	151
	2.19 Prohibited Transactions	151
3	UNIT OWNERS	151
	3.1 Annual Meetings	151
	3.2 Place of Meetings	152
	3.3 Special Meetings	152
	3.4 Notice of Meetings and Actions Taken	152
	3.5 Lack of Quorum	152
	3.6 Order of Business	152
	3.7 Title to Units	153
	3.8 Voting	153
	3.9 Majority of Unit Owners	153
	3.10 Quorum	154
	3.11 Majority Vote	154

ARTICLE	SECTION	PAGE
4	OFFICERS	
	4.1 Designation	154
	4.2 Election of Officers	154
	4.3 Removal of Officers	154
	4.4 President	154
	4.5 Vice President	154
	4.6 Secretary	155
	4.7 Treasurer	155
	4.8 Execution of Documents	155
	4.9 Compensation of Officers	155
	4.10 Liability of Officers	155
5	NOTICES	
	5.1 Notices	156
	5.2 Waiver of Service of Notice	156
6	OPERATION OF THE CONDOMINIUM	
	6.1 Determination of Common Expenses and Fixing of Common Charges	156
	6.2 Payment of Common Charges	
	6.3 Default in Payment of Common Charges; Lien for Unpaid Common Charges; Other Remedies	158 156
	6.4 Insurance	159
	6.5 Repair or Reconstruction after Fire or Other Casualty	161
	6.6 Maintenance and Repairs	162
	6.7 Alterations of Units	163
	6.8 Alterations to Common Elements	166
	6.9 Use of Units	167
	6.10 Use of Common Elements	167
	6.11 General Provisions as to Use	168
	6.12 Right of Access	168
	6.13 Rules and Regulations	169
	6.14 Real Estate Taxes, Water Charges and Sewer Rents	169
	6.15 Electricity	170
	6.16 Remedies for Violations of By-Laws or Rules	170
7	MORTGAGES	
	7.1 Notice to Board	171
	7.2 Notice to Mortgagees of Default and Unpaid Common Charges	171 171
	7.3 Performance by Permitted Mortgagees	171
	7.4 Examination of Books	171
	7.5 Consent of Mortgagees	171

ARTICLE	SECTION	PAGE
8	SELLING, LEASING AND MORTGAGING OF UNITS	
	8.1 Sales and Leases of Units	171
	8.2 Consent of Unit Owners to Purchase or Lease of Units by Board	174
	8.3 No Severance of Ownership	174
	8.4 Release by Board of Right of First Refusal	174
	8.5 Certificate of Termination of Right of First Refusal	175
	8.6 Financing of Purchase of Units by Board	175
	8.7 Exceptions	175
	8.8 Gifts and Devises, etc	175
	8.9 Waiver of Right of Partition with Respect to Units Acquired on Behalf of Unit Owners as Tenants-in-Common	175
	8.10 Payment of Assessments	175
9	CONDEMNATION	176
10	RECORDS AND AUDITS	176
	10.1 Records	177
	10.2 Audits	177
	10.3 Availability of Documents	177
11	ARBITRATION	
	11.1 General Procedure	177
	11.2 Costs and Expenses	177
	11.3 Agreement by Parties	177
12	MISCELLANEOUS	
	12.1 Consents	178
	12.2 Waiver	178
	12.3 Captions	178
	12.4 Certain References	178
	12.5 Severability	178
	12.6 Insurance Trustee	178
	12.7 Successors and Assigns of Sponsor	179
	12.8 Covenant of Further Assurances	179
13	AMENDMENTS TO BY-LAWS	
	13.1 Amendments by Unit Owners	179
	13.2 Amendments Affecting Sponsor or its Designee	180

BY-LAWS OF 87 LAFAYETTE CONDOMINIUM

ARTICLE I

GENERAL

1.1 Purpose. The purpose of these By-Laws is to set forth the rules and procedures concerning the conduct of the affairs of 87 Lafayette Condominium (the "Condominium"). The Condominium covers the property (the "Condominium Property") consisting of approximately 1,600 square feet of land (the "Land") which forms a part of Block 2099 on the Tax Map of the Borough of Brooklyn, County of Kings and State of New York, the building and other improvements now or hereafter constructed thereon or therein, as the case may be (hereinafter collectively called the "Building"), including, without limitation, the Units, the Common Elements, and all easements, rights and appurtenances belonging thereto, and all other property, real, personal or mixed, intended for use in connection therewith, all of which have been submitted to the provisions of Article 9-B of the Real Property Law of the State of New York by the recording of a Declaration (which, as the same may be amended from time to time, is herein called the "Declaration") in the Kings County office of the Register of the City of New York (the "Register's Office"), together with these By-Laws. All terms used herein which are not separately defined herein, shall have the meanings given to those terms in the Declaration.

1.2 Applicability of By-Laws. These By-Laws are applicable to the Condominium Property and to the use and occupancy thereof. All present and future Unit Owners, mortgagees, lessees, sublessees and occupants of Units and their respective employees, invitees and guests, as well as all other persons who may use the facilities located on, or forming a part of, the Condominium Property, are and shall be subject to the Declaration, these By-Laws and the Rules and Regulations (as hereinafter defined). The acceptance of a deed or conveyance, or the succeeding to title to, or the execution of a lease or sublease for, or the act of occupancy of, a Unit shall constitute an agreement that the provisions of these By-Laws, the Rules and Regulations and the Declaration, as the same may be amended from time to time, are accepted, ratified, and will be complied with.

1.3 Principal Office of Condominium. The principal office of the Condominium shall be located either within the Condominium Property or at such other place in the Borough of Queens or Brooklyn reasonably convenient thereto, as may be designated from time to time by the Board (as hereinafter defined).

ARTICLE 2

BOARD OF MANAGERS

2.1 Number, Election and Qualification.

2.1.1 As more particularly set forth in Section 2.2, the affairs of the Condominium shall be governed by a board of managers of the Condominium (the "Board"). From and after the holding of the first annual meeting of Unit Owners as provided in Section 3. 1, the Board shall consist of five persons to be elected as provided in subsection 2.1.2 and Section 2.4 below.

2.1.2 Each member of the Board, except for the first Board as provided in Section 2.3 and except as otherwise provided herein, shall be elected at the annual meeting of the Unit Owners and shall serve until the next annual meeting thereof and until his successor has been elected and qualified.

2.1.3 Except for Board members elected or designated by Sponsor or its designee, all members of the Board shall be either: Unit Owners, officers, directors, shareholders, partners, members, trustees, principals, employees or beneficiaries of corporations, partnerships, limited liability companies, trusts, fiduciaries or any other entities which own Units; family members (as defined in Section 8.7) of any of the foregoing; or individuals designated by a sovereign government, consulate or other similar entity that is a Unit Owner . Other than Board members elected or designated by Sponsor or its designee, no Board member shall continue to serve after he or she ceases to be qualified as set forth above.

2.1.4 In no event shall any Unit Owner be eligible for election to the Board if such Unit Owner is then in default, beyond any applicable grace period, in the payment of Common Charges or any other amounts required by the Board to be paid. In addition, no member of the Board elected by the Unit Owners may continue to participate as a member thereof after the Board has perfected a lien against his or her Unit, for so long as such lien remains unsatisfied.

2.2 Powers and Duties.

2.2.1 The Board shall have the powers and duties necessary for or incidental to the administration of the affairs of the Condominium (except such powers and duties which by law, the Declaration or these By-Laws may not be delegated to the Board by the Unit Owners).

2.2.2 Subject to the provisions of subsection 2.2.1 and without limiting the generality thereof, the Board shall be entitled to make determinations with respect to the following matters:

(a) Operation, care, upkeep, maintenance, repair, restoration, addition to, improvement, alteration and replacement of the Common Elements, in such a manner that standards of quality, service and appearance appropriate to a luxury condominium, as may be appropriate, are maintained.

(b) The amount of Common Charges.

(c) Collection of Common Charges from the Unit Owners.

(d) Employment and dismissal of the personnel necessary for the maintenance and operation of the Common Elements, and the provision of the Building services offered.

(e) Adoption of, and amendments and additions to, the Rules and Regulations (as such terms are hereinafter defined).

(f) Purchasing, leasing and otherwise acquiring, in the name of the Board or its designee, corporate or otherwise, on behalf of all Unit Owners, Units offered for sale or lease, Units surrendered, by their owners to the Board or Storage Units with respect to which the lien for real estate taxes is being sold by the City of New York.

(g) Purchasing Units at foreclosure or other similar sale, in the name of the Board or its designee, corporate or otherwise, on behalf of all Unit Owners.

(h) Selling, leasing, subleasing, mortgaging and otherwise dealing with (but not voting the interests appurtenant to) Units acquired by, and subleasing Units leased by, the Board or its designee, corporate or otherwise, on behalf of all Unit Owners.

(i) Making repairs and restorations of the Common Elements or parts thereof damaged or destroyed by fire or other casualty or necessitated as a result of condemnation or eminent domain proceedings, all in accordance with the terms of these By-Laws.

(j) Enforcing obligations of Unit Owners.

(k) Levying fines against Unit Owners for violations of the Rules and Regulations (any such fines shall constitute Common Charges payable by the Unit Owners).

(l) Maintaining bank accounts on behalf of the Condominium (with respect to matters within its jurisdiction as provided in these By-Laws) and designating the signatories required therefor.

(m) Adjusting and settling insurance claims (and executing and delivering releases in connection therewith), if the loss is to be adjusted by the Board, as provided in Section 6.4 hereof.

(n) Borrowing money on behalf of the Condominium when required in connection with the operation, care, upkeep and maintenance of, or the making of repairs, replacements, restorations, additions or improvements to, or alterations of, the General Common Elements or Limited Common Elements, respectively, provided, however, that (i) except as provided in Section 8.7, the consent of at least 66-2/3% in common interest of all Unit Owners or be, shall be required for any borrowings for such purposes with respect to the General Common Elements or Limited Common Elements, respectively, if such borrowings are in excess of the aggregate amount of \$100,000 in any one fiscal year (regardless of the balance of any loans outstanding from previous fiscal years), (ii) no lien to secure repayment of any sum borrowed may be created on any Unit or its appurtenant interest in the Common Elements (except to the extent permitted by applicable law) without the consent of the owner of such Unit, (iii) the vote of at least two-thirds of the members of the Board shall be required for the borrowing of any sum in excess of \$500,000 (regardless of the balance of any loans outstanding from previous fiscal years). If any sum borrowed by the Board pursuant to the authority contained in this subparagraph 2.2.2(n) is not repaid by the Board, a Unit Owner who pays to the creditor such proportion thereof as his or her interest in the Common Elements bears to the interest of all Unit Owners according to whether the borrowing was made on behalf of the Condominium or the Units, respectively, in the Common Elements shall be entitled to obtain from the creditor a release of any judgment or other lien which said creditor has filed or has the right to file against such Unit Owner's Unit.

(o) Organizing corporations and/or limited liability companies to act as designees of the Board with respect to such matters as the Board may determine, including, without limitation, in connection with the acquisition of title to, or the leasing or subleasing of, Units by the Board on behalf of all Unit Owners.

(p) Execution, acknowledgment and delivery of. (i) any declaration or other instrument affecting the Condominium Property or the Condominium which the Board deems necessary or appropriate to comply with any law, ordinance, regulation, zoning resolution or requirement of the Department of Buildings, the City Planning Commission or any public authority or agency, applicable to the maintenance, demolition, construction, alteration, repair or restoration of the Condominium Property or the Condominium; or (ii) any consent, agreement, document, covenant, restriction, easement or declaration, or any amendment thereto, affecting (x) the Condominium Property or the Condominium which the Board deems necessary or appropriate, or (y) a Unit, if the owner of such Unit requests, or under the Declaration or these By-Laws is required to request, that the Board take such action, and (except as otherwise provided in the Declaration or these By-Laws) the Board determines that taking such action is appropriate.

(q) Execution, acknowledgment and delivery of any documents or other instruments necessary to commence, pursue, compromise or settle certiorari proceedings to obtain reduced real estate tax assessments, or in connection with any real estate tax exemption or abatement, with respect to all Units.

(r) Prepare, execute and record, on behalf of all Unit Owners, as their attorney-in-fact, coupled with an interest, a restatement of the Declaration and/or these By-Laws whenever, in the Board's estimation, it is advisable to consolidate and restate all amendments, modifications, additions and deletions theretofore made to the Declaration and/or these By-Laws.

(s) Obtaining and reviewing insurance for the Condominium Property, including the Units, pursuant to the provisions of Section 6.4.

2.2.3 Any action required or permitted to be taken pursuant to the provisions of these By-Laws or the Declaration by the Board shall be done or performed by the Board or shall be done on its behalf and at its direction by the agents, employees or designees of the Board, and the Board may employ one or more managing agents and/or managers, at a compensation established by the Board, to perform such duties and services as the Board shall authorize, including, but not limited to, the duties listed in subparagraphs 2.2.2(a), (c), (d)~ (i) and (s); The Board may delegate to such managing agent or manager other powers granted to the Board by these By-Laws, except the powers set forth in subparagraphs 2.2.2(b), (e), (f), (g), (h) and (i) through (r).

2.2.4 Notwithstanding anything to the contrary contained in these By-Laws, until the later to occur of (a) the second anniversary of the first closing of title to a Unit pursuant to a Purchase Agreement (as such term is defined in the Offering Plan), or (b) the closing of title to at least 75%, in number and in Common Interest (as such term is defined in the Offering Plan), of all Units (the "Initial Control Period"), the Board may not, without Sponsor's prior written consent, (i) make any addition, alteration or improvement to the Common Elements (unless required by law); (ii) assess any Common Charges for the creation of, addition to or replacement of all or any reserve, contingency or surplus funds in excess of 5% in the aggregate of the projected Common Expenses for any year of operation; (iii) hire any employee in addition to or less than the employees provided for in Schedule B Projected Budget for First Year of Condominium Operation" set forth in the Offering Plan; (iv) enter into any service or maintenance contract for work not covered in said Schedule, or otherwise provide services in excess of those contemplated by such Schedule or the Offering Plan (however, in no event shall Sponsor allow the services reflected in Schedule B to be materially reduced without the consent of a majority in interest of all Unit Owners other than Sponsor); or (v) borrow money on behalf of the Condominium. However, the Board may take any of the actions enumerated in subsections (i) through (v) above, if, (x) the cost of such actions, when added to all other budgeted operating expenses, will not result in increasing the Common Charges for any year of operation by more than 5% above the prior year's Common Charges; or (y) such action is required either to (1) comply with laws or regulations applicable to the Building, or (2) remedy any notice of violation entered against the Building, or (3) remedy any proper work order by an insurer of the Building.

2.3 Term of Office of Members of the Board.

2.3.1 Until the first annual meeting of the Unit Owners held pursuant to the terms of Section 3.1 hereof, the Board shall consist of three persons designated by Sponsor from time to time. The terms of each such member of the Board shall expire annually and, subject to the other provisions of this Section, Sponsor shall have the right to designate the replacement for each such member, even though such replacement may be the same person. Not earlier than ten days nor later than thirty days after the expiration of the period ending upon the later to occur of (a) the second anniversary of the first closing of title to a Unit pursuant to a Purchase Agreement, or (b) the closing of title to at least 50%, in number and in Common Interest, of all Units, such first Board shall cause the President of the Condominium to call the first annual meeting of Unit Owners in

accordance with the provisions of Section 3.1. The term of office of the three members of the Board so designated by Sponsor prior to the first annual meeting of the Unit Owners pursuant to Section 3.1 shall expire when the five persons to be elected at such meeting are so elected and qualified.

2.3.2 The term of office of each of the members comprising the Board elected at the first annual meeting of the Unit Owners pursuant to Section 3.1 shall be fixed at such meeting as follows: (a) two of such members shall serve for a term of approximately two years; and (b) two of such members shall serve for a term of approximately one year and all such members terms shall end on the first regularly scheduled annual meeting or anniversary thereof, rather than on the anniversary of the first annual meeting. The members receiving the highest number of votes shall serve for the longest terms of office, but except as set forth in subsection 2.4.4 hereof, any members elected or designated by Sponsor or its designee pursuant to the terms of subsection 2.4.3 hereof, as the owner of Unsold Units, shall serve for the shortest terms of office. At each annual meeting of the Unit Owners subsequent to the first such meeting, the Unit Owners shall elect, pursuant to the terms of Section 2.4 hereof, Board members to replace the Board members whose terms of office are then expiring, each to serve a term of office fixed at two years. Notwithstanding the expiration of the term of office of a member of the Board or anything contained herein to the contrary, such member of the Board shall serve until his or her successor shall be elected and qualified. There shall be no limit on the number of terms of office, successive or otherwise, that a Board member may serve.

2.4 Election of Board Members; Rights of Sponsor.

2.4.1 Subject to the terms of subsections 2.4.3, 2.4.4 and 2.4.5, all members of the Board to be elected by the Unit Owners shall be determined by plurality of the votes cast by the Unit Owners (including Sponsor or its designee, for so long as Sponsor or such designee shall own two Units) who are present (in person or by proxy) and voting at a meeting at which a quorum of all Unit Owners is present.

2.4.2 When voting for members of the Board, the voting shall be by ballot and each ballot shall state the name of the Unit Owner voting, the Units owned by such Unit Owner and the percentage of Common Interest attributable to each Unit owned by such Unit Owner, and in addition, the name of the proxy if such ballot is cast by a proxy. Nothing contained in these By-Laws shall be deemed to permit cumulative voting.

2.4.3 Notwithstanding any other provision of this Section 2.4 or of these By-Laws to the contrary, at the first annual meeting of Unit Owners and at all times before and thereafter, Sponsor and/or its designee shall be able to vote in accordance with its ownership of Units and thus may be able to elect members of the Board by virtue of its ownership of Units, except that, at elections of members to the Board held after the expiration of the Initial Control Period, Sponsor and/or its designee will have the right to elect or designate not more than three members of the Board, in the aggregate, who are related to or affiliated with Sponsor, such designee or other Unsold Unit Owners, and Sponsor, such designee and all other Unit Owners shall have the right to

elect the remaining members of the Board who shall not be related to or affiliated with Sponsor, such designee or other Unsold Unit Owners. In addition, while Sponsor and/or its designee owns Units representing at least 25%, but less than 50%, of the Common Interests of the Condominium, Sponsor and/or its designee shall have the right to elect or designate not more than two members of the Board, in the aggregate, who are related to or affiliated with Sponsor, such designee or other Unsold Unit Owners, and Sponsor, such designee and all other Unit Owners shall have the right to elect the remaining members of the Board who shall not be related to or affiliated with Sponsor, such designee or other Unsold Unit Owners; and while Sponsor and/or its designee owns Units representing less than 25% of the Common Interests but at least two Units, Sponsor and/or its designee shall have the right to elect or designate one member of the Board, in the aggregate, who is related to or affiliated with Sponsor, such designee or other Unsold Unit Owners, and Sponsor, such designee and all other Unit Owners shall have the right to elect the remaining members of the Board who shall not be related to or affiliated with Sponsor, such designee or other Unsold Unit Owners. Accordingly, from and after the first meeting of Unit Owners, at least two of the members of the Board shall be unrelated to and unaffiliated with Sponsor, its designee or other Unsold Unit Owners. There is no restriction on the right of the Unsold Unit Owners (including Sponsor) to vote for members of the Board who are not related to or affiliated with Sponsor, its designee or other Unsold Unit Owners. However, after the later of conveyance of title by Sponsor to Units representing 75% in Common Interests, or the second annual anniversary of conveyance of title to the first Unit under the Plan, neither Sponsor nor its designee will appoint a majority of members to the Board at the annual meeting of Unit Owners, even if their ownership of Units would allow them to do so.

2.4.4 In the event that after notice of an annual meeting of Unit Owners is given to all Unit Owners in the manner prescribed by Section 3.4 of these By-Laws, the Unit Owners present in person or by proxy at such annual meeting constitute less than a quorum, and consequently new members of the Board to replace those whose terms expire as of such annual meeting cannot be elected, the remaining members of the Board shall fill any resulting vacancies at a special meeting of the Board held for that purpose promptly thereafter even though the members present at such meeting may themselves constitute less than a quorum. The Board shall request the Unit Owners present (in person or by proxy) at the annual meeting to express their preferences for the Board members to have been elected at such annual meeting, but such expression of preferences shall be non-binding on the Board. Any person so elected by the Board shall be a member of the Board until the next annual meeting of Unit Owners, when a successor shall be elected for the remainder of the three-year term.

2.5 Resignation and Removal.

2.5.1 Any Board member may resign at any time by written notice delivered personally or sent by certified mail, return receipt requested, to the President or Secretary of the Condominium and, with respect to members of the Board designated as such or elected by Sponsor (or its designee), by also giving such written notice to such party. Any such resignation shall take effect at the time specified in such notice and, unless specifically requested, acceptance of such resignation shall not be necessary for the effectiveness thereof.

2.5.2 Subject to the provisions of Sections 2.3 and 2.4, and except as provided in the following sentence, any Board member elected thereto by the Unit Owners or by the Board pursuant to the terms of Sections 2.4 or 2.6 hereof, respectively, may be removed from office, with or without cause, by a Majority of Unit Owners (as hereinafter defined).

2.6 Vacancies. Subject to the provisions of Sections 2.3 and 2.4, any vacancy on the Board for whatever reason shall be filled by the members of the Board then in office, at a special meeting of the Board 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 any person so elected shall be a member of the Board until the next annual meeting of Unit Owners when a successor shall be elected for the remainder of the term of the member creating such vacancy. However, any vacancy on the Board created by the resignation, removal or any other reason of any Board member designated or elected as such by Sponsor (or its designee) shall be filled only by Sponsor (or its designee),

2.7 Organizational Meeting of Board. The first meeting of the Board following each annual meeting of Unit Owners shall be held within ten days after such annual meeting at such time and place in the Borough of Brooklyn as shall be fixed by a majority of the members thereof, and no notice shall be necessary to the newly elected Board members in order to legally constitute such meeting, provided that a majority of the members of the Board shall be present thereat.

2.8 Regular Meetings of Board. Regular meetings of the Board may be held at such time and place in the Borough of Brooklyn as shall be determined from time to time by a majority of the members thereof, provided that at least four such meetings shall be held during each fiscal year of the Condominium. Notice of regular meetings shall be given to each member thereof, by personal delivery, mail, telecopy or telegram, at least five business days prior to the day named for such meeting.

2.9 Special Meetings of Board. Special meetings of the Board may be called by the President or Vice President of the Condominium by giving five business days' prior notice to each member of the Board, by personal delivery, mail, telecopy or telegram, which notice shall state the time, place (in the Borough of Brooklyn) and purpose of the meeting. In addition, the President shall call a special meeting upon the written request of three (3) or more members of the Board.

2.10 Waiver of Notice. Any Board member may at anytime waive notice of any Board meeting in writing and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a member of the Board at any meeting thereof shall constitute a waiver of notice by such member of the time and place thereof. If all the members are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

2.11 Determinations by Board; Quorums.

2.11.1 Except as otherwise set forth in subsection 2-11.3, all determinations of the Board shall be made at a meeting of the Board at which a quorum thereof is present. At any Board meeting, a majority of the members thereof shall constitute a quorum and the votes of a majority of such members present shall constitute the decision of the Board.

2.11.2 If at any Board meeting there is 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.

2.11.3 Members of the Board may participate in a meeting thereof by means of a conference telephone call or similar communications equipment by means of which all persons participating in such meeting can hear each other and such participation shall constitute presence at such meeting. Notwithstanding anything to the contrary contained herein, action permitted or required to be taken at a meeting of the Board may be taken without a meeting if all members of the Board consent thereto in writing.

2.12 Compensation. No member of the Board shall receive any compensation.

2.13 Liability of Board and Unit Owners.

2.13.1 To the extent permitted by applicable law, no member of the Board shall have any personal liability with respect to any contract, act or omission of the Board or of any managing agent or manager in connection with the affairs or operation of the Condominium (except in their capacities as Unit Owners) and the liability of any Unit Owner with respect thereto shall be limited as hereinafter set forth. Every contract made by the Board or by the Managing Agent shall state that it is made by the Board or the Managing Agent, only as agent for all Unit Owners, that the Board members or the Managing Agent shall have no personal liability thereon (except in their capacities as Unit Owners) and may also state the applicable limitations of liability of Unit Owners provided for in the next sentence. The liability of any Unit Owner with respect to any contract, act or omission with respect to the Condominium shall be limited to such proportionate share of the total liability as the Common Interest of such Unit Owner bears to the aggregate Common Interests of all Unit Owners and, to the extent permitted by applicable law, such Unit Owner's interest in its Unit and its appurtenant Common Interest, so that such Unit Owner shall have no personal liability for such contract, act or omission. Nothing in the preceding sentence shall limit a Unit Owner's liability for the payment of Common Charges. Any such contract may also provide that it covers the assets, if any, of the Board. To the extent permitted by applicable law, Board members shall have no liability to Unit Owners except that a Board member shall be liable for his or her own bad faith or willful misconduct. All Unit Owners shall severally, to the extent of their respective interests in their Units and their appurtenant Common Interests, indemnify each Board member against any liability or claim except those arising out of such Board member's own bad faith or willful misconduct. The Board may contract or effect any other transaction with any Board member, any Unit Owner, Sponsor, Sponsor's designee or any affiliate of any of them without incurring any liability for self-dealing, except in cases of bad faith or willful misconduct.

2.13.2 Neither the Board nor any member thereof shall be liable for either (i) any failure or interruption of any utility or other services to be obtained by, or on behalf of, the Board or to be paid for as a Common Expense except when any such failure or interruption is caused by the acts of bad faith or willful misconduct of the Board or any member thereof; or (ii) any injury, loss or damage to any individual or property, occurring in or upon either a Unit or any Common Element, and is either: (a) caused by the elements, by any Unit Owner or by any other individual, (b) resulting from electricity, water, snow or ice that may leak or flow from a Unit or any portion of any Common Element, or (c) arising out of theft or otherwise; except when caused by the acts of bad faith or willful misconduct of the Board or any member thereof.

2.14 Committees. The Board may, subject to such limitations and exceptions as the Board may prescribe, appoint an Executive Committee and such other committees as the Board may deem appropriate, each to consist of two or more members of the Board. Each such committee, to the extent provided in the resolution which creates it, shall have and may exercise all the powers of the Board during the intervals between the meetings of the Board insofar as may be permitted by law.

2.15 Principal Office of Board. The principal office of the Board shall be located within the Condominium Property or at such other place in the Borough of Brooklyn reasonably convenient thereto, as may be designated from time to time by the Board.

2.16 Status of Board. In addition to the status conferred upon the Board under or pursuant to the provisions of the New York Condominium Act, the Board shall, to the extent permitted by applicable law, be deemed to constitute a separate unincorporated association for all purposes under and pursuant to the provisions of the General Associations Law of the State of New York. In the event of the incorporation of the Board pursuant to the provisions of Section 2.17, the provisions of this Section 2.16 shall no longer be applicable to the Board.

2.17 Incorporation and Organization of Board. To the extent and in the manner provided in the New York Condominium Act, the Board may, by action of the Board as provided in this Article 2, be organized as a limited liability company or incorporated under the applicable statutes of the State of New York. In the event that the Board so incorporates or organizes, it shall have, to the extent permitted by applicable law, the status conferred upon it under such statutes in addition to the status conferred upon the Board under or pursuant to the provisions of the New York Condominium Act. The certificate of incorporation and by-laws of any such resulting corporation or the articles of organization of such limited liability company, as the case may be, shall conform as closely as practicable to the provisions of the Declaration and these By-Laws and the provisions of the Declaration and these By-Laws shall control in the event of any inconsistency or conflict between the provisions thereof and the provisions of such certificate of incorporation and by-laws or articles of organization.

2.18 Board as Agent of Unit Owners. In exercising its powers and performing its duties under the Declaration and these By-Laws, the Board shall act as, and shall be, the agent of the Unit Owners, subject to and in accordance with the provisions of the Declaration and these By-Laws.

2.19 Prohibited Transactions. Each member of the Board shall perform his or her duties, and shall exercise his or her powers, in good faith and with a view to the interests of the Condominium. To the extent permitted by applicable law, no contract or other transaction between the Board and either: (i) any of its members, or (ii) any corporation, partnership, fiduciary, firm, limited liability company, association or other entity in which any of the members of the Board are officers, directors, shareholders, employees, partners, fiduciaries, beneficiaries, members or principals, or are otherwise interested, pecuniarily or otherwise, shall be deemed either void or voidable because either: (a) any such member of the Board was present at the meeting or meetings of the Board during which such contract or transaction was discussed, authorized, approved or ratified, or (b) the vote of any such member was counted for such purpose; provided, however, that either: (1) the fact thereof is disclosed to, or known by, the Board involved in such contract or transaction or a majority of the members thereof or noted in the minutes thereof, and the Board shall authorize, approve or ratify such contract or transaction in good faith by a vote of a majority of the entire Board, less the number of such members involved in such contract or transaction; or (2) the fact thereof is disclosed to, or known by, a majority of Unit Owners and a majority of Unit Owners shall in good faith authorize, approve or ratify such contract or transaction; or (3) the contract or transaction is commercially reasonable to the Board at the time the same is authorized, approved, ratified, executed or otherwise consummated. Any such members of the Board may be counted in determining the presence of a quorum of any meeting of the Board which authorizes, approves or ratifies any such contract or transaction, but no such member shall be entitled to vote thereat in order to authorize, approve or ratify such contract or transaction.

ARTICLE 3

UNIT OWNERS

3.1 Annual Meetings. On a date not earlier than 10 nor later than 30 days after the later to occur of (a) the second anniversary of the first closing of title to a Unit pursuant to a Purchase Agreement or (b) the closing of title to at least 50%, in number and in Common Interest, of all Units, the first annual meeting of Unit Owners shall be held. At such meeting, the incumbent Board shall resign and a new Board shall be elected (as provided herein) consisting of three members. Thereafter, annual meetings of Unit Owners shall be held within four weeks after the anniversary of such first meeting in each succeeding year on a date to be set by the Board. At such meetings, the Unit Owners shall elect successors to the members of the Board whose terms of office expire on the day of such meeting and there shall also be transacted such other business as may properly come before such meeting.

3.2 Place of Meetings. Meetings of Unit Owners shall be held at the principal office of the Condominium or at such other suitable and convenient place in the Borough of s as may be designated from time to time by the Board.

3.3 Special Meetings. The President of the Condominium shall call a special meeting of Unit Owners if so directed by resolution of the Board or upon a petition signed and presented to the Secretary of the Condominium by not less than 25% in Common Interest of Unit Owners. Each such resolution or petition shall state, in reasonable detail, the purposes for calling such meeting.

3.4 Notice of Meetings and Actions Taken. Notice of each annual or special meeting of Unit Owners shall be given by the Secretary of the Condominium to all Unit Owners of record entitled to vote thereat at their address at the Condominium or at such other address as any Unit Owner has designated by notice in writing to the Secretary of the Condominium at least ten business days prior to the giving of notice of the applicable meeting. Each such notice shall state the purposes of the meeting and the time and place where it is to be held, and no business shall be transacted at such meeting except as stated in the notice. All notices hereunder shall be given by personal delivery, mail or telecopy, at least ten business days prior to the date fixed for the meeting, with a duplicate copy given at least five business days prior to the date fixed for the meeting. In addition, copies of such notice shall be posted in the lobbies, elevators or other public places in the Building at least five business days prior to the date fixed for the meeting. However, if the business to be conducted at any meeting of the Unit Owners shall include consideration of a proposed amendment to the Declaration or to these By-Laws, the notice of such meeting shall be given to all Unit Owners as provided above at least 30 days prior to the date fixed for such meeting and such notice shall be accompanied by a copy of the text of such proposed amendment.

3.5 Lack of Quorum. If any meeting of Unit Owners cannot be held because a quorum is not present, the Unit Owners who are present at such meeting, either in person or by proxy, may act by majority vote either to adjourn the meeting to a time not less than 48 hours from the time fixed for the original meeting, or to hold an informal meeting for the purpose of expressing to the Board their preferences on the business to have been transacted at the meeting.

3.6 Order of Business. The order of business at all regular meetings of 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) Reports of Members of the Board
- (f) Reports of Committees
- (g) Election of Members of Board when so required
- (h) Unfinished Business
- (i) New Business

3.7 Title to Units. Title to Units may be taken by any individual, corporation, partnership, limited liability company, association, trust or other entity, or any two or more of such owners as joint tenants, tenants in common or tenants by the entirety, as may be appropriate, but not as owners in severalty.

3.8 Voting.

3.8.1 Each Unit Owner, or a person designated by such Unit Owner to act as proxy on its behalf and who need not be a Unit Owner, shall be entitled to cast the votes appurtenant to such Unit or Units as set forth herein at all meetings of Unit Owners. The designation of any such proxy shall be made in a signed and dated writing to the Secretary of the Condominium and shall be revocable at any time by written notice actually delivered to the Secretary of the Condominium by the Unit Owner so designating; provided, however, that no designation to act as a proxy shall be effective for a period in excess of six months (except for a designation of a Permitted Mortgagee to act as the proxy of its mortgagor).

3.8.2 A fiduciary shall be the voting member with respect to any Unit owned in a fiduciary capacity.

3.8.3 If two or more persons or entities own a Unit, they shall designate one person or entity amongst them to vote the Common Interest appurtenant to their Unit in a writing given to the Secretary, and the vote of such designee shall be binding upon such designors. Failing such a designation, all of such persons or entities shall mutually vote such Common Interest under one ballot, without division, and the concurrence of such persons or entities shall be conclusively presumed if any one of them purports to vote such Common Interest without protest being made contemporaneously to the party presiding over the meeting at which such vote is taken. If protest is made, the Common Interest appurtenant to such Unit shall be counted solely for determining whether a quorum is present for such voting.

3.8.4 Neither the Board nor its designee shall be entitled to vote the interest appurtenant to any Unit owned by the Board or such designee, and the Common Interest of such Unit shall be excluded from the total Common Interests when computing the interests of Unit Owners for quorum and voting purposes.

3.8.5 Subject to the terms of 2.1.2, and except as set forth in 3.9, at all meetings of Unit Owners, each Unit Owner (or its proxy) entitled to vote thereat (including Sponsor or its designee with respect to Unsold Units) shall be entitled to cast one vote for each .0001 % (rounded off to the nearest .0001 %) of Common Interest attributable to its Unit or Units per member to be elected.

3.9 Majority of Unit Owners. Except as may otherwise be provided by law, as used in these By-Laws and in the Declaration, the term "Majority of Unit Owners" means those Unit Owners having more than 50% of the total authorized votes of all Unit Owners (determined in accordance with the provisions of 3.8), who are present in person or by proxy and voting at a duly constituted meeting at which a quorum is present.

3.10 Quorum. Except as otherwise provided in these By-Laws, the presence in person or by proxy of Unit Owners owning Units to which more than 50% of the aggregate Common Interests appertain shall constitute a quorum at all meetings of Unit Owners.

3.11 Majority Vote. Except where otherwise provided by law, the Declaration or these By-Laws, at all meetings of Unit Owners, the affirmative vote of a Majority of Unit Owners shall be binding upon all Unit Owners for all purposes.

ARTICLE 4

OFFICERS

4.1 Designation. The principal officers of the Condominium shall be a President, Vice President, Secretary and Treasurer thereof, all of whom shall be elected by the Board. The Board may appoint an Assistant Treasurer, Assistant Secretary and such other officers as in its judgment may be desirable. None of the officers of the Condominium need be Unit Owners or have any interest therein nor be Board members until the first organization meeting of the Board after the first annual meeting of Unit Owners. Thereafter, the President and Vice President of the Condominium must be members of the Board.

4.2 Election of Officers. The officers of the Condominium shall be elected annually by the Board at the organization meeting thereof and shall serve at the pleasure of the Board; except that the initial officers of the Condominium shall be elected by the initial Board and shall hold office at the pleasure of such Board and until their successors are elected.

4.3 Removal of Officers. Except as otherwise required by these By-Laws with respect to the designation of officers of the Condominium, upon the affirmative vote of a majority of the members of the Board present in person or by proxy at a regular meeting of the Board, or at a special meeting of the Board called for such purpose, at which a quorum is present, any officer may be removed, either with or without cause, and his or her successor may be elected.

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

4.5 Vice President. The Vice President of the Condominium shall take the place of the President and perform his or her duties whenever the President shall be absent or unable to act. If both the President and the Vice President of the Condominium are unable to act, the Board shall appoint some other member of the Board to act in the place of the President and Vice President on an interim basis. The Vice President shall also perform such other duties as, from time to time, shall be imposed by the Board or by the President.

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

4.7 Treasurer. The Treasurer of the Condominium shall have the care and custody of the funds and securities of the Condominium, and shall be responsible for keeping full and accurate financial records and books of account thereof showing all receipts and disbursements necessary for the preparation of all required financial data. The Treasurer shall be responsible for the deposit of all funds and other securities in the name of the Board (or in the name of the managing agent or manager appointed by the Board) in such depositories as may from time to time be designated by the Board and shall in general perform all of the duties incident to the office of treasurer of a stock corporation organized under the Business Corporation Law of the State of New York.

4.8 Execution of Documents. All agreements, contracts, deeds, leases, checks and other instruments of the Condominium shall be executed by the President or Vice-President, acting alone, or by any other two officers thereof or by such other person or persons as may be designated by the Board. If, for any reason whatsoever, one member refuses to countersign such an expenditure which has been authorized, the Board shall designate and authorize another Board member to countersign the expenditure.

4.9 Compensation of Officers. Except as otherwise provided by the Board, no officer shall receive any compensation for acting as such.

4.10 Liability of Officers.

4.10.1 To the extent permitted by applicable law, no officer shall have any personal liability with respect to any contract, act or omission of the officers in connection with the affairs or operation of the Condominium (except in their capacities as Unit Owners) - To the extent permitted by applicable law, officers shall have no liability to Unit Owners except that an officer shall be liable for his or her own bad faith or willful misconduct. All Unit Owners shall severally, to the extent of their respective interests in their Units and their appurtenant Common Interests, indemnify each officer against any liability or claim except those arising out of such officer's own bad faith or willful misconduct.

4.10.2 None of the officers of the Condominium shall be liable for either (i) any failure or interruption of any utility or other services to be obtained by, or on behalf of, any such officer or to be paid for as a Common Expense, except when any such failure or interruption is caused by the acts of bad faith or willful misconduct of such officer, or (ii) any injury, loss or damage to any individual or property, occurring in or upon either a Unit or any Common Element, and is either: (a) caused by the elements, by any Unit Owner or by any other individual, (b) resulting from electricity, water, snow or ice that may leak or flow from a Unit or any portion of

any Common Element, or (c) arising out of theft or otherwise; except when caused by the acts of bad faith or willful misconduct of any such officer.

ARTICLE 5

NOTICES

5.1 Notices. All notices required or desired to be given hereunder to the Board shall be in writing and either delivered in person or sent by certified mail or by reputable overnight courier service with receipt confirmed to the principal office of the Board or to such other address as the Board may designate from time to time by notice in writing to all Unit Owners and a duplicate shall be sent in like manner to Managing Agent. Except as otherwise provided herein, all notices to any Unit Owner shall be in writing and either delivered in person or sent by certified mail or by reputable overnight courier service with receipt confirmed to the address at the Condominium Property of such Unit Owner or to such other address as may have been designated by such Unit Owner from time to time in writing to the Board. All notices shall be deemed to have been given when delivered in person or three days after deposit in a depository maintained by the U.S. Postal Service in a postage prepaid sealed wrapper or the first business day after deposit with an overnight courier service, as the case may be, except that notices of change of address shall be deemed to have been given when received.

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

ARTICLE 6

OPERATION OF THE CONDOMINIUM

6.1 Determination of Common Expenses and Fixing of Common Charges.

6.1.1 From time to time, but at least once per year, the Board will prepare a budget for setting forth its projection of Common Expenses and will allocate the Common Expenses Unit Owners will be assessed Common Charges to meet the Units allocated share of Common Expenses. The Common Charges payable by each Unit Owner will be in proportion to the Unit's percentage Common Interests compared to the total of all Unit Owners. The Board shall advise all Unit Owners promptly in writing of the amount of Common Charges payable by each of them and shall furnish copies of each budget on which such Common Charges are based to all Unit Owners and, if requested, to Permitted Mortgagees thereof.

6.1.2 The Board may, at its sole discretion, from time to time increase or decrease the amount of Common Charges allocated to the Units and payable by the Unit Owners, and may modify its prior determination of the Common Expenses for any fiscal year so as to increase or decrease the amount of Common Charges payable for such fiscal year or portion thereof, however, no such revised determination of Common Expenses shall have a retroactive effect on the amount of Common Charges payable by Unit Owners for any period prior to the date of such new determination. However, a prior period's deficit may be included in Common Charges for a subsequent period or paid from a Special Assessment levied against all Unit Owners.

6.1.3 The failure or delay of the Board to prepare or adopt a budget or to redetermine the Common Expenses for any fiscal year or portion thereof shall not be deemed a waiver or modification in any respect of the covenants and provisions hereof or a release of any Unit Owner from the obligation to pay Common Charges. In such event, the Common Charges that were computed on the basis of the Common Expenses last determined for any fiscal year or portion thereof shall continue thereafter to be the Common Charges payable by the Unit Owners until a new determination of the Common Expenses shall be made.

6.1.4 In addition to the foregoing duty to determine the amount of and assess Common Charges, the Board shall have the right to levy special assessments to meet the Common Expenses. All special assessments shall be levied against all Unit Owners in proportion to their respective Common Interests. The Board shall have all rights and remedies for the collection of special assessments as are provided herein for the collection of Common Charges.

6.1.5 The excess of all rents, profits and revenues derived from the rental or use of any space or facility forming part of or included in any General Common Element or Limited Common Element remaining after the deduction of any non-capital expenses paid or incurred in connection therewith shall be collected by the Board, as agent for and on behalf of the Unit Owners, and shall constitute income of the Unit Owners. Notwithstanding any provision contained in these By-Laws or in the Declaration to the contrary, in no event shall any rent, profit or revenue derived from the rental or use of any space in the Building be deemed to be derived from the rental or use of any floor slabs, ceilings or walls delineating or enclosing such space or the incidental use of any portion of any Common Elements appurtenant to such space.

6.1.6 Notwithstanding anything contained to the contrary above in this Section 6.1, the Board shall not reduce the Common Charges payable during any year occurring within the Initial Control Period solely as a result of either reducing the number of employees of the Condominium below that necessary to provide the superintendent, and concierge and coverage specified in the Plan, or eliminating or reducing any service or reducing the insurance coverage below that described in the Plan, except with the concurrence of a majority of the members of the Board elected by Unit Owners other than Sponsor or its designee.

6.2 Payment of Common Charges.

6.2.1 All Unit Owners shall be obligated to pay Common Charges assessed by the Board pursuant to the provisions of Section 6.1 at such time or times (but not less than monthly) as

the Board determines. Unless otherwise determined by the Board, Common Charges shall be payable monthly, in advance, on the first day of each month.

6.2.2 No Unit Owner shall be liable for the payment of any part of the Common Charges assessed against its Unit subsequent to a permissible sale, transfer or other conveyance by it (made in accordance with these By-Laws) of such Unit, together with its appurtenant Common Interest. Any Unit Owner may, subject to the terms and conditions of these By-Laws, convey its Unit, together with its appurtenant Common Interest, without consideration, to the Board or its designee, corporate or otherwise, on behalf of all Unit Owners, and in such event (except as hereinafter set forth), be exempt from Common Charges thereafter accruing, provided that: (a) such Unit is free and clear of liens and encumbrances other than the statutory lien for unpaid Common Charges (provided that no amounts are owing under any such lien); and (b) no violation of any provision of the Declaration, these By-Laws or the Rules and Regulations then exists with respect to such Unit. However, in no event may a Unit Owner exempt itself from liability for Common Charges by waiving use of any of the Common Elements or by abandonment of its Unit. A purchaser of a Unit shall be liable for the payment of Common Charges accrued and unpaid against such Unit prior to its acquisition of such Unit, except that (i) a mortgagee acquiring title to a Unit at a foreclosure sale, or (ii) to the extent permitted by applicable law, a purchaser of a Unit at a foreclosure sale of a mortgage shall not be liable for, and such Unit shall not be subject to a lien for, the payment of Common Charges assessed against such Unit subsequent to the recording of such mortgage and prior to the acquisition of title to such Unit by such mortgagee or purchaser. Prior to any permissible sale, transfer or other conveyance of a Unit, any seller or purchaser of a Unit shall be entitled to a statement from the Board, dated as of the date of the closing of title pursuant to any such sale, transfer or other conveyance, setting forth the amount of unpaid Common Charges accrued against the Unit. However, in the event of a foreclosure of a Unit by the Board of its lien on any Unit for unpaid Common Charges, if the proceeds of the foreclosure sale actually received by the Board shall be insufficient for the payment of such unpaid charges, or if a Unit is acquired by a mortgagee or purchaser in foreclosure, the owner of such Unit prior to the foreclosure sale shall remain liable for the payment of all unpaid Common Charges which accrued prior to such sale.

6.2.3 The Board shall promptly provide any Unit Owner who so requests with a written statement of all unpaid Common Charges due to it from such Unit Owner.

6.3 Default in Payment of Common Charges; Lien for Unpaid Common Charges; Other Remedies.

6.3.1 The Board shall take prompt action to collect any Common Charges which remain unpaid for more than 30 days after the due date for payment thereof, including, without limitation, the institution of such actions and the recovery of interest and expenses as provided in this Article 6.

6.3.2 Except to the extent prohibited by law, the Board, on behalf of all Unit Owners, shall have a lien for Common Charges unpaid by any Unit Owner, together with interest thereon, on all Units owned by such Unit Owner, in proportion to their respective Common

Interests. Such liens shall be subordinate only to liens for Real Estate taxes and prior recorded Permitted Mortgages on such Unit.

6.3.3 In the event any Unit Owner fails to make payment of Common Charges, the Unit Owner shall be obligated to pay (a) a "late charge" of \$.04 for each dollar of such amounts which remain unpaid for more than ten days from their due date (although nothing herein shall be deemed to extend the period within which such amounts are to be paid) and (b) interest at the rate of 1.5% per month (but in no event in excess of the maximum rate permitted by law) on such unpaid amounts (less any "late charges" theretofore collected on such amounts) computed from the due date thereof, together with all expenses, including, without limitation, attorneys' fees paid or incurred by the Board or by any managing agent in any proceeding brought to collect such unpaid Common Charges or in an action to foreclose the lien on such Unit arising from said unpaid Common Charges, whether, in the case of Common Charges, as provided in Section 339-z of the New York Condominium Act, in the manner provided in Section 339-aa thereof or, in any event, in any other manner permitted by law. In addition, if the Board shall bring an action to foreclose such lien, the defaulting Unit Owner shall be required to pay a reasonable rental for the use and occupancy of its Unit and the plaintiff in such foreclosure action shall be entitled to the appointment, without notice, of a receiver to collect the same. All such "late charges", interest, expenses and rentals shall be added to and shall constitute Common Charges payable by such Unit Owner.

6.3.4 In any action brought by the Board to foreclose a lien on a Unit because of unpaid Common Charges, the Board, acting on behalf of all Unit Owners, shall have the power to purchase the Unit at the foreclosure sale thereof, and to acquire, hold, lease, mortgage, convey or otherwise deal with such Unit (but not to vote the interests appurtenant to such Unit). A suit to recover a money judgment for unpaid Common Charges shall be maintainable without foreclosing or waiving the lien securing such charges. In the event the net proceeds received on a foreclosure sale (after deduction of all legal fees, advertising costs, brokerage commissions and other costs and expenses incurred in connection therewith) are insufficient to satisfy the defaulting Unit Owner's obligations, such Unit Owner shall remain liable for the deficit.

6.3.5 If a non-occupying Unit Owner rents his unit to a rental tenant and then fails to make payments due for common charges, assessments or late fees within 60 days of the expiration of the grace period after they are due, the Board shall provide written notice to the tenant and non-occupying Unit Owner providing that until such payments are made current, all rental payments are to be made payable to the Condominium Association. Where a majority of the Board has been elected by Unit Owners in occupancy, the Board may elect not to require that rental payments be made payable to the Condominium Association.

6.4 Insurance

6.4.1 The Board shall be required to obtain and maintain, to the extent obtainable and to the extent determined by the Board to be appropriate, the following insurance: (a) fire insurance with all risk extended coverage, vandalism and malicious mischief endorsements, insuring the entire Building (including each Unit, but excluding fixtures, furniture, furnishings, decorations, appliances or other personal property not constituting a part of such Unit), together with all service machinery contained therein, and covering the interests of the Condominium, the board and all Unit

owners, as their respective interests may appear, in an amount equal to the full replacement value of the Building (exclusive of foundation and footings), without deduction for depreciation; (b) rent insurance in an amount equal to Common Charges for one year; (c) workers' compensation and New York State disability benefits insurance; (d) boiler and machinery insurance; (e) plate glass insurance to the extent, if any, determined by the Board; (f) water damage insurance to the extent, if any, determined by the Board; (g) elevator liability and collision insurance; (h) fidelity insurance covering all officers, Board members, directors and employees of the Condominium and of the Managing Agent who handle funds of any of the forgoing; (i) directors' and officers' errors and omissions insurance; and (j) such other insurance as the Board may determine from time to time. Each of said policies shall contain a Condominium Property Endorsement and a New York standard mortgagee clause in favor of each Permitted Mortgagee which, as its interest may appear, subject, however, to the loss payment provisions hereinafter set forth. The premiums for all insurance referred to above and for the liability insurance referred to below shall be a Common Expense and shall be allocated among the Units on the basis of Common Interests.

6.4.2 All such policies shall state that adjustment of loss shall be made by the Board. Insurance proceeds with respect to any loss shall be payable to the Board or Unit Owners entitled to adjust such loss, as aforesaid, except that the proceeds of all policies of physical damage insurance, if in excess of \$1,000,000.00, shall be payable to a New York City bank or trust company designated by the Board as Insurance Trustee pursuant to the provisions of Section 12.6.

6.4.3 The amount of fire insurance and all risk extended coverage to be maintained with respect to the Condominium (including each Unit, but excluding such items noted in subsection 6.4.1 to be excluded) until the first Board meeting following the first annual meeting of Unit Owners shall be at least \$7,500,000.

6.4.4 All policies of physical damage insurance shall contain, to the extent obtainable, waivers of subrogation and waivers of any defense based on (i) co-insurance, (ii) other insurance, (iii) invalidity arising from any acts of the insured, or (iv) pro rata reduction of liability of the insurer as a result of any insurance carried by Unit Owners, and shall provide that such policies may not be cancelled or substantially modified without at least ten days' prior written notice to all of the insureds, including all Unit Owners who have requested the same from the Board in writing. Duplicate originals or certificates of insurance of all policies of physical damage insurance and of all renewals thereof, if obtainable, together with proof of payment of premiums, shall be delivered to all Unit Owners who have requested the same from the Board in writing. Renewals shall be obtained at least ten days prior to the expiration of the then current policies.

6.4.5 The Board shall also be required to obtain and maintain, to the extent obtainable, comprehensive general liability insurance against claims for personal injury, death or property damage occurring upon, in or about the Condominium Property, in such amounts as from time to time are carried by prudent owners of comparable properties in the City of New York, and in such limits as the Board, from time to time, may determine, covering (i) the Board, the Managing Agent, each Board member, each officer and employee of the Condominium, and (ii) each Unit Owner and their agents if any, except that such policy will not cover liability of a Unit Owner arising from occurrences within its own Unit or within the Common Elements, if any, exclusive to its Unit. The Board shall review such limits once each year. Until the first meeting of the Board following the first annual meeting of Unit Owners, such liability insurance shall be at least \$1,000,000 with respect to any occurrence, with umbrella coverage of at least \$10,000,000

and at no time and in no event shall such comprehensive general liability insurance afford protection to the limit of less than such amounts. The Board shall also be required to obtain and maintain fidelity insurance covering the Board, the Managing Agent, each Board member and each officer and employee of the Condominium in respect of the maintenance and/or operation of the Building or any part thereon. The insurance required in accordance with this subsection 6.4.5 shall also cover cross-liability claims of one insured against another.

6.4.6 Any insurance maintained by the Board may provide for such deductible amounts as the Board determines.

6.4.7 The Board is not required to obtain or maintain any insurance with respect to any personal property contained in a Unit or any liability with respect to occurrences in or about a Unit. Unit Owners shall not be prohibited from carrying other insurance for their own benefit, at their own expense, and the Board shall not be prohibited from carrying additional insurance, provided that any such policies shall contain waivers of subrogation, and further provided that the liability of the carriers issuing insurance obtained by the Board shall not be affected or diminished by reason of any such additional insurance carried by any Unit Owner.

6.5 Repair or Reconstruction after Fire or Other Casualty.

6.5.1 In the event that the Building or any part thereof is damaged or destroyed by fire or other casualty (unless three-fourths or more of the Building is destroyed or substantially damaged and 75% or more in Common Interest of all Unit Owners do not duly and promptly resolve to proceed with repair or restoration), the Board will arrange for the prompt repair and restoration thereof (including each Unit, but excluding appliances, fixtures, furniture, furnishings or other personal property not constituting a part of such Unit) and the Board or the Insurance Trustee (as defined in Section 12.6 below), 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.

6.5.2 If three-fourths or more of the Building is destroyed or substantially damaged and if 75% or more in Common Interest of all Unit Owners do not duly and promptly resolve to proceed with the repair or restoration thereof, the Building will not be repaired and the Condominium Property shall be subject to an action for partition instituted by any Unit Owner or lienor, as if owned in common, in which case the net proceeds of sale, together with the net proceeds of insurance policies, shall be divided among all Unit Owners in proportion to their respective Common Interests, provided, however, that no payment shall be made to a Unit Owner until there has first been paid out of its share of such funds, such amounts as may be necessary to discharge all unpaid liens on its Unit in the order of the priority of such liens. As used in this Section 6.5, the words "promptly resolve" mean not more than 60 days from the date of such damage or destruction.

6.5.3 Any dispute between the Unit Owners or between any Unit Owner and the Board arising under this Section 6.5 shall be determined by Arbitration.

6.6 Maintenance and Repairs.

6.6.1 Except as otherwise provided in the Declaration or these By-Laws: (a) all painting, decorating, maintenance, repairs and replacements, whether structural or non-structural, ordinary or extraordinary, and all maintenance, repairs and replacements of all plumbing, heating and lighting fixtures, heating and air-conditioning units and appliances (i) in or to any Unit (excluding Common Elements included therein except as otherwise provided in these By-Laws) and the interior side of entrance doors thereto, shall be made by the owner of such Unit at such Unit Owner's sole cost and expense; provided that, in each instance that any such work is to be done within a Unit (other than Unsold Units), the Unit Owner thereof will utilize only such contractors, workers and suppliers as are on the Managing Agent's then approved list, which list may change from time to time in the Managing Agent's or the Board's sole discretion; (ii) in or to the General Common Elements shall be made by the Board and the cost and expense thereof shall be charged as a Common Expense to the Unit Owners; and (iii) in or to the Limited Common Elements shall be made by the Board and the cost and expense thereof shall be shared by all Unit Owners in proportion to their respective Common Interests; and (b) a Unit Owner shall not be responsible for the cost of painting, decorating, maintenance, repairs or replacements on or to any Unit other than to its own Unit (and any Limited Common Elements included in any such Unit) and the Common Elements.

6.6.2 Notwithstanding the provisions of subsection 6.6. 1:

(a) In the event that any painting, decorating, maintenance, repairs or replacements to the Condominium Property or any part thereof is necessitated by the negligence, misuse, neglect or abuse of (i) any Unit Owner, the entire cost thereof shall be borne by such Unit Owner, or (ii) the Board, the entire cost thereof shall be charged to all Unit Owners as a Common Expense, except to the extent in either case that such cost is covered by the proceeds of any insurance maintained pursuant to the provisions hereof.

(b) The interior and exterior glass surfaces of all windows located in any Unit shall not be colored or painted. All exterior glass surfaces shall be washed and cleaned by the respective Unit Owners, as required by the Board from time to time, at the Unit Owners' cost and expense. Any replacement of glass windows in any Unit because of breakage or otherwise shall be made by the Board, at the expense of all Unit Owners, as a Common Expense (unless such breakage is caused by a Unit Owner, in which event such replacement of glass windows shall be done by the Board, at the expense of such Unit Owner).

6.6.3 Each Unit and all portions of the Common Elements shall be kept in first class condition (and with respect to any roof or other part of the Condominium Property exposed to the elements, free of snow, ice and accumulation of water) by the Unit Owner or the Board, whichever is responsible for the maintenance thereof as set forth herein, and such Unit Owner or the Board, as the case may be, shall promptly make or perform or cause to be made or performed, all maintenance work, repairs and replacements necessary in connection therewith. In addition, the public areas of the Building and those areas which are exposed to public view shall be kept in good appearance, in conformity with the dignity and character of the Building, by: (a) the Board, with respect to such parts of the Building required to be maintained by it; and (b) each Unit Owner, with

respect to the windows and shades, venetian or other blinds, drapes, curtains or other window decorations in or appurtenant to its Unit.

6.6.4 In the event that any Unit Owner, after receipt of written notice from the Board, fails or neglects in any way to perform any of its obligations with respect to the painting, decorating, maintenance, repair or replacement of its Unit as provided in this Article 6 or of any Common Element for which such Unit Owner is responsible under the Declaration or these By-Laws, the Board may perform or cause to be performed such painting, decorating, maintenance, repair or replacement unless such Unit Owner, within five days after receiving notice of such default by the Board, cures such default, or in the case of a default not reasonably susceptible to cure within such period, commences and thereafter prosecutes to completion, with due diligence, the curing of such default. All sums expended and all costs and expenses incurred in connection with the making of any such painting, decorating, maintenance, repair or replacement in such Unit Owner's Unit or to any such Common Element for which such Unit Owner is responsible as aforesaid, together with interest thereon at the rate of 2% per month (but in no event in excess of the maximum rate permitted by law), shall be immediately payable by such Unit Owner to the Board and shall, for all purposes hereunder, constitute Common Charges payable by such Unit Owner.

6.7 Alterations of Units.

6.7.1 Except as otherwise provided in the Declaration, no Unit Owner (other than Sponsor or its designee as the owner of Unsold Units) shall make any alteration, addition, improvement or repair in or to its Unit if the same would affect the structure or systems of the Building, without the prior written approval of the Board, which approval will not be unreasonably withheld. Prior to, and as a condition of, the granting of its consent to the making of any such alteration, addition, improvement or repair in or to a Unit, the Board, at its option, may require the Unit Owner to execute an agreement, in form and substance satisfactory to the Board, setting forth the terms and conditions under which such Alteration (as defined below) may be made.

6.7.2 All repairs which would affect the structure or systems of the Building and all alterations, additions and improvements (all of the foregoing, collectively, "Alterations") to any Unit shall be made in accordance with plans and specifications, which plans and specifications shall be subject to review and approval by the Board. All Alterations shall be performed:

(i) at the Unit Owner's sole cost and expense;

(ii) in a manner which will not interfere with, or cause any labor disturbances or stoppages in, the work of Condominium employees or other contractors or subcontractors employed in the Units or the Building;

(iii) during only such days and hours as may be specified by the Board in its reasonable judgment;

(iv) only after obtaining such insurance, naming the Board and the Managing Agent, as the Board or the Managing Agent may require;

(v) employing such architects, engineers, contractors, subcontractors, suppliers and other laborers who are on the Managing Agent's then approved list, as such list may change from time to time, in the sole discretion of the Board or the Managing Agent; and

(vi) in compliance with the Declaration, these By-Laws, the Rules and Regulations, the overall Building standards and all applicable laws, ordinances, orders, rules, regulations and requirements of all governmental and quasi- governmental authorities, including, without limitation, the requirements of the New York City Department of Buildings, and the boards of fire underwriters having jurisdiction thereof (all such laws, ordinances, orders, rules, regulations and requirements being sometimes hereinafter collectively referred to as "Legal Requirements").

The Unit Owner performing or causing, permitting or suffering such Alterations to be performed shall, if required by the Board, pay the cost of (x) any necessary amendment of the Declaration and the floor plans of the Condominium, if appropriate, to reflect any such Alterations, (y) obtaining all necessary governmental permits, authorizations, certificates and licenses for the commencement and completion of any Alterations (and copies thereof shall be delivered to the Board promptly after the issuance thereof and prior to the commencement of any alterations, additions, improvements or repairs), and obtaining any amendment to the Certificate of Occupancy for such Unit, if necessary, and (z) any architectural, engineering and legal fees incurred by the Board in connection with such work. Neither the Board nor any Unit Owner (other than the Unit Owner making or causing, permitting or suffering any Alterations to be made in or to its Unit) shall incur any liability, cost, or expense either: (a) in connection with the preparation, execution, or submission of the applications referred to above; (b) to any contractor, subcontractor, supplier, architect, engineer or laborer on account of any Alterations made or caused, permitted or suffered to be made by any Unit Owner; (c) to any person or entity asserting any claim for personal injury or property damage arising therefrom; or (d) arising out of a Unit Owner's failure to obtain any permit, authorization, certificate or license, or to comply with the Declaration, these By-Laws, the Rules and Regulations and the provisions of any Legal Requirements insofar as the same relates to Alterations. A Unit Owner making or causing, permitting or suffering any tenant or occupant to make, an), Alteration shall be deemed to have agreed to indemnify and hold the Board, the Managing Agent and all other Unit Owners harmless from and against any liability, loss, cost, or expense arising therefrom, and from and against any and all loss, cost, expense (including, but not limited to, attorneys' fees and disbursements), damage or injury, whether direct, indirect or consequential, resulting from, arising out of, or in any way connected with, any of the foregoing.

6.7.3 Any application to any department of the City of New York or to any other governmental authority having jurisdiction thereof for a permit to make an Alteration in or to any Unit so approved by the Board shall, if required by law or such department or authority, be executed by the Board, provided that the Board shall not incur any liability, cost or expense in connection with such application or to any contractor, subcontractor, supplier, architect or engineer on account of such Alteration or to any person having any claim for injury to person or damage to property arising therefrom.

6.7.4 Notwithstanding anything to the contrary contained in this Section 6.7 (but subject to all Legal Requirements), however, Sponsor and its designee shall have the right pursuant

(and subject) to the terms of the Declaration, without the approval of the Board, to: (i) make any alterations, additions, improvements and repairs in or to any Unsold Units, whether structural or nonstructural, interior or exterior, ordinary or extraordinary; and (ii) subdivide, combine and change the boundary walls of Unsold Units. Additionally, an initial purchaser of an Unsold Unit shall have the right, without the approval of the Board, to make any Alterations in or to its Unit, provided that Sponsor or its designee has consented to the same in writing at or prior to the closing of title to such Unit, and that such purchaser complies with all of the other requirements of this Section 6.7.

6.7.5 In addition to the requirements set forth above in this Section 6.7, until a permanent Certificate of Occupancy is obtained for the Building, no Unit Owner shall make any Alterations in or to its Unit without first notifying Sponsor of the same in writing and complying with Sponsor's reasonable requirements with respect to the same. Such requirements may include, but need not be limited to, the requirements that:

(i) such work not include any change that would result in a delay in obtaining a temporary or permanent Certificate of Occupancy for the Building, or any amendment to, or extension of, the same if theretofore issued;

(ii) the Unit Owner posts a bond or other similar security that is reasonably acceptable to Sponsor in an amount sufficient (in Sponsor's reasonable judgment) to insure the diligent completion of the work and the filing of any required notices or certificates with respect to such work and the completion of the same with all governmental authorities having jurisdiction;

(iii) such work not be commenced until the Unit Owner causes all required plans, specifications, notices and/or certifications to be filed with all governmental authorities having jurisdiction, procures all required permits and licenses with respect to the same, and delivers copies of all such plans, specifications, notices, certifications, permits and licenses to Sponsor;

(iv) such work be diligently prosecuted to completion in compliance with a plans, specifications, notices and/or certifications and in conformity with all permits and licenses;

(v) Sponsor and its representatives shall be given reasonable opportunity, from time to time, to inspect such work as it progresses;

(vi) promptly after the completion of such work, all necessary inspections and approvals of the same shall be obtained, all necessary notices and/or certifications shall be filed with the appropriate governmental authorities and Sponsor shall be given a copy of all such inspections, approvals, notices and certifications;

(vii) the Unit Owner shall indemnify and hold Sponsor harmless from any cost, expense, claim, or liability arising, directly or indirectly, from such work, including, without limitation, any cost, expense, claim, or liability incurred or suffered by Sponsor due to any violation of a Legal Requirement or due to any delay in obtaining a temporary or permanent Certificate of Occupancy for the Building (or any amendment to, or extension of, the same if

theretofore issued) as a result of such work or the failure to make all appropriate governmental filings in connection with the same; and

(viii) all contractors shall be duly licensed to the extent required by applicable Legal Requirements and, if required under any contract with any union whose members are performing services at the Building (including, without limitation, services directly or indirectly at the behest, for the benefit, or for the account of Sponsor, any other Unit Owner, or the Board), such work shall be performed solely by union members.

If any Unit Owner commences any such Alterations in violation of the foregoing terms and conditions, or fails to comply with the reasonable requirements of Sponsor in connection with the same, Sponsor shall be entitled to cause such work by the Unit Owner to be halted, including, without limitation, to cause the Managing Agent to deny access to the Building to the Unit Owner's workers and suppliers, until the Unit Owner complies with the same. During the period until such Unit Owner is permitted hereunder to resume its work, Sponsor shall have the right to perform any and all work in and to such Unit Owner's Unit as shall be necessary, in Sponsor's sole judgment, in order to avoid any delay in obtaining a temporary or permanent Certificate of Occupancy for the Building (or any amendment to, or extension of, the same if theretofore issued), whether or not such work shall be in compliance with the plans and specifications for the work theretofore performed by, or on behalf of, such Unit Owner. The cost and expense of any such work performed by Sponsor shall be borne by such Unit Owner and shall be paid to Sponsor within fifteen (15) days of Sponsor's written demand therefor.

6.8 Alterations to Common Elements. Except as otherwise provided in the Declaration or these By-Laws, all alterations, additions, improvements or repairs in or to any General Common Element shall be made by the Board and the cost thereof shall be charged to all Unit Owners as a Common Expense; and alterations, additions, improvements or repairs in or to any Limited Common Elements will be made by the Board, and the cost thereof will be shared by all Unit Owners in proportion to their respective Common Interests. Whenever, in the judgment of the Board, the cost of any such alterations, additions, improvements and repairs would exceed \$100,000 in the aggregate in any calendar year, then the same shall not be made unless first approved by a Majority in Interest of the Unit Owners required to bear the cost and expense thereof in accordance with the or unless the same is necessary to comply with applicable laws or regulations, to remedy any violation imposed against the Condominium Property, or to comply with a proper work order of an insurer of the Condominium Property, or for the health or safety (but not the general comfort or welfare) of the residents or occupants of the Condominium Property. In any such event, the Board may, in its discretion, assess each Unit Owner liable therefor for its pro-rata share of the cost of such alterations, additions, improvements and repairs, according to its percentage of Common Interests, as part of the Common Charges. Any additions, alterations, improvements and repairs costing \$ 100,000 or less, in the aggregate, in any calendar year may be made by the Board without the approval of the Unit Owners.

6.9 Use of Units

6.9.1 A Residential Unit may be used only as a residence and, subject to compliance with these By-Laws, for a lawful home occupation. A Residential Unit may only be occupied by (i) any individual who is a Unit Owner or permitted lessee, (ii) any officer, director, stockholder or employee of any corporation which is a Unit Owner or permitted lessee, (iii) any partner or employee of any partnership which is a Unit Owner or permitted lessee, (iv) the fiduciary or beneficiary of any fiduciary which is a Unit Owner or permitted lessee and member and/or non-paying guests of any of the foregoing.

6.9.2 A Parking Space Unit and Garage Unit may be used only for parking passenger vehicles. Parking Spaces and Garage Units may not be leased by the Owners.

6.10 Use of Common Elements.

6.10.1 Common Elements may be used only for the furnishing of the services and facilities and for the other uses for which they are reasonably suited.

6.10.2 The Owner or Owners of any one or more Units, which Unit or Units are the only Unit or Units serviced or benefited by any Common Element adjacent or appurtenant thereto (for example, that portion at the end of any hallway which is directly adjacent to any such Units located on opposite sides of such hallway) and not affecting access or service (including, without limitation, heating, ventilating and air-conditioning) to any other Unit or to any other portion of the Common Elements shall, to the extent permitted by applicable law and with the consent of the Board (which consent shall not be unreasonably withheld or delayed and shall not be required if the Unit Owner or Owners shall be Sponsor or its designee), have the exclusive right to use that portion of the Common Elements as if it were a part of such Units (including the right, in the above example of a portion of a hallway, to enclose such portion) and no amendment to the Declaration nor reallocation of Common Interests shall be made by reason thereof; provided, however, that such Unit Owner or Owners, at their sole cost and expense, shall (a) be responsible for the operation, maintenance and repair of that portion of the Common Elements for so long as such Unit Owner or Owners exercise such exclusive right of use, and (b) restore that portion of the Common Elements to its original condition, reasonable wear and tear excepted, after such Unit Owner or Owners cease to exercise such exclusive right of use. The owner of any such Units which are Unsold Units shall have the rights set forth in the preceding sentence without the necessity for obtaining the consent of the Board

6.10.3 Notwithstanding the foregoing, elevator landings which serve fewer than four Units may be decorated and/or furnished by the adjoining Unit Owners as they desire, at their expense, provided that each such Unit Owner consents in writing thereto, and the Board gives its written consent to such decoration and/or furnishing, which consent of the Board may not be unreasonably withheld or delayed. After an elevator landing is decorated and/or furnished by the Unit Owners serviced by the same, the Owners of such Units, and not the Board, will be responsible for keeping the decor and furnishings in a first class condition and state of repair and performing, at their joint expense, all repairs and maintenance necessary or desirable in order to accomplish the same.

6.11 General Provisions as to Use.

6.11.1 No nuisance shall be allowed in the Condominium Property nor shall any use or practice be allowed in the Condominium Property which interferes with the peaceful possession or proper use of the Condominium Property by its occupants. No immoral, improper, offensive or unlawful use shall be made of the Condominium Property or any portion thereof. All laws, zoning ordinances and regulations of governmental bodies having jurisdiction thereof, relating to any portion of the Condominium Property, shall be complied with at the sole expense of whichever of the Unit Owners or the Board shall have the obligation to maintain or repair such portion of the Condominium Property.

6.11.2 The Board, in its discretion, may grant permission for the use of a Unit for any other purpose (including use as a home office), provided such use is permitted by law, does not violate the then existing Certificate of Occupancy for such Unit, and the Unit Owner thereof complies with all applicable governmental regulations. Such permission by the Board shall be in writing and shall be personal to the Unit Owner. Any successor in title to such Unit shall be required to obtain the prior written approval of the Board before using such Unit for any purpose other than those expressly set forth above.

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

6.11.4 Sponsor or its designee, without the permission of the Board, may (a) use or grant permission for the use of any Unsold Unit for any purpose (including, without limitation, use for a home occupation), provided such use is permitted by law, does not violate the then existing Certificate of Occupancy for such Unit, and the user of such Unit complies with all applicable governmental regulations; (b) use any one or more Unsold Units as models and sales and/or promotion offices in connection with the sale or rental of the Units or for any other purpose, subject only to compliance with applicable governmental laws and regulations; and (c) lease and show Unsold Units to any party(ies).

6.12 Right of Access.

6.12.1 Each Unit Owner shall grant a right of access to its Unit and to its balcony, porch, roof terrace and/or yard (as applicable) to the Board, the Managing Agent and/or any other person authorized by any of the foregoing, for the purposes, among others, of: making inspections of, or removing violations noted or issued by any governmental authority against, the Common Elements or any other part of the Condominium Property; curing defaults hereunder or under the Declaration or Rules and Regulations by such Unit Owner or correcting any conditions originating in its Unit and threatening another Unit or all or any part of the Common Elements; performing maintenance, installations, alterations, repairs or replacements to the mechanical or electrical services or other portions of the Common Elements within its Unit or elsewhere in the Building; reading, maintaining or replacing utility meters relating to the Common Elements, its Unit or any other Unit in the Building; or correcting any condition which violates the provisions of any Permitted Mortgage covering another Unit; provided that (a) requests for entry to any Unit are made not less than one day in advance, and (b) any such right shall be exercised in such a manner as will not unreasonably interfere with or with the use of the other Units for their permitted purposes. In case of an "emergency" (i.e., a condition requiring repairs, replacements or

installations immediately necessary for the preservation or safety of all or any portion of the Condominium Property or for the safety of occupants of the Building or other persons, or required to avoid the suspension of any necessary service in the Building or with respect to all or any portion of the Condominium Property), such right of entry shall be immediate, without advance notice, whether or not the Unit Owner is present.

6.12.2 Each Unit Owner shall grant a right of access to its Unit and to its porch, yard, balcony and/or rooftop terrace (as applicable), and the Board shall grant rights of access to the Common Elements, to Sponsor and its contractors, subcontractors, agents and employees, for the purpose of fulfilling Sponsor's obligations as set forth in the Offering Plan, provided that access thereto shall be exercised by Sponsor, with respect to any Unit, in such a manner as will not unreasonably interfere with the use of the Unit for its permitted purposes.

6.13 Rules and Regulations. Annexed hereto as Exhibit A and made a part hereof are rules and regulations (the "Rules and Regulations") concerning the use of the Units and Common Elements. The Board may from time to time modify, amend or add to such Rules and Regulations, except that (a) a Majority of Unit Owners may overrule the Board with respect to any such modification, amendment or addition, and (b) no modification, amendment or addition affecting the Unsold Units may be made unless agreed to, in writing, by Sponsor or its designee and by all the owners of such Units who are affected by such modification, amendment or addition. Copies of any newly adopted, or any modifications, amendments or additions to, the Rules and Regulations shall be furnished by the Board or Unit Owner responsible therefor to each affected Unit Owner not less than 30 days prior to the effective date thereof.

6.14 Real Estate Taxes, Water Charges and Sewer Rents.

6.14.1 Water for the Building shall be supplied by The City of New York. Unless and until water charges and sewer rents are billed directly to Unit Owners by the proper authority, the Board shall promptly pay such charges and rents as a Common Expense, and the Unit Owners shall be required to reimburse the Board, as a Common Charge, for their proportionate share of such charges and rents.

6.14.2 Until the Units are separately assessed and billed for real estate tax purposes, the Board will pay all real estate taxes with respect to the Condominium Property to the Department of Finance of The City of New York (or directly to Sponsor if Sponsor has paid such taxes) and allocate the cost thereof among all Units as follows: The Board shall allocate such share among the individual Units in each in the ratio of the percentage of Common Elements held by each Unit Member total initial offering prices of all Units in such class. Each Unit Owner will then reimburse the Board for his or her allocated share. Such reimbursement shall be payable as if it were a Common Charge. Such taxes will be paid in a timely manner so that no lien will be placed on the Condominium Property or any Unit. If Sponsor fails to pay real estate taxes attributable to any Unsold Unit in a timely manner and as a result of such failure a lien is placed on the Condominium Property and/or any other Unit, Sponsor will immediately cause such lien to be removed at its sole cost and expense. A Unit Owner will not be responsible for the payment of, and will not be subject to any lien arising from, the non-payment of real estate taxes assessed against any other Units.

6.14.3 In the event of a proposed sale of any Unit, the Board (so long as the Board is still collecting and paying such real estate taxes and/or water charges and sewer rents), upon the written request of the selling Unit Owner, shall execute and deliver to the purchaser of such Unit or to such purchaser's title company, a letter agreeing to promptly pay all such taxes, charges and rents affecting such Owner's Unit to the date of the closing of title to such Unit.

6.14.4 In the event any Unit Owner individually seeks to have the assessed valuation of its Unit reduced by bringing a separate certiorari proceeding, the Board, if necessary for such proceeding, will execute any documents or other papers required for, and otherwise cooperate with such Unit Owner in pursuing, such reduction, provided that such Unit Owner indemnifies the Board from all claims, costs and expenses (including, without limitation, reasonable attorneys' fees) resulting from such proceedings.

6.15 Electricity. Electricity for each Unit shall be supplied through separate electric meters. Each Unit Owner shall be required to pay bills for electricity consumed or used in its Unit to the utility company.

6.16 Remedies for Violations of By-Laws or Rules and Regulations by Unit Owners.

6.16.1 The violation of any of the Rules and Regulations or the breach of any By-Law contained therein, or the breach of any provision of the Declaration, shall give the Board the right, in addition to any other rights set forth in these By-Laws or the Declaration, (i) to enter any Unit or Common Elements 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 resulting in such violation or breach and the Board shall not thereby be deemed guilty or liable in any matter of trespass, and/or (ii) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such violation or breach, provided that the Board gives the Unit Owner notice (which may be by telephone or telegram) that such violation exists, that repairs or replacements are necessary and that the Board will complete such repairs or replacements in the event the Unit Owner does not promptly act or complete the repairs or replacements, and/or (iii) to levy such fines and penalties as the Board may deem appropriate, and the Board shall have the same remedies for non-payment of such fines and penalties as for non-payment of Common Charges.

6.16.2 The violation or breach of any of the provisions of these By-Laws, any of the Rules and Regulations or the Declaration with respect to any rights, easements, privileges or licenses granted to Sponsor or its designee shall give to Sponsor and its designee the right, in addition to any other rights set forth in these By-Laws or the Declaration, to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such violation or breach.

ARTICLE 7

MORTGAGES

7.1 Notice to Board. A Unit Owner who mortgages its Unit or the holder of such mortgage, shall notify the Board of the name and address of the mortgagee and shall file a conformed copy of the note and mortgage with the Board, and such Unit Owner shall, prior to the making of such mortgage, satisfy all unpaid liens against its Unit. A Unit Owner who satisfies a mortgage covering its Unit shall so notify the Board and shall file a conformed copy of the satisfaction or mortgage with the Board.

7.2 Notice to Mortgagees of Default and Unpaid Common Charges. Whenever so requested in writing by a mortgagee of a Unit, the Board shall promptly report to such mortgagee any default in the payment of Common Charges or any other default by the Unit Owner of such Unit under any of the provisions of the Declaration or these By-Laws which, to the Board's knowledge, may then exist. The Board, when giving notice to a Unit Owner of any such default, shall also send a copy of such notice to any mortgagee thereof, if so requested. However, the Board shall have no liability for any failure, through oversight or negligence, in notifying a mortgagee of such default by its mortgagor, provided that the Board shall advise such mortgagee of the default promptly after discovering such failure.

7.3 Performance by Mortgagees. The Board shall accept payment of any sum of money or performance of any act by any mortgagee of a Unit Owner required to be paid or performed by such Unit Owner pursuant to the provisions of the Declaration, these By-Laws or the Rules and Regulations, with the same force and effect as though paid or performed by such Unit Owner.

7.4 Examination of Books. Each Unit Owner shall be permitted to examine the books of account of the Condominium upon reasonable prior notice, at reasonable times on business days, but not more frequently than once a month.

7.5 Consent of Mortgagees. Except as otherwise expressly provided for herein or in the Declaration, no consent or approval by any mortgagee shall be required with respect to any determination or act of the Board or any Unit Owner, provided, however, that nothing contained herein shall be deemed to limit or affect the rights of any mortgagee against its mortgagor.

ARTICLE 8

SELLING, LEASING AND MORTGAGING OF UNITS

8.1 Sales and Leases of Units. Subject to the terms of Section 8.7 hereof, each Unit Owner may sell its Unit or lease its Unit specifically, this Section 8.1:

8.1.1 (a) Subject to the terms of Section 8.8, any contract to sell a Unit together with its appurtenant Common Interest, or any lease of a Unit (collectively, the "Sale Agreement or

Lease") shall contain the following provision: "This Agreement, and the rights and obligations of the parties hereunder, are hereby expressly subject to the right of first refusal of the Board of Managers of 87 Lafayette Condominium in respect of the transaction described herein, pursuant to the terms of Article 8 of the By-Laws of 87 Lafayette Condominium." (All Unit Owner who has entered into a Sale Agreement or Lease is herein referred to as the "Offeree Unit Owner" and the prospective purchaser or tenant is herein referred to as the "Outside Offeror.")

(b) Promptly after a Sale Agreement or Lease has been fully executed, the Offeree Unit Owner shall send written notice thereof to the Board, by certified or registered mail, return receipt requested, or by reputable courier guaranteeing overnight delivery; such notice shall be accompanied by a fully executed duplicate original of the Sale Agreement or Lease, containing all of the terms offered in good faith by the Outside Offeror. The giving of such notice to the Board shall constitute an offer by the Offeree Unit Owner to sell its Unit, together with its appurtenant Common Interest, or to lease its Unit, as the case may be, to the Board, or its designee, corporate or otherwise, on behalf of all Unit Owners, upon the same terms and conditions as contained in such Sale Agreement or Lease, and shall also constitute a representation and warranty by the Offeree Unit Owner to the Board, on behalf of all Unit Owners, that such Sale Agreement or Lease is bona fide in all respects and contains the complete terms of the transaction. The Offeree Unit Owner shall submit in writing such further information with respect thereto as the Board may reasonably request. Not later than 20 days after receipt of such notice, together with such further information as may have been requested, the Board may elect, by sending written notice, by certified or registered mail, return receipt requested, or by reputable courier guaranteeing overnight delivery, to such Offeree Unit Owner before the expiration of said 20-day period, to purchase such Unit, together with its appurtenant Common Interest, or to lease such Unit, as the case may be (or to cause the same to be purchased or leased by its designee, corporate or otherwise), on behalf of all Unit Owners, upon the same terms and conditions as contained in the Sale Agreement or Lease and as stated in the Offeree Unit Owner's response(s) to requests by the Board for further information, as provided for above.

8.1.2 In the event the Board shall timely elect to purchase such Unit, together with its appurtenant Common Interest, or to lease such Unit, as the case may be, or to cause the same to be purchased or leased by its designee, corporate or otherwise, title shall close or a lease shall be executed at the office of the attorneys for the Board, in accordance with the terms of the Sale Agreement or Lease within 60 days after the giving of notice by the Board of its election to accept such offer; provided, however, that in the event that the closing date of the purchase or the commencement date of the term of the lease, as the case may be, set forth in the Sale or Lease Agreement shall be later than 60 days after the giving of notice by the Board of its election to accept the aforesaid offer, the Board shall be required to perform or cause to be performed all of the terms of the Sale Agreement or Lease (except as otherwise expressly set forth in this Article 8), including, but not limited to, payment of a downpayment or advance rentals and security deposits, or closing of title or acceptance of occupancy, as the case may be, and such closing of title or the commencement of the term of the Lease shall be on the date set forth in the Sale Agreement or Lease as the intended closing date or commencement date, as the case may be. If, pursuant to such Sale Agreement or Lease, the Outside Offeror was to assume or take title to the Unit subject to the Offeree Unit Owner's existing mortgage or mortgages, in the case of a sale, the Board may purchase the Unit and assume or take title to the Unit subject to said existing mortgage or

mortgages, as the case may be. At the closing, the Offeree Unit Owner, if such Unit (together with its appurtenant Common Interest) is to be sold, shall convey the same to the Board, or its designee, corporate or otherwise, on behalf of all Unit Owners, by deed in the form required by Section 339-o of the Real Property Law of the State of New York. Real estate taxes (including, water charges and sewer rents, if separately assessed), mortgage interest, if applicable, Common Charges and rent, if applicable, shall be apportioned between the Offeree Unit Owner and the Board, or its designee, corporate or otherwise, as of the closing date. In the event such Unit is to be leased, the Offeree Unit Owner shall execute and deliver to the Board, or its designee, corporate or otherwise, a lease between the Offeree Unit Owner, as landlord, and the Board, or its designee, corporate or otherwise, as tenant, covering such Unit, for the rental and term contained in the Lease.

8.1.3 In the event the Board or its designee shall fail to accept such offer within 20 days after receipt of notice, or waives such election in writing, as aforesaid, the Offeree Unit Owner shall have an additional 90 days after the earlier of the expiration of such 20-day period or waiver in writing by the Board, to consummate the transaction set forth in the Sale Agreement or Lease. In the event the Offeree Unit Owner shall not, within such 90-day period, so consummate the transaction, or should the terms of the Sale Agreement or Lease be amended or modified in any way (whether orally, in writing or by a side agreement) to be on terms less favorable to the Offeree Unit Owner, then the Offeree Unit Owner shall be required to again comply with all the terms and provisions of this Section 8. 1.

8.1.4 Any deed to an Outside Offeror shall expressly provide that the acceptance thereof by the grantee shall constitute an assumption of all of the provisions of the Declaration, these By-Laws, the Rules and Regulations, in each case as the same may be amended from time to time, and, in the absence of such express language, the same shall be conclusively deemed to have been included therein.

8.1.5 Any Lease to an Outside Offeror 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, that the tenant shall not assign its interest in such Lease or sublet the demised premises or any part thereof without the prior consent in writing of the Board and that the Board shall have power to terminate such Lease and/or to bring summary proceedings to evict the tenant in the name of the landlord thereunder, in the event of (i) a default by the tenant in the performance of its obligations under such Lease or (ii) a foreclosure of the lien granted by Section 339-z of the Real Property Law of the State of New York or otherwise. Such Lease shall also provide that it is and shall be subject and subordinate to these By-Laws and the Rules and Regulations.

8.1.6 Except as hereinbefore set forth, the form and substance of any such Lease executed by the Board or an Outside Offeror shall be the then current form of lease approved by the Board (as the same may be changed from time to time). Any Lease executed by the Board as tenant shall provide that the Board may enter into a sublease of the demised premises without the consent of the landlord and without paying to the landlord any portion of the rent received from the subtenant.

8.1.7 If a Unit Owner is a corporation, any sale, assignment, transfer or other disposition of any of its stock other than through any recognized national securities exchange or "over-the-counter" market, or if a Unit Owner is a partnership, limited liability company or other entity, any sale, assignment, transfer or other disposition of any interest in such partnership, company or other entity shall also subject the Unit owned by such entity to the requirement that the Unit first be offered to the Board, as described in this Section 8.1.

8.1.8 Any purported sale or lease of a Unit in violation of this Section 8.1 shall be voidable at the election of the Board and if the Board shall so elect, the Unit Owner shall be deemed to have authorized and empowered the Board to institute legal proceedings to eject or evict the purported purchaser or tenant, as the case may be, in the name of said Unit Owner as the purported seller or landlord, as the case may be. Said Unit Owner shall reimburse the Board for all expenses (including attorneys' fees and disbursements) incurred in connection with such proceedings.

8.2 Consent of Unit Owners to Purchase or Lease of Units by Board. The Board shall not exercise any option hereinabove set forth to purchase or lease any Unit without the prior approval of a Majority of Unit Owners with respect to a sale and the affirmative vote of a majority of the members of the Board for a lease. However, the Board shall have the right to release or waive such option without the prior approval of a Majority of Unit Owners.

8.3 No Severance of Ownership. No Unit Owner shall execute any deed, mortgage or other instrument conveying or mortgaging title to its Unit without including therein its appurtenant Common Interest, it being the intention 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 Common Interest of any Unit may be sold, conveyed or otherwise disposed of, except as part of a sale, conveyance or other disposition of the Unit to which such interests are appurtenant, or as part of a sale, conveyance or other disposition of such part of the appurtenant Common Interests of Units. Nothing in this Section 8.3 shall prohibit the lease of any Unit without the simultaneous lease of its appurtenant Common Interest.

8.4 Release by Board of Right of First Refusal. The right of first refusal contained in Section 8.1 may be released or waived by the Board only in the manner provided in Section 8.5. In the event the Board shall release or waive its right of first refusal as to any Unit, such Unit, together with its appurtenant Common Interest, may be sold, conveyed or leased in accordance with the Sale Agreement or Lease and the other information supplied by the Offeree Unit Owner to the Board pursuant to Section 8.1 hereof, subject to the provisions of subsection 8.1.3. The Board may establish reasonable fees for the consideration as to the waiver of any right of first refusal, which fees shall be payable by the selling or leasing Unit Owner (but not Sponsor or its designee), as the case may be, to the Managing Agent or Transfer Agent.

8.5 Certificate of Termination of Right of First Refusal. A certificate executed and acknowledged by the Secretary or any other officer of the Condominium stating that the provisions of 8.1 have been satisfied by a Unit Owner or stating that the right of first refusal

contained therein has been duly released or waived by the Board and that, as a result thereof, the rights of the Board thereunder have terminated, shall be conclusive upon the Board and the Unit Owners in favor of all persons who rely on such certificate in good faith.

8.6 Financing of Purchase of Units by Board. The purchase of any Unit, together with its appurtenant Common Interest, by the Board or its designee, corporate or otherwise, on behalf of all liens against their Units, other than Permitted Mortgages.

8.7 Exceptions. The provisions of Section 8.1 shall not apply to the lease, sale or conveyance of any Unit, together with its appurtenant Common Interest, by: (a) the Unit Owner thereof to his or her spouse, adult children, parents, adult siblings or to any combination of them, or to a trust for the benefit of any one or more of them and/or any one or more minor children of any of them (collectively, "family members"), or to any affiliate (as defined below) of the Residential Unit Owner thereof or the owner of any interest in a Unit Owner which is a corporation, partnership, limited liability company or other entity; (b) Sponsor or its designee with respect to Unsold Units; (c) the Board; (d) any proper officer conducting the sale of a Unit in connection with the foreclosure of a mortgage or other lien covering such Unit or delivering a deed in lieu of such foreclosure; or (e) a Mortgagee or its nominee, who has acquired title to any Unit at any foreclosure sale of its Mortgage or by deed in lieu of such foreclosure delivered in a bona fide transaction; provided, however, that each succeeding Unit Owner shall be bound by, and its Unit shall be subject to, all of the provisions of this Article 8. In addition, the provisions of Section 8.1 shall not apply to any lease, sale or conveyance of (i) a Unit to a Mortgagee or a purchaser at a foreclosure sale of a Mortgage in connection with a foreclosure or sale in lieu of same; The term "affiliate" shall be deemed to be any individual or entity that owns 50% or more of the legal and beneficial interest of such Unit Owner or owner of an interest in a Unit Owner, as the case may be, (with respect to a Unit Owner which is not an individual), or any entity with respect to which such Unit Owner or owner of an interest in a Unit Owner, as the case may be, (individual or otherwise) owns 50% or more of the legal and beneficial interest.

8.8 Gifts and Devises, etc. Any Unit Owner shall be free to convey or transfer his or her Unit by gift, or may devise his or her Unit by will, or have his or her Unit pass by intestacy, without complying with the provisions of 8. 1, provided, however, that each succeeding Unit Owner shall be bound by, and his or her Unit shall be subject to, the provisions of this Article 8.

8.9 Waiver of Right of Partition with Respect to Units Acquired on Behalf of Unit Owners as Tenants-in-Common. In the event that any Unit shall be acquired by the Board or its designee, corporate or otherwise, 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 acquired Unit and the entire Condominium Property as herein provided.

8.10 Payment of Assessments. Unit Owners shall not be permitted to sell, convey, Mortgage, pledge, hypothecate or lease their Units unless and until they shall have paid in full to the Board all unpaid Common Charges and other amounts required by the Board to be paid and theretofore assessed by the Board against such Units and until such Unit Owners shall have satisfied all unpaid

ARTICLE 9

CONDEMNATION

In the event of the taking in condemnation or by eminent domain of all or any part of the Elements, then, subject to the provisions set forth below, the Board will arrange for the prompt repair and restoration of the part of the Common Elements so taken. The award made for any such taking shall be payable to the Board, provided, however, that if any such award exceeds \$2,500,000, such award shall be payable to the Insurance Trustee (as defined in Section 12.6 hereof) and shall be disbursed to the contractors engaged in such repair and restoration, if any, in appropriate progress payments. If the net proceeds of any such award are insufficient to cover, or if such net proceeds exceed, the cost of any repairs and restorations, the deficit or surplus, as the case may be, will be (a) borne and shared by all Unit Owners with respect to any taking of the Elements pro rata in accordance with their Common Interests and (b) borne and shared by all Unit Owners with respect to any taking of the Limited Common Elements pro rata in accordance with their Common Interests; provided, that the amount of any surplus payable to any Unit Owner shall be lessened by such amounts as may be necessary to reduce unpaid liens on any such Unit in the order of the priority of such liens. Notwithstanding any provisions contained herein to the contrary, if seventy-five (75 %) percent or more of the Limited Common Elements and/or Common Elements, in the aggregate, are so taken, such repairs or restorations shall not be made unless seventy-five (75%) percent or more of all Unit Owners (including Sponsor or its designee, if Sponsor or such designee shall then own any Units), both in number and in aggregate Common Interests, shall promptly resolve to proceed with the same. In the event that a sufficient number of Unit Owners shall so resolve, the repairs and restoration shall be performed as set forth above. Conversely, in the event that a sufficient number of Unit Owners shall either fail or refuse to so resolve, the repairs and restoration shall not be performed and the Condominium Property shall be subject to an action for partition by any Unit Owner or lienor, as if owned in common, in which event the net proceeds of the resulting sale, and the net proceeds of any such award with respect to the taking shall be divided among the Unit Owners in proportion to their respective Common Interests, provided, however, that no payment shall be made to a Unit Owner until there has first been paid out of its share of such funds, such amounts as may be necessary to reduce all unpaid liens on his Unit in the order of the priority of such liens. As used in this Article 9, the words "promptly resolve" shall mean not more than 60 days from the date of such taking.

ARTICLE 10

RECORDS AND AUDITS

10.1 Records. The Board or the Managing Agent for the Condominium shall keep detailed records of the actions of the Board, minutes of the meetings of the Board, minutes of the meetings of the Unit Owners, and financial records and books of account with respect to the activities of the Board, including a listing of all receipts and expenditures. In addition, the Board shall keep a separate account for each Unit which, among other things, shall contain the amount of each assessment of Common Charges and other amounts required by the Board to be paid in

respect of such Unit, the date when due, the amounts paid thereon and the balance, if any, remaining unpaid.

10.2 Audits. Within four months after the end, of each fiscal year, an annual report of receipts and expenditures, prepared and certified by an independent certified public accountant, shall be submitted by the Board to all Unit Owners, and, if so requested, to any Permitted Mortgagee. The cost of such report submitted by the Board shall be paid by the Unit Owners as a Common Expense.

10.3 Availability of Documents. Copies of the Declaration, these By-Laws, the Rules and Regulations and the Floor Plans (as such term is defined in the Offering Plan), as the same may be amended from time to time, shall be maintained at the office of the Board and shall be available for inspection by Unit Owners and their authorized agents during reasonable business hours, upon reasonable prior notice.

ARTICLE 11

ARBITRATION

11.1 General Procedure. Any arbitration provided for in these By-Laws or the Declaration shall be conducted before one arbitrator in New York City -by the American Arbitration Association or any successor organization thereto, in accordance with its rules then in effect; the decision rendered in such arbitration shall be binding upon the parties and may be entered in any court having jurisdiction. Notwithstanding the foregoing, any arbitration held pursuant to the declaration or these By-Laws with respect w a dispute which arose prior to the first annual meeting of Unit Owners, shall be non-binding. In the event that the American Arbitration Association shall not then be in existence and has no successor, any arbitration hereunder shall be conducted in New York City before one arbitrator appointed, on application of any party, by any justice of the highest court of appellate jurisdiction located in the County of Kings. The decision of the arbitrator so chosen shall be given within ten days after his or her appointment. Any arbitrator appointed or selected in connection with any arbitration hereunder shall be a member of a law firm whose principal office is in the City of New York and which has at least five members.

11.2 Costs and Expenses. The fees, costs and expenses of the arbitrator shall be borne by the losing party in the arbitration or, if the position of neither party to a dispute shall be substantially upheld by the arbitrator, such fees, costs and expenses shall be borne equally by the disputants. Each disputant shall also bear the fees and expenses of its counsel and expert witnesses. All costs and expenses paid or incurred by the Board in connection with any arbitration held hereunder (including, without limitation, the fees and expenses of counsel and expert witnesses) shall constitute Common Expenses.

11.3 Agreement by Parties. The parties to any dispute required or permitted to be submitted to arbitration hereunder may, by mutual agreement between them, vary any of the provisions of 11. 1 with respect to the arbitration of such dispute, or may agree to resolve their dispute in any other manner, including without limitation. The manner set forth in Section 3031 of

the New York Civil Practice Law and Rules and known as the "New York Simplified Procedure for Court Determination of Disputes."

ARTICLE 12

MISCELLANEOUS

12.1 Consents. Wherever the consent, approval or satisfaction of Sponsor or its designee is required under these By-Laws or the Declaration, such consent, approval or satisfaction shall not be required when there are no remaining Unsold Units.

12.2 Waiver. No provision contained in these By-Laws or the Rules and Regulations shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, regardless of the number of violations or breaches thereof which may occur.

12.3 Captions. The index hereof and 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 By-Laws nor the intent of any provision hereof.

12.4 Certain References.

12.4.1 A reference in these By-Laws to any one gender, masculine, feminine or neuter, includes the other two, and the singular includes the plural, and vice versa, unless the context otherwise requires.

12.4.2 The terms "herein," "hereof" or "hereunder" or similar terms used in these By-Laws refer to these entire By-Laws and not to the particular provision in which the terms are used.

12.4.3 Unless otherwise stated, all references herein to Articles, Sections or other provisions are references to Articles, Sections or other provisions of these By-Laws.

12.5 Severability. Subject to the provisions of the Declaration, if any provision of these By-Laws is invalid or unenforceable as against any person, party or under certain circumstances, the remainder of these By-Laws and the applicability of such provision to other persons, parties or circumstances shall not be affected thereby. Each provision of these By-Laws shall, except as otherwise herein provided, be valid and enforced to the fullest extent permitted by law. In the event any provision of these By-Laws or the Rules and Regulations conflicts with the provisions of the Declaration, the provisions of the Declaration shall control.

12.6 Insurance Trustee. The Insurance Trustee shall be a bank or trust company having an office located in The City of New York, designated by the Board and having a capital surplus and undivided profits of \$500,000,000 or more. In the event the Insurance Trustee resigns or is replaced by the Board, the Board shall appoint a new Insurance Trustee which shall be a bank or trust company having an office located in The City of New York and having a capital surplus and undivided profits of \$500,000,000 or more. The Board shall pay the fees and disbursements of

any Insurance Trustee and such fees and disbursements shall constitute a Common Expense. The Insurance Trustee shall hold all such proceeds in accordance with Section 254(4) of the Real Property Law of the State of New York.

12.7 Successors and Assigns of Sponsor. The rights and/or obligations of Sponsor or its designee as set forth herein shall inure to the benefit of and be binding upon any successor or assign of Sponsor or its designee or, with the consent of Sponsor or its designee, any transferee of all of the then Unsold Units. Subject to the foregoing, Sponsor or its designee shall have the right, at any time, in its sole discretion, to assign or otherwise transfer its interests herein, whether by merger, consolidation, lease, assignment or otherwise.

12.8 Covenant of Further Assurances.

12.8.1 Any party which is subject to the terms of these By-Laws, whether such party is a Unit Owner, a lessee or sublessee of a Unit Owner, an occupant of a Unit, a member or officer of the Board, or otherwise, shall, at the expense of any such other party requesting the same, execute, acknowledge and deliver to such other party such instruments, in addition to those specifically provided for herein, and take such other action, as such other party may reasonably request, to effectuate the provisions of these By-Laws or any transaction contemplated herein or to confirm or perfect any right to be created or transferred hereunder or pursuant to any such transaction.

12.8.2 If any Unit Owner or any other party which is subject to the terms of these By-Laws fails to execute, acknowledge or deliver any instrument, or fails or refuses, within ten days after request therefor, to take any action which such Unit Owner or other party is required to execute, acknowledge and deliver or to take pursuant to these By-Laws, then the Board is hereby authorized, as attorney-in-fact, coupled with an interest, for such Unit Owner or other party, to execute, acknowledge and deliver such instrument, or to take such action, in the name of such Unit Owner or other party, and such instrument or action shall be binding on such Unit Owner or other party, as the case may be.

ARTICLE 13

AMENDMENTS TO BY-LAWS

13.1 Amendments by Unit Owners. Subject to the provisions contained herein or in the Declaration with respect to amendments, modifications, additions or deletions affecting Sponsor or its designee, any Unsold Units, any provision of these By-Laws or the Rules and Regulations affecting (a) only the Units or the Common Element or the Unit Owners may be amended, modified, added to or deleted by the affirmative vote of at least 66 2/3% in number and in Common Interest of all Unit Owners provided, however, that the use of Units or the Common Interest appurtenant to each Unit as expressed in the Declaration shall not be altered without the written consent of all Unit Owners affected thereby. Subject to the provisions contained herein or

in the Declaration with respect to amendments, modifications, additions or deletions affecting Sponsor or its designee, any Unsold Units, any such amendment, modification, addition or deletion shall be executed by the Board, as attorney-in-fact, coupled with an interest, for the Unit Owners. Each duly adopted amendment, modification, addition or deletion to these By-Laws shall be effectuated by an instrument recorded in the City Register's Office.

13.2 Amendments Affecting Sponsor or its Designee. Notwithstanding any provision contained herein to the contrary, no amendment, modification, addition to or deletion of these By-Laws, the Declaration or the Rules and Regulations shall be effective in any way against (a) Sponsor or its designee, for so long as Sponsor is the owner of one or more Units, or any Unsold Unit, unless Sponsor has given its prior written consent thereto, or (b) the holder of any present or future mortgage, pledge or other lien or security interest covering any Unsold Unit unless such holder has given its prior written consent thereto.

EXHIBIT A TO BY-LAWS

RULES AND REGULATIONS OF 87 LAFAYETTE CONDOMNIUM

1. The sidewalks, entrances, passages, public halls, elevators, vestibules, corridors and stairways of or appurtenant to the Building shall not be obstructed or used for any purpose by Unit Owners and their invitees other than the respective purposes for which they were intended
2. No article (including, but not limited to, garbage cans, bottles or mats) shall be placed in any of the passages, public halls, vestibules, corridors or stairways of the Building nor shall any fire exit thereof be obstructed in any manner.
3. Neither occupants nor their guests shall play in the entrances, passages, public halls, lobbies, elevators, vestibules, corridors or stairways of the Building.
4. No public hall or public elevator vestibule of the Building shall be decorated or furnished by any Unit Owner in any manner, except as otherwise expressly provided in the By-Laws.
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.
6. No window guards or other window decorations shall be used in or about any Unit, unless otherwise required by law and as approved by the Board.
7. No radio or television aerial shall be attached or hung from the exterior of the Building and no sign, notice, advertisement or illumination shall be inscribed or exposed on or at any window or other part of the Building except such as are permitted pursuant to the Declaration or the By-Laws or shall have been approved in writing by the Board or the Managing Agent; nor shall anything be projected from any window of the Building without similar approval.
8. No ventilator or air conditioning device shall be installed in any Unit without the prior written approval of the Board other than air conditioning units which can be placed in the existing portion of the window designated by the Board of Managers and which can be operated with the existing service provided to the unit holder.
9. All radio, television or other electrical or electronic equipment of any kind installed or used in any Unit shall comply with all rules, regulations, requirements and recommendations of the Board of Fire Underwriters and governmental authorities having jurisdiction, and the Unit Owner alone shall be liable for any damage or injury caused by any radio, television or other electrical or electronic equipment in such Unit Owner's Unit.

10. No mopeds, motorcycles, bicycles, scooters or similar vehicles shall be taken into or from the Building through the main entrances or be allowed in any of the elevators other than the elevators designated by the Board or the Managing Agent for that purpose, and no baby carriages or any of the above-mentioned vehicles shall be allowed to stand in the passages, public halls, vestibules, corridors or other public areas of the Building.

11. No Unit Owner shall make or permit any disturbing or objectionable noises, odors or activity 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 or their tenants or occupants. No Unit Owner shall play upon or suffer to be played upon any musical instrument, or operate or permit to be operated a phonograph, stereo system, or radio or television set or other loudspeaker in such Unit Owner's Unit between midnight and the following 7:00 A.M., if the same shall disturb or annoy other occupants of the Building, and in no event shall practice or suffer to be practiced either vocal or instrumental music between the hours of 10:00 P.M. and the following 9:00 A.M. No construction or repair work or other installation involving noise shall be conducted in any Unit except on weekdays (not including legal holidays) and only between the hours of 8:00 A.M. and 5:00 P.M., unless such construction or repair work is necessitated by an emergency.

12. No bird, insect, reptile or animal shall be permitted, kept or harbored in the Building unless in each instance expressly permitted in writing by the Board or the Managing Agent. Such consent, if given, shall be revocable by the Board or such Managing Agent in their sole discretion, at any time. Notwithstanding the foregoing, a Unit Owner (but no other or tenant or occupant of any Unit) may keep as pets in his or her Unit not more than two domestic dogs, not exceeding twenty (20) pounds each (other than for visually impaired individuals), domestic cats, caged birds and fish and other domestic animals provided that such pets do not constitute a health hazard, unsanitary condition or nuisance to any other Unit Owner, tenant or occupant. Any pet constituting a nuisance shall be permanently removed from the Building within one week after notice from the Managing Agent. In no event shall any bird, reptile or animal be permitted in any public elevator in the Building, or in any of the public portions of the Building, unless carried or on a leash.

13. All service and delivery persons will be required to use the service entrances to the Building as may be designated by the Board or the Managing Agent. All packages, including, without limitation, those containing perishable items, delivered by outside personnel must be delivered to the area therefor designated by the Board or the Managing Agent. Deliveries will be made from such area to individual Units only by Building personnel. Such deliveries will be made only at such times as a Unit is occupied by the resident thereof or an authorized person and said resident or authorized person is willing to accept delivery. If the Unit is not occupied or delivery is declined, the package will be held in the designated area until the resident or authorized person returns or requests delivery, except in the case of perishable items which will be held in the designated area for no longer than 24 hours. After said 24-hour period, the perishable item shall be disposed of by Building personnel.

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 or the Managing Agent, and any contractor or worker authorized by the Board or the Managing Agent, may enter any room or Unit at any reasonable hour of the day, on at least one day's prior notice to the Unit Owner, for the purpose of inspecting such Unit for the presence of any vermin, insects or other pests and for the purpose of taking such measures as may be necessary to control or exterminate any such vermin, insects or other pests; however, such entry, inspection and extermination shall be done in a reasonable manner so as not to unreasonably interfere with the use of such Unit for its permitted purposes.

16. Corridor 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 or the Managing Agent shall retain a pass-key to each Unit. If any lock is altered or a new lock is installed, the Board or the Managing Agent shall be provided with a key thereto immediately upon such alteration or installation. If the Unit Owner is not personally present to open and permit an entry to his or her Unit at any time when an entry therein is necessary or permissible under these Rules and Regulations or under the By-Laws or Declaration, and the Unit Owner has not furnished a key to the Board or the Managing Agent, then the Board or the Managing Agent or their agents (but, except in an emergency, only when specifically authorized by an officer of the Board or an officer of the Managing Agent) may forcibly enter such Unit without liability for damages or trespass by reason thereof (provided that during such entry reasonable care is given to the Unit Owner's property).

18. Complaints regarding Building services shall be made in writing to the Board or to the Managing Agent.

19. Unit Owners shall not cause or permit any unusual or objectionable noise or odors to be produced upon or to emanate from their Units.

20. No Unit Owner or any of his or her agents, servants, employees, licensees or visitors shall at any time bring into or keep in such Unit Owner's Unit any inflammable, combustible or explosive fluid, material, chemical or substance.

21. If any key or keys are given or lent by a Unit Owner or by any member of his or her family or by his or her agent, servant, employee, licensee or visitor to an employee of the Condominium or of the Managing Agent, whether for such Unit Owner's Unit, automobile, trunk or other item of personal property, the use of the key shall be at the sole risk of such Unit Owner, and neither the Board nor the Managing Agent shall be liable for injury, loss or damage of any nature whatsoever, directly or indirectly resulting therefrom or connected therewith.

22. Nothing shall be done or kept in any Unit which would increase the rate of insurance of the Building or contents thereof, without the prior written consent of the Board. No Unit Owner shall permit anything to be done or kept in his or her Unit which will result in the

cancellation of insurance on the Building or which would be in violation of any law. No waste shall be committed in the Common Elements.

23. Unit Owners will comply with the laws, ordinances, rules and regulations of the City of New York or any other applicable governmental authority with respect to disposal and recycling of waste and refuse, including, without limitation, the separation of trash into "recyclable" and "non-recyclable" materials. The Board may designate from time to time the types of materials which must be separated for recycling, the types of containers or binding to be used by the Unit Owners for the disposal of designated recyclable materials and the locations where designated recyclable materials shall be deposited. The Board may also establish other rules and regulations regarding the recycling of trash. Any costs incurred by the Board to enforce the rules and regulations of the Board or the requirements of applicable law regarding the recycling of trash against a Unit Owner, including, without limitation, legal fees, fines and penalties imposed by any government agency, shall be payable by the Unit Owner as additional Common Charges. Unit Owners will comply with the following procedures with respect to the use of the refuse receptacles: (a) wrap dust, flour and powdered waste before depositing the same; (b) thoroughly drain and wrap in paper all garbage before depositing the same; (c) refrain from forcing large bundles into the receptacles; (d) crush into tight bundles all loose papers before placing the same in the receptacles; (e) deposit all bundles of waste into the receptacles; and (f) refrain from depositing waste of an explosive nature therein. Unit owners shall deposit waste and refuse in the containers provided either before 8:00am or after 10:00pm at night only. Any refuse not disposable by depositing same in the trash room must be picked up directly from the Unit by Building personnel at such times and in such manner as the Board or the Managing Agent shall determine.

24. 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, except that each of the Unit Owners of a penthouse Unit with a private terrace located on the roof (and its family) may enter upon the roof and use its private terrace located on the roof for its intended purpose, in accordance with guidelines adopted by the Board from time to time for such use.

25. No Unit Owner, tenant or occupant of a Unit shall conduct any group tour or exhibition of any Unit or its contents or any auction sale in any Unit, without the prior consent of the Board or the Managing Agent.

26. In the event that any Unit is used for home occupation purposes, which are permitted by law, in no event shall any patients, clients or other invitees be permitted to wait in any lobby, public hallway or vestibule.

27. Any consent or approval given under these Rules and Regulations may be granted, refused, added to, amended or repealed, in the sole discretion of the Board, at any time by resolution of the Board. Further, any such consent or approval may, in the discretion of the Board or the Managing Agent, be conditional in nature.

28. The Board reserves the right to rescind, alter, waive or add, as to one or more or all occupants, any rule or regulation at any time prescribed for the Building when, in the judgment

of the Board, the Board deems it necessary or desirable for the reputation, safety, character, security, care, appearance or interests of the Building or the preservation of good order therein, or the operation or maintenance of the Building or the equipment thereof, or the comfort of Unit Owners, occupants or others in the Building. No rescission, alteration, waiver or addition of any rule or regulation in respect of one Unit Owner or other occupant shall operate as a rescission, alteration, waiver or addition in respect of any other Unit Owner or other occupant.

29. Notwithstanding any references to "Unit Owner" in these Rules and Regulations, the Rules and Regulations of the Condominium shall be binding upon all Unit Owners and all tenants, guests and other occupants of the Condominium. Unit Owners shall be responsible for enforcing compliance with, and liable for any violation of, the Rules and Regulations by members of their families, guests, invitees, tenants, employees, agents, visitors and any other occupants of their Units.

SPONSOR'S CERTIFICATION

STATE OF NEW YORK)

SS.:

COUNTY OF KINGS)

Re: 87 Lafayette Condominium
87 Lafayette Avenue
Brooklyn, New York

We are the sponsor and principals of sponsor for the Condominium Offering Plan for the captioned property.

We understand that we have primary responsibility for compliance with the provisions of Article 23-A of the General Business Law, the regulations promulgated by the Department of Law in Part 20 and such other laws and regulations as may be applicable.

We have read the entire Offering Plan. We have investigated the facts set forth in the Offering Plan and the underlying facts. We have exercised due diligence to form a basis for this certification. We jointly and severally certify that the Offering Plan does, and that documents submitted hereafter by us which amend or supplement the Offering Plan will:

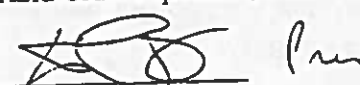
- (i) set forth the detailed terms of the transaction and be complete, current and accurate;
- (ii) afford potential investors, purchasers and participants an adequate basis upon which to found their judgment;
- (iii) not omit any material fact;
- (iv) not contain any untrue statement of a material fact;
- (v) not contain any fraud, deception, concealment, suppression, false pretense or fictitious or pretended purchase or sale;
- (vi) not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;

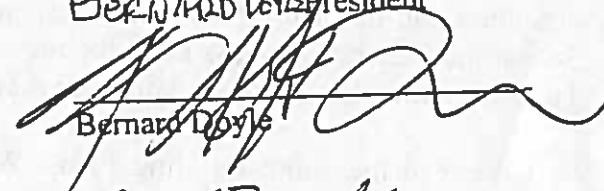
- (vii) not contain any representation or statement which is false, where we:
(a) knew the truth; (b) with reasonable effort could have known the truth; (c) made no reasonable effort to ascertain the truth, or (d) did not have knowledge concerning the representations or statements made.

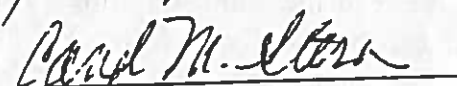
This certification is made under penalty of perjury for the benefit of all persons to whom this offer is made.

We understand that violations are subject to civil and criminal penalties of the General Business Law and Penal Law.

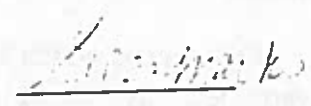
Sponsor: Grand old Properties, Inc.

By: 
BERNARD DOYLE President


Bernard Doyle


Donald La Rosa

Sworn to before me this
25th day of September, 2002


Notary Public

ELLEN MARKS
NOTARY PUBLIC STATE OF NEW YORK
NO 02MA4973231 KINGS COUNTY
COMMISSION EXPIRES OCT. 15, 2004



**DELACOUR
& FERRARA
ARCHITECTS**

PRINCIPALS
Willis S. DeLaCour Jr. AIA
Richard R. Ferrara AIA

**SPONSOR'S ARCHITECT'S
CERTIFICATION**

**DeLaCour & Ferrara Architects, P.C., Architects
91 Atlantic Avenue
Brooklyn, New York 11201**

August 15, 2002

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

Attention: Real Estate Financing Bureau

**Re: 87 Lafayette Avenue Condominium
87 Lafayette Avenue
Brooklyn, New York**

The Sponsor of the Offering Plan for Condominium ownership of the captioned property retained our firm to prepare a report describing the Property when constructed (the "Report"). We examined the building plans with specifications, dated March 19, 2002 that were prepared by Bernard J. Doyle, Architect, and we prepared the Report, dated August 15, 2002, a copy of which is intended to be incorporated into the Offering Plan so that prospective purchaser may rely on the Report. We are registered architects in the State of New York.

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

We 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. We certify the Report:

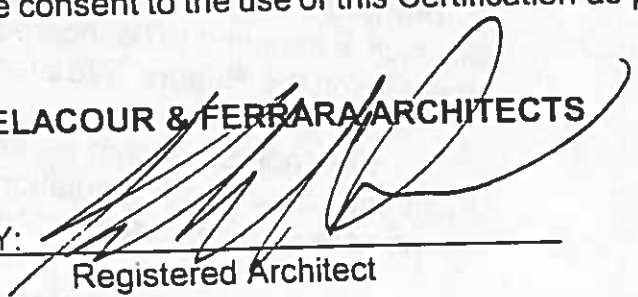
- (i) sets forth in narrative form the description and/or physical condition of the entire property as it will exist upon completion of construction provided the construction is in accordance with the plans and specifications that we examined;

- (ii) in our professional opinion affords potential investors, purchasers and participants an adequate basis upon which to found their judgment concerning the description and/or physical condition of the property as it will exist upon completion of the construction, provided the construction is in accordance with the plans and specifications that we examined.
- (iii) does not omit any material fact;
- (iv) does not contain any untrue statement of a material fact;
- (v) does not contain any fraud, deception, concealment, or suppression;
- (vi) does not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;
- (vii) does not contain any representation or statement which is false, where we: (a) knew the truth; (b) with reasonable effort could have known the truth; (c) made no reasonable effort to ascertain the truth; or (d) did not have knowledge concerning the representations or statements made.

We further certify that we are not owned or controlled by and have no financial interest in the Sponsor and that our compensation for preparing the Report is not contingent on the conversion of the Property to condominium ownership or on the profitability or price of the offering. This statement is not intended as a guarantee or warranty of the physical condition of the property.

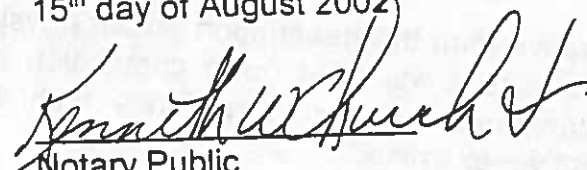
This certification is made under penalty of perjury for the benefit of all persons to whom this offer is made. We understand that violations are subject to the civil penalties of the General Business Law and Penal Law. We consent to the use of this Certification as part of the Offering Plan.

DELACOUR & FERRARA ARCHITECTS

BY: 

Registered Architect

Sworn to me this
15th day of August 2002


Notary Public



KENNETH W. CHURCH Jr.
Notary Public, State of New York
No. 01CH5083981
Qualified in Kings County
Commission Expires Aug. 25, 2005

CERTIFICATION BY EXPERT ON ADEQUACY OF BUDGET

AGUAYO AND HUEBNER REALTY

FIFTH AVENUE
BROOKLYN, NEW YORK

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

Re: 87 Lafayette Condominium
 87 Lafayette Avenue
 Brooklyn, New York

The sponsor of the condominium offering plan for the captioned property retained our firm to review Schedule(s) B and B-1, containing projections of income and expenses for the first year of condominium operation. Aguayo and Huebner is a licensed real estate, brokerage and management firm. Peggy Aguayo, the licensed real estate broker and principal of the firm has been engaged in the real estate business in New York City since 1985. The firm has also participated as selling and managing agent for numerous apartment buildings in this city.

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

We have reviewed the Schedule(s) and investigated the facts set forth in the Schedule(s) and the facts underlying it with diligence in order to form a basis for this certification. We also have relied on our experience in managing residential buildings.

We certify that the projections in Schedule(s) 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 Schedule(s):

- (i) sets forth in detail the projected income and expenses for the first year of condominium operation;
- (ii) affords potential investors, purchasers and participants an adequate basis upon which to found their judgment concerning the first year of condominium operation;
- (iii) does not omit any material fact;

- (iv) does not contain any untrue statement of a material fact;
- (v) does not contain any fraud, deception, concealment, or suppression;
- (vi) does not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;
- (vii) does not contain any representation or statement which is false, where We:
 - (a) knew the truth;
 - (b) with reasonable effort could have known the truth;
 - (c) made no reasonable effort to ascertain the truth; or
 - (d) did not have knowledge concerning the representation or statement made.

We further certify that we are not owned or controlled by the sponsor. We understand that a copy of this certification is intended to be incorporated into the offering plan. This statement is not intended as a guarantee or warranty of the income and expenses for the first year of condominium operation.

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

Aguayo and Huebner

By: Peggy Aguayo
Peggy Aguayo

Sworn to before me this
24 day of September, 2002

Maria Liveris
Notary Public

Maria Liveris

Notary Public NY

NO. 01LI60119

Queens County Exp 8/17/2006