CONDOMINIUM OFFERING PLAN
561 5TH STREET CONDOMINIUM
561 5th Street, Brooklyn, New York 11215

Total Purchase Price of:

4 Residential Units	$2,945,000.00
Less Working Capital Fund to be retained by Condominium[1]	$10,000.00
Net Purchase Price	$2,935,000.00

[1]The Working Capital Fund may be reduced by closing adjustments. (See "Working Capital Fund" section in this Offering Plan for details.)

The actual cash proceeds from this offering may be significantly greater or less than the amount shown, depending upon the actual purchase price received for each of the Residential Units. Purchasers may pay different prices for similar units. (See the section of this Plan entitled "Changes in Prices or Units" in Part I.)

Sponsor and Selling Agent:

561 5TH STREET ASSOCIATES LLC
128 Marine Avenue, Suite #1L
Brooklyn, NY 11209

Date of Acceptance for Filing: October 1, 2003

This Plan may not be used more than one year thereafter, unless amended.

THIS PLAN CONTAINS SPECIAL RISKS TO PURCHASERS. SEE SPECIAL RISKS ON PAGE 1 FOR DETAILS.

BECAUSE SPONSOR IS RETAINING THE UNCONDITIONAL RIGHT TO RENT RATHER THAN SELL UNITS, THIS PLAN MAY NOT RESULT IN THE CREATION OF A CONDOMINIUM IN WHICH A MAJORITY OF THE UNITS ARE OWNED BY OWNER-OCCUPANT OR INVESTORS UNRELATED TO THE SPONSOR. (SEE SPECIAL RISKS SECTION OF THE PLAN.)

PURCHASERS FOR THEIR OWN OCCUPANCY MAY NEVER GAIN CONTROL OF THE BOARD OF MANAGERS UNDER THE TERMS OF THIS PLAN. (SEE SPECIAL RISKS SECTION OF THE PLAN).

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

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SPECIAL RISKS

1. SPONSOR'S RIGHT TO RENT UNITS

Sponsor is retaining the unconditional right to rent unsold units. Because of such unconditional right Sponsor makes no commitment to sell more than the fifteen (15%) of the units to declare the plan effective and owner occupants may never gain effective control and management of the Condominium. Since the Sponsor has not utilized a construction loan to renovate the building there is no restriction on Sponsor's right to rent units.

2. DEFAULT

At the time a Purchase Agreement for a unit is executed, a purchaser is required to make a down payment in an amount equal to ten (10%) percent of the purchase price, or such lesser amount as shall be agreed. In the event of any default by a purchaser under his or her Purchase Agreement, Sponsor, at its option, may either (I) cancel such Purchase Agreement and retain, as liquidated damages, the down payment made by the purchaser, together with interest earned thereon, if any, or (ii) bring an action against the purchaser for specific performance in which event the purchaser could be compelled to complete the transaction (See "Procedure to Purchase" for further discussion). The right to specific performance is contained in the Purchase Agreement. If a purchaser fails to make any such payments when required or fails to perform any of purchaser's other obligations under the Purchase Agreement and does not cure said default within thirty (30) days after Sponsor gives written notice to purchaser of Sponsor's intention to cancel the Purchase Agreement, Sponsor may, at its option, cancel the Purchase Agreement. If Sponsor elects to cancel the Purchase Agreement as provided for in the preceding sentence, Sponsor shall retain, as and for liquidated damages, all sums deposited by purchaser under the Purchase Agreement, with interest earned thereon, if any.

3. OCCUPANCY

Purchasers are not required to buy for their own occupancy. Thus, some units may be occupied by persons other than the owners. Because Sponsor is not limiting the conditions under which it will rent rather than sell units, there is no commitment to sell more than the 15% necessary to declare the plan effective and owner occupants may never gain effective control and management of the Condominium. The Sponsor may elect to declare the plan effective when 15% of the units are under contract. Since some of those units may not close the actual first closing of units may occur with less than 15% of units sold.

4. DOWN PAYMENT

Down payments shall be deposited in North Fork Bank, 31 East 17th Street, New York, N.Y. 10003 in the account entitled Allen, Morris, Troisi & Simon LLP Offering Plan Escrows Attorney Trust Account. The account is insured to $100,000.00 and not in excess thereof.

5. BOND

No bond or other security has been furnished to secure sponsor's obligations including sponsor's obligations to complete construction of the condominium.

6. REAL ESTATE TAX BENEFITS

Sponsor will make a good faith effort to obtain real estate tax benefits (abatement and exemption). It is hoped that the benefits will be in place by January 1, 2004 but benefits may commence sometime thereafter (see page 65 for details).

NO WARRANTY IS OR CAN BE MADE BY SPONSOR OR ANY OTHER PERSON THAT THE NEW YORK CITY DEPARTMENT OF HOUSING PRESERVATION AND DEVELOPMENT OR THE NEW YORK CITY REAL PROPERTY ASSESSMENT BUREAU, OR ANY OTHER AGENCY WITH JURISDICTION, WILL APPROVE SPONSOR'S APPLICATION FOR J-51 TAX BENEFITS, AND NEITHER THE SPONSOR NOR ITS COUNSEL SHALL BE LIABLE IF, BECAUSE OF CHANGE IN LAWS AND/OR REGULATIONS OR THE INTERPRETATION OF LAWS AND/OR REGULATIONS (OR, AS TO ALLEN, MORRIS, TROISI & SIMON, LLP, OR BEN ROTTENSTEIN ASSOCIATES INC., IF THE FACTS REPRESENTED BY SPONSOR OR SPONSOR'S EXPERTS PROVE INCORRECT), THE PROPERTY FAILS TO OBTAIN J-51 BENEFITS. SHOULD TAX EXEMPTION BE DENIED, THEN THE CONDOMINIUM WILL BE RESPONSIBLE FOR ALL THE TAXES DUE AND OWING FROM THE CLOSING DATE, EXCEPT FOR SPONSOR'S OBLIGATION TO PAY ANY REAL ESTATE TAXES IN EXCESS OF $8,320.18 DUE FOR THE CONDOMINIUM'S FIRST YEAR OF OPERATION, AS PREVIOUSLY DISCUSSED HEREIN. SHOULD THE PROPERTY FAIL TO OBTAIN J-51 BENEFITS, PURCHASERS SHALL REMAIN BOUND UNDER THEIR PURCHASE AGREEMENTS.

7. HISTORIC DESIGNATION

The building is located in a historic district. Any work performed on the exterior of the building must first be approved by the Landmarks Preservation Commission. The Commission, before granting such approval, may impose certain conditions and/or standards which may make this work more costly. There may be added legal costs in connection with obtaining approval for such alteration. Landmark status should be viewed as a general limitation upon the right to alter the external structure.

8. BELOW GRADE ROOM

This room which is part of Unit #1 (Duplex) is designated as a "recreational room". This below grade recreation room may not be used as a bedroom and if Unit #1 elects to do so it may result in a violation against the building.

9. RESERVE FUND

The building is a recently renovated building and although major repairs or replacements with in the next three (3) years are not anticipated, they are possible. In the event major repairs or replacements are required, the Board of Managers will have to institute an assessment of Unit Owners to pay therefore.

10. COMPOSITION OF THE BOARD OF MANAGERS

The By Laws of the Condominium provide that the Sponsor may exercise control of the Board of Managers for a period of two years after the closing of the first unit or whenever the unsold units constitute less than fifty percent of the common interests, whichever is sooner. There is no provision in the By Laws that a majority of the board of managers must be owner-occupants or members of an owner-occupants household who are unrelated to the sponsor and its principals after the end of the initial control period. Owner-occupants and non-resident owners, including the sponsor, may have inherent conflicts on how the condominium should be managed because of their different reasons for purchasing, for example, the purchase of a home as opposed to as an investment.

INTRODUCTION

561 5TH STREET ASSOCIATES LLC, Limited Liability Company. ("Sponsor"), presents this Offering Plan (the "Plan") for the establishment of Condominium ownership of the land and building known as 561 5th Street, Brooklyn, New York 11215. The building is located in the Park Slope section of Brooklyn. The building is convenient to shopping and transportation with easy access to Manhattan.. The building contains 4 Residential Units. (see "Schedule A - Offering Prices & Related Information" in this Offering Plan for prices).

The Sponsor is the owner of the property. Sponsor acquired the property on March 3, 2003.

Sponsor is retaining the unconditional right to rent unsold units. Because of such unconditional right Sponsor makes no commitment to sell more than the fifteen (15%) of the units to declare the plan effective and owner occupants may never gain effective control and management of the Condominium. Since the Sponsor has not utilized a construction loan to renovate the building there is no restriction on Sponsor's right to rent units. In the event Sponsor makes a bulk sale of all or some of Sponsor's unsold units the transferee successor Sponsor is free to unconditionally rent such unsold units.

The Condominium is subject to the New York Condominium Act (New York Real Property Law Article 9B), and any rules and regulations promulgated thereunder. The purpose of this Plan is to set forth all the material terms of this offering.

The Plan is presented in two parts (in one volume) which together constitute the entire Plan. The purpose of the Offering Plan is to set forth all of the significant terms of the offering. The Plan may be amended from time to time by an amendment filed with and accepted by the New York State Department of Law. If certain material amendments are made to the Plan in the future, prospective purchasers may have the right to rescind their Purchase Agreements. Amendments to the Offering Plan will be served on all offerees (Purchasers) by regular mail. Part I sets forth a general description of the Plan and 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. All of these documents are important and should be carefully read by prospective purchasers. Copies of the entire Plan and all exhibits thereto will be available for inspection by prospective purchasers without charge at the office of the "Selling Agent" or the Department of Law at a reasonable copying charge.

The Condominium is managed by a Board of Managers which is elected by the Unit owners, subject to certain limitations set forth in the by-laws, which is generally responsible for the supervision, operation and maintenance of the Common Elements in the building. Utility usage (electricity and gas) is separately metered (see Schedule B-1). The By-Laws do not require that Directors be Owner Occupants. Although it is expected that Directors will be Owner Occupants it may be possible that Owner Occupants may not be in control of the Board of Manager. The bills therefor are thus paid directly by the Unit Owner to the utility company or entity providing the service and have no connection to the Board of Managers and accordingly are not displayed as either an expense or income item in the budget shown herein. In addition, repair, utility or service contracts affecting the Common Elements are managed and controlled

by the Board of Managers. (See "Rights and Obligations of the Unit Owners" and "Rights and Obligations of The Board of Managers" in Part I of the Plan).

The Condominium Board does not have the right to approve or disapprove Purchasers. The sole right of the Condominium Board to exercise it's Right of First Refusal (see page G21 for details). There is no limit on the number of Owners who may purchase for investment rather than for personal occupancy and that there may always be a substantial percentage of Owners who are non-residents.

The building is located in an historic district. Any work performed on the exterior of the building must first be approved by the Landmarks Preservation Commission. The Commission, before granting such approval, may impose certain conditions and/or standards which may make this work more costly. There may be added legal costs in connection with obtaining approval for such alteration. Landmark status should be viewed as a general limitation upon the right to alter the external structure.

The estimate of the Common Charges to be collected during the first year of Condominium operation is based upon the assumption that the first year of Condominium operation will be from January 1, 2004 through December 31, 2004.

In the event the projected commencement date of the first year of Condominium operation differs by twelve (12) months or more from the anticipated date of the first closing, the Plan will be amended to include a revised budget disclosing the then current budget projections. If the Common Charges in the revised budget projections exceed the earlier projections by twenty-five (25%) percent or more, the amendment will provide all purchasers with the right to rescind their Purchase Agreements and have their deposits, plus interest if any, refunded to them.

The purchase price of each unit has been set by the Sponsor. Such purchase prices have been established without arm's length negotiations, and are not subject to approval by the Department of Law or any other governmental agency. Each purchaser must obtain his or her own mortgage financing subject to certain limitations more particularly set forth in the By-Laws. No representation is made as to the availability or terms of any such financing. No binding obligation will arise for the sale of a Unit unless and until a Purchase Agreement (a copy of which is included starting on page B1 in Part II of the Plan) executed by both the Purchaser and Sponsor has been exchanged and Sponsor has collected the funds constituting purchaser's deposit. Sponsor has the right to reject any prospective purchaser without cause or explanation, provided that such rejection is not based on sex, race, creed, color, national origin, ancestry or other grounds proscribed by law. The submission to Sponsor by a prospective purchaser of a Purchase Agreement does not mean that Sponsor has approved the prospective purchaser for purchase of the applicable unit. Sponsor shall not be obligated to sell a Unit to any prospective purchaser until a duplicate Purchase Agreement, signed by Sponsor, is returned to the prospective purchaser.

Condominium ownership in the State of New York is governed by the Condominium Act, and a Condominium is created in the State of New York by filing an Offering Plan with the Department of Law, which includes a detailed description of the property, a form of Purchase Agreement, a Declaration, By-Laws, Floor Plans and other instruments and documents

required by the Condominium Act, by the New York General Business Law and by the Rules and Regulations issued pursuant thereto and the recording of the Declaration. From and after the date of recording of the Declaration, a Sponsor is the owner of all the units until they are sold and conveyed to a purchaser thereof. Part II of this Plan contains a statement regarding the building, the Purchase Agreement, the Declaration and the By-Laws. Each Unit Owner is obligated to comply with the Declaration, By-Laws, Rules and Regulations and any other requirements of the Board of Managers.

This plan may be amended from time to time by amendment filed with the New York State Department of Law. Amendments to the plan will be served on all offerees

The Plan, including all schedules and the exhibits, constitutes the entire offering of the Sponsor. Copies of the Plan, all documents referred to in the Plan and all Exhibits submitted to the Department of Law in connection with the filing of the Plan will be available for inspection without charge and for copying at a reasonable charge to prospective purchasers and their attorneys at the office of the Selling Agent or Sponsor.

Under the Condominium Act, a Condominium Unit may be owned by an individual, a corporation, a partnership, an association or a trust. However, the Units offered pursuant to this Plan if to an individual, are offered only to persons eighteen (18) years of age or over.

The ownership of a Condominium Unit is similar in many respects to the ownership of a private home. Each Unit Owner owns title to his or her unit and is generally entitled to its exclusive possession. Each Unit Owner may mortgage his or her unit or not, as he or she sees fit, and in such amount as he or she chooses, subject only to certain provisions more particularly set forth in the plan. Provided a purchaser's credit, income and reputation are acceptable to a lender, the purchaser may obtain a first mortgage from a bank, trust company, insurance company, savings and loan association, pension fund or other institutional lender; however, no representation is made as to the terms, conditions or availability of such financing. Each Condominium unit is separate and not subject to mortgages which encumber other units.

A Unit Owner may sell or lease his or her unit to anyone without restriction or limitation, subject to a right of first refusal by the Board of Managers. (See "Rights and Obligations of Unit Owners" in Part I of the Plan). However, Owners of Unsold Units will not be subject to said right of first refusal. A Unit Owner will be solely responsible for the maintenance and repair of his or her Unit after closing, and he or she may decorate it as he or she desires. Each Unit Owner will pay for electricity allocated to his or her unit which will be separately metered and billed. 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 his or her Unit and interest and amortization payments on the mortgage, if any, encumbering his or her Unit. A Condominium Unit will be taxed as a separate tax lot for real estate tax purposes, just as a private home.

If at the time of conveyance of title to any Units, the City of New York has not yet designated and separately assessed each Unit, purchasing Unit Owners will be required to pay their relative percentage of the total tax on the building as if same were a common charge until such separate

assessments have been accomplished. Such payments will be required to be made to the Sponsor at least thirty (30) days prior to the time when such taxes are due.

In the opinion of counsel (see "Opinion(s) of Counsel" in Part I of the Plan) under present income tax laws, a Unit Owner may be able to deduct from his or her income for income tax purposes, the real estate taxes paid in connection with his or her Unit and the interest paid on the mortgage on his or her Unit, provided the unit is the owner's primary or secondary residence.

In addition to his or her Unit, a Unit Owner also owns, in common with the owners of all other Units in the Condominium, an undivided interest in certain parts of the property other than the Units, such as the building's structural frame and similar elements of the building which may benefit or be used by all Unit Owners to the exclusion of none of them (hereinafter collectively referred to as the "Common Elements") (see Article 8 of the Declaration in Part II of the Plan). In addition, a Unit Owner may be entitled to the exclusive use of a limited common element(s), a limited common element being that part of the common elements which are to be exclusively used by a particular Unit Owner(s). The use of limited common elements are described in footnotes to Schedule A.

A Unit Owner will have the right, subject to certain limitations, to use the Common Elements and to vote annually for the election of the members of the Board of Managers. The Board of Managers will supervise the property and manage the general affairs of the Condominium (see the Declaration and By-Laws included hereto in Part II of the Plan).

The Board of Managers will assess against their respective Unit Owners in proportion to their relative percentage interest in the Common Elements (unless otherwise provided in Schedule B), charges for the maintenance of the Common Elements and for certain operating costs of the property. In addition Unit Owners will be responsible for the repair and maintenance of the interior of their Units as well as maintaining insurance (property and liability) covering the Unit. In accordance with the New York Condominium Act, Sections 339(I) and (m), the Common Charges payable under the By-Laws will be based strictly on the projected cash requirements of ownership and operation of the property but may include a reserve for contingencies, replacements and/or repairs. IT IS ASSUMED THAT COMMON CHARGES WILL INCREASE AS CASH REQUIREMENTS OF THE CONDOMINIUM RISE DUE TO INFLATION AND OTHER FACTORS. Furthermore, the Board of Managers may impose special assessments in order to meet emergencies, contingencies or other unforeseen events, which will become the financial obligation of each purchaser of a Condominium unit. These assessments will be levied on a pro rata basis. Each Unit Owner will be obligated to comply with the Condominium Declaration, By-Laws and Regulations and any other requirements of the Board of Managers. The Condominium Board does not have the right to approve or disapprove purchasers. There is no limit on the number of owners who may purchase for investment rather than for personal occupancy. There may always be a substantial percentage of owners who are non-residents.

The estimated Common Charges for the first year of Condominium operation and the estimated real estate tax charges are set forth in "Schedule A - Offering Prices & Related Information".

The projected budget for the first year of Condominium operation is set forth in "Schedule B - Projected Budget for First Year of Condominium Operation".

Under the Condominium Act, a Condominium Unit may be owned by an individual, a corporation, a partnership, an association or a trust. However, the Units offered pursuant to this Plan if to an individual, are offered only to persons eighteen (18) years of age or over.

THIS OFFERING PLAN CONSTITUTES THE SPONSOR'S ENTIRE OFFER TO SELL THESE CONDOMINIUM UNITS. THE GENERAL BUSINESS LAW OF NEW YORK REQUIRES THE SPONSOR TO DISCLOSE ALL MATERIAL MATTERS CONCERNING THE CONDOMINIUM UNITS IN THIS PLAN AND TO FILE THIS PLAN WITH THE NEW YORK STATE DEPARTMENT OF LAW PRIOR TO SELLING OR OFFERING TO SELL ANY OF THE CONDOMINIUM UNITS. FILING DOES NOT MEAN THAT THE DEPARTMENT OF LAW OF ANY OTHER GOVERNMENT AGENCY REVIEWED OR APPROVED THIS OFFERING.

EACH UNIT SHOULD BE INSPECTED PRIOR TO PURCHASE TO DETERMINE THE EXACT LAYOUT AND PHYSICAL CONDITION.

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

DEFINITIONS

ADJUSTMENT DATE: The date upon which adjustments between the Sponsor and the purchaser are calculated.

BOARD OF MANAGERS (BOARD): The overall Board of Managers of the Condominium.

BUILDING: The building, including any below grade sections, constructed on the land in which the Units of the Condominium are located.

BY-LAWS: The By-Laws governing the operation of the Condominium, a copy of which is set forth in Part II of the Plan.

CLOSING DATE: Refers to the date on which closing of a unit occurs.

COMMON CHARGES: Assessments payable by the Board for the purposes of meeting common charges.

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 or facilities for the common use of the Units and the Unit Owners.

COMMON INTEREST: The proportionate undivided interest, expressed as a numerical percentage, in the Common Elements, allocated to each Unit, in accordance with the Declaration and the Condominium Act. The total of all Common Interest percentages allocated to all Units equals 100%. The Common Interest is the basis of determining, among other things, a Unit Owner's (a) liability for a share of the Common Expenses, and (b) share of any distributions to Unit Owners upon termination of the Condominium.

CONDOMINIUM ACT: The New York State Condominium Act as amended from time to time as presently found in New York Real property Law, Article 99B Section 339.D of the Real Property Law of the State of New York.

DECLARATION: The instrument creating the Condominium set forth in Part II of the Plan.

EFFECTIVE DATE: Refers to the date the Plan is declared effective (see "Effective Date" section of this Plan).

FIRST CLOSING: The date fee title to a Condominium Unit is first conveyed to a purchaser pursuant to the Plan.

LAND: Refers to the property, excluding the building.

LIMITED COMMON ELEMENTS: A common element appurtenant to a particular unit or units, the use of which is restricted to the owners of such unit or units. The respective responsibilities of such Unit Owners and the Board of Managers for repair and maintenance of limited common elements are set forth in the Declaration and By-Laws in Part II of this plan.

PERMITTED ENCUMBRANCES: Encumbrances to the title of a Unit which a purchaser agrees to take title subject to, as more particularly itemized on Schedule A annexed to the form of Purchase Agreement contained in Exhibit B in Part II.

PROPERTY: Refers to the Land and Building situated at 561 5th Street Brooklyn, New York 11215, that Sponsor plans to convert to condominium ownership pursuant to the provisions of this Plan.

PURCHASER: Refers to party(s) named as purchaser(s) in a Purchase Agreement which has been duly executed by such party and accepted by Sponsor.

PURCHASE AGREEMENT: Refers to that contract of purchase and sale for a unit set forth as Exhibit B in Part II of the Plan.

RULES AND REGULATIONS: The rules and regulations made in accordance with the By-Laws and attached thereto as Schedule A.

SELLING AGENT: A person, persons or other entities designated from time to time by the Sponsor to be its agent in the sale of residential units.

SPONSOR: The Sponsor of this Offering Plan is 561 5th Street Associates LLC.

UNIT: Any space designated as a Residential Unit, in the Declaration, consisting generally, of either a specific Residential Unit in the building, together with the appropriate appurtenant undivided interest in the Common Elements as established in the Plan, the Condominium Act and/or otherwise in accordance with the law. All such units are collectively referred to as the "Units".

UNIT OWNER: Any Residential Unit Owner, all such Residential Unit Owners are collectively referred to as "Unit Owners".

UNSOLD UNIT: Refers to a unit owned or retained by Sponsor or its designee, or a unit for which a prospective purchaser is in default under the terms of his or her Purchase Agreement past any applicable period to cure, or a unit the Sponsor has not sold, or a unit that is acquired, individually or collectively, by one or more members of a group that consists of the Sponsor or a partner of the Sponsor.

DESCRIPTION OF PROPERTY AND IMPROVEMENTS

The building contains four (4) Residential Units.

The building is a Landmark building which has been designated as such in reel 656 page 1097 in the Office of the Register in the County of Kings. Landmark designation restricts certain changes to the exterior of the building and limits height of any additions the Condominium may elect to build on top of the building Certain portions of the building are being rehabilitated and the units are being sold in their "as is" state (please refer to Sponsor's Statement Building Condition starting on page 82). The units are being renovated in accordance with all applicable zoning and building laws, requirements including but not limited to the laws, rules and regulations of the building department of the City of New York.

It is expected that construction of the first units will completed by approximately June 1, 2003 and the remaining units shortly thereafter.

LOCATION AND AREA INFORMATION

The property is located on 561 5th Street and is in the Park Slope section of Brooklyn in Kings County. The property is convenient to transportation and shopping and is convenient to Manhattan. Police, fire, water and sanitation services will be provided by the City of New York. The adjacent portion of 561 5th Street is a public street and will be maintained and cleared of snow by the City of New York. Snow removal on the property itself will be the responsibility of the Condominium.

The building is located in a R6 zoning district. A four (4) family dwelling is a permitted use in a R6 zone.

The building is located in an historic district. Any work performed on the exterior of the building must first be approved by the Landmarks Preservation Commission. The Commission, before granting such approval, may impose certain conditions and/or standards which may make this work more costly. There may be added legal costs in connection with obtaining approval for such alteration. Landmark status should be viewed as a general limitation upon the right to alter the external structure.

SCHEDULE A

Offering Prices and Related Information
561 5th STREET CONDOMINIUM
561 5th Street, Brooklyn, NY 11215

Unit	(1) (2) (5) Number of Bedrooms / Baths	Square Footage Each Unit	Square Footage of Limited Common Elements	Total Square Feet	Offering Price	(8) Common Interest 100%	(4) Projected Common Charges		(7) Projected Real Estate Tax w/ J-51 Tax Benefits		Total Projected Carrying Charges w/ J-51 Tax Benefits		(7) Projected Real Estate Tax w/o J-51 Tax Benefits		(9) (10) Total Projected Carrying Charges w/o J-51 Tax Benefits	
							Annual	Monthly	Annual	Monthly	Annual	Monthly	Annual	Monthly	Annual	Monthly
1 Duplex	2/1½	1811.6	624.1	2435.7	$825,000.00	38.00%	3,989.21	332.43	0.00	0.00	3,989.21	332.43	3,160.84	263.40	7,150.05	595.84
2	2/1	1038.3		1038.3	$740,000.00	21.77%	2,286.11	190.51	0.00	0.00	2,286.11	190.51	1,811.30	150.94	4,097.41	341.45
3	1/1	755.8	296.5	1052.3	$590,000.00	15.85%	1,664.51	138.71	0.00	0.00	1,664.51	138.71	1,318.75	109.90	2,983.26	248.60
4 Duplex	2/2	1162.3	355.4	1517.7	$790,000.00	24.38%	2,560.17	213.35	0.00	0.00	2,560.17	213.35	2,028.46	169.04	4,588.63	382.39
Grand Totals:		4768	1276	6044	$2,945,000.00	100.00%	10,500.00	875.00	0.00	0.00	10,500.00	875.00	8,320.18	693.28	18,819.35	1,568.28

NOTE: All projected charges are for the period July 1, 2003 to June 30, 2004.

FOOTNOTES TO SCHEDULE A

1. See Sponsor's Description of Units beginning page D1. The room count is based on the New York City Zoning Resolution. Floor plans are included in the plan in Part II.

2. See "Description of Property, Specifications & Building Condition" beginning on page D1 for identification of the rooms in each unit.

3. The total cash purchase prices are subject to change. Prices and other terms are negotiable. See the section of the plan entitled "Changes in Prices and Units" for details.

4. Purchaser will incur certain closing costs and other expenses in connection with the purchase of a Unit. See the section of the plan entitled "Closing Costs and Adjustments" for details.

5. The respective Common Interest of each Unit, as determined by Sponsor, is based, pursuant to section 339(i)(iv) of the Real Property Law 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.

6. Projected common charges are based on Projected Budget For First Year Of Operation. These estimates are for the first year of operation and have been made by the Sponsor. These amounts may vary due to changes in operating expenses, etc., and especially the cost of fuel. These common charges do not include the cost of maintaining the unit, making repairs thereto, or electricity or cooking gas for each unit, all of which are the responsibility of each Unit Owner. Unit owners pay separately for Heat and Hot Water and the projected cost thereof can be found in Schedule B-1. In the event a purchaser obtains financing for his or her unit, the debt service for said loan will be in addition to the maintenance charges set forth herein.

7. The entire cellar is not a common area. A portion of the cellar is a limited common element for Unit #1 Duplex (see floor plans for details). Such space is designated as "recreational area" and cannot legally be occupied as a bedroom and thus cannot be legally used as a sleeping space. The roof terraces are not common areas but are limited common areas respectively allocated to Units 2 & 3 (see floor plans for details). No structure of any kind may be built on the terraces by the Owners of Units 2 & 3. If the Owners of Units 2 & 3 wish to use these terraces as a walking surface or for recreational use, protective covering must be installed at the Unit Owner's sole cost and expense before the surface can be used for that purpose. The rear yard is not a common element. The rear yard is a limited common element allocated to Unit 1 Duplex (see floor plans for details). Said yard may only be utilized for recreational purposes. No structure of any kind can be built in the yard. The Condominium nor any Unit Owner shall have access to any limited common element except for the following:

a. Access to the limited common areas for inspection, repair and maintenance purposes;

b. For ingress and egress from the building in case of fire or other emergency;

c. For any purpose as required by law, appropriate governmental rule or regulation or the building's Certificate of Occupancy;

d. Access to maintain and to make ordinary and necessary repairs to the building's plumbing, heating and electrical systems. The repair and maintenance of said systems shall be the exclusive obligation of the Condominium.

8. REAL ESTATE TAXES:

FIRST YEAR OF OPERATION
REAL ESTATE TAXES
WITH J-51 BENEFITS - ESTIMATED
$0.00

This is an estimate of real estate taxes for the Condominium's first year of operation, assumed to be July 1, 2003 through June 30, 2004. This projection is based upon the letter of Ben Rottenstein Associates Inc. dated March 19, 2003.

After the Condominium is divided into individual tax lots, each unit will be taxed as a separate tax lot for real estate tax purposes and the Unit Owner will not be responsible for the payment of nor will the unit be subject to any liens arising from non-payment of taxes on other units.

The subject premises is a four family residential building being gut-renovated. The cost of the renovation will be approximately $626,800.00. The resulting structure will contain four apartments, but the cubic content of the building will not be increased.

The current (2002/2003) assessed value is as follow:

	Land	Total
Actual	$48,541.00	$53,935.00

The estimated increase in assessed value will be approximately $12,536.00. Assuming the current tax rate of 12.517% (subject to change) the resulting tax liability would be $8,320.18.

Assuming there will be an exemption representing the increase in assessed value attributable to the physical improvements of the premises, the estimated increase in the assessed value will be approximately $12,536.00. This increase would be exempt from taxation pursuant to the following schedule:

Year	Percent of increase in Assessed Value which is Exempt from Taxes
Construction	100%
1-11	100%
12	80%
13	60%
14	40%
15	20%

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

After the project is completed, the City (HPD) reviews the J-51 Application which includes copies of contract for work and the checks used to pay for the work. Assuming that HPD is satisfied with the veracity and adequacy of the submission, it will issue a Certificate of Eligibility stating that the project is entitle to a certified value of "X" dollars. It is estimated that the Certificate of Eligibility will provide for a certified value of approximately $98,400.00 based in the City's guidelines for each aspect of the job, as opposed to the cost of the job. Assuming the City issues a Certificate of Eligibility for $98,400.00 the building will be entitled to a yearly abatement of $8,200.00 over a period of approximately 10.8 years to a maximum of 20 years, until 90% of the benefits have been received.

Upon closing Sponsor will make all tax benefit documents available to the board of managers for inspection and copying for the life of the benefits. Sponsor will file all applications and timely comply with all procedures required to properly process and maintain the tax benefits.

NO WARRANTY IS OR CAN BE MADE BY SPONSOR OR ANY OTHER PERSON THAT THE NEW YORK CITY DEPARTMENT OF HOUSING PRESERVATION AND DEVELOPMENT OR THE NEW YORK CITY REAL PROPERTY ASSESSMENT BUREAU, OR ANY OTHER AGENCY WITH JURISDICTION, WILL APPROVE SPONSOR'S APPLICATION FOR J-51 TAX BENEFITS, AND NEITHER THE SPONSOR NOR ITS COUNSEL SHALL BE LIABLE IF, BECAUSE OF CHANGE IN LAWS AND/OR REGULATIONS OR THE INTERPRETATION OF LAWS AND/OR REGULATIONS (OR, AS TO ALLEN, MORRIS, TROISI & SIMON, LLP, OR BEN ROTTENSTEIN ASSOCIATES INC., IF THE FACTS REPRESENTED BY SPONSOR OR SPONSOR'S EXPERTS PROVE INCORRECT), THE PROPERTY FAILS TO OBTAIN J-51 BENEFITS. SHOULD TAX EXEMPTION BE DENIED, THEN THE CONDOMINIUM WILL BE RESPONSIBLE FOR ALL THE TAXES DUE AND OWING FROM THE CLOSING DATE, EXCEPT FOR SPONSOR'S OBLIGATION TO PAY ANY REAL ESTATE TAXES IN EXCESS OF $8,320.18 DUE FOR THE CONDOMINIUM'S FIRST YEAR OF OPERATION, AS PREVIOUSLY DISCUSSED HEREIN. SHOULD THE PROPERTY FAIL TO

OBTAIN J-51 BENEFITS, PURCHASERS SHALL REMAIN BOUND UNDER THEIR PURCHASE AGREEMENTS.

PURCHASERS SHOULD CONSULT WITH THEIR OWN ATTORNEYS BEFORE SIGNING A PURCHASE AGREEMENT.

9. Each unit owner who itemizes their deductions should for Federal Income Tax purposes, be entitled to a deduction for mortgage interest and real estate taxes in the year paid or accrued. The amount of the deduction may vary in future years. See the section of the plan entitled "Taxes - Deductions to Unit Owners and Tax Status of Condominium" for details.

PROJECTED BUDGET FOR FIRST YEAR OF CONDOMINIUM OPERATION
SCHEDULE B
Beginning July 1, 2003

ESTIMATED INCOME [1]	
Common Charges [2]	$10,500.00
ESTIMATED EXPENSES	
Salaries and Wages [3]	$0.00
Heating and Hot Water [4]	$0.00
Utilities (Electricity) [5]	$500.00
Water Charges & Sewer Rents [6]	$1,700.00
Repairs, Maintenance, Service and Supplies [7]	$1,600.00
Management Fee [8]	$0.00
Insurance [9]	$3,300.00
Legal Fees & Audit Fees [10]	$1,700.00
Contingency [11]	$900.00
Other [12]	$800.00
TOTAL	$10,500.00

IN THE OPINION OF THE SPONSOR, THE PROJECTED RECEIPTS ARE ADEQUATE TO MEET THE ESTIMATED EXPENSES FOR THE CONDOMINIUM'S FIRST YEAR OF OPERATION. THE FOREGOING SCHEDULE, HOWEVER, IS NOT INTENDED AND SHOULD NOT BE TAKEN AS A GUARANTEE BY ANYONE THAT THE EXPENSES FOR THE FIRST OR ANY SUBSEQUENT YEAR OF OPERATION OF THE BUILDING BY THE BOARD OF MANAGERS WILL BE AS SET FORTH IN SAID SCHEDULE, AND IT IS LIKELY THAT THE ACTUAL ANNUAL EXPENSES WILL EXCEED OR BE LESS THAN THE AMOUNT THEREOF SHOWN IN THIS SCHEDULE.

FOOTNOTES TO SCHEDULE B

1. Estimated Income

Estimated Income does not include any interest income which may be accrued by the Board of Managers as a result of deposits made by Sponsor and/or Purchasers to the Working Capital Fund at the first closing of title, or other reserves accumulated by the Board of Managers.

2. Common Charges

The Board of Managers is generally responsible for the supervision, operation and maintenance of the Common Elements in the building. Utility usage (electricity and gas) is separately metered. Unit owners also pay for their own heat and hot water (see Schedule B-1). The bills therefor are thus paid directly by the Unit Owner to the utility company or entity providing the service and have no connection to the Board of Managers and accordingly are not displayed as either an expense or income item in the budget shown herein. In addition, repair, utility or service contracts affecting the Common Elements are managed and controlled by the Board of Managers. (See "Rights and Obligations of the Unit Owners" and "Rights and Obligations of The Board of Managers" in Part I of the Plan).

The estimate of the Common Charges to be collected during the first year of Condominium operation is based upon the assumption that the first year of Condominium operation will be from January 1, 2004 through December 31, 2004. The actual first year of operation may be earlier or later.

If the actual or anticipated date of commencement of condominium operation is to be delayed more than six (6) months from the beginning of the first year of operation set forth above, the plan will be amended to include a revised budget disclosing current projections. If such amended projections exceed the original projections by twenty-five percent (25%) or more, the sponsor will offer all purchasers the right to rescind and the amendment will provide that all purchasers have a period of time that is not less than fifteen days to rescind their Purchase Agreements and have their deposits, plus interest if any, refunded to them.

3. Salary and Wages

No sum has been budgeted for salaries and wages (labor). It is presumed that the Condominium will supply its own superintendent services including but not limited to trash collection, changing hall light bulbs, cleaning stoop and sidewalk, vacuuming halls, etc. The applicable housing laws do not require the employment of a superintendent for a four (4) family building. In the event that the Board of Managers decides to hire a "traveling" superintendent, a cost of $150.00 per month could reasonably be expected.

4. Heating and Hot Water

Heat is provided by individual gas-fired boilers and hot water is provided by individual gas-fired hot water heaters (see Schedule B-1 for details).

5. Utilities

Electricity includes common electrical charges for public areas only. Sponsor has consulted with Alan R. Schwartz and was advised by letter dated March 25, 2003 that they estimate that the total annual cost for electric will be approximately $451.00 for the Condominium's first year of

operation based upon the rates currently in effect. Sponsor has listed the cost for the first year of operation at a higher figure $500.00 in an attempt to cover the possibility of increases in the cost of electricity.

The total estimated usage for the public light and power load was calculated based on the full load operating hours for various lights throughout the building. The operating hours varied from 24 hours/day, 365 days per year for corridor lighting , to 10 hours per day for site lighting. Operating hours for equipment room lighting were approximately at ½ hour per day.

COMMON AREA ELECTRICAL LOAD CALCULATION

Load Name	Quantity	Unit Load (WATTS)	Total Load	Usage (HRS/YR)	Energy (KWR/YR)	Cost ($/YR)
Corridor Lights	7	32	224	8760	1962	$351.00
Street Lights	1	150	150	3650	548	$98.00
Meter Rooms	2	32	64	183	12	$2.00

Each Unit Owner will pay for electricity allocated to his or her unit which will be separately metered and billed.

Each Unit Owner will be responsible for the cost of gas applicable to his or her unit. Each unit is separately metered for gas. See Schedule B-1 for details.

6. Water and Sewer

Water charges and sewer rent will be computed by a common water meter installed at said premises. Sponsor has consulted with Alan R. Schwartz, P.E. and was advised by letter dated March 25, 2003 that they estimate that the total annual cost for water and sewer charges will be approximately $1,519.00 for the Condominium's first year of operation based upon the rates currently in effect. Sponsor has estimated the cost for the first year of operation at a higher figure $1,700.00 in an attempt to take into account the uncertainty of water and sewer charges measured by a meter.

ALTHOUGH THE ABOVE IS A GOOD FAITH ESTIMATE, SUCH WATER CHARGES AND SEWER RENT WHEN BILLED BASED UPON THE ACTUAL CONSUMPTION OF WATER AS MEASURED BY A WATER METER MAY BE GREATER THAN THE ESTIMATE HEREIN.

7. Repairs, Maintenance, Service & Supplies

This figure applies to the Common Elements only, and excludes painting and repair of units, which will be assumed by the respective Unit Owners. This estimate is based on Sponsor's previous management experience.

8. Management Fees

It is assumed that the Board of Managers will manage the building and, accordingly, no amount was included in the budget for a management fee. Management services will include paying

bills, collecting maintenance, obtaining insurance, hiring and supervising workmen, creating a budget, etc. Should the Board of Managers decide to hire a Managing Agent, the budget and hence the monthly common charges will increase accordingly. Should the Board elect to hire a managing agent the budget could increase by approximately 6%.

9. Insurance

A commercial package insurance policy will be placed upon the property and delivered to the Board of Managers at the time of the closing. It will provide for the following coverage:

Commercial Coverages:		
Comprehensive General Liability	$1,000,000.00	
Building	$560,000.00	(Replacement Cost/ Special Form)
Loss of Rents		Actual Loss Sustained
Boiler & Machinery	$560,000.00	
Total Annual Premium		$2,897.00
Company:	Andover Insurance Co.	

Additional Coverages: (one or more of the additional coverage items listed may be placed by the Condominium which, if placed, will increase the cost of insurance and thus the common charges to be paid by unit owners)

Coverages:	Amount of Coverage	Premium
Directors & Officers	$1,000,000.00	$1,000.00
Employee's Dishonesty	$10,000.00	$150.00
Umbrella	$1,000,000.00	$1,000.00

The cost of the insurance based upon the letter of Karis & Karis Inc., 8614 Third Avenue, Brooklyn, NY 11209 is $2,897.00 a year on a prepaid basis. In recent years, premiums for insurance (especially fire and liability insurance) have increased greatly. It is not possible to predict whether and to what extent future insurance premiums will increase. The projected insurance premium for the Condominium's first year of operation assumes (but does not guarantee) that there will be no increase in the premium quoted by the insurance broker.

The insurer will be Andover Insurance Company. Karis & Karis, Inc., 8614 Third Avenue, Brooklyn, NY 11209, the insurance broker, has advised by letter that, in its opinion, the amount of coverage is an adequate amount to rebuild the structure if totally destroyed by fire or other insured perils. This is an agreed amount value policy, which waives the standard co-insurance clause. The policy will not be canceled without notice to the Board of Managers and it will waive subornation against the Unit Owners. The amount of fire insurance is related to the replacement cost of the building and does not reflect the equity of a purchaser in a particular

unit. It is desirable that individual purchasers of units obtain their own insurance policies, at their own cost and expense, to insure them for such risks as fire and casualty losses to their unit and its contents as well as liability coverage.

The Condominium at some future date may decide to increase insurance coverage to insure the total acquisition cost.

IT SHOULD BE NOTED THAT IN THE EVENT THE PROPERTY IS TOTALLY DESTROYED BY FIRE OR OTHER CASUALTY, THE INSURANCE COVERAGE AS STATED HEREIN DOES NOT COVER THE FULL INVESTMENT OF THE UNIT OWNERS. HOWEVER, THE AMOUNT OF INSURANCE WHICH WILL BE IN EFFECT AT THE TIME OF FIRST CLOSING SHOULD BE SUFFICIENT TO PREVENT THE IMPOSITION OF ANY CO-INSURANCE FACTOR IN THE EVENT OF A PARTIAL LOSS.

Fire, casualty and general liability insurance will be on terms which provide that: (I) each Unit Owner is an additional insured; (ii) there will be no cancellations without notice to the Board of Managers and Unit Owners; (iii) waive subornation; and (iv) waive invalidity because of the acts of the insured and Unit Owners.

10. Legal Fees and Audit Fees

Most of the budgeted amount for legal and accounting fees will be used to pay fees to an accountant in connection with the preparation of the Condominium's first year financial statement. A small allowance is provided for miscellaneous minor legal services, in the event the Board of Managers determines to engage an attorney. The Sponsor has estimated the cost for accounting fees based upon a letter from David J. Cohen & Company dated November 25, 2002 including an audited annual financial statement.

11. Contingency

The contingency fund is intended to provide for unanticipated expenses or unanticipated increases in the projected expenses. No representation is made that such amount will be sufficient to meet unanticipated expenses or unanticipated increases in projected expenses. This is not a reserve for capital expenditures which represents periodic contributions made to replace building systems as and when they so require. There is no reserve for capital expenditures budget at this time.

12. Other

This includes expenses such as municipal permits and miscellaneous expenses not provided for elsewhere. No representation is made that such amount will be sufficient to meet all such expenses that may be incurred by the Condominium. This is not a reserve for capital expenditure which represent periodic contributions made to replace building systems as and when so required. There is no reserve for capital expenditures at this time.

SCHEDULE B-1

Projected Schedule of Utility Cost

for each Unit for First Year of Operation

The Sponsor has installed individual unit heating systems to heat the Residential Units and provide hot water thereto and estimated the cost of gas heat as set forth below based upon the estimate made by Alan R. Schwartz, P.E. pursuant to their letter dated March 25, 2003.

According to a survey of the premises, the Alan R. Schwartz, P.E. estimates the cost of gas will be approximately:

ESTIMATED COST OF NATURAL GAS FOR INDIVIDUAL UNIT

Gas for domestic heating, hot water heating, cooking and clothes dryer for individual Unit

Unit	Yearly Gas Usage Heating	Monthly Gas Usage Hot Water	Monthly Gas Usage Cooking	Monthly Gas Usage Clothes Dryer	Estimated Yearly Gas Cost
1 Duplex	643 therms	31 therms	19 therms	5 therms	$1,536.56
2	151 therms	31 therms	19 therms	5 therms	$995.41
3	225 therms	31 therms	19 therms	5 therms	$940.72
4 Duplex	699 therms	31 therms	19 therms	5 therms	$1,597.43

Note: 1 therm = 100 cu. ft. of gas

Monthly gas usage is calculated as the total of the gas estimated for use in cooking, hot water, clothes dryer, as well as the percentage of the yearly heating costs during the heating season. Gas costs for this area, including all applicable taxes and tariffs, have been estimated at $1.10/therm.

ESTIMATED COST OF ELECTRICITY FOR INDIVIDUAL UNIT

Unit	Yearly Usage Electric	Yearly Usage Air Conditioner	Yearly Usage Appliance	Total Yearly Usage	Estimated Yearly Cost
1 Duplex	4767 kwh	3185 kwh	700.8 kwh	8653 kwh	$1,548.89
2	3138 kwh	2730 kwh	700.8 kwh	6569 kwh	$1,176.79
3	2365 kwh	2340 kwh	700.8 kwh	5406 kwh	$967.67
4 Duplex	3311 kwh	4160 kwh	700.8 kwh	8172 kwh	$1,462.80

The design electrical capacity of each Unit in the building has been based on the NYC Electrical Code values of 3 watts per square foot of living space, plus the power required for air conditioning units allowed for the space.

The yearly usage of electricity in the space is estimated to be 10% of the equivalent full load operating hours for the year. This is equivalent to having all lights and equipment on for a total of 876 hours.

Air conditioning has been calculated at a rate of $0.161/kwh with an additional 11% in taxes and tariffs.

COMPLIANCE WITH REAL PROPERTY LAW SECTION 339(i)

WARREN LEWIS
123A 7th Avenue
Brooklyn, NY 11215

561 5th Street Associates LLC
128 Marine Avenue, Suite #1L
Brooklyn, NY 11209

Re: 561 5TH STREET CONDOMINIUM
561 5th Street, Brooklyn, New York 11215

Dear Sir:

We have reviewed the percentage of common interest for the units shown in the schedule entitled "Offering Prices & Related Information - Schedule A" for inclusion in the above referenced Offering Plan. The respective Common Interest of each Unit is based, pursuant to section 339(i)(iv) of the Real Property Law, 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 our opinion, the percentage of common interest as set forth in the offering plan is in compliance with Real Property Law Section 339(i).

This firm is a licensed real estate broker. We have had experience with Offering Plans and with selling comparable condominium units for approximately 16 years years.

We have no financial or other beneficial interest in the Sponsor, or in the profitability of the conversion. We are neither the selling agent nor the proposed managing agent for the property.

You have advised us of your intention to incorporate this letter into the Plan and we hereby consent to such incorporation.

Very truly yours,
WARREN LEWIS

BY:_____

MARC GARSTEIN

CHANGES IN PRICES AND UNITS

Sponsor reserves the right, at any time and from time to time before and after the recording of the Declaration, without prior notice and without the consent of any Board, Unit Owner or mortgagee, to change the price, including, without limitation, the manner of payment thereof and other terms of sale of any Unit.

An amendment will be filed when the change in price is an across the board increase or decrease affecting one or more lines of units or unit models, or is to be advertised, or is a price increase for an individual purchaser. Prices and specified terms of sale are negotiable and the Sponsor may enter into an agreement with an individual purchaser to sell one or more units at prices lower than those set forth in Schedule A without filing an amendment.

Unless all purchasers consent, no material change will be made in the size and no material adverse change will be made in the quality of common elements.

In order to meet the possible varying demand for number and type of Units, or to meet particular requirements of prospective purchasers, or for any other reason, Sponsor for itself and its designees, reserves 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 any Board, Unit Owner or mortgagee, to (I) change the layout of, or number of rooms in, any Unsold Unit, (ii) change the use of any Unsold Units (including changing the use of certain Units from residential to professional or commercial, so long as same is a legal and permissible use), or 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 such sub-division or otherwise) into one or more Units, altering any boundary walls between one or more Unsold Units, or otherwise and (iii) if appropriate, reapportion among the Unsold Units affected by any such change, their Common Interests. In the event of any change pursuant to either subparagraph (ii) or (iii), such change shall be disclosed in a duly filed amendment to this Plan. No such change will be made with respect to any Unit for which a Purchase Agreement is then in effect and with respect to which the purchaser is not in default unless the purchaser consents thereto or unless such change will not alter the Common Interest of such Unit.

Once the Declaration is recorded, no change may be made in the number of Units or number of rooms within a Unit, nor may the size of any Unit be changed by subdivision or combination or alteration of boundary walls as aforesaid, or otherwise, nor may the Common Interest of any Unit be changed, or the amount of Common Elements directly affecting or serving a unit be changed, unless in each such event the Declaration and Floor Plans are each amended and such amendments are duly recorded. However, no change in a Unit's Common Interest after the recording of the Declaration will be made without obtaining the prior consent of all Unit Owners affected by such change and in addition, any such amendment to the Declaration and Floor Plans will be 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 of Managers to, so amend the Declaration and Floor Plans, to the extent required, in order to reflect any such change affecting Unsold Units.

Provides that the layout and dimensions of a Unit conform substantially to the Floor Plans, a purchaser will not be excused from purchasing his or her Unit for such reason and will not have any claim against Sponsor as a result of such deviation. All material changes from the Floor Plans will be disclosed by a duly filed amendment to this Plan.

INTERIM LEASES

The Sponsor may, at its sole discretion, grant a purchaser the right to take possession of a vacant unit prior to closing of said unit, provided that:

1. Such purchaser(s) has executed a Purchase Agreement for said unit and is not in default of such agreement;

2. Such purchaser(s) accepts the unit in its then "as is" condition;

3. An "Interim Lease" agreement is entered into between the purchaser(s) and the Sponsor, satisfactory to all the parties, pursuant to which the purchaser(s) agrees to pay to the Sponsor a "use and occupancy" fee from the date of said Interim Lease to the date of closing of said unit. Such fee shall be in a sum acceptable to all parties to the Agreement and shall not exceed the maximum rental that may be legally collectible. The Agreement will provide, among other things, that the purchaser(s) in possession shall from the date of said Interim Lease, in addition to the use and occupancy fee, pay all utility costs and make all repairs the purchaser(s) would be obligated to make to the unit as the owner of the unit.

4. It shall be a default under the Interim Lease if the purchaser fails to comply with all the terms and conditions of his or her obligations under the Purchase Agreement. It shall be a default under the Purchase Agreement if the purchaser has entered into an Interim Lease with Sponsor and has failed to comply with all the terms and conditions of such Interim Lease. The down payment paid upon the execution of a Purchase Agreement shall stand to guarantee rent due under the Interim Lease. In the event a purchaser refuses or fails to pay any rent due under an Interim Lease, such rent, at Sponsor's option, may be paid from the down payment paid on the Purchase Agreement unless the Purchaser voluntarily vacates the unit, the Sponsor may only gain possession of the unit upon default by order of eviction or other judgment from a court.

5. It should be noted that until a purchaser takes title to his or her unit and becomes its owner, no purchaser will be able to claim the income tax deductions for real estate taxes described in the Offering Plan.

6. No portion of the use and occupancy fee will be applied to the purchase price of the respective unit.

7. The use and occupancy fee due under an Interim Lease will be adjusted between the occupant and Sponsor at the closing of the purchase of said unit.

8. The Interim Lease shall also provide that if the purchaser(s) defaults under the Purchase Agreement, or if the Purchase Agreement is rescinded pursuant to any right to do so, the purchaser's right to occupy the unit shall terminate and the unit must be vacated within thirty (30) days immediately after notice to vacate is mailed to the purchaser, by certified mail, return receipt requested. The Sponsor may not enforce such requirement to vacate unless Sponsor has first obtained an order of eviction or other judgement or order from

a court or agency of competent jurisdiction against the Purchaser. It shall also provide that if the Plan is abandoned, the purchaser shall retain his or her rights to occupy the unit pursuant to the terms of the Interim Lease, and any other applicable laws and regulations.

9. No Interim Lease shall be issued prior to the building obtaining a Certificate of Occupancy.

10. The Agreement will not be subject to any rent laws.

PROCEDURE TO PURCHASE

Sponsor represents that Sponsor intends in good faith to sell the Units in the building in a timely manner. Sponsor does not at this time reserve the right to rent rather than sell Units. In the event however, the Sponsor is unable to sell the Units based upon market conditions, Sponsor may rent unsold Units. Purchasers should be aware that Sponsor can declare the plan effective upon the sale of 15% of the units in the building in which event Owner-Occupants may not gain effective control until more Units are sold. It is not anticipated that this will happen. Sponsor has not obtained any construction financing, therefore, as to the lender, there is no restriction on the number of Units the Sponsor must sell.

IN THE EVENT SPONSOR RENTS RATHER THAN SELLS UNITS, THIS PLAN MAY NOT RESULT IN THE CREATION OF A CONDOMINIUM IN WHICH A MAJORITY OF THE UNITS ARE OWNED BY OWNER-OCCUPANTS OR INVESTORS UNRELATED TO THE SPONSOR. (SEE SPECIAL RISKS SECTION OF THE PLAN.)

If Sponsor makes a bulk sale of all or some of its Unsold Units, the Transferee Successor Sponsor is bound by Sponsor's Representations regarding its commitment to sell Units as set forth above.

A person desiring to purchase a unit will be required to execute a Purchase Agreement in quadruplicate in the form set forth in Part II of the Plan. Purchase Agreements will not be binding on Sponsor until approved and executed by Sponsor and a copy so executed is returned to purchaser. Sponsor will have twenty (20) days within which to accept or reject such Purchase Agreement. If no action is taken by Sponsor within such twenty (20) day period, purchaser's offer will be deemed rejected. No purchaser shall execute a Purchase Agreement unless Sponsor has given such purchaser at least a three (3) business day period within which time purchaser can review the Plan and all filed amendments thereto.

The Sponsor anticipates that the first closing will be held by January 1, 2004. In the event the first closing is delayed beyond a date which is later than twelve (12) months thereafter, than the Purchaser will be offered recision of his or her Purchase Agreement.

At the time a Purchase Agreement is executed, a Purchaser is required to make a down payment by check drawn to "ALLEN, MORRIS, TROISI & SIMON LLP, OFFERING PLAN ESCROWS" in an amount equal to the sum of ten (10%) percent of the purchase price or such lesser sum that Sponsor may agree to ("Down payment") but not less than one thousand ($1,000.00) dollars. The balance of the purchase price shall be payable simultaneously with the delivery of the deed to the Unit.

After the plan has been declared effective the Sponsor will fix dates for closing title to all units for which Purchase Agreements have been executed by serving notice on each purchaser stating the date of the first closing and setting such purchaser's closing date. Such notice will be served no less than thirty (30) days before the date set for the closing of the units. Purchasers may waive this thirty (30) day provision with the Sponsor's consent. Sponsor will, after default send written demand for payment at least 30 days prior to declaring the down payment forfeited.

At the closing, the Sponsor will execute and deliver to the purchaser a Unit Deed, as contained in this offering (see page C1).

Risk of loss from fire or other casualty remains with the Sponsor until the purchaser takes actual possession of the unit pursuant to a written agreement with the Sponsor, or legal title to the unit has been conveyed to the purchaser, whichever occurs first.

Among the other documents which each purchaser will be required to execute and deliver at the closing is a Unit Power of Attorney to the Board of Managers in the form set forth in Part II of the Plan designating the Board of Managers as his or her attorney-in-fact, coupled with an interest, for the purpose of managing, selling, mortgaging, leasing, voting, or otherwise dealing with any Units acquired by the Board of Managers in accordance with the Declaration and By-Laws.

The Purchase Agreement, together with the provisions of this Plan, set forth, in detail, the terms of sale with respect to each Unit and in connection therewith both documents should be read carefully by each prospective purchaser. The Purchase Agreement is contingent on financing. The purchaser has forty (40) days to secure financing and, in the event the purchaser notifies the Sponsor within said forty (40) day period, by certified mail, return receipt requested, of his or her inability to secure the financing provided for, then the Purchase Agreement shall be null and void and the down payment shall be promptly returned to the purchaser. In the event the Purchaser obtains a financing commitment and such financing commitment lapses or expires due to no fault of Purchaser and the Purchaser has made good faith efforts to extend the commitment including the payment of a reasonable fee(s) to the lender to obtain such extension the Sponsor will grant Purchaser a fifteen (15) day right of recision.

From and after the closing of title to each Unit, the purchaser will become obligated for the payment of Common Charges assessed against his or her Unit; real estate taxes and assessments with respect to his or her Unit; and all other expenses with respect to his or her Unit whether or not he or she has taken possession of the Unit and whether or not all work required to be performed by Sponsor or anyone else in or to his or her Unit or the building has been completed. See "Rights and Obligations of Unit Owners" in Part I of the Plan.

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

In the event that any purchaser wishes work to be performed in the Unit not provided for in the Offering Plan, at Sponsor's option, the Purchase Agreement may provide for such work and for payment of an agreed upon sum for such work, to be paid at such time as provided for in the Purchase Agreement, in addition to the purchase price provided for in the Offering Plan. Such work and additional payment shall not require an amendment to the Offering Plan.

Purchaser shall accept the Unit without abatement of, or credit against, the Purchase Price or any provisions for escrow deposits on the Closing Date notwithstanding the failure to complete construction called for by the Offering Plan or the Purchase Agreement of (a) minor details of the Unit or the building, (b) other Units or (c) the public areas of the building which do not prevent purchaser's use of the Unit. Purchaser shall be given a reasonable opportunity to

examine the Unit prior to the Closing Date and shall make a careful inspection of the Unit at such time. On the Closing Date Purchaser shall sign and deliver to Sponsor an inspection statement prepared by Sponsor and Sponsor shall give to Purchaser its written agreement to complete all such construction or repair called for by the Offering Plan or the Purchase Agreement within a reasonable period of time.

Sponsor reserves the right but is not obligated to negotiate with purchasers all aspects of the purchase price of a unit including but not limited to: renovations or improvements to the Unit or the fixtures or equipment contained therein or credits or allowances therefor; extension of period to secure financing; maintenance subsidies or rebates as credit against the purchase price or payable on a periodic basis or any other manner, application of interim rent toward purchase price; payment of all or part of purchaser's financing costs such as closing costs, attorneys' fees, origination fees, commitment fees; and any and all other costs relating to the cost of acquiring title to the Unit.

Purchaser(s) may seek to finance the purchase of a Unit. Banks, Savings & Loan Associations and Mortgage Bankers routinely make such loans. If a Purchaser seeks to finance his or her purchase they will have to seek their own financing. Sponsor has made no arrangements for financing any Unit in the building.

Neither the plan nor the Purchase Agreement contain nor will either be modified to contain a provision waiving Purchaser's rights or abrogating Sponsor's obligations under Article 23-1 of the GBL.

The construction of residential condominium units, the purchase agreement and the plan complies with and explain Section 71-a(3) of the Lien Law and any other applicable provisions of law.

All deposits, downpayments, or advances made by purchasers prior to closing of each individual transaction, whether received before or after the date of consummation of the plan, will be placed, within five business days after the agreement is signed by all necessary parties, in a segregated special escrow account of Allen, Morris, Troisi & Simon LLP, the Escrow Agent, whose address is 112 East 19th Street, New York, NY 10003 and whose telephone number is (212) 353-0040. The signatories on this account authorized to withdraw funds are: Bernd H. Allen, Michael E. Troisi and Stanley R. Simon.

The name of the account is Allen, Morris, Troisi & Simon LLP, Offering Plan Escrows, Attorney Trust Account located in North Fork Bank, 31 East 17th Street, New York, N.Y. 10003. This bank is covered by federal bank deposit insurance to a maximum of $100,000 per individual deposit. If an individual makes a downpayment in excess of $100,000 for purchase of a unit, it is a special risk of this offer that such deposit will not be federally insured in excess of $100,000.

In the event Sponsor elects to transfer funds or create a new escrow account, or if the escrow agent is replaced, the plan will be amended to provide the same full disclosure with respect to the new account, the escrow agent and the escrow agreement as provided herein. A bond, letter

of credit or other security may be substituted for the escrow account only after the Department of Law approves in writing the use of such alternate form of security.

Provided that the Purchaser furnishes his or her taxpayer I.D. number at the time the down payment is tendered, the down payment shall be placed in an interest-bearing account. Any interest earned on the down payment shall be paid or credited to Purchaser. The interest rate paid by North Fork Bank on February 28, 2003 was at the rate of .80% per annum.

All instruments shall be made payable to the order of Allen, Morris, Troisi & Simon LLP Attorney Trust Account Offering Plan Escrows, as escrow agent.

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

Since all Purchase Agreements are contingent upon the plan's becoming effective, under no circumstances shall Sponsor apply for release of the escrowed funds of a defaulting Purchaser until after consummation of the plan. Consummation of the plan does not relieve the Sponsor of its obligations pursuant to GBL Section 352-h.

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

i a writing signed by both Sponsor and Purchaser; or

ii a determination of the Attorney General pursuant to the dispute resolution procedures contained in the Attorney General's regulations; or

iii a judgment or order of a court of competent jurisdiction. If there is no written agreement between the parties to release the escorted funds, the escrow agent will not pay the funds to the Sponsor until the escrow agent has given the purchaser written notice of not fewer than ten business days. Thereafter, the funds may be paid to the Sponsor unless the purchaser or the subscriber has already made application to the Department of Law pursuant to the dispute resolution provisions of the Attorney General regulations and has so notified the escrow agent in accordance with such provisions.

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

i a purchaser who timely rescinds in accordance with an offer of rescission contained in the plan or an amendment to the plan;

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

Purchasers and the escrow agent may apply to the Attorney General in the event of a dispute for a determination on the dispositions of the downpayment and any interest thereon. The

Sponsor must avail itself of this procedure if there is a dispute which needs to be resolved. A form for this purpose is attached as an exhibit to this amendment. The party applying for a determination must send all other parties a copy of the application.

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

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

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

If the application seeking release of funds is denied, the escrow agent shall continue to hold the deposit and any interest earned thereon until:

1. both the sponsor and purchaser direct payment to a specified party in accordance with a written direction signed by both the sponsor and purchaser; or

2. a judgment or order of a court of competent jurisdiction is served on the escrow agent; or

3. the escrow agent deposits the disputed amount into court.

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

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

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

Part II page I1 of this Offering Plan contains a copy of the escrow agreement which incorporates the terms of the Attorney General's regulations.

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

FINANCING FOR QUALIFIED PURCHASERS

Availability of financing from institutional lenders:

Generally, savings and commercial banks, as well as savings and loan associations, are authorized to finance and grant mortgages on Condominium Units. Some of these institutions have advertised that they are making this type of loan.

The Sponsor is not obligated to obtain financing on behalf of any purchaser and is not acting as agent for any lender which may extend financing for the purchase of any unit. Consequently, each person who desires to obtain a mortgage to purchase a Unit is solely responsible for obtaining a commitment for such financing in his or her favor from the lender of his or her choice. Accordingly, purchasers should inquire about the availability, terms, cost, and purchaser's eligibility for such financing before signing and returning the Purchase Agreement.

Each institution has its own lending policies and credit requirements.

Each purchaser should expect to pay his or her attorney a legal fee and, if he or she obtains financing, any charges imposed by purchaser's lending institution, including but not limited to an application fee, origination fee ("points") and lending institution's attorney's fee. As these charges vary from lending institution to lending institution and change from time to time, purchaser is advised to consult with the lending institution of his or her choice as to current charges.

Persons who may be interested in obtaining such financing should communicate directly with the lender of their preference.

NO REPRESENTATION OR WARRANTY IS MADE THAT INSTITUTIONAL FINANCING WILL BE AVAILABLE TO ANYONE WHO PURCHASES A UNIT UNDER THE PLAN OR AS TO THE TERMS, COSTS AND CONDITIONS UPON WHICH SUCH FINANCING MAY BE GRANTED OR THE COST TO OBTAIN SAME.

ASSIGNMENT OF PURCHASE AGREEMENTS

The Sponsor will not permit assignment of Purchase Agreements by purchasers.

EFFECTIVE DATE

The Sponsor's offer to sell units is contingent on the Plan being declared effective in accordance with the terms of Plan. The Plan may not be declared effective unless bona fide purchasers, including investors, have signed purchase agreements for at least fifteen percent (15%) of the units offered under the Plan. The plan must be declared effective when purchase agreements have been accepted by sponsor for eighty percent (80%) or more of the units offered under the Plan. A unit shall be deemed "sold" when a Purchase Agreement for it has been signed by a bona fide purchaser and accepted by the Sponsor.

Before this Plan may be declared effective, at least one (1) of the units in the building shall have been sold. The Sponsor must declare the Plan effective after four (4) of the units are sold.

The Plan will be declared effective by service of written notice on all purchasers by regular mail addressed to the Purchaser at his or her last known address stating that the plan has been declared effective.

The plan will not be declared effective based on purchase agreements: (I) signed by purchasers who have been granted a right of rescission that has not yet expired or been waived; or (ii) if the purchaser was not afforded at least three (3) business days to review the plan and all amendment thereto ; or (iii) with any purchaser who is the sponsor, the selling agent, or the managing agent or is a principal of the Sponsor, the selling agent or the managing agent or is related to the Sponsor, the selling agent or the managing agent or to any principal of the Sponsor or the selling agent or the managing agent by blood, marriage or adoption or as a business associate, an employee, a shareholder or a limited partner; except that such a purchaser other than the sponsor or a principal of the Sponsor may be included if the Sponsor has submitted proof satisfactory to the Office of the Attorney General establishing that the Purchaser is bona fide.

An Amendment to the Plan will be submitted to the Department of Law within five (5) days thereafter to confirm that the Plan has been declared effective on a specified date. No closing will be scheduled unless and until such amendment has been accepted for filing by the Department of Law.

The Sponsor may, at its option, declare the Plan abandoned for any reason whatsoever before it is declared effective or before four (4) units are sold and, if so abandoned, all down payments paid by purchasers pursuant to a Purchase Agreement shall be refunded within twenty (20) days thereafter, with interest, if any. In the event the plan is abandoned, the Sponsor will file an amendment so stating and will also file an RS-3 with the Department of Law.

Once the Plan has been declared effective or four (4) units are sold, the Plan may not be abandoned except for: I) a defect in title which cannot be cured without litigation or cannot be cured for an amount which is greater 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 an amount which is greater than one-half of one percent of the total offering amount, or (iii) the taking of any material portion of the property by condemnation or eminent domain.

TERMS OF SALE

Each purchaser of a Unit will, at closing, be given a bargain and sale deed with covenants against grantors acts duly executed and acknowledged in proper recordable form (the form of deed can be found in Part II of the Plan).

Title to each Unit and its appurtenant interest in the common elements will be conveyed at closing free and clear of all liens, encumbrances and title exceptions other than those described herein and the proposed Unit Deed also enclosed herein.

The Permitted Encumbrances are the following:

1. Building restrictions, zoning and other regulations, resolutions and ordinances and any amendments thereto now or hereafter adopted.

2. Any covenants, easements or restrictions of record.

3. State of facts shown in the survey of the land and building made by Bartlett, Ludlam & Dill Associates on July 23, 2002, and any additional state of facts which a subsequent survey or personal inspection thereof would show provided such additional facts would not prevent the use of the premises for dwelling purposes.

4. Any state of facts which an accurate survey of the Unit would show provided such state of facts would not prevent the use of the Unit for dwelling purposes.

5. The terms, burdens, covenants, restrictions, conditions, easements and rules and regulations, all as set forth in the Declaration, the By-Laws and the Rules and Regulations, the Power of Attorney from the purchaser to the Board of Managers and the Floor Plans; as all of the same may be amended from time to time.

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

7. Any easement or right of use in favor of any utility company for construction, use, maintenance, or repair of utility lines, wires, terminal boxes, mains, pipes, cables, conduits, poles, and other equipment and facilities on, under, and across the land and building.

8. Revocability of licenses for vault space, if any, under the sidewalks and streets.

9. Encroachments of stoops, areas, cellar steps, or doors, trim, copings, retaining walls, bay window, balconies, sidewalk elevators, fences, fire escapes, cornices, foundations, footings and similar projections, if any, on, over, or under the property or the street or sidewalks abutting the property and the rights of governmental authorities to require the removal of any such projections and variations between record lines of the property and retaining walls and the like, if any.

10. Leases and service, maintenance and license agreements, if any.

11. The lien of any unpaid Common Charge, real estate tax, water charge or sewer rent, provided the same are adjusted at the closing of title.

12. The lien of any unpaid assessment payable in installments (other than assessments levied by the Board of Managers) except that Sponsor shall pay all such assessments due prior to the Closing Date and the purchaser shall pay all assessments due from and after such date (however, the then current installment shall be adjusted at Closing Date).

13. Designation of the premises as a Landmark Historic District by Notice recorded in the City Register's office in the County of Kings. The premises are accordingly subject to the restricted use as provided in New York City Charter-Chapter 8-A.

14. Any other declaration or other instrument affecting the property which Sponsor deems necessary or appropriate to comply with any law, ordinance, regulation, zoning resolution or requirement of the Department of Buildings, the City Planning Commission, the Board of Standards and Appeals, or any other public authority, applicable to the demolition, construction, alteration, repair or restoration of the building.

15. Standard exceptions contained in the form of title insurance policy then issued by Ridge Abstract Corp. (or such other title insurance company insuring the purchaser's title to the Unit).

16. Any encumbrances as to which such company which insures the purchaser's title to the Unit would be willing, in a fee policy issued by it to the purchaser, to insure the Purchaser that such encumbrance (a) will not be collected out of the Unit if it is a lien or (b) will not be enforced against the Unit if it is not a lien.

17. Any other encumbrance against the property other than a mortgage or other lien for the payment of money, which does not prevent the use of the Unit for dwelling purposes.

18. Any Interim Lease covering the Unit made from Sponsor to the purchaser.

19. The Sponsor will obtain a permanent or a temporary or partial Certificate of Occupancy for this building prior to the Closing Date. If a permanent Certificate of Occupancy has not been obtained prior to the Closing Date, no closing will be held for any unit for which a partial or temporary Certificate of Occupancy has not been issued, and the Sponsor will hold in escrow in a special escrow account at North Fork Bank, 31 East 17th Street, New York, N.Y. entitled Allen, Morris, Troisi & Simon LLP Offering Plan Escrows Attorney Trust Account, required by Section 352-e(2)(b) of the New York General Business Law, a sum equal to the down payments made by all purchasers at the time they signed their Purchase Agreements, unless the Sponsor's architect certifies that a lesser amount will be reasonably necessary to complete the work needed to obtain a permanent Certificate of Occupancy, in which case the sum exceeding the amount so certified by the Sponsor's architect may be released from the special escrow account. This sum to be held in escrow will not be released until a permanent Certificate of Occupancy is issued, which the Sponsor undertakes to obtain prior to the expiration of the temporary or partial Certificate of Occupancy, unless extended, but in no event later than nine (9) months after the Closing Date. Withdrawals from such account will be made only by an

attorney associated with Allen, Morris, Troisi & Simon LLP. Sponsor shall guarantee to perform any work necessary within said nine (9) months period of time to obtain a permanent Certificate of Occupancy unless the purchasers have made any change or modification in their units or in the building as a whole, which would prevent the issuance of a permanent Certificate of Occupancy. In said event, the Sponsor's responsibility shall be limited to completing those items indicated to be completed at the time of issuance of the temporary or partial Certificate of Occupancy and upon such items being completed, the aforesaid sum may be released from escrow.

20. 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, is included in the conveyance unless specifically excepted.

21. The by-laws and floor plans for the condominium and such other documents, as required by law, will be recorded or filed prior to the first conveyance of title to a unit in accordance with the New York Condominium Act or applicable state and local law; in the Office of the Register in the County of Kings, City and State of New York.

Each purchaser should be aware that the Sponsor will provide and the Unit will contain only the equipment and fixtures which are contained in the section of the Plan entitled "Description of Property and Building Condition".

If any existing mortgage shall not be satisfied at or prior to the Closing Date, at the time of conveyance of the first unit, each mortgagee will either: (a) consent to the formation of a condominium and acknowledge that its lien will be limited to unsold condominium units; (b) subordinate the lien of its mortgage to the Declaration of Condominium; or (c) release its lien on the condominium unit being conveyed.

The risk of loss or damage to the Unit or the personal property included in this sale, by fire or other casualty, until the earlier of the closing or possession of the Unit by purchaser, is assumed by Sponsor, but without any obligation of Sponsor to repair or replace any such loss or damage unless Sponsor elects to do so as hereinafter provided. Sponsor shall notify purchaser of the occurrence of any such loss or damage to the Unit or the personal property included in this sale within ten (10) days after such occurrence or by the date of closing, whichever first occurs, and by such notice shall state whether or not Sponsor elects to repair or restore the Unit and/or the personal property, as the case may be. If Sponsor elects to make such repairs and restorations, Seller's notice shall set forth an adjourned date for the Closing, which shall be not more than 60 days after the date of the giving of Seller's notice. If Seller either does not elect to do so or, having elected to make such repairs and restorations, fails to complete the same on or before said adjourned date for the closing, purchaser shall have the following options:

1. To declare the Purchaser Agreement cancelled and of no further force or effect and receive a refund of the downpayment in which event neither party shall thereafter have any further rights against, or obligations or liabilities to, the other by reason of the Purchase Agreement; or

2. To complete the purchase in accordance with Purchase Agreement without reduction in the Purchaser Price, except if Sponsor carries hazard insurance covering such loss or damage, Sponsor shall turn over to purchaser at the closing the net proceeds actually collected by Sponsor under the provisions of such hazard insurance policies to the extent that they are attributable to loss of or damage to any property included in this sale, less any sums theretofore expended by Sponsor in repairing or replacing such loss or damage or in collecting such proceeds; and Sponsor shall assign (without recourse to Sponsor) Sponsor's right to receive any additional insurance proceeds which are attributable to the loss of or damage to any property included in this sale.

If Sponsor does not elect to make such repairs and restorations, Purchaser may exercise the resulting option under (1) or (2) above only by notice given to Sponsor within 10 days after receipt of Sponsor's notice. If Sponsor elects to make such repairs and restorations and fails to complete the same on or before the adjourned closing date, Purchaser may exercise either of the resulting options within 10 days after the adjourned closing date.

In the event of any loss of or damage to the Common Elements which materially and adversely affects access to or use of the Unit, arising after the date of the Purchase Agreement but prior to the Closing, Sponsor shall notify Purchaser of the occurrence thereof within 10 days after such occurrence or by the date of Closing, whichever occurs first, in which event Purchaser shall have the following options:

1. To complete the purchase in accordance with the Purchase Agreement without reduction in the purchase price; or

2. To adjourn the Closing until the first to occur of (a) completion of the repair and restoration of the loss or damage to the point that there is no longer a materially adverse effect on the access to or use of the Unit or (b) the 60th day after the date of the giving of Sponsor's aforesaid notice. In the event Purchaser elects to adjourn the Closing as aforesaid and such loss or damage is not so repaired and restored within sixty (60) days after the date of the giving of Sponsor's aforesaid notice, then purchaser shall have the right either to complete the purchase in accordance with the Purchase Agreement without reduction in the purchase price or declare the Purchase Agreement cancelled and of no further force or effect and receive a refund of the Downpayment, in which latter event neither party shall thereafter have any further rights against, or obligations or liabilities to, the other by reason of the Purchase Agreement.

In the event of any loss of or damage to the Common Elements which does not materially and adversely affect access to or use of the Unit, purchaser shall accept title to the Unit in accordance with the Purchase Agreement without abatement of the Purchase Price.

CLOSING COSTS AND ADJUSTMENTS

The purchaser will pay the following estimated closing costs at the time of Closing of Title of the purchaser's Unit. These estimates are based on current costs and charges, which are subject to change: If a purchaser elects to obtain fee title insurance, the purchaser will pay the premium therefore which will vary depending upon the purchase price of the Unit. Fee title insurance charges, if ordered, in accordance with the schedule of rates set by the Title Insurance Rate Service Association Inc. (TIRSA) and filed with the New York State Insurance Department are currently $463.00 on a purchase price of $50,000.00, and approximately $5.02 for each additional thousand dollars or fraction thereof up to a purchase price of $100,000.00 and approximately $4.03 for each additional thousand dollars or fraction thereof up to a purchase price of $500,000.00. If a mortgage policy is issued simultaneously with the fee policy, a Purchaser will be entitled to a reduced rate of 70% of the regularly scheduled rate for the fee policy and 21% of the regularly scheduled rate for the mortgage policy if the Condominium contains more than ten (10) Units.

1. Fees for recording the deed and Unit Power of Attorney in favor of the Board of Managers. The current fee is $20.00 per document, plus $5.00 per page plus a $25.00 charge for filing the New York City Transfer Tax;

2. If the purchaser obtains a mortgage loan from a bank, the purchaser will pay a mortgage tax, which is currently 1.75% of the principal amount of the mortgage (not including the .25% of mortgage tax paid by an institutional lender) if under $500,000.00 and 2.125% of the principal amount if the mortgage is $500,000.00 or more. If a mortgage tax credit becomes available pursuant to Section 339-ee(2) of the Condominium Act, such credit will inure to the benefit of the Sponsor. Accordingly, at closing, each purchaser electing mortgage financing will pay the full amount (but not in excess thereof) of the mortgage recording tax chargeable on the entire amount being financed. The Sponsor, at Closing, will be reimbursed to the extent of any mortgage tax credit allowed.

3. All legal costs, fees and expenses charged by the purchaser's attorney and the mortgage lender and its attorney, if any, will be the sole responsibility of each purchaser;

4. New York City Real Property Transfer Taxes currently 1% of the purchase price of a Unit if below $500,000.00, and 1.425% of the purchase price if $500,000.00 or more, will be the sole responsibility of the purchaser.

5. New York State Documentary Stamp taxes presently $4.00 per $1,000.00 of the purchase price of a Unit will be the responsibility of the purchaser; and,

6. Each purchaser will be required to make a contribution to the Working Capital Fund in an amount equal to one month's estimated Common Charges for such purchaser's Unit. See "Schedule A" for the estimate of such amounts.

7. All costs with regard to any mortgage that the purchaser will place on his or her Unit.

8. Purchasers cost and expenses for a typical unit purchased at a price of $450,000.00 and an institutional mortgage of $360,000.00 are as follows:

$1,778.00	Fee and Mortgage Title insurance
$380.00	Recording Deed and Power of Attorney and Mortgage
$6,275.00	Mortgage tax
$4,588.00	New York City Real Property Transfer Tax
$1,826.00	New York State Real Property Transfer Tax
$300.00	Contribution to Working Capital Fund
$500.00	Miscellaneous
$15,647.00	

The fees, current as of the date hereof, do not include lenders and lenders attorneys fees as same differ from institution to institution. Nor do they include the fees paid to purchaser's attorney. These fees are Sponsors good faith estimate and the actual charges to be incurred may be more or less than listed.

ALL QUOTES FOR RECORDING CHARGES, MORTGAGE, TRANSFER AND OTHER TAXES ARE SUBJECT TO CHANGE.

Those purchasers obtaining mortgage loans will be responsible for the payment of all closing costs and expenses in connection therewith in amounts determined by the applicable lender. These costs and expenses will probably include an origination fee ("points"), appraisal fee, fees of lender's counsel, and a fee for mortgage title insurance, as well as other related fees. In addition to the specified costs and expenses, a mortgage on a Unit probably will provide that the Unit Owner deposit monthly with the lender one-twelfth of the estimated annual real estate taxes, water rates, sewer charges and assessments which are assessed or to be assessed against the Unit, together with one-twelfth of the annual fire and casualty insurance policy premium for the Unit, or other amounts, and at the Closing of Title the purchaser may be required to deposit with the lender, a multiple of the aggregate of one month's real estate taxes, water rates, sewer charges, assessments and insurance premiums, or other amounts so that sufficient funds will be available for the lender to pay real estate taxes, sewer charges, water rates and insurance premiums when due. No representation or warranty is made with respect to the amount of such closing costs and expenses or the availability or cost of mortgage loans from any source.

Purchaser will be charged the following closing fees by the attorneys for the Sponsor in connection with the closing of sales of units:

a. $450.00 for preparation of documents.

b. $150.00 for each closing where the purchaser receives financing from an institutional or other lender, for services in connection with coordinating the closing.

c. $200.00 attendance fee if at the request of purchaser or his or her lender the closing is held other than at the office of Sponsor's attorney, but in the Borough of Manhattan. There will be an additional fee charged based on distance and time if at the request of Purchaser or Purchaser's lender or attorney a closing is held outside of Borough of Manhattan.

d. $150.00 if the closing is adjourned by other than the Sponsor or Sponsor's attorney within forty-eight (48) hours of the time said closing has been scheduled, or $250.00 if the Sponsor's attorney or its representative attends the Closing and the Closing is adjourned.

e. $250.00 if a default notice is sent to Purchaser pursuant to the terms of an executed Purchase Agreement.

f. $500.00 if the Purchase Agreement is permitted to be assigned pursuant to the terms of the Offering Plan for processing the assignment and the documents relating thereto.

g. $350.00 if the purchaser requests an Interim Lease for the preparation of such document, if granted, payable to the attorneys for the Sponsor, which shall be payable at the execution of such Lease.

h. There will be an additional fee of $250.00 for the review of a title report from any title insurance company requested by Purchaser or Purchaser's lender or attorney if said title insurance is not obtained through Ridge Abstract Corp.

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

Common Charges assessed during the period in which closing occurs, shall be adjusted as of the day of closing for each Unit. The Board of Managers will fix the amount of such Common Charges to be assessed against each Unit. It is estimated that the Common Charges for the first year of operation of the building will not exceed the amounts for each Unit set forth in "Schedule A" in Part I of the Plan, but such amounts may vary to the extent that the costs of services change and/or to the extent the Board of Managers decides to provide increased services or discontinue any present services within the framework of the By-Laws (see "BY-LAWS", beginning on page F1 in Part II of the Plan).

Real estate taxes for each Unit for the tax year in which title to a Unit closes and the estimated Common Charges and Expenses for each Unit (as shown in "Schedule A" in Part I of the Plan) for the month in which a closing occurs, will be apportioned between the Sponsor and the purchaser of each Unit as of the Closing Date. In the event that a Unit has not been separately assessed on the Closing Date for the current tax year the Sponsor will pay prior to the closing of the first unit the real estate taxes levied on the parcel for the six (6) months and, the

apportionment of real estate taxes with each unit owner at closing of their respective unit shall be based upon the projected assessment allocated to said unit for the property and such Unit's percentage interest in the Common Elements as set forth in "Schedule A" in Part I of the Plan.

The following items will be apportioned between the Sponsor and the Board of Managers on behalf of the Unit Owners as of the First Closing of Title to a Unit (hereinafter referred to as the "Adjustment Date"):

1. Water and Sewer charges;

2. Charges for electricity and other utilities, if any, for the Common Elements;

3. Charges and receipts in connection with service and maintenance and concession contracts, if any;

4. Wages and payroll expenses, if any;

5. Deposits with utility companies, if any, and fees for assignable permits and leases;

6. Cost of building supplies on hand, if any, (plus sales tax); and,

7. Other customary adjustments.

If any of the foregoing items to be apportioned cannot be adjusted as of the Closing Date because they are not fully ascertainable, they shall be apportioned and adjusted on the Closing Date to the extent reasonably possible and the balance as soon thereafter as the undetermined amounts are ascertained.

Any closing adjustments Sponsor owes the Board of Managers will be paid by the Sponsor into the Condominium's Working Capital Fund. Any closing adjustments the Board of Managers owes the Sponsor will be paid by the Board of Managers from the Condominium's Working Capital Fund. However, the closing adjustment to be paid by the Board of Managers to the Sponsor at the First Closing shall not reduce the Working Capital Fund below two thousand five hundred($2,500.00) Dollars on the Closing Date. Should the net closing adjustments result in a credit to Sponsor in excess of two thousand five hundred ($2,500.00) Dollars, then said excess shall be paid to Sponsor in twelve (12) equal monthly installments during the Condominium's first year of operation.

RIGHTS AND OBLIGATIONS OF SPONSOR

Sponsor is retaining the unconditional right to rent unsold units. Because of such unconditional right Sponsor makes no commitment to sell more than the fifteen (15%) of the units to declare the plan effective and owner occupants may never gain effective control and management of the Condominium. Since the Sponsor has not utilized a construction loan to renovate the building there is no restriction on Sponsor's right to rent units. In the event Sponsor makes a bulk sale of all or some of Sponsor's unsold units the transferee successor Sponsor is free to unconditionally rent such unsold units.

The Sponsor is using its own capital to complete its obligations under this Plan and has adequate resources to complete same.

Sponsor agrees to pay all common charges, special assessments and real estate taxes with respect to unsold units. No bond or other security has been furnished to secure sponsor's obligations.

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

The sponsor's shall build and complete the condominium in accordance with the plans filled with the New York City Buildings Department. Sponsor reserves the right to substitute equipment or materials and make modifications of layout or design, provided however, that sponsor may not:

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

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

In the event the work on the building as set forth herein is not fully completed at the time the building becomes occupied, the Sponsor will have the right to enter the premises to complete work the Sponsor deems necessary to fulfill its obligations under this Plan. Any such entry shall be conducted in such a manner as to produce a minimum of discomfort to the Unit Owner, and may do so provided: (I) such work is performed in Common Areas and vacant units only between 8 A.M. and 10 P.M. on any day; (ii) such work is performed in any occupied unit only between 8 A.M. and 6 P.M. on non-holiday weekdays; (iii) any damage created by virtue of such work whether to the Common Areas or any unit is repaired in a good and workmanlike manner.

The sponsor shall procure fire and casualty insurance pursuant to an agreed amount replacement value policy or in an amount sufficient to avoid co-insurance, as reflected in Schedule B.

At or prior to the closing of the unit, sponsor will assign any manufacturer's warranties with respect to equipment and appliances installed in a unit to the unit owner and assign any warranties with respect to equipment and appliances installed in the common elements to the board of managers.

The sponsor agrees to deliver a set of "as-built" plans to the Board of Managers.

No bond or other security has been furnished to secure sponsor's obligations including sponsor's obligations to complete construction of the condominium.

In the event of the dissolution or liquidation of the 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, the principals of the sponsor will provide financially responsible entities or individuals who will assume the status and all of the obligations of the sponsor for those units under the offering plan, applicable laws or regulations.

The Sponsor will defend any law suits or proceedings arising out of Sponsor's acts or omissions and will indemnify the Board of Managers and all Unit Owners, as to any liability that might result therefrom.

In the event that there are any violations of record affecting the building at the time of the first closing of title, Sponsor shall, at its sole cost and expense, cause such violations to be remedied and removed of record. The Sponsor will deliver dismissal thereof to the Board of Managers within six months days after the first closing. In the event that the aggregate cost of removing such violations exceeds a sum equal to one-half of one (1%) percent of the offering under this Offering Plan and Sponsor elects not to remove same, Sponsor shall abandon the Plan and promptly return all down payments, with interest if earned, to the purchasers within ten (10) days, except for purchasers then in default under their respective Purchase Agreements beyond any applicable grace period. However, Sponsor shall have no right to abandon the Plan pursuant to the preceding sentence if a majority of purchasers (based upon the aggregate Common Interests appurtenant to the Units to be purchased by such purchasers) having Purchase Agreements then in effect and which are not then in default elect to waive Sponsor's obligation to remove such violations. Purchaser's election to waive Sponsor's obligation to remove such violations must be made within twenty (20) days after receipt by such purchasers of notice of Sponsor's election to abandon the Plan.

The Sponsor gives no warranty as to materials or workmanship that shall survive the transfer of the Units or of the Common Elements. Sponsor, however, shall assign to each Unit's purchaser all warranties, if any, in Sponsor's possession at the closing for the Unit. All warranties, if any, in Sponsor's possession as of the first closing which relate to Common Elements will be assigned to the Condominium at the first closing. The Sponsor will not indemnify the Condominium Board except as specifically stated herein. Each prospective

purchaser may have the building and Units therein inspected by an architect or engineer of his or her choosing to determine the quality of materials and workmanship.

The seller makes no warranties, express or implied, and all such other warranties are excluded except as otherwise provided below in sections (1) and (2) of this paragraph: (1) The Housing Merchant Implied Warranty, as defined in Section 777-a of the New York State General Business Law, will apply to this agreement, and (2) The seller warrants that to the full extent permitted by law, this warranty specifically excludes and is subject to the following: (a) No steps taken by Seller to correct a defect shall act to extend the warranty period; (b) Seller accepts no responsibility for any warranty obligation for incidental or consequential damage caused by any defect; (c) except as otherwise provided by law, these warranties are extended to you as Purchaser and are not extended to any subsequent purchaser or mortgage lender who takes possession of the Home; (d) these warranties shall be void if Purchaser misuses, abuses or otherwise interferes with or changes Sellers original construction or installations; (e) Seller is not responsible for any work or material ordered directly by Purchasers from Seller's subcontractors or suppliers; (f) In no event shall the Seller be responsible for the partial or total death of any trees, shrubs bushes or other landscape improvements, if any, damage to walkways or other concrete areas caused by the application of salt or de-icers, nail pops, ridging, normal lumber shrinkage, normal settlement or any consequential damage resulting therefrom, normal plumbing and heating noises or carpet stretching, normal settlement cracks on concrete foundations, patios, sidewalks and other flat work, basement leaks resulting from acts of God or alteration of landscaping or grading, leakage resulting from "ice dams" forming on roofs, spalling or flaking of concrete surfaces if ice melting compounds have been used, scuffing on kitchen cabinets or vanities, minor chips (nicks) to Formica tops, cultured marble floors, top and tubs, edges and surfaces, shading variations of the exterior siding staining (on the surface or grooves), and shading variations on fascias from staining. Subsequent to the conveyance of title to a Home, the Seller shall not be responsible for paint touch-ups, repair of dented appliances, porcelain or Formica chips and scratches in tubs, vanities or countertops. The provisions of this paragraph shall survive the closing.

Notwithstanding any provision to the contrary contained in the Plan or any Purchase Agreement, 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 and that such variations shall be set forth in the "as built" drawings referred to in paragraph 10 below. Any such variation which is substantial will be disclosed in a duly filed amendment to the Plan. In addition, Sponsor may not, (i) substitute equipment or materials of lesser quality or design, or (ii) change the size or location of Units, other improvements, or Common Elements if such changes affect the Common Interests or adversely affect the value of any Unit to which title has closed or for which a Purchase Agreement has been executed and is in effect, unless in the case of either (i) or (ii) all affected Unit Owners consent thereto in writing to such change and unless all affected contract vendees are given the right to rescind and receive any deposit or previously made down payment.

The Sponsor will obtain a permanent or a temporary or partial Certificate of Occupancy for this building prior to the Closing Date. If a permanent Certificate of Occupancy has not been obtained prior to the Closing Date, no closing will be held for any unit for which a partial or temporary Certificate of Occupancy has not been issued, and the Sponsor will hold in escrow in a special escrow account at North Fork Bank, 31 East 17th Street, New York, New York, entitled Allen, Morris, Troisi & Simon LLP Offering Plan Escrows Attorney Trust Account, required by Section 352-e(2)(b) of the New York General Business Law a;; deposits or funds unless the Sponsor's architect, engineer or another qualified professional certifies that a lesser amount will be reasonably necessary to complete the work needed to obtain a permanent Certificate of Occupancy, in which case the sum exceeding the amount so certified by the Sponsor's architect, engineer or another qualified professional may be released from the special escrow account. This sum to be held in escrow will not be released until a permanent Certificate of Occupancy is issued, which the Sponsor undertakes to obtain prior to the expiration of the temporary or partial Certificate of Occupancy, unless extended, but in no event later than one year after the Closing Date. Withdrawals from such account will be made only by an attorney associated with Allen, Morris, Troisi & Simon LLP. Sponsor shall guarantee to perform any work necessary within said one year period of time to obtain a permanent Certificate of Occupancy unless the purchasers have made any change or modification in their units or in the building as a whole, which would prevent the issuance of a permanent Certificate of Occupancy. In said event, the Sponsor's responsibility shall be limited to completing those items indicated to be completed at the time of issuance of the temporary or partial Certificate of Occupancy and upon such items being completed, the aforesaid sum may be released from escrow. Alternatively, sponsor must deposit with an escrow agent an unconditional, irrevocable letter of credit, post a surety bond in the amount so certified, or provide other collateral acceptable to the Office of the Attorney General.

The foregoing sets forth the entire obligations of Sponsor hereunder and none other shall be implied, except that nothing contained herein shall be deemed to limit the rights of Unit Owners under their Purchase Agreement. Sponsor makes no representation or warranty as to the work, materials, appliances, equipment or fixtures other than as set forth in this Plan. Except as expressly provided to the contrary herein, the obligations of Sponsor under this section shall not survive the delivery of the deeds to the respective Units. Sponsor shall not be liable for or obligated to defend any suits or claims with respect to any Unit arising out of any occurrence taking place on or after the date of the closing of title to such Unit or the leasing thereof to any purchaser except suits or claims arising out of acts of Sponsor or representations made by Sponsor in this Plan. Suits affecting the common elements after the first closing of a unit pursuant to this offering plan may be maintained by the Board of Managers.

NO UNIT OWNER MAY INDIVIDUALLY MAINTAIN AN ACTION WITH RESPECT TO COMMON ELEMENTS AFTER THE EXPIRATION OF SPONSOR'S CONTROL PERIOD EXCEPT AS TO THE ESCROWING OF CERTAIN FUNDS AND ANY BOND AND/OR LETTER OF CREDIT UTILIZED TO SECURE DOWN PAYMENTS. SPONSOR HAS NOT FURNISHED ANY BOND OR OTHER SECURITY FOR THE PERFORMANCE OF ITS OBLIGATIONS UNDER THE PLAN.

CONTROL BY THE SPONSOR

Sponsor is retaining the unconditional right to rent unsold units. Because of such unconditional right Sponsor makes no commitment to sell more than the fifteen (15%) of the units to declare the plan effective and owner occupants may never gain effective control and management of the Condominium. Since the Sponsor has not utilized a construction loan to renovate the building there is no restriction on Sponsor's right to rent units. In the event Sponsor makes a bulk sale of all or some of Sponsor's unsold units the transferee successor Sponsor is free to unconditionally rent such unsold units.

As set forth in the By-Laws, the Condominium's affairs will be managed by a Board of Managers. At the time of the first closing there will be one (1) Manager designated by the Sponsor. The Initial Control Period shall be a period of two years after the closing of the first unit or whenever the unsold units constitute less than fifty percent of the common interests, whichever is sooner.

Within approximately ninety days after the first closing the first annual meeting of the Board of Managers will be convened. During the Initial Control Period the Board of Managers shall consist of one (1) person. A meeting of the Unit Owners will be held to elect new board members within thirty (30) days of the expiration of the Initial Control Period. From and after that meeting the Board of Managers shall consist of four (4) persons.

After the expiration of the Initial Control Period and at all times thereafter Sponsor may be able to elect members of the Board as a result of its ownership of or interest in the Unsold Units. Sponsor shall have the right to designate members of the Board in relation to the Common Interests attributable to Unsold Units. As long as there is at least one Unsold Unit, the Sponsor or its designee shall be entitled to designate at least one Member of the Board of Managers regardless of the number of Unsold Units and the number of Members of the Board of Managers may not be increased without the consent of Sponsor.

The By-Laws of the Condominium do not include a provision that, after an initial Sponsor voting control period expires, a majority of the Board of Managers must be owner-occupants or members of an owner-occupant's household who are unrelated to the Sponsor and its principals.

The By-Laws provide that for a period ending not more than five years after the closing of the first unit or whenever the unsold units constitute less than twenty-five per cent of the common interest, whichever is sooner, the Board of Managers may not, without Sponsor's prior written consent (i) make any addition, alteration or improvement to the Common Elements unless required by law; (ii) hire any employee in addition to the number of employees referred to in Schedule B in Part I of the Plan; or (iii) enter into any service or maintenance contract for work not covered in said Schedule or (iv) otherwise provide services in excess of those contemplated by such Schedule or elsewhere in the Plan. Nevertheless, the Sponsor may not exercise veto power over expenses described in Schedule B, or over expenses required (i) to comply with applicable laws or regulations; or (ii) to remedy any notice of violation; or (iii) to remedy any work order by an insurer.

All members of the Board of Managers shall serve without pay or other compensation. Members of the Board of Managers may be removed without cause.

There is no provision in the By Laws that a majority of the board of managers must be owner-occupants or members of an owner-occupants household who are unrelated to the sponsor and its principals after the end of the initial control period.

See the By-Laws in Part II of the Plan, for a more complete description of the Board of Managers and its membership.)

BOARD OF MANAGERS

As set forth in the By-Laws, the Condominium's affairs will be managed by a Board of Managers. At the time of the first closing there will be one (1) Manager designated by the Sponsor.

The Initial Control Period shall be a period of two (2) years after the closing of the first unit or whenever the unsold units constitute less than fifty percent of the common interests, whichever is sooner.

Within approximately ninety days after the first closing the first annual meeting of the Board of Managers will be convened. During the Initial Control Period the Board of Managers shall consist of 2 persons. A meeting of the Unit Owners will be held to elect new board members within thirty(30) days of the expiration of the Initial Control Period. From and after that meeting the Board of Managers shall consist of five persons. There is no provision in the By Laws that a majority of the Board of Managers must be owner-occupants or members of an owner-occupants household who are unrelated to the sponsor and its principals after the end of the Initial Control Period.

After the expiration of the Initial Control Period and at all times thereafter Sponsor may be able to elect members of the Board as a result of its ownership of or interest in the Unsold Units. Sponsor shall have the right to designate members of the Board in relation to the Common Interests attributable to Unsold Units. As long as there is at least one Unsold Unit, the Sponsor or its designee shall be entitled to designate at least one Member of the Board of Managers regardless of the number of Unsold Units and the number of Members of the Board of Managers may not be increased without the consent of Sponsor. Board members and officers will serve without compensation.

The initial Director will be Spiro Geroulanos (the principal of Sponsor).

After the expiration of the Initial Control Period and at all times thereafter Sponsor may be able to elect members of the Board as a result of its ownership of or interest in the Unsold Units. Sponsor shall have the right to designate members of the Board in relation to the Common Interests attributable to Unsold Units.

The Board shall have the powers and duties necessary for or incidental to the administration of the affairs of the Condominium over which they have jurisdiction. As more fully set forth in the By-Laws, all determinations required to be made by the Board of Managers shall be by majority of the votes cast at any meeting at which a quorum is present. Any dispute among the Board members shall be settled by arbitration in the manner provided in the By-Laws.

A Member of the Board of Managers other than the representative of Sponsor (or its designee) shall be an owner of a unit in the condominium or the representative of a fiduciary or entity if the unit is owned by a fiduciary or entity.

A Director or Officer may be removed by the Board of Managers with or without cause.

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

The Board of Managers shall meet immediately after the Annual Meeting of Unit Owners without notice and also whenever called together by any Director of the Condominium or upon the written request of any three (3) Directors then holding office, upon notice given to each Director, by delivering personally, mailing or telegraphing the same to him or her at least two (2) days prior to such meeting at the last address furnished by him or her to the Condominium. Regular meetings may be held without notice at such times and places as the Board of Managers may determine.

The Annual Meeting of the Unit Owners of the Condominium, for the election of the Board of Managers and for such other business as may properly come before such meeting, shall be held in the Borough of Brooklyn or Manhattan, City of New York, at such time and place, each year as may be designated by the Board. Special meetings of the Unit Owners, other than those the calling of which is regulated by statute, may be called at any time by the President or Secretary or by a majority of the Board of Managers. It shall also be the duty of the Secretary to call such meetings whenever requested in writing so to do by Unit Owners owning at least thirty (30%) percent of the Common Interest of the Condominium.

At all meetings, the presence in person or by proxy of Unit Owners owning more than fifty (50%) percent of the Units shall constitute a quorum and, except as otherwise provided in the By-Laws or Declaration, a majority of the votes cast at any such meeting at which a quorum is present shall be binding upon all Unit Owners.

At all 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 his or her Unit. The principal officers of the Condominium shall be a President, a Secretary and Treasurer.

The members of the Condominium Board shall not be liable to the Unit Owners for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith. The Unit Owners shall indemnify and hold harmless each of the members of the Condominium Board against all contractual liability to others arising out of contracts made by the Condominium Board on behalf of the Condominium unless any such contract shall have been made in bad faith or contrary to the provisions of the Declaration or of the By-Laws. It is intended that the members of the Condominium Board shall have no personal liability with respect to any contract made by them on behalf of the Condominium within the scope of their authority. It is understood and permissible for the original Condominium Board, who are designated by the Sponsor, to contract with the Sponsor and affiliated corporations without fear of being charged with self-dealing. It is also intended that the liability of any Unit Owner arising out of any contract made by the Condominium Board shall be limited to such proportion of the total liability thereunder as his or her interest in the Common Elements bears to the interests of all the Unit Owners in the Common Elements. Every agreement made by the Condominium Board or by the Managing Agent or by the Manager on behalf of the Condominium shall provide that the members of the Condominium Board , or the Managing Agent, or the Manager, as the case may be, are acting only as agent for the Unit Owners in the

Common Elements. Every agreement made by the Condominium Board or by the Managing Agent or by the Manager on behalf of the Condominium shall provide that the members of the Condominium Board, or the Managing Agent or the Manager, as the case may be, are acting only as agent for the Unit Owners and shall have no personal liability thereunder (except as Unit Owners), and that each Unit Owner's liability thereunder shall be limited to such proportion of the total liability thereunder as his or her interest in the Common Elements bears to the interest of all Unit Owners in the Common Elements.

Generally, subject to certain exceptions concerning, among other things, Sponsor or Unsold Units, and provided that required consents of the Residential Mortgage Representatives, if any, are obtained, any provision of the Declaration, By-Laws or Rules and Regulations may be amended, modified, added to or deleted by affirmative vote of at least 66-2/3% in number and in Common Interest of all Unit Owners.

RIGHTS AND OBLIGATIONS OF UNIT OWNERS

1. Sales and Leases of Units:

Any Unit Owner (other than the Sponsor or Sponsor-designee) who receives a bona fide offer for the sale of his or her Unit together with: (I) the undivided interest of the Common Elements and any limited Common Elements appurtenant thereto; (ii) the interest of such Unit Owner in any Units theretofore acquired by the Board of Managers, or its designee, on behalf of all Unit Owners, or the proceeds of the sale or lease thereof, if any; (iii) the interest of such Unit Owner in any other assets of the Condominium, as defined in the Declaration (hereinafter collectively called the "Appurtenant Interests"), or a bona fide offer for a lease of his or her Unit (hereinafter called an "Outsider Offer"), which he or she intends to accept, shall give notice by certified or registered mail to the Board of Managers of such offer and of such intention, the name and address of the proposed Purchaser of the Unit, the terms of the proposed transaction and such other information as the Board of Managers may reasonably require, and shall offer to first sell such Unit, together with the Appurtenant Interests, or to lease such Unit, to the Board of Managers, or its designee, corporate or otherwise, on behalf of the Owners of all other Units, on the same terms and conditions as contained in such outside offer. The giving of such notice shall constitute a warranty and representation by the Unit Owner who has received such offer, to the Board of Managers on behalf of the other Unit Owners, that such Unit Owner believes the outside offer to be bona fide in all respects. Within thirty (30) days after receipt of such notice, the Board of Managers may elect, by notice given within five (5) days after making such election, and in any event, within said thirty (30) day period, to such Unit Owner, by certified or registered mail, to purchase such Unit, together with the Appurtenant Interests, 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 other Unit Owners, on the same terms and conditions as contained in the outside offer and as stated in the notice from the offering Unit Owner.

In the event the Board of Managers shall elect to purchase such Unit, together with the Appurtenant Interests, or to lease such Unit, 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 Condominium in accordance with the terms of such offer but in no event less than forty-five (45) days after the giving of notice by the Board of Managers of its election to accept such offer. In the event the Board of Managers elects to purchase a Unit they can raise money to purchase the Unit by either (1) instituting an assessment of all Unit Owners or (2) borrow the funds secured by the Unit to be purchased. At the closing, the Unit Owner, if such Unit together with the Appurtenant Interests is to be sold, shall convey the same to the Board of Managers, or to its designee, on behalf of all other Unit Owners, by deed in the form required by Section 339-o of the Real Property Law of the State of New York, with all transfer stamps affixed, and shall pay all other taxes arising out of such sale. In the event such Unit is to be leased, the offering Unit Owner shall execute and deliver to the Board of Managers, or to its designee, a lease between the offering Unit Owner, as landlord, and the Board of Managers, or its designee, as tenant, covering such Unit, for the rental and term contained in such outside offer.

In the event the Board of Managers or its designee fails to notify the offering Unit Owner of its decision to accept such offer within thirty (30) days after receipt of notice as aforesaid or notify

the offering Unit Owner within said period of its decision not to accept such offer, the offering Unit Owner shall be free to contract to sell such Unit, together with the Appurtenant Interests, or to lease such Unit, as the case may be, within thirty (30) days after the expiration of the period in which the Board of Managers or its designee might have accepted such offer, to the outside offer or, on the terms and conditions set forth in the notice from the offering Unit Owner to the Board of Managers of such outside offer. Any such deed to any outside offer or shall provide that acceptance thereof by the grantee shall constitute an assumption of the provisions of the Declaration, the By-Laws and the Rules and Regulations, as the same may be amended from time to time. Any such lease shall be consistent with the By-Laws and shall provide that it may not be modified, amended, extended or assigned without the prior consent in writing of the Board of Managers, and that the tenant shall not sublet the demised premises, or any part thereof, without the prior consent in writing of the Board of Managers, and that the Board of Managers shall have power to terminate such lease and/or bring summary proceedings to evict the tenant in the name of the landlord thereunder, in the event of default by the tenant in the performance of such lease. Except as hereinbefore set forth, the form of any such lease for Residential Units shall be in a form approved by the Board of Managers. In the event the offering Unit Owner shall not, within such thirty (30) day period, contract to sell such Unit to the outside offer or on the terms and conditions contained in the outside offer, or if the Unit Owner shall so contract to sell or lease his or her Unit within such thirty (30) day period, but such sale or lease shall not be consummated pursuant to the terms of such contract, then should such offering Unit Owner thereafter elect to sell such Unit, together with the Appurtenant Interests, or to lease such Unit, as the case may be, to the same or another outside offer or on the same or other terms and conditions, the offering Unit Owner shall be required to again comply with all of the terms and provisions of this Section 1 of the By-Laws.

Each conveyance of a Unit by a Unit Owner 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 assets of the Board.

The Board of Managers may not discriminate against any person on the basis of race, creed, color, national origin, sex, sexual orientation, age, disability, marital status or other grounds prohibited by law.

The restrictions upon the sale and lease of Residential Units shall not apply to Sponsor or its designee with respect to any Unsold Units or to Units acquired by a mortgagee in foreclosure or by deed in lieu of foreclosure; in such cases they shall be free to sell or lease such Units without first offering to sell or lease to the Board of Managers. Such restrictions shall also not apply to the transfer from one spouse or life partner to another, from parent to child or vice versa, among siblings or from or to a trust, family partnership or other entity solely controlled by the Unit Owner.

Any purported sale or lease of a Unit in violation of this section shall be voidable at the election of the Board of Managers.

2. Mortgage of Units by Unit Owners:

No Residential Unit shall mortgage his or her Unit, except by a first and/or second mortgage made to a bank, trust company, insurance company, federal savings and loan association, pension fund or other institutional lender or a purchase money mortgage made to the Sponsor, or to the seller of the Unit. Any such mortgage shall be substantially in the form on file with the Board of Managers, except for such changes or additions as may be required in order to permit the particular institutional lender to make the mortgage loan, or to the extent permitted by the Board of Managers. A mortgage may be made to a reputable private lender, other than a lender as above described, provided the same is approved in writing by either the Sponsor, prior to the Sponsor's relinquishing control of the Board of Managers, or the Board of Managers, subsequent to the release of control by the Sponsor or the Board of Managers as the case may be. Prior to or simultaneously with the closing of any mortgage, the Unit Owner must satisfy all arrearages for unpaid Common Charges or assessments and discharge any liens therefore.

As more particularly set forth in "Amendments to Condominium Documents" in "Rights & Obligations of Board of Managers/Summary of By-Laws" in Part I of the Plan, in certain instances the consent of the Mortgage Representative is necessary in order to amend the Declaration, By-Laws and Rules and Regulations.

3. Common Charges: Determination and Assessment:

Common Expenses, which are payable by all Unit Owners and included in their Common Charges, are allocated among the Unit Owners in proportion to the respective Common Interest of all Unit Owners. The respective Common Interest of each Unit, as determined by Sponsor, is based, pursuant to section 339(i)(iv) of the Real Property Law 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. Common Expenses include, among other things, all costs and expenses in connection with the repair, maintenance, replacement, restoration and operation of, and any alteration, addition or improvement to, the Common Elements, water charges and sewer rents, unless separately assessed to individual Units, insurance premiums, and may include amounts for certain other items as the Board may deem proper, such as amounts for reserves or in connection with the purchase or lease by the Board of any Unit.

In addition, until the Units are separately assessed, each Unit Owner will pay his or her pro rata share (in the proportion that its Common Interest bears to the Common Interests of all Units) of all real estate taxes with respect to the building. Each Unit Owner will be entitled to a deduction for Federal, New York State and New York City income taxes with respect to such amount to the same extent as if such Unit Owner had paid such taxes directly to the taxing authority (See "Taxes-Deductions to Unit Owners and Tax Status of the Condominium" in Part I for further discussion). At such time as the Unit is separately assessed, its Owner will pay such taxes directly to the taxing authority.

At least annually, the Board of Managers will prepare a budget for General Common Expenses and allocate and assess such Common Charges among the Unit Owners according to the common interests in the Common Elements. The Board will furnish copies of the budget on

which Common Charges are based to all Unit Owners and advise such Unit Owners of the amount of charges payable by them.

4. Common Charges: Collection and Lien for Non-Payment:
No Unit Owner may exempt himself or herself from liability for his, her or its Common Charges by waiving use of any of the Common Elements or by abandonment of his or her Unit. No Unit Owner, however, will be liable for the payment of 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 the By-Laws, a Unit Owner may, by conveying his or her Unit, without consideration to the Board, and complying with certain conditions in connection therewith, exempt himself or herself from Common Charges thereafter accruing.

On a resale of a Unit, the purchaser thereof will be liable for the payment of Common Charges accrued and unpaid against such Unit prior to his or her acquisition. In the event of a foreclosure by the Board of its lien on any Unit for unpaid Common Charges, if the net proceeds of the foreclosure sale shall be insufficient for the payment of such unpaid charges or if a Unit is acquired by a mortgagee or purchaser in foreclosure, the Unit Owner will remain liable for the unpaid balance. The Board will 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 Condominium Act and the By-Laws, the Board, on behalf of all Unit Owners, will have a lien on each Unit for its unpaid Common Charges, together with interest thereon assessed against such Unit. All such liens, however, to the extent permitted 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 shall continue until all sums secured thereby with interest accrued thereon shall have been fully paid, or until six (6) years from the date of filing (unless foreclosure of such lien is started within such six (6) year period), whichever shall be sooner. Such liens may be foreclosed by a suit brought in the name of the Board in like 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 the lien. The Sponsor will cause the Board to file a lien on Units for which Sponsor is more than thirty (30) days in arrears of common charges provided that at that time Sponsor is in Control of the Board.

5. Use of Units:
Units shall be used solely as a residence (except as described below). Not more than one (1) family may occupy a Unit at one time. A Unit owned or leased by an individual, corporation, partnership, fiduciary or any other entity may only be occupied by said individual, or an officer, director, stockholder or employee of such corporation, or a partner or employee of such partnership, or the fiduciary or beneficiary of said fiduciary, or a principal or employee of such other entity, respectively, or by members of the immediate family or guests of any of the foregoing. No portion of a Unit, other than the entire Unit may be leased and no transient tenants may be accommodated therein. A Unit may be used for home occupation or as a professional office or for any other lawful purpose, provided such use is (1) permitted by law,

(2) does not violate the then existing Certificate of Occupancy or legal use covering such Residential Unit and, (3) the Unit Owner complies with all applicable governmental regulations. Without limiting the foregoing, Unit Owners shall be responsible for all maintenance, repairs and replacements of heating and cooling systems in their respective Units. In addition, the Rules and Regulations require that at least seventy-five (75%) percent of the floor area of Residential Units (except for kitchens, bathrooms, closets and foyers) be covered with rugs, carpeting or equally effective noise reducing material.

Purchaser of the duplex unit 1 should note that the cellar space (a portion of the duplex) may not be used as residential space.

Further restrictions on the use and leasing of Units are set forth in the By-Laws and in the Rules and Regulations.

No nuisance, immoral, improper, offensive or unlawful use shall be allowed in any Unit in the building. All valid 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 Board, whoever shall have the obligation to maintain or repair such portion of the property. The Rules and Regulations concerning the use of Residential 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 except that no amendment thereof affecting any Unsold Residential Units may be made unless agreed to by the Sponsor or its designee.

6. Repairs to and Maintenance of Units and Common Elements:
Generally, the expense of all painting, decorating, maintenance, repairs and/or replacements required to be made to the Common Elements, whether structural or non-structural will be charged to all Unit Owners as a Common Expense. Generally, the expense of all painting, decorating, maintenance, repairs and/or replacements required to be made to or in any Unit will be the responsibility of the Unit Owner of the affected Unit.

The By-Laws require that each Unit and all portions of the Common Elements be kept in first-class condition (and with respect to any roof or other part of the property exposed to the elements, reasonably free of snow, ice and accumulation of water) by the Unit Owner or 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 may, after giving notice and a five (5) day period to remedy such failure, at the expense of such Unit Owner, enter such Unit and perform such acts as are necessary to cure such default (See "Rights of Access" in this section of the Plan).

The By-Laws further require that those public or other areas of the building exposed to public view which are required to be maintained by each Unit Owner or Board, be kept in good appearance in conformity with the dignity and character of the building by such Unit Owner or Board.

All normal maintenance, repairs and replacements of any terrace, balcony, deck, roof or yard shall be made by the Unit Owner having access to such terrace, balcony, deck, roof or yard at

his or her own cost and expense, but any structural or extraordinary repairs or replacements to such terrace or balcony (including any leaks which are not caused by the negligence of the Unit Owner having access to the same) will be made by the Board. Notwithstanding the foregoing, Sponsor or its designee, may without the permission of the Board (i) use or grant permission for the use of any Unsold Unit as a professional office or for any other purpose provided such use is permitted by law, does not violate the then existing Certificate of Occupancy or legal use of the building covering such Unit and the user of such Unit complies with all applicable governmental regulations; and (ii) retain ownership of one or more Units for use as models and sales and/or promotion offices in connection with the sale or rental of other Units.

7. Alterations and Improvements of Units and Common Elements:
No Unit owner may make any alteration, addition, improvement or repair in or to his or her Unit or any terrace, balcony, roof or yard appurtenant thereto that might affect the structural integrity of the building without the prior written approval of the Board of Managers. This provision does not apply to Sponsor, or its designee or to any lessee of an Unsold Unit. Except as otherwise permitted in the By-Laws, no Unit Owner may make any alteration, addition, improvement or repair in or to the Common Elements without the prior written approval of the Board.

Generally, all alterations, additions or improvements in or to the Common Elements will be made by the Board of Managers and the cost and expense thereof will be charged to all Unit Owners.

8. Rights of Access:
As more fully set forth in the By-Laws, the Board and any managing agents, managers, superintendents and other persons authorized by the Board will have a right of access to any Unit under their respective jurisdiction for the purpose, among others, of (a) making inspection 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) correcting any conditions originating in any Unit and threatening another Unit or any Common Element, or (d) for ingress and egress by all persons in the building in case of fire or other emergency. Each Unit Owner shall be subject to and shall have an assessment in common with all other Unit Owners to inspect, maintain, repair, replace or alter all Common Elements located in any of the other Units or elsewhere on the property which serves his or her Unit.

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, or in the event of any breach of the Declaration, the By-Laws or the Rules and Regulations, then, as set forth in the By-Laws, the Condominium Board shall have certain rights to perform such maintenance or repairs or cure such breach.

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 hereunder and performing alterations and repairs in or about Unsold Units.

9. Insurance Coverage

The Board of Managers shall obtain and maintain, to the extent obtainable and to the extent determined by the Board of Managers to be appropriate or relevant: (1) fire insurance, with extended coverage, vandalism and malicious mischief endorsements insuring the Building and Units (but not including furniture, furnishings or other personal property supplied to or installed by Unit Owners), together with all service machinery contained therein (collectively, the "Insured Property"), covering the interests of the Condominium, the Board of Managers and all Unit Owners and their mortgagees, as their interest may appear, in an amount equal to the full replacement value of the insured property without deduction for depreciation; (2) machinery insurance; (3) water damage legal liability insurance; (4) such other insurance as the Board of Managers may determine. Each of the policies shall contain a New York standard mortgagee clause in favor of each mortgagee of a Unit which shall provide that the loss, if any, thereunder shall be payable to such mortgagee as its interest may appear, subject, however, to the loss payment provisions in favor of the Board of Managers in the event of casualty or condemnation.

Unit Owners shall be entitled to carry casualty insurance protection for their furniture and the interior of their Units and for personal liability coverage for their own benefit at their own expense, provided that such policies contain waivers of subrogation and further provided that the liability of the carriers issuing insurance procured by the Board of Managers shall not be affected or diminished by reason of any other insurance carried by a Unit Owner.

RIGHTS AND OBLIGATIONS OF CONDOMINIUM BOARD /SUMMARY OF BY-LAWS

1. Condominium Board:

The affairs of the Condominium shall be governed by the Condominium Board. From and after the second annual meeting of the Condominium Board, said Board shall have four (4) members. Prior to the second annual meeting of the Condominium Board, it shall consist of two (2) members to be designated by the Sponsor. Except for the first Condominium Board, as aforesaid, each member of the Condominium Board shall be elected at annual meetings therefor and shall serve until the next annual meeting thereof and until a successor has been elected and qualified. During the period of Sponsor control of the Board of Managers, the Board of Managers will file a lien against any unit for which the Sponsor is in arrears in payment of common charges. All Board members shall serve without compensation (See "Control By Sponsor").

The Board shall have the powers and duties necessary for or incidental to the administration of the affairs of the Condominium over which they have jurisdiction. As more fully set forth in the By-Laws, all determinations required to be made by the Condominium Board shall be by majority of the votes cast at any meeting at which a quorum is present. Any dispute among the Board members shall be settled by arbitration in the manner provided in the By-Laws.

A Director other than the representative of Sponsor shall be an owner of a unit in the condominium or the representative of a fiduciary or entity if the unit is owned by a fiduciary or entity. A Director or Officer may be removed by the Board of Managers with or without cause. At each meeting of Unit Owners, each Unit Owner present in person or by proxy shall be entitled to cast the votes appurtenant to his or her Unit at the time of service of notice of such meeting or at such prior date, not more than forty (40) days before such meeting, as may be prescribed by the Condominium Board as the date for determining which Unit Owners of record are entitled to notice of and to vote at such meeting. The proxies shall be in writing duly signed by the Unit Owner but need not be acknowledged or witnessed, and the person named as proxy by any Unit Owner need not himself or herself be a Unit Owner of the Condominium. Voting by Unit Owners shall be viva voce unless any Unit Owner present at the meeting, in person or by proxy, demands a vote by written ballot, in which case the voting shall be by ballot, and each ballot shall state the name of the Unit Owner voting and the number of votes appurtenant to his or her Unit, and in addition, the name of the proxy of such ballot if cast by a proxy. For a period of two (2) years or so long as the Sponsor, its successor, offerors or designees continue to own among them fifty (50%) percent or more of the Units of the Condominium, whichever is the lesser, they shall have the right to designate two (2) of the four (4) Directors (see Article III, Section 1). The By-Laws and Declaration will be amended by sixty six and two-thirds (66-2/3%) percent in number and common interest of all Unit Owners at a meeting of Unit Owners held for that purpose.

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

2. Meetings and Votes of Unit Owners:

Approximately ninety (90) days after the date of the first closing of title, the firstannual meeting of the Board of Managers shall be held. At the second annual meeting, the members of the Condominium Board designated by Sponsor shall resign and new Condominium Board members shall be elected. At such meeting, the Unit Owners shall elect four (4) new Condominium Board members. In addition, special meetings may be held from time to time pursuant to the By-Laws. At all meetings, the presence in person or by proxy of Unit Owners owning more than fifty (50%) percent of the Units shall constitute a quorum and, except as otherwise provided in the By-Laws or Declaration, a majority of the votes cast at any such meeting at which a quorum is present shall be binding upon all Unit Owners.

At all 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 his or her Unit. The principal officers of the Condominium shall be a President, a Secretary and Treasurer.

The By-Laws do not include a provisions that a majority of the Board of Managers must be Owner-Occupants or members of an Owner-Occupant's household who are unrelated to the Sponsor and its Principals, after the end of an initial Sponsor control period.

3. Insurance:

The Condominium Board is required to obtain and maintain, to the extent obtainable and to the extent determined by the Condominium Board to be appropriate, the following insurance:

A commercial package insurance policy will be placed upon the property and delivered to the Board of Managers at the time of the closing. It will provide for the following coverage:

Commercial Coverages:		
Comprehensive General Liability	$1,000,000.00	
Building	$560,000.00	(Replacement Cost/ Special Form)
Loss of Rents		Actual Loss Sustained
Boiler & Machinery	$560,000.00	
Total Annual Premium		$2,897.00
Company:	Andover Insurance Co.	

Additional Coverages: (one or more of the additional coverage items listed may be placed by the Condominium which, if placed, will increase the cost of insurance and thus the common charges to be paid by unit owners)

Coverages:	Amount of Coverage	Premium
Directors & Officers	$1,000,000.00	$1,000.00
Employee's Dishonesty	$10,000.00	$150.00
Umbrella	$1,000,000.00	$1,000.00

The Condominium at some future date may decide to increase insurance coverage to insure the total acquisition cost.

4. Repair or Reconstruction after Fire or Other Casualty:
In the event that the building or any part thereof is damaged, destroyed by fire or other casualty, the Board of Managers with respect to any damage to or destruction of the Common Elements, will, except as set forth below, arrange for the prompt repair and restoration thereof (including each Unit, but excluding fixtures, furniture, furnishings or other personal property not constituting a part of such Unit). If the insurance proceeds are insufficient to cover the cost of repairs or restorations, Unit Owners may be assessed for deficits, if any, in insurance proceeds. Any surplus insurance proceeds shall be paid to all Unit Owners in proportion to their respective Common Interests, except 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 reduce unpaid liens on his or her Unit, other than Permitted Mortgages, in the order of priority of such liens.

If seventy-five (75%) percent or more of the building is destroyed or substantially damaged and if seventy-five (75%) percent or more in Common Interest of all Unit Owners do not duly resolve within sixty (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 any 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 Interest, provided, however, that no payment shall be made to a Unit Owner until there has first been paid out of his share of funds, such amounts as may be necessary to discharge all unpaid liens on his Unit (other than mortgages which are not Permitted Mortgages) in the order of the priority of such liens.

In the event of damage to the common elements or to any unit in the building occasioned by the negligence of the Owner of any unit in the building, the Board of managers shall repair said damage and bill the Unit Owner having, by his or her negligence caused such damage as additional common charges. In the event the damage is caused to another Unit Owner in the building then the Board of Managers may repair the damage and bill the Unit Owner having by his or her negligence, caused the damage. The Board of Managers shall have the right of access, by force or otherwise, to enter any unit in the building to prevent or stop any act, occurrence or situation that may cause or be causing damage to the common elements or any other Unit in the building.

5. Units Acquired by the Condominium Board:
All Units acquired or leased by the Condominium Board shall be held by such Board, or its designee, on behalf of all Owners, and 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 Condominium Board shall carry any voting rights.

6. Liability of Boards and Unit Owners:
The members of the Condominium Board shall not be liable to the Unit Owners for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith. The Unit Owners shall indemnify and hold harmless each of the members of the Condominium Board against all contractual liability to others arising out of contracts made by the Condominium Board on behalf of the Condominium unless any such contract shall have been made in bad faith or contrary to the provisions of the Declaration or of the By-Laws. It is intended that the members of the Condominium Board shall have no personal liability with respect to any contract made by them on behalf of the Condominium within the scope of their authority. It is understood and permissible for the original Condominium Board, who are designated by the Sponsor, to contract with the Sponsor and affiliated corporations without fear of being charged with self-dealing. It is also intended that the liability of any Unit Owner arising out of any contract made by the Condominium Board shall be limited to such proportion of the total liability thereunder as his or her interest in the Common Elements bears to the interests of all the Unit Owners in the Common Elements. Every agreement made by the Condominium Board or by the Managing Agent or by the Manager on behalf of the Condominium shall provide that the members of the Condominium Board , or the Managing Agent, or the Manager, as the case may be, are acting only as agent for the Unit Owners in the Common Elements. Every agreement made by the Condominium Board or by the Managing Agent or by the Manager on behalf of the Condominium shall provide that the members of the Condominium Board, or the Managing Agent or the Manager, as the case may be, are acting only as agent for the Unit Owners and shall have no personal liability thereunder (except as Unit Owners), and that each Unit Owner's liability thereunder shall be limited to such proportion of the total liability thereunder as his or her interest in the Common Elements bears to the interest of all Unit Owners in the Common Elements.

7. Reports to Unit Owners:
An annual report of the receipts and expenditures certified by an independent certified public accountant, shall be submitted by the Condominium Board to all Unit Owners within four (4) months after the end of each fiscal year.

8. Amendments to Condominium Documents:
Generally, subject to certain exceptions concerning, among other things, Sponsor or Unsold Units, and provided that required consents of the Mortgage Representatives, if any, are obtained, any provision of the Declaration, By-Laws or Rules and Regulations may be amended, modified, added to or deleted by affirmative vote of at least sixty six and two-thirds (66-2/3%) percent in number and in Common Interest of all Unit Owners.

Sponsor may amend the declaration provided such amendment affects only Units owned by Sponsor or Units which are owned or under a Purchase Agreement with another party and has granted Sponsor the right to make such amendment.

It is possible that amendments, modifications, additions or deletions of or to the Declaration, the By-Laws and the Rules and Regulations may be necessary, appropriate or desirable in connection with the operation of the Commercial Unit, the subdivision of the Commercial Unit into individual commercial Condominium Units and/or the offering for sale or lease of all or any portion of the Commercial Unit, and in connection therewith, the Commercial Board will, subject to compliance with all applicable laws and governmental regulations, if any, cause the Declaration, the By-Laws and the Rules and Regulations to be so amended, modified, added to or deleted and that the resulting revisions thereof may be similar or dissimilar to those affecting the Residential and Professional Sections and Residential and Professional Unit Owners.

9. Mechanic's Lien:

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 individual 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 or a Unit Owner not expressly consenting to or requesting such work, except in the case of emergency repairs. No labor performed on, or material 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 Condominium Board or the Managing Agent.

10. Termination of Condominium:

The Condominium shall continue (unless terminated by casualty loss, condemnation or eminent domain as provided in the By-Laws) until such time 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 eighty (80%) percent in number and in Common Interest of all Unit Owners. In addition, the written consent of the Mortgage Representatives, if any, shall be required before such vote is effective. Sponsor or its designee will not vote its interest appurtenant to Unsold Units for such withdrawal unless at least eighty (80%) percent in number and in Common Interest of all other Unit Owners elect to withdraw, 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 of withdrawal, the property shall be subject to an action for partition by any Unit Owner or any lienor as if 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 Unit, in the order of priority of such liens.

11. Easements and Name of Condominium:

In order to facilitate the operation and maintenance of the building (and particularly Common Elements) and the sale or leasing of Units therein, each of the Units will be subject to certain easements including easements in favor of other Unit Owners, Sponsor and the Condominium Board. These easements, which are more particularly set forth in Article 14 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 necessity in favor of all Units and the Common Elements. These easements shall be exercised

in such a manner as will not unreasonably interfere with the normal conduct of business of the tenants and occupants of any Unit.

12. Sales and Leases of Units:

Any Unit Owner (other than the Sponsor or Sponsor-designee) who receives a bona fide offer for the sale of his or her Unit together with: (I) the undivided interest of the Common Elements and any limited Common Elements appurtenant thereto; (ii) the interest of such Unit Owner in any Units theretofore acquired by the Board of Managers, or its designee, on behalf of all Unit Owners, or the proceeds of the sale or lease thereof, if any; (iii) the interest of such Unit Owner in any other assets of the Condominium, as defined in the Declaration (hereinafter collectively called the "Appurtenant Interests"), or a bona fide offer for a lease of his or her Unit (hereinafter called an "Outsider Offer"), which he or she intends to accept, shall give notice by certified or registered mail to the Board of Managers of such offer and of such intention, the name and address of the proposed Purchaser of the Unit, the terms of the proposed transaction and such other information as the Board of Managers may reasonably require, and shall offer to first sell such Unit, together with the Appurtenant Interests, or to lease such Unit, to the Board of Managers, or its designee, corporate or otherwise, on behalf of the Owners of all other Units, on the same terms and conditions as contained in such outside offer. The giving of such notice shall constitute a warranty and representation by the Unit Owner who has received such offer, to the Board of Managers on behalf of the other Unit Owners, that such Unit Owner believes the outside offer to be bona fide in all respects. Within thirty (30) days after receipt of such notice, the Board of Managers may elect, by notice given within five (5) days after making such election, and in any event, within said thirty (30) day period, to such Unit Owner, by certified or registered mail, to purchase such Unit, together with the Appurtenant Interests, 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 other Unit Owners, on the same terms and conditions as contained in the outside offer and as stated in the notice from the offering Unit Owner.

In the event the Board of Managers shall elect to purchase such Unit, together with the Appurtenant Interests, or to lease such Unit, 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 Condominium in accordance with the terms of such offer but in no event less than forty-five (45) days after the giving of notice by the Board of Managers of its election to accept such offer. At the closing, the Unit Owner, if such Unit together with the Appurtenant Interests is to be sold, shall convey the same to the Board of Managers, or to its designee, on behalf of all other Unit Owners, by deed in the form required by Section 339-o of the Real Property Law of the State of New York, with all transfer stamps affixed, and shall pay all other taxes arising out of such sale. In the event such Unit is to be leased, the offering Unit Owner shall execute and deliver to the Board of Managers, or to its designee, a lease between the offering Unit Owner, as landlord, and the Board of Managers, or its designee, as tenant, covering such Unit, for the rental and term contained in such outside offer.

In the event the Board of Managers or its designee fails to notify the offering Unit Owner of its decision to accept such offer within thirty (30) days after receipt of notice as aforesaid or notify the offering Unit Owner within said period of its decision not to accept such offer, the offering Unit Owner shall be free to contract to sell such Unit, together with the Appurtenant Interests,

or to lease such Unit, as the case may be, within thirty (30) days after the expiration of the period in which the Board of Managers or its designee might have accepted such offer, to the outside offer or, on the terms and conditions set forth in the notice from the offering Unit Owner to the Board of Managers of such outside offer. Any such deed to any outside offer or shall provide that acceptance thereof by the grantee shall constitute an assumption of the provisions of the Declaration, the By-Laws and the Rules and Regulations, as the same may be amended from time to time. Any such lease shall be consistent with the By-Laws and shall provide that it may not be modified, amended, extended or assigned without the prior consent in writing of the Board of Managers, and that the tenant shall not sublet the demised premises, or any part thereof, without the prior consent in writing of the Board of Managers, and that the Board of Managers shall have power to terminate such lease and/or bring summary proceedings to evict the tenant in the name of the landlord thereunder, in the event of default by the tenant in the performance of such lease. Except as hereinbefore set forth, the form of any such lease for Residential Units shall be in a form approved by the Board of Managers. In the event the offering Unit Owner shall not, within such thirty (30) day period, contract to sell such Unit to the outside offer or on the terms and conditions contained in the outside offer, or if the Unit Owner shall so contract to sell or lease his or her Unit within such thirty (30) day period, but such sale or lease shall not be consummated pursuant to the terms of such contract, then should such offering Unit Owner thereafter elect to sell such Unit, together with the Appurtenant Interests, or to lease such Unit, as the case may be, to the same or another outside offer or on the same or other terms and conditions, the offering Unit Owner shall be required to again comply with all of the terms and provisions of this Section 1 of the By-Laws.

Each conveyance of a Unit by a Unit Owner 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 assets of the Board.

The Board of Managers may not discriminate against any person on the basis of race, creed, color, national origin, sex, sexual orientation, age, disability, marital status or other grounds prohibited by law.

The restrictions upon the sale and lease of Residential Units shall not apply to Sponsor or its designee with respect to any Unsold Units or to Units acquired by a mortgagee in foreclosure or by deed in lieu of foreclosure; in such cases they shall be free to sell or lease such Units without first offering to sell or lease to the Board of Managers. Such restrictions shall also not apply to the transfer from one spouse or life partner to another, from parent to child or vice versa, among siblings or from or to a trust, family partnership or other entity solely controlled by the Unit Owner.

Any purported sale or lease of a Unit in violation of this section shall be voidable at the election of the Board of Managers.

REAL ESTATE TAXES

FIRST YEAR OF OPERATION
REAL ESTATE TAXES
WITH J-51 BENEFITS - ESTIMATED
$0.00

This is an estimate of real estate taxes for the Condominium's first year of operation, assumed to be January 1, 2004 through December 31, 2004.

The subject premises is a four family residential building being gut-renovated. The cost of the renovation will be approximately $626,800.00. The resulting structure will contain four apartments, but the cubic content of the building will not be increased.

The current (2002/2003) assessed value is as follow:

	Land	Total
Actual	$48,541.00	$53,935.00

The estimated increase in assessed value will be approximately $12,536.00. Assuming the current tax rate of 12.517% (subject to change) the resulting tax liability would be $8,320.18.

The Sponsor will request an opinion letter from the Department of Housing Preservation and Development ("HPD") and that such opinion letter will be obtained before the plan will be declared effective.

Assuming there will be an exemption representing the increase in assessed value attributable to the physical improvements of the premises, the estimated increase in the assessed value will be approximately $12,536.00. This increase would be exempt from taxation pursuant to the following schedule:

Year	Percent of increase in Assessed Value which is Exempt from Taxes
Construction	100%
1-11	100%
12	80%
13	60%
14	40%
15	20%

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

After the project is completed, th City (HPD) reviews the J-51 Application which includes copies of contract for work and the checks used to pay for the work. Assuming that HPD is satisfied with the veracity and adequacy of the submission, it will issue a Certificate of Eligibility stating that the project is entitle to a certified value of "X" dollars. It is estimated that the Certificate of Eligibility will provide for a certified value of approximately $98,400.00 based in the City's guidelines for each aspect of the job, as opposed to the cost of the job. Assuming the City issues a Certificate of Eligibility for $98,400.00 the building will be entitled to a yearly abatement of $8,200.00 over a period of approximately 10.8 years to a maximum of 20 years, until 90% of the benefits have been received.

HPD routinely conducts audits of benefits granted pursuant to J-51 of the Administrative Code. Such audits may result in reduction and/or revocation of benefits. Sponsor will make best efforts to supply HPD with the required documentation to assure that the level of benefits initially granted will remain undisturbed.

Sponsor represents that:

a. Sponsor will make all documents relating to the real estate tax benefits available for inspection and copying for the life of the benefits; and

b. Sponsor will file all applications required and timely comply with all procedures required to properly process and maintain tax benefits.

NO WARRANTY IS OR CAN BE MADE BY SPONSOR OR ANY OTHER PERSON THAT THE NEW YORK CITY DEPARTMENT OF HOUSING PRESERVATION AND DEVELOPMENT OR THE NEW YORK CITY REAL PROPERTY ASSESSMENT BUREAU, OR ANY OTHER AGENCY WITH JURISDICTION, WILL APPROVE SPONSOR'S APPLICATION FOR J-51 TAX BENEFITS, AND NEITHER THE SPONSOR NOR ITS COUNSEL SHALL BE LIABLE IF, BECAUSE OF CHANGE IN LAWS AND/OR REGULATIONS OR THE INTERPRETATION OF LAWS AND/OR REGULATIONS (OR, AS TO ALLEN, MORRIS, TROISI & SIMON, LLP, OR BEN ROTTENSTEIN ASSOCIATES INC., IF THE FACTS REPRESENTED BY SPONSOR OR SPONSOR'S EXPERTS PROVE INCORRECT), THE PROPERTY FAILS TO OBTAIN J-51 BENEFITS. SHOULD TAX EXEMPTION BE DENIED, THEN THE CONDOMINIUM WILL BE RESPONSIBLE FOR ALL THE TAXES DUE AND OWING FROM THE CLOSING DATE, EXCEPT FOR SPONSOR'S OBLIGATION TO PAY ANY REAL ESTATE TAXES IN EXCESS OF $8,320.18 DUE FOR THE CONDOMINIUM'S FIRST YEAR OF OPERATION, AS PREVIOUSLY DISCUSSED HEREIN. SHOULD THE PROPERTY FAIL TO OBTAIN J-51 BENEFITS, PURCHASERS SHALL REMAIN BOUND UNDER THEIR PURCHASE AGREEMENTS.

PURCHASERS SHOULD CONSULT WITH THEIR OWN ATTORNEYS BEFORE SIGNING A PURCHASE AGREEMENT.

TAXES - DEDUCTIONS TO UNIT OWNERS AND TAX STATUS OF CONDOMINIUM

The following discussion provides a summary of certain significant Federal income tax consequences of, or relating to, the ownership of a Unit and the Federal income taxation of the Condominium. No income tax rulings will be requested from the Internal Revenue Service ("IRS") or any other administrative agency with respect to any of the income tax consequences attributable to the Condominium's activities or ownership of a Unit. Although the Sponsor will receive an opinion from Allen, Morris, Troisi & Simon LLP (hereinafter referred to as the "Opinion" and "Counsel" respectively) with respect to the includability of Common Charges in the gross income of the Condominium and with respect to the deductibility of mortgage interest and real estate taxes with respect to the Units, such opinion is not binding on the IRS. Each purchaser should consult with his or her own tax counsel as to the tax consequences of the Plan and of Unit ownership.

The statements set forth herein are based upon an analysis of the Internal Revenue Code of 1986, as amended (the "Code"), New York State Tax Law, the Administrative Code of the City of New York, the applicable regulations promulgated or proposed thereunder, the current position of the applicable administrative agency, in particular, the position of the IRS stated in published Revenue Rulings and Revenue Procedures, and judicial decisions. It is emphasized, however, that legislative, judicial or administrative changes may be made which would require modification of such statements or that the IRS or other applicable administrative agency may disagree with Counsel's interpretations and conclusions.

Each Unit Owner will own his or her Unit and an undivided interest in the Common Elements in fee simple. Each Unit will be a separate tax lot for purposes of real estate taxes and assessments. Since each Unit Owner owns his or her Unit in fee simple, he or she 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.

Unit Owners who itemize their deductions should, for Federal income tax purposes, be entitled to a deduction for mortgage interest and real estate taxes in the year paid or accrued, under Sections 163 and 164 of the Code, provided the Unit is utilized as either a primary or secondary residence or in the production of income. These deductions are subject, however, to certain exceptions and limitations that are more particularly discussed in the Opinion. Each individual Unit Owner should, for New York State and New York City income tax purposes, be entitled to similar deductions for the mortgage interest and real estate taxes paid or accrued during the taxable year.

The Condominium will be governed by a Board of Managers. The Board of Managers will assess and collect Common Charges from the Unit Owners and will have certain discretionary powers over the operating expenses and the application of the assessments. While there is presently no direct authority as to the tax status of the Condominium for Federal Income Tax purposes, Sponsor's Counsel is of the opinion that the Condominium will be treated as an association taxable as a corporation. As a result, the Condominium will be subject to Federal Corporate Income Tax and New York State Corporation Franchise Tax and New York City Corporate Income Tax to the extent of its taxable income, if any.

The Condominium will be deemed to be a management association in the business of rendering services to the members of its organization. As such, its receipt of assessments for operating expenditures will constitute gross income. The Condominium will be entitled to offset against this income the expenses incurred in providing such services. However, it will be deemed to have taxable income to the extent that the Common Charges for operating expenditures exceed the expenses of the management association. Furthermore, any interest earned from the temporary investment of the Common Charges will be taxable income to the Condominium.

Under certain circumstances, excess assessments (assessments collected by the Condominium in excess of the actual requirements for the years' operating expenditures) and special assessments may not be includable in the income of the Condominium. Excess assessments will not be included when the management association has no discretion as to the application of the excess funds. See Counsel's Tax Opinion for instances in which the IRS has determined that special assessments and excess assessments were not includable in the Condominiums taxable income.

Furthermore, if the Condominium satisfies the requirements of Section 528 of the Code, and if it has filed a timely election to have this section apply, the Condominium may be exempt from Federal income taxes on the Common Charges and will be taxed on its other non-exempt income at the rate of thirty (30%) percent. The general requirements which must be met for Section 528 to apply are the following:

a. The Condominium management association must be organized and operated solely to provide for the acquisition, construction, management, maintenance, and care of association property;

b. Sixty (60%) percent or more of the gross income of the Condominium management association must consist of assessments from Residential Unit Owners;

c. Ninety (90%) percent of the expenditures of the Condominium management association must be for the acquisition, construction, management, maintenance, and care of the Condominium management association's property;

d. No part of the net earnings can inure to the benefit of private individuals other than by the acquisition, construction, management, or maintenance of the Condominium management association's property; and,

e. Substantially all of the Units must be used as residences.

Under the Treasury Regulations issued pursuant to Code Section 528, a Condominium management association must qualify annually for the election under Code Section 528 and make a separate election for each taxable year. Since the qualification of the Condominium as a management association eligible to elect the benefits of Code Section 528 depends upon future facts and circumstances, Counsel for the Sponsor cannot, at this time, render an opinion with respect to the Condominium's qualification as a homeowners association within the meaning of Code Section 528.

EACH PURCHASER SHOULD CONSULT WITH HIS OR HER OWN TAX EXPERT AS TO THE TAX CONSEQUENCES OF THE PLAN AND OF UNIT OWNERSHIP.

NEITHER THE SPONSOR NOR COUNSEL FOR THE SPONSOR NOR THE SELLING AGENT MAKES ANY WARRANTY THAT THE UNITED STATES TREASURY DEPARTMENT OR THE NEW YORK STATE DEPARTMENT OF TAXATION AND FINANCE OR THE DEPARTMENT OF FINANCE OF THE CITY OF NEW YORK WILL ALLOW THE DEDUCTIONS, OR EXEMPTIONS OR THAT THE TAX LAW OR THE REGULATIONS OR RULINGS ISSUED THEREUNDER , OR ANY JUDICIAL INTERPRETATION THEREOF, UPON WHICH COUNSEL TO THE SPONSOR BASES ITS OPINION, WILL NOT CHANGE SO AS TO DISALLOW THE DEDUCTIONS OR EXEMPTIONS IN WHOLE OR IN PART.

PURCHASERS SHOULD BE AWARE THAT LEGISLATION MAY BE INTRODUCED WHICH MAY SUBSTANTIALLY ALTER THE TAX STATUS SET FORTH HEREIN.

A copy of "COUNSEL'S TAX OPINION" is set forth below.

ALLEN, MORRIS, TROISI & SIMON LLP

ATTORNEYS AT LAW

112 EAST 19TH STREET
NEW YORK, NY 10003
TEL: (212) 353-0040
FAX: (212) 505-8652

BERND H. ALLEN
MELVIN S. MORRIS (deceased)
MICHAEL E. TROISI
STANLEY R. SIMON

INCOME TAX OPINION OF SPONSOR'S COUNSEL

April 9, 2003

561 5th Street Associates LLC
128 Marine Avenue, Suite #1L
Brooklyn, NY 11209

Re: OFFERING PLAN FOR 561 5TH STREET CONDOMINIUM
Premises: 561 5th Street, Brooklyn, New York 11215

Gentlemen:

In connection with the offering of Condominium Units pursuant to a Plan entitled OFFERING PLAN FOR 561 5TH STREET CONDOMINIUM (the "Plan"), you have requested our opinion concerning the deductibility and treatment for Federal, New York State, and New York City income tax purposes (but not for purposes of the New York City earnings tax on non-residents) of certain payments made or borne by Residential Unit Owners under the Plan. Specifically, you have asked whether payments of mortgage interest and real estate taxes will be deductible for income tax purposes.

We have prepared the Plan and, in connection with our opinion, we have reviewed 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, and such other material as we deemed relevant.

We note that pursuant to the Plan each Residential Unit Owner will hold title to his or her Residential Unit and an undivided interest in the Common Elements in fee simple and each Residential Unit owner may individually place a mortgage on his or her Residential Unit, thereby incurring direct liability for the interest or finance charges attributable thereto. Under New York State Law, each Residential Unit and its interest in the Common Elements will be taxed as a separate parcel for real estate tax purposes. N.Y. Real Prop. Law 339-y (McKinney 1976).

Based upon the foregoing, we are of the opinion that under present law interest on a mortgage placed on a Residential Unit and real estate taxes on a Residential Unit which are paid or accrued by a Residential Unit Owner will be deductible by such Residential Unit Owner for Federal Income tax purposes in the appropriate year according to his or her method of accounting and provided that he or she itemizes his or her deductions, and provided that he or she uses said Residential Unit as a primary or secondary residence (Rev. Rul. 64-31, 1964-1

C.B. 300). Mortgage interest deductions are limited, however, by section 461(g) of the Code which disallows a deduction by a cash method taxpayer for interest paid but not accrued (other than "points" paid with respect to a mortgage incurred to purchase the taxpayer's principal residence when the payment of points is an established business practice in the area, and such points do not exceed the amount generally charged). Mortgage interest and real estate tax deductions will similarly be available for New York State and New York City income tax purposes. N.Y. Tax Law 615 (McKinney 1981): N.Y. City Administrative Code T 46-115.0 (Williams Supp. 1981).

If the Condominium (Board of Managers) meets the requirement of Internal Revenue Code Section 528 and elects to be exempt from federal income taxes on certain common charges collected from Unit Owners, such common charges will not be subject to income taxation. The requirement of Section 528 to be exempt from income taxation or certain common charges are as follows:

(1) The term "homeowners association" means an organization which is a condominium management association or a residential real estate management association if -

(A) such organization is organized and operated to provide for the acquisition, construction, management, maintenance, and care of association property,

(B) 60 percent or more of the gross income of such organization for the taxable year consists solely of amounts received as membership dues, fees, or assessments from -

(I) owners of residential units in the case of a condominium management association, or

(ii) owners of residences or residential lots in the case of a residential real estate management association.

(C) 90 percent or more of the expenditures of the organization for the taxable year are expenditures for the acquisition, construction, management, maintenance, and care of association property,

(D) no part of the net earnings of such organization insures (other than by acquiring, constructing, or providing management, maintenance, and care of association property, and other than by a rebate of excess membership dues, fees, or assessments) to the benefit of any private shareholder or individual, and

(E) such organization elects (at such time and in such manner as the Secretary by regulations prescribes) to have this section apply for the taxable year.

(2) The term "condominium management association" means any organization meeting the requirement of subparagraph (A) of paragraph (1) with respect to a condominium project substantially all of the units of which are used by individuals for residences.

There are no percentage of common interests allocated in this plan to non residential Units.

In the event the real estate tax benefits anticipated pursuant to Section 421A are not in place at the time of filing of this offering plan such benefits will be put in place by Sponsor as set forth in the opinion of Ben Rottenstein & Associates as found in this offering plan.

Under section 57 of the Code, an individual taxpayer's itemized deductions, including itemized deductions for mortgage interest (but excluding certain deductions such as medical expenses, casualty losses, and state and local taxes), will be considered an "item of tax preference" to the extent that the amount of such itemized deductions exceeds sixty (60%) percent of such individual taxpayer's adjusted gross income, after reduction by such excluded deductions. Such excess itemized deductions, as an item of tax preference, may, in certain circumstances, be subject to the "alternative minimum tax" under section 55 of the Code. In addition, such deductions may also affect a Residential Unit Owner's liability for minimum tax under Section 56 of the Code. New York State and New York City also impose minimum taxes based on certain Federal tax preference items, including such excess itemized deductions, and New York State has a provision for a maximum tax on personal service income which is adversely affected by such a tax preference. See N.Y. Tax Law 601A, 603A, 622 (McKinney Supp. 1981); N.Y. City Administrative Code T 46-101.1, T 46-122.0 (Williams Supp. 1981).

The foregoing opinion only deals with limited, specific tax consequences of ownership of a Residential Unit. We therefore strongly recommend that each person contemplating the acquisition of a Unit under the Plan consult his or her own tax advisor with respect to the particular Federal, State, and local tax consequences to him or her of the ownership of a Residential Unit.

There can be no assurance that the federal, state and city tax laws or regulations (or the rulings and decisions thereunder) upon which our opinion is predicated will not be changed or amended subsequent to the date of this opinion. In addition, no opinion is being rendered with respect to any legal or tax consequences except as set forth above, and, in particular, no opinion is expressed as to the tax treatment of the Condominium itself.

We consent to the filing of this opinion as an exhibit to the Plan and to the reference to our name under the caption "Certain Income Tax Aspects" in the Plan.

Very truly yours,
ALLEN, MORRIS, TROISI & SIMON LLP

BY:_____
BERND H. ALLEN

BHA/dk

WORKING CAPITAL AND RESERVE FUND

Sponsor will contribute to the capital of the Board of Managers, as a Working Capital Fund, the sum of Ten Thousand (10,000.00) dollars at the time of the condominium's first closing of title.

At the first closing of title, Sponsor and the Board of Managers will apportion the following items as of midnight of the date preceding said closing:

1. fees for assignable permits and licenses, if any;

2. cost of fuel, if any;

3. charges for electricity for the Common Elements;

4. payments under service, maintenance and concession contracts, if any;

5. water charges and sewer rents (unless separately assessed to individual Units);

6. cost of supplies on hand at Sponsor's cost (plus sales tax); and

7. premiums for transferrable insurance policies.

8. Deposit(s) with utility companies.

The Working Capital Fund will be used to pay the net closing adjustments, if in favor of Sponsor, at the first closing of title and the balance of such fund may be held for working capital and repairs with respect to the Common Elements and for other appropriate purposes as determined by the Board. If the net closing adjustments are in favor of Sponsor to such extent that payment thereof would reduce the Working Capital Fund by more than $2,500.00 dollars, then payment of such net closing adjustment in excess of $2,500.00 dollars shall be paid to Sponsor in twelve (12) equal monthly installments during the Condominium's first year of operation. If the net closing adjustments are in favor of the Board of Managers, the amount thereof will be added to the Working Capital Fund.

The Board will be able to utilize the money in the Working Capital Fund at any time and, accordingly, no representation or warranty can be made and no assurance can be given as to the exact amount of funds available at any specific time. In addition, within three (3) months following the end of the Initial Control Period, Sponsor shall deliver to the Board a statement from a member of Sponsor, certifying in reasonable detail as to any changes in the amount of Working Capital Fund which have occurred since the first closing of title.

While the Sponsor is in control of the Board of Managers, the Working Capital Fund shall not be used to reduce the estimated common charges.

No representation or warranty is made that the Working Capital Fund will be, or is intended to be, adequate to cover current or future expenses, including repairs or replacements, and if

additional funds are required over and above the Working Capital Fund, it may be necessary to increase Common Charges.

Each purchaser will be required to make a contribution to the Working Capital Fund in an amount equal to one month's estimated Common Charges for such purchaser's Unit. See "Schedule A" for the estimate of such amounts.

OTHER THAN THE WORKING CAPITAL FUND PROVIDED, THERE IS NO RESERVE FUND OR OTHER FUND.

The building is a recently renovated building and although major repairs or replacements with in the next three (3) years are not anticipated, they are possible. In the event major repairs or replacements are required, the Board of Managers will have to institute an assessment of Unit Owners to pay therefore.

NEITHER THE DEPARTMENT OF LAW NOR ANY OTHER GOVERNMENTAL AGENCY HAS PASSED UPON THE ADEQUACY OF THE WORKING CAPITAL FUND.

MANAGEMENT AGREEMENT, CONTRACTS AND LEASES

There are no management or contractual arrangements that will be binding on the Board of Managers.

IDENTITY OF PARTIES

SPONSOR AND SELLING AGENT

The Sponsor is 561 5TH STREET ASSOCIATES LLC, Limited Liability Company Its business address is 128 Marine Avenue, Suite #1L, Brooklyn, NY 11209. The following parties are the sole principals thereof:

SPIRO GEROULANOS is a Real Estate Developer, whose business address is 128 Marine Avenue, Suite #1L, Brooklyn, NY 11209. He has been a Sponsor or a principal of Sponsor in connection with the following condominium offerings within the past five (5) years. He has not been a Sponsor or a principal of Sponsor of any cooperative or planned unit developments within the past five (5) years.

PROPERTY	YEAR PROPERTY FIRST BECAME AVAILABLE TO COOPERATORS OR CONDOMINIUM PURCHASERS FOR OCCUPANCY
615 Ovington Avenue, Brooklyn, NY	1998
1402 76th Street, Brooklyn, NY	1999
447 95th Street, Brooklyn, NY	2000
145 Prospect Park West, Brooklyn, NY	2001
185 Bay 23rd Street, Brooklyn, NY	2001

He (either individually or as a general partner or principal of the Sponsor) own more than 10% of the shares or units in the following other buildings:

PROPERTY	
615 Ovington Avenue, Brooklyn, NY	Spiro Geroulanos having a 50% interest in Ionian Properties LLC the Sponsor
1402 76th Street, Brooklyn, NY	Spiro Geroulanos having a 33% interest in 1402 76th Street Associates LLC the Sponsor
447 95th Street, Brooklyn, NY	Spiro Geroulanos having a 100% interest in 447 95th Street Associates LLC the Sponsor

145 Prospect Park West, Brooklyn, NY	Spiro Geroulanos having a 50% interest in 145 PPW Associates LLC the Sponsor
185 Bay 23rd Street, Brooklyn, NY	Spiro Geroulanos having a 50% interest in 185 Bay 23rd Street Associates LLC the Sponsor

The Offering Plans for these buildings are on file with the Department of Law and are available for inspection.

The Sponsor as holder of unsold shares of cooperatives or unsold apartments of condominiums or as a general partner of Sponsor or principal of Sponsor, is current in all his financial obligations in other cooperatives in which he owns shares and in condominiums in which he owns condominium units.

Sponsor has the financial resources to enable it to meet its obligations with respect to unsold units. The means by which Sponsor will fund its financial obligations to the cooperative is rental of apartments and income from projected sales. If such projected sales are not made, Sponsor will fund its obligations from other income and personal funds.

The Sponsor nor the Selling Agent or Principal of any Sponsor or Selling Agent nor an affiliate of any of them has any prior felon conviction, prior bankruptcy, injunction or judgement which may be material to this offering

ATTORNEY

ALLEN, MORRIS, TROISI & SIMON LLP, 112 East 19th Street, New York, New York, is the law firm engaged by the Sponsor to represent it in connection with all legal matters pertaining to the conversion of the premises herein to Condominium ownership. This law firm represents the Sponsor and not the Board of Managers. Bernd H. Allen of said law firm prepared this Offering Plan. The Condominium is not represented by any attorneys.

ARCHITECT

LEONARD COLCHAMIRO, PC, AIA, whose business address is 277 Fifth Avenue, Brooklyn, NY 11215 is the Architect that prepared the Description of the Property and Building Condition on behalf of the Sponsor. Mr. Colchamiro has been an architect in the Park Slope Community for over 20 years and is familiar with buildings similar to 561 5th Street, Brooklyn, NY. Except for the fee paid to prepare the description of the property herein, he has no financial interest in the property. LEONARD COLCHAMIRO, PC, AIA, has been actively engaged in business since December, 1973.

REPORTS TO UNIT OWNERS

The Board of Managers shall annually deliver to each Unit Owners the following:

1. By March 15 a financial statement of the Condominium prepared by a public accountant or certified public accountant. Such statement shall be certified during the period of Sponsor control;

2. Prior notice of the annual Unit Owners meeting; and

3. At least ten (10) days prior to the annual meeting a copy of the proposed annual budget of the Condominium. During the period of Sponsor control the proposed annual budget shall be certified.

DOCUMENTS ON FILE

The Sponsor shall keep copies of the Offering Plan and all documents referred to in the Plan and all Exhibits submitted to the Department of Law in connection with the filing of the Plan, on file and available for inspection without charge and copying at a reasonable charge for a period of six (6) years from the date of first closing at the offices of Allen, Morris, Troisi & Simon LLP, 112 East 19th Street, New York, New York, the Sponsor's attorney. The Sponsor shall deliver to the Board of Managers a copy of all documents filed with the appropriate recording office at the time of the closing of the first Unit.

GENERAL

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

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

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

As of the date of first presentation of the Offering Plan, neither the Sponsor nor the Selling Agent, nor any representative or agent thereof, has raised funds or made any preliminary offering to or with any prospective purchasers with respect to units in the building. To the best of Sponsor's knowledge, the property has not been the subject of any prior public offering.

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

The Sponsor agrees to pay such interest on deposits as a court may consider just and proper as part of an order granted pursuant to Section 354 of the General Business Law.

In the event the Sponsor files an amendment to this offering that materially adversely affects a Purchaser, Sponsor shall grant Purchaser a right of rescission of not less than fifteen (15) days prior notice of the right to exercise such right. In the event a Purchaser elects to rescind in accordance with the aforesaid, then Sponsor will promptly return any down payment made pursuant to a purchase agreement, with interest, if any. In the event a Purchaser elects to rescind in accordance herewith and shall at that time be in occupancy of the unit subject to the rescission pursuant to an Interim Lease, Sponsor shall not return the down payment made pursuant to a purchase agreement until said Purchaser delivers to Sponsor the unit vacant with all "rent" fully paid and otherwise in accordance with the Interim Lease.

The Offering Plan and all documents related thereto will be available for examination for a period of six (6) years at the offices of Allen, Morris, Troisi & Simon LLP, 112 East 19th Street, New York, New York, the Sponsor's attorney.

SPONSOR'S STATEMENT OF BUILDING CONDITION

The Sponsor hereby adopts the Description of Property, Specifications, and Building Condition set forth in Part II, Section A of this Offering Plan. With reference to such material, it consulted with LEONARD COLCHAMIRO, PC, AIA, a registered a registered Architect.

The Sponsor represents that it does not know of any defect or need for major repairs except as hereinafter set forth, and that to the best of Sponsor's knowledge, the following description accurately states the condition of the building and its equipment (see "Description of Property, Specifications, and Building Condition" in Part II of Plan).

The property will be offered in its renovated condition as described in the "Description of Property and Building Condition". Neither the Sponsor nor the Condominium will have any obligation to make repairs or improvements except as set forth in this Plan. The Sponsor will eliminate all known dangerous and hazardous conditions, and comply with all work orders from mortgagees.

PART II

PURCHASE AGREEMENT

Purchaser(s):_____

Purchaser's address: _____

_____

Purchaser(s)' Soc. Sec. # _____ _____

Purchaser's Attorney: _____

Attorney address: _____

Attorney's Telephone Number: _____

Unit:_____ Common Charges (as of this date): $_____

Percentage of Common Interest _____

Purchase Price: $_____

Down Payment (herewith): $_____ (10%)

Balance: $_____

Real Estate broker: _____

1. THE PURCHASER RECEIVED THE PLAN, AS AMENDED, AT LEAST THREE (3) BUSINESS DAYS BEFORE EXECUTION HEREOF BY PURCHASER.

2. OFFERING PLAN READ. As Purchaser, I have received and read the Condominium Offering Plan - (the "Plan") for 561 5TH STREET CONDOMINIUM (the "Property") dated ( ) and the documents made a part thereof.

3. AGREEMENT TO PURCHASE. I hereby irrevocably agree to purchase, the above-stated Unit at the Total Cash Purchase Price above, in accordance with the terms of the Plan.

4. DOWN PAYMENT AND BALANCE. Herewith is my check to the order of "Allen, Morris, Troisi & Simon LLP, As Attorneys" for the amount of the above-stated Down Payment. I agree that, if and when the Plan becomes effective as provided in the Plan, I will pay the above-stated balance not less than fifteen (15) days after written notice and demand by the Selling Agent. Such notice shall include a statement that the closing of title to the Unit under the Plan has been scheduled to occur within one hundred and twenty (120) days thereafter. The balance shall be paid by my delivery to the Selling Agent of my personal certified check, or an official check drawn on or by a member of the New York Clearing House Association to the order of "Allen, Morris, Troisi & Simon LLP, As Attorneys".

If this Purchase Agreement is executed after the Plan has been declared effective and the Closing Date has been fixed, the Total Cash Payment shall be payable in full by my personal certified or official bank check on the execution hereof.

Notwithstanding any other provision of the Plan or this Purchase Agreement to the contrary, any portion of the Total Cash Payment to be financed by a bank, trust company or other lending institution may be paid on the Closing Date provided that the Selling Agent shall have theretofore been furnished with a copy of a written commitment from a lending institution for the portion of the purchase price being financed and copies of all documents which the lending institution will require the Sponsor or Condominium to execute.

The Selling Agent will give me prompt written notice when the Plan either becomes effective or is abandoned.

I will have the right to inspect my Unit and the building within twenty-four (24) hours prior to payment of the balance of the purchase price and/or the date of closing of title for my Unit. Risk of loss to my Unit due to fire or other casualty shall remain with the Sponsor until closing of title thereto.

5. A. PAYMENTS HELD IN TRUST AT NAMED BANK. All payments made hereunder will be deposited with North Fork Bank, 31 East 17th Street, New York, New York, and will be held in trust in a special account under the name "Allen, Morris, Troisi & Simon LLP, Offering Plan Escrows, Attorney Trust Account," or similar name and withdrawals therefrom shall be made only by an attorney associated with the firm of Allen, Morris, Troisi & Simon LLP. The funds so deposited will be disbursed only on the Closing Date and only for the purposes of the consummation of this Plan or returned to me as herein provided. All interest earned on escrow monies described above shall be earned by Purchasers.

B. ALL FUNDS IN TRUST. The Sponsor will hold any monies received by it through its agents or employees in trust under New York General Business Law Section 352(h) and 352(e)2b until actually employed in consummation of the transaction.

C. INSPECTION OF PROPERTY. I acknowledge that I have inspected the said Unit and the property prior to signing this Purchase Agreement. My signing of this Purchase Agreement shall constitute my acceptance of said Unit in the condition in which it is at the time of closing, including the existing kitchen, bathroom and other appliances, if any, fixtures, equipment and installations owned by the Sponsor, subject to the requirements of the Plan. However, if on the Closing Date, the Unit shall be substantially damaged or uninhabitable due to fire or the elements or acts which the Sponsor is reasonably unable to control (except if caused by me) then I shall have the right to cancel this Agreement, by notice given five (5) days prior to the Closing Date (or, if said event occurs within five (5) days of the Closing Date, then prior to the Closing Date), and this Agreement shall be cancelled and my deposit shall be promptly refunded to me, with interest, if any. (It is not anticipated that any interest will be earned).

D ACCEPTANCE OF CONDITION OF PROPERTY. Purchaser shall accept the apartment without abatement in, or credit against, the Purchase Price or any provisions for escrow deposits on the Closing Date notwithstanding the failure to complete construction of (a) minor details of the Unit or the building, (b) other Units or (c) the public areas of the building which do not prevent Purchaser's use of the Unit. Purchaser shall be given a reasonable

opportunity to examine the Unit prior to the Closing Date and shall make a careful inspection of the Unit at such time. On the Closing Date Purchaser shall sign and deliver to Seller an inspection statement prepared by Seller.

6. A. THIS AGREEMENT IS CONTINGENT. It is agreed that this Purchase Agreement is contingent upon the Plan being declared effective and that the Plan shall not be declared effective except as provided in the Plan.

B. ABANDONMENT OF PLAN. The Plan may be abandoned at any time prior to its being declared effective and shall be abandoned and deemed abandoned if it has not been declared effective within the time prescribed by the Plan.

C. REFUND AND LIMITATION ON CLAIMS. If the Plan is abandoned or does not become effective, or if after being declared effective, the Plan shall not be consummated within the time set forth in the Plan except for Sponsor's willful default, then this Purchase Agreement shall be deemed cancelled and the Plan terminated, and I shall receive a refund in full, with interest, if any, within ten (10) days thereafter, (it is not anticipated that any interest will be earned), of all monies paid by me hereunder (except as provided in Paragraph 7 hereof), and, upon such refund, no party shall have any claim against the Sponsor, the Condominium or the Selling Agent, and all parties shall be released from all obligations hereunder.

7. DEFAULT AND LIQUIDATED DAMAGES. I agree that if I shall fail to pay the balance of the Total Cash Payment when due, as herein provided, or if I have entered into an Interim Lease for the said Unit and have failed to comply with all the terms and conditions of such Interim Lease, the Sponsor may elect to cancel this Purchase Agreement by written notice to me at the address stated below, by registered or certified mail, and at the expiration of thirty (30) days after the date of mailing thereof (unless I shall have theretofore cured such default) said notice shall be effective and this Purchase Agreement shall be deemed cancelled and all rights of the parties hereunder shall terminate except that the amounts theretofore paid hereunder shall be paid over to the Sponsor, as liquidated damages (not to exceed ten (10%) percent of the Total Cash Payment). In the event of such cancellation, the Sponsor shall have the right to sell said Unit to another Purchaser as though this Agreement had never been made.

8. ENTIRE AGREEMENT, OPPORTUNITY TO EXAMINE, NON-ASSIGNABILITY. The entire Agreement between the parties hereto is set forth herein and in the Plan. The only representations made to me are those contained herein and in the Plan. I have not relied upon any representations, statements or warranties, written or oral, to any matter or estimate, that are not set forth herein and in the Plan; and I acknowledge that I have had full opportunity to examine all documents and investigate all facts referred to and stated herein and in the Plan.

9. IDENTIFICATION OF PURCHASER. I represent that I am a person over eighteen (18) years of age. The representations contained in this Paragraph will survive the Closing Date. The term "I" shall be read as "we" and "Purchaser" shall be read as "Purchasers" if more than one person are Purchasers, in which case our obligations shall be deemed joint and several.

10. REAL ESTATE BROKER. The Purchaser(s) represent(s) that the only broker who brought about this sale is the broker mentioned in the caption of this Purchase Agreement, if any, and the Sponsor agrees to pay said broker a fee as per a separate brokerage agreement. The

Purchaser(s) hereby holds the seller free and harmless for any claim made by any other broker arising from Purchaser(s) acts.

11. CONDITIONS FOR BINDING AGREEMENT. This Purchase Agreement shall not be binding on me, the Sponsor or the Condominium until it is accepted, as evidenced by endorsement hereon, and a fully signed copy hereof shall have been delivered to me. If this Purchase Agreement shall not be accepted within twenty (20) days of the date hereof the delivery to me of such endorsed and fully signed copy, it shall be deemed to be rejected and cancelled and my deposit shall be promptly refunded to me, with interest, if any. It is not anticipated that any interest will be earned.

12. NOTICES. Notices hereunder shall be delivered or mailed to the Sponsor, c/o Allen, Morris, Troisi & Simon LLP, 112 East 19th Street, New York, New York 10003 and to the Purchaser c/o the name and address as noted at the foot of this Agreement.

13. ASSIGNMENT OR CHANGES. This Purchase Agreement may not be assigned by me without the written consent of the Sponsor and may not be changed orally. Each of the parties hereby authorize their attorneys to agree in writing to any changes in dates and time periods provided for in this Purchase Agreement.

14. SECTION HEADINGS. All section headings are intended solely as introductory. This Purchase Agreement has been read in its entirety by the Purchaser.

15. CONFLICTS WITH THE PLAN. Any conflicts between this Purchase Agreement and the Plan shall be resolved in favor of the Plan. The Plan as referred to herein shall be construed to be the Plan and all its amendments.

16. FEES PAYABLE TO SPONSOR'S ATTORNEY. It shall be the sole responsibility of the Purchaser to pay the Sponsor's attorney's fee of $450.00 at closing for the preparation of closing documents. It shall be the sole responsibility of the Purchaser to pay the Sponsor's attorney a fee of $150.00 for a closing where the Purchaser receives financing from an institutional or other lender. If the closing is held at a place other than the office of the Sponsor's attorney or such other place as designated by the Sponsor (but within the Borough of Manhattan) there will be an additional fee of $200.00 per Unit, which will be the responsibility of the Purchaser. There will be an additional fee charged based on distance and time if at the request of Purchaser or Purchaser's lender or attorney a closing is held outside of the Borough of Manhattan, which will be the responsibility of the Purchaser. If the closing is adjourned other than by Sponsor, there will be an additional fee of $150.00 per Unit, payable to the Sponsor's attorney, or $250.00 if the Sponsor's attorney or its representative attends the Closing and the Closing is adjourned, which will be the responsibility of the Purchaser. There will be a fee of $350.00 if the Purchaser requests an Interim Lease for the preparation of such document, if granted, payable to the attorneys for the Sponsor, which shall be payable at the execution of such Lease. There will be an additional fee of $500.00 if the Purchase Agreement is permitted to be assigned under the terms of the Offering Plan for processing the assignment and the documents relating thereto **There will be an additional fee of $250.00 for the review of a title report from any title insurance company requested by Purchaser or Purchaser's lender or attorney if said title insurance company is other than Ridge Abstract Corp..**

17. REAL PROPERTY TRANSFER TAX RETURNS. At such time that Sponsor requests, I will complete, sign, have notarized and return to the Sponsor a Real Property

Transfer Tax Return with regard to the New York City Real Property Transfer Tax and TP584 with regard to the New York State Transfer Tax. I understand that I will be responsible for the payment of such taxes.

18. FINANCING. This agreement is subject to the Purchaser obtaining a commitment for a loan in the amount of $_____, (or any lesser amount stated in Purchaser's loan application), at the prevailing rate of interest whether fixed or variable, for a period of at least twenty-five (25) years. The Purchaser must make a bona fide application to a lending institution for the above loan within five (5) business days of the date hereof (time for the making of the application being "of the essence"). The Purchaser shall promptly provide any and all information and/or documents that may be requested by the lender. Purchaser shall promptly furnish Sponsor's attorney with a copy of said commitment, or the rejection letter, if any, upon receipt of same. The Purchaser shall have forty (40) days from the date of this agreement to obtain such commitment. In the event the Purchaser fails to obtain the commitment by said date then the Purchaser shall have the right to cancel this agreement provided that the Purchaser notifies Sponsor, c/o Sponsor's attorney, by notice mailed by Certified Mail, Return Receipt Requested (time being of the essence), which notice is postmarked within forty (40) days of the date hereof of his, her or their inability to obtain said commitment, and Purchaser's desire to cancel this agreement, in which event, this agreement shall be null and void, and Purchaser shall then be entitled to the refund of his, her or their down payment. In the event the Closing is adjourned by the Sponsor to a date beyond which the Purchaser is able, at his, her or their sole cost and expense, to extend his, her or their commitment at the lender's then prevailing rate of interest, then, upon written notice, by Certified Mail, Return Receipt Requested, to the Sponsor, c/o Sponsor's attorney, of such fact, the down payment paid hereunder shall be returned to Purchaser and this Purchase Agreement shall be null and void. The down payment to be returned hereunder shall be returned with interest earned, if any. However, it is not anticipated that any interest shall be earned.

19. DELIVERY OF THE DEED AND POWER OF ATTORNEY TO THE RESIDENTIAL BOARD. At the closing of title, seller shall deliver to Purchaser a Bargain and Sale Deed with Convenant Against Grantor's Acts conveying title to the Unit to Purchaser, free and clear of all encumbrances other than those set forth on Schedule A annexed hereto and made a part hereof. The deed shall be prepared by seller and be substantially in the form set forth in Exhibit D1 in Part II of the Plan and shall be executed and acknowledged by seller and Purchaser, in form for recording. Purchaser shall pay all New York State and New York City real property transfer taxes and seller and Purchaser shall duly execute and swear to a New York City Real Property Transfer Tax return and any other form then required by law, all of which shall be prepared by the seller.

At the closing of title and simultaneously with the delivery of the deed conveying the Unit to Purchaser, Purchaser shall execute and acknowledge a power of attorney to the Board of Managers prepared by seller and substantially in the form set forth in Part II of the Plan.

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

20. MARKETABLE TITLE. At the closing of title, seller shall convey to Purchaser good and marketable title in fee simple to the Unit, free and clear to all encumbrances other than those set forth in Schedule A annexed hereto and made a part hereof. Any encumbrance 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 Purchaser's title insurance company, together with the recording or filing fee or (b) Purchaser's title insurance company will insure Purchaser that such objection will not be collected out of the Unit if it is a lien, or will not be enforced against the Unit if it is not a lien.

21. CLOSING ADJUSTMENTS. The following adjustments shall be made as of the Closing Date with respect to the Unit:

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; and

b. Common Charges for the month in which title closes; and

c. accrued rent and any other charges pursuant to an Interim Lease, if any, covering the Unit.

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 and shall not be considered a defect in title. If the Unit has not been separately assessed as of the Closing Date for the then current tax period, the adjustment hereof shall be based upon the assessment or anticipated assessment for the property and the percentage interest in he Common Elements appurtenant to the Unit.

The "Customs in Respect of Title Closing" 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 otherwise provided herein.

22. CLOSING COSTS. Purchasers will be charged the following closing fees by the attorneys for the Sponsor in connection with the closing of sales of Units:

a) $450.00 for preparation of documents.

b) $150.00 for each closing where the Purchaser receives financing from an institutional or other lender, for services in connection with coordinating the closing.

c) $200.00 attendance fee if at the request of Purchaser or his or her lender the closing is held other than at the office of Sponsor's attorney, but in the Borough of Manhattan. There will be an additional fee charged based on distance and time if at the request of Purchaser or Purchaser's lender or attorney a closing is held outside of Borough of Manhattan.

d) $150.00 if the closing is adjourned by other than the Sponsor or Sponsor's attorney within forty-eight (48) hours of the time said closing has been scheduled,

or $250.00 if the Sponsor's attorney or its representative attends the Closing and the Closing is adjourned.

e) $250.00 if a default notice is sent to Purchaser pursuant to the terms of an executed Purchase Agreement.

f) $500.00 if the Purchase Agreement is permitted to be assigned pursuant to the terms of the Offering Plan for processing the assignment and the documents relating thereto.

g) $350.00 if the Purchaser requests an Interim Lease for the preparation of such document, if granted, payable to the attorneys for the Sponsor, which shall be payable at the execution of such Lease.

h) **There will be an additional fee of $250.00 for the review of a title report from any title insurance company requested by Purchaser or Purchaser's lender or attorney if said title insurance company is other than Ridge Abstract Corp.**

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

Each purchaser will be required to make a contribution to the Working Capital Fund in an amount equal to one month's estimated Common Charges for such purchaser's Unit. See "Schedule A" for the estimate of such amounts.

23. BINDING EFFECT OF DECLARATION, BY-LAWS AND RULES AND REGULATIONS. Purchaser hereby accepts and approves the Plan (including the Declaration, By-Laws and Rules and Regulations contained therein) and agrees to abide and be bound by the terms and conditions thereof.

24. SELLER'S INABILITY TO CONVEY THE UNIT. If Seller is unable to deliver title to the Unit to Purchaser in accordance with the provisions of this Agreement and the Plan, Seller 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, and in such case, if Seller notifies Purchaser of its refusal to cure such inability and if Purchaser is not in default hereunder, Purchaser shall have the option to (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 Seller for damages or otherwise) or (b) terminate this Agreement. If Purchaser so elects to terminate this Agreement, Seller shall, within thirty (30) days after receipt of notice of termination from Purchaser, return to Purchaser all sums deposited by Purchaser hereunder, together with interest earned thereon, and 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 option must be exercised by notice of Purchaser in writing to Seller within ten (10) days after giving of Seller's notice of refusal to cure such inability, failing which it shall be conclusively deemed that Purchaser elected the first option above to acquire title subject to such inability.

25. FIXTURES, APPLIANCES AND PERSONAL PROPERTY. Only those fixtures, appliances and items of personal property which are described in the "Description of Property"

Report as being a part of the Unit are included in the sale of the Unit pursuant to the provisions of this Agreement.

26. ACCEPTANCE OF CONDITION OF PROPERTY. Purchaser shall accept title without abatement in, or credit against, the Purchase Price or any provisions for escrow deposits at the closing of title notwithstanding the failure to complete construction of (a) minor details of the Unit or the building, (b) other Units or (c) the public areas of the building which do not prevent Purchaser's use of the Unit. Purchaser shall be given a reasonable opportunity to examine the Unit prior to the closing of title and shall make a careful inspection of the Unit at such time. At the closing of title Purchaser shall sign and deliver to Seller an inspection statement prepared by Seller and substantially in the form set forth in Part II of the Plan.

27. JOINT PURCHASERS. The Term "Purchaser" shall be read as "Purchasers" if more than one person are Purchasers, in which case their obligations shall be joint and several.

28. LIABILITY OF SELLER. Seller shall not have any liability to any Purchaser with respect to any of Seller's obligations under this Agreement or the Plan or otherwise in excess of the liability that Seller would have had if the only asset of seller was the property. Sellers liability under this agreement is limited to Seller's interest in the Unit.

29. 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 conform or perfect any right to be created or transferred hereunder or pursuant to any such transaction.

30. 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.

31. STRICT COMPLIANCE. Any failure by Seller to insist upon the strict performance by Purchaser of any of the provisions of this Agreement shall not be deemed a waiver of any of the provisions hereof, and Seller, notwithstanding any such failure shall have the right thereafter to insist upon the strict performance by Purchaser of any and all of the provisions of this Agreement to be performed by Purchaser.

32. GOVERNING LAW. The provisions of this Agreement shall be governed by and construed in accordance with the laws of the State of New York without regard to principles of conflicts of law.

33. WAIVER OF JURY. Except as prohibited by law, the parties shall, and they hereby do, expressly waive trial by jury in any litigation arising out of, or connected with, or relating to, this Agreement, or the relationship created thereby. 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, or move to consolidate such claim with, any action or proceeding in which a jury trial is waived.

34. ENTIRE AGREEMENT. This Agreement supercedes any and all understandings and Agreements between the parties and constitutes the entire Agreement between them.

35. 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 provisions of this Agreement.

36. 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.

37. SUCCESSORS AND ASSIGNS. Subject to the provisions of Article 24 hereof, the provisions of this Agreement shall bind and inure to the benefit of Purchaser and his or her heirs, legal representatives, successors and permitted assigns and shall bind and inure to the benefit of Seller and its successors and assigns.

38. NO ORAL CHANGES. This Agreement cannot be changed or terminated orally. Each of the parties hereby authorize their attorneys to agree in writing to any changes in dates and time periods provided for in ths Purchase Agreement. ANY CHANGES OR ADDITIONAL PROVISIONS MUST BE SET FORTH IN A RIDER ATTACHED HERETO OR IN A SEPARATE WRITTEN AGREEMENT SIGNED BY THE PARTIES.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date set forth below.

DATED:

_____
Purchaser

_____
Address

_____
Purchaser

_____
Address

APPROVED AND ACCEPTED:
561 5TH STREET ASSOCIATES LLC

By:_____
SPIRO GEROULANOS

SCHEDULE A

The Permitted Encumbrances are the following:

1. Building restrictions, zoning and other regulations, resolutions and ordinances and any amendments thereto now or hereafter adopted.

2. Any covenants, easements or restrictions of record provided same do not render title unmarketable.

3. State of facts shown in the survey of the land and building and any additional state of facts which a subsequent survey or personal inspection thereof would show provided such additional facts would not prevent the use of the premises for dwelling purposes.

4. Any state of facts which an accurate survey of the Unit would show provided such state of facts would not prevent the use of the Unit for dwelling purposes.

5. The terms, burdens, covenants, restrictions, conditions, easements and rules and regulations, all as set forth in the Declaration, the By-Laws and the Rules and Regulations, the Power of Attorney from the Purchaser to the Board of Managers and the Floor Plans; as all of the same may be amended from time to time.

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

7. Any easement or right of use in favor of any utility company for construction, use, maintenance, or repair of utility lines, wires, terminal boxes, mains, pipes, cables, conduits, poles, and other equipment and facilities on, under, and across the land and building.

8. Revocability of licenses for vault space, if any, under the sidewalks and streets.

9. Encroachments of stoops, areas, cellar steps, or doors, trim, copings, retaining walls, bay window, balconies, sidewalk elevators, fences, fire escapes, cornices, foundations, footings and similar projections, if any, on, over, or under the property or the street or sidewalks abutting the property and the rights of governmental authorities to require the removal of any such projections and variations between record lines of the property and retaining walls and the like, if any.

10. Leases and service, maintenance and license agreements, if any.

11. The lien of any unpaid Common Charge, real estate tax, water charge or sewer rent, provided the same are adjusted at the closing of title.

12. The lien of any unpaid assessment payable in installments (other than assessments levied by the Board of Managers) except that Sponsor shall pay all such assessments due prior to the Closing Date and the Purchaser shall pay all assessments due from and after such date (however, the then current installment shall be adjusted at Closing Date).

13. Any other declaration or other instrument affecting the property which Sponsor deems necessary or appropriate to comply with any law, ordinance, regulation, zoning resolution or requirement of the Department of Buildings, the City Planning Commission, the Board of Standards and Appeals, or any other public authority, applicable to the demolition, construction, alteration, repair or restoration of the building.

14. Standard exceptions contained in the form of title insurance policy then issued by Fidelity National Title Insurance Company of New York (or such other New York Board of Title Underwriters member title insurance company insuring the Purchaser's title to the Unit).

15. Any encumbrances as to which such company which insures the Purchaser's title to the Unit would be willing, in a fee policy issued by it to the Purchaser, to insure the Purchaser that such encumbrance (a) will not be collected out of the Unit if it is a lien or (b) will not be enforced against the Unit if it is not a lien.

16. Any other encumbrance against the property other than a mortgage or other lien for the payment of money, which does not prevent the use of the Unit for dwelling purposes.

17. Any Interim Lease covering the Unit made from Sponsor to the Purchaser.

POWER OF ATTORNEY

Terms used in this Unit Power of Attorney which are used (a) in the Declaration (the "Declaration") establishing a plan for condominium ownership of the premises known as 561 5th Street, Brooklyn, New York 11215, under Article 9-B of the Real Property Law of the State of New York, dated _____, and recorded in the New York County office of the Register of The City of New York on _____, in Reel ____ page ___, or (b) in the By-Laws of 561 5th Street Condominium (the "By-Laws") attached to, and recorded together with, the Declaration, shall have the same meanings in this power of Attorney as in the Declaration or the By-Laws.

The undersigned , the owner of the Unit (the "Unit") known as Unit No. in the Declaration and also designated as Tax Lot in Block of Section of the New York County on the Tax Map of the Real Property Assessment Department of The City of New York and on the Floor Plans, does hereby nominate, constitute and appoint the persons who may from time to time constitute the Sponsor under the Offering Plan and Board of Managers, 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), on behalf of all Unit Owners, in accordance with such Owners' respective interests in the Common Elements, subject to the provisions of the By-Laws then in effect, (1) (a) following due authorization by the Unit Owners, to acquire or lease any Unit, together with its appurtenant interests, from any Unit Owner desiring to sell, convey, transfer, assign, surrender 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, which becomes the subject of a foreclosure or other similar sale, on such terms and conditions as said attorneys-in-fact shall deem proper, 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 said attorneys-in-fact may determine granting to said attorneys-in-fact the power to do all things in the said premises which the undersigned could do if the undersigned were personally present, (2) to execute, acknowledge and deliver (a) any Declaration or other instrument affecting any Unit 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, the Board of Standards and Appeals, or any other public authority, applicable to the maintenance, demolition, construction, alteration, repair or restoration of any Unit or (b) any consent, covenant, restriction, easement or declaration, or any amendment thereto, affecting the Condominium.

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

This Power of Attorney shall be irrevocable.

IN WITNESS WHEREOF, the undersigned has/have executed this Power of Attorney as of the day of ,20 .

_____

_____

STATE OF NEW YORK
COUNTY OF NEW YORK

On before me, the undersigned, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

UNIT DEED

THIS INDENTURE, made as of , between 561 5TH STREET ASSOCIATES LLC, a corporation formed under the laws of the State of New York, having an office at 128 MARINE AVENUE, SUITE #1L, the ("Grantor"), and

(the "Grantee").

WITNESSETH:

That the Grantor, in consideration of Ten and 00/100 ($10.00) Dollars and other good and valuable consideration paid by the Grantee, does hereby grant and release unto the Grantee, the heirs or successors and assigns of the Grantee, forever: the Unit (the "Unit") known as Unit No. in the premises known as and by the street number 561 5th Street, Borough of Brooklyn, County of Kings, City and State of New York, said Unit being designated and described as Unit No. in the declaration ("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 _____, and recorded in the Kings County office of the Register of The City of New York (the "City Register's Office") on _____, in Reel ___, page __, and also designated as Tax Lot ___ in Block _____ of Section ___ of the County of Kings on the Tax Map of the Real Property Assessment Department of The City of New York and on the Floor Plans of said building, certified by _____ architects, on _____, and filed in the Kings County Register's Office on _____, as Condominium Plan No. __. The premises within which the Unit is located are more particularly described in Schedule A attached hereto and made a part hereof. All capitalized terms herein which are not separately defined herein shall have the meanings given to those terms in the Declaration or in the By-Laws of The Condominium. (Said By-Laws, as the same may be amended from time to time, are hereinafter referred to as the "By-Laws").

Together with an undivided % interest in the Common Elements;

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

Together with, and subject to, the rights, obligations, easements, restrictions and other provisions set forth in the Declaration and the By-Laws, all of which 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 recited and stipulated at length herein;

Subject also to such other liens, agreements, covenants, easements, restrictions and other matters of record as pertain to the Unit and/or to the property.

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

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

The Grantor, in compliance with Section 13 of the Lien Law of the State of New York 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 purposes.

The Grantee accepts and ratifies the provisions of the Declaration and the By-Laws (and any Rules and Regulations adopted under the By-Laws) and agrees to comply with all the terms and provisions thereof.

The term "Grantee" shall be read as "Grantees" wherever the sense of this indenture so requires.

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

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

GRANTOR
561 5TH STREET ASSOCIATES LLC

By:_____
SPIRO GEROULANOS

GRANTEE

_____

_____

STATE OF NEW YORK
COUNTY OF NEW YORK

On before me, the undersigned, personally appeared SPIRO GEROULANOS, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

_____
Notary Public

STATE OF NEW YORK
COUNTY OF NEW YORK

On before me, the undersigned, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

_____
Notary Public

LEGAL DESCRIPTION OF SITE

SECTION 4, BLOCK 1083, LOT 70 ON THE TAX MAP OF KINGS COUNTY

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

BEGINNING at a point on the northerly side of 5th Street, distant 157 feet 10-1/2 inches easterly from the corner formed by the intersection of the easterly side of 8th Avenue with the northerly side of 5th Street;

RUNNING THENCE northerly parallel with 8th Avenue, 100 feet;

THENCE easterly parallel with 5th Street, 20 feet;

THENCE southerly parallel with 8th Avenue, 100 feet to the northerly side of 5th Street;

THENCE westerly along the northerly side of 5th Street, 20 feet to the point or place of BEGINNING.



DESCRIPTION OF PROPERTY AND BUILDING CONDITIONS

STATEMENT OF EXISTING BUILDING CONDITIONS

PREMISES:	**561 5th Street** Brooklyn, New York
BLOCK:	1083
LOTS:	70
PREPARED BY:	**Leonard Colchamiro, PC AIA** 227 Fifth Avenue Brooklyn, NY 11215
DATE:	July 18, 2003

Architect's Report
Description of Property and Building Condition
June 4, 2003

A. LOCATION AND USE OF PROPERTY:

1. Address: 561 Fifth Street Brooklyn, NY

2. Block 1083 Lot 70

3. Permitted Use: Residential Zoned R6, Zoning Map 16d

B. STATUS OF CONSTRUCTION:

1. The building is classified as a non-fireproof building by the New York City building code and was built prior to 1938.

2. There is one current Certificate of Occupancy (C.O.) on file at the Dept. of Buildings. No. 97370. That will be changed to a new certificate of occupancy reflecting the changes as per plan. The New C.O. will be for a 4 family dwelling.

C. SITE:

1. BEGINNING at a point on the North East side of Fifth Street 157' – 10½" South East of the corner formed by the intersection of Fifth Street and 8th Avenue, Running thence: southeast 20' – 0", thence northeast 100' – 0", thence: northeast 20' – 0", thence southwest 100' – 0", The site is 20' – 0" x 100" – 0".

2. The site contains one building with 4 residential units.

3. The site fronts on Fifth Street, which slopes slightly towards 8th Avenue.

4. The sidewalk in front of the building is concrete in fair condition.

5. The curb material is stone in good condition. Drainage is across the sidewalk to the curb gutter to catch basins located at the corner of 5th St. & 8th Avenue.

6. Existing street light poles are located on the west and east sidewalks, are maintained by the City and provide adequate light.

D. UTILITIES:

1. Electrical service is provided by Con Edison. The incoming service is connected to a service panel of 60 amps, considered low for this type of building. There are 5 electric meters existing, one for each apartment and one for the cellar and public halls. The sponsor will upgrade the electrical system. A new 200amp 3 Phase 208 volt service will be installed. A new circuit breaker panel will replace the existing fuse boxes.

   The new electrical system will accommodate Air Conditioning and will be adequate for normal usage for this type of dwelling.

2. The 5 existing electric meters will be reused.

3. New outlet locations will be installed. As per the NYC Electrical Code

4. There will be a ground fault outlet in each bathroom.

5. The lighting in the public halls will be new and will provide adequate light.

6. Water service is supplied by a City main in 5th Street that supplies portable water to a meter within the building. The water is then distributed throughout the building by branch lines. The water pressure was tested at the top floor and is adequate.

7. No water storage tanks are provided.

8. Water pressure is provided by the city main.

9. Storm and sanitary sewer lines are connected to the combined City sewer in good condition, where visible.

10. Telephone service connections are provided by the New York Telephone Company. Tenants are responsible for individual connections.

11. Gas service is supplied by Keyspan Energy Delivery for domestic cooking and heating, to 4 separate meters located at the cellar front, providing cooking gas to each apartment. The piping is black steel gas pipe with malleable iron fittings in good condition.

12. The intercom system is located in the vestibule and is a buzz in type unit, and will be replaced with a new system.

    The intercom system allows each floor to provide entry into the building.

13. The public area lighting is adequate

14. Front & Rear outside lights along with interior incandescent lighting in the stair/hall fixtures supply ample light.

E. SUBSOIL CONDITIONS:

1. Because the building is an existing structure examination of the sub-soil was not performed. A degree of past settlement is evident, Soil capacity appears sufficient to support the building. No visual evidence of foundation deterioration was noted. Load bearing capacity appears to be adequate.

   The building is an old building and has settled slightly but to best of my knowledge & belief has come to rest and has stabilized as no visual cracks or sill misalignment, floor separation or masonry cracks are evident.

2. There was no sign of moisture or water seepage into the cellar at the time of this inspection.

3. There does not appear to be a potential for flooding under normal rain/snow conditions.

F. LANDSCAPING AND ENCLOSURES:

1. The concrete front areaway is enclosed by a low decorative masonry wall in good condition there is no planting or fencing at the front of the building.

2. At the rear of the building there is no grass and some planted areas. The rear yard is paved with flagstone in good condition.

3. At the west lot line of the rear yard a wood lattice fence support by a metal poles exists and is in good condition. The rear lot line has wood fence in fair condition. The east lot line has a metal "anchor" type mesh fence in fair condition.

4. There are no parking accommodations.

G. BUILDING SIZE:

1. The total height of the building is 47'-0" from legal grade to its highest point.

2. The building has a small crawl space approximately 2'-0" high under the rear extension.

3. <u>Ceiling Heights</u>

   The cellar has a ceiling heights of 6'-1"

   The basement has a ceiling height of 8'-0" high

   The First floor has a ceiling height of 10'-2" high

   The Second floor has a ceiling height of 8'-6" high

The Third floor has a ceiling height of 8'-6" high

The attic has a ceiling height of 7'-6" high

4. There are two equipment rooms, the boiler room and the meter room located in the cellar.

H. OCCUPANCY

1. There are 4 residential units.

2. There are 24 rooms: living rooms, bedrooms, bath and kitchens are counted 1 room each. There is one recreation area, connected to the basement apartment only.

I. STRUCTURAL SYSTEMS:

Basic Structure:

1. The basic structure is a typical masonry building with wood floor joists. The condition of the structure of the building appears to visually be in good overall condition

2. There is no visual evidence of deteriorating mortar, spalling, bulges, leaning moisture penetration or other signs or distress in the foundation, cellar floor, walls or ceiling, or lintels. The rear terrace is slate "fieldstone" in fair conditions.

   The exterior walls are masonry, the front wall is "brownstone", and the rear & party walls are brick in good condition. Local law 10 does not apply, as the building is less than 7 stories high. The typical method of insulation of this type and age of building is to create an air space between the exterior wall & the interior wall surface. As the walls exist and are finished, no determination of insulation material could be ascertained.

3. The existing windows in the building are of two types. Metal replacement windows with storms and screens or wood windows, each are double hung. All of the windows will be replaced as per plans enclosed. No leaks are aniticipated.

4. The sills at the exterior and interior appear to be in good condition. There are no window guards. There are no lot line windows.

5. The building is designated as Landmarked by the Landmarks Preservation Commission and currently has three-landmark violations.

   There are 3 Landmark violations of record:

073091	Landmark Violation
073091	Landmark Violation 92-0039V

6. There are no fireplaces.

J. BALCONIES:

There will be decking at the roof of the first floor and third floor, as per plans enclosed.

K. EXTERIOR ENTRANCES:

1. The exterior doors at the front of the building are wood & glass in wood frames in fair condition.

2. The exterior doors are not locked. The vestibule door is wood & glass in good condition, self-closing and is locked. The rear door to the rear yard is wood & is locked.

3. There are no exterior stairs except for a new metal stair from the third floor roof to the attic roof.

4. There are four metal mailboxes in the vestibules in serviceable condition.

5. There are no service entrances.

L. ROOFS AND ROOF STRUCTURE:

1. There are three separate roofs. The one above the rear extension which is standard asphaltic roofing. The asphaltic roofing is in good condition. The parapets are typically flashed and in good condition.

2. The roofs above the third floor & attic are rubber type roof in good condition. The parapets are typically flashed in good condition.

3. The roof drains thru baked enamel aluminum gutters to leaders that direct the rainwater to the sewer lines.

4. Skylights are located above the public stair and above the third floor bath. These skylights are galvanized sheet metal with wire glass in good condition and will remain in place.

5. There are no bulkheads

6. There are no hatches the roof above the extension is accessed by a new door from the rear of the second floor.

7. The roof above the third floor is accessed by a new door from the attic.

8. There are no roof antennas

9. There are no active leaks in the existing roofs.

M. PARAPETS & COPINGS:

The parapets at all roofs are brick, in good condition are waterproofed and are secure. Each has terra cotta copings in good condition. Except at the extension roof that has terra cotta coping at side & rear and a metal coping at one side. No spalling or leaking was evident at the time of this inspection. Chimneys are constructed of brick & are water proofed all in good condition.

N. CHIMNEYS

There will be a new chimney.

O. FIRE SAFETY DEVICES

There are no fire escapes

There are smoke detectors in each apartment.

There is a sprinkler system in the stair hall.

P. YARD AND COURTS:

1. There are no courts
2. The rear yard is accessed thru a new door at the basement level rear.
3. A drain is located near this door.
4. The rear yard is paved with flagstone in good condition.
5. The front areaway is concrete in good condition. There is no existing drain. A new drain is proposed.

Q. INTERIOR STAIRS

The interior stairs are wood with decorative wood balusters and handrails in good condition, that will service all levels above the basement. A new stair will be installed to service the basement/cellar.

R. INTERIOR DOORS & FRAMES

All doors will be new doors and frame as per plans and door schedule, except the front entry doors and vestibule doors, which will be reuse and refinished.

S. AUXILIARY FACILITIES:

There are no auxiliary facilities

There are no laundry rooms

There is no refuse incinerator compactor.
There is no elevator nor is there one proposed.

The storage of refuse is typical; garbage cans are located at the front areaway. Garbage pick-up is by the Department of Sanitation on a regular schedule basis.

T. PLUMBING AND DRAINAGE:

1. In general, the plumbing throughout the project will be new.

2. The water supply is provided by the City of New York potable water is provided to the building by a street water main in Fifth St. that is metered in the cellar front. The water is then distributed to the various uses throughout the building by where visible copper branch lines.

3. The existing system appears to be in good condition.

4. Fire Protection is provided by a pendant sprinkler system within the public stair. There is no Siamese connection, standpipes or hose racks.

   The sprinkler system in the stair hall is existing therefore no permit is required. An annual sprinkler test is required.

   As new boilers are low pressure boilers no annual inspection is required.

5. There is no water storage tank

6. Water pressure is provided by the City Main.

7. The Sanitary Sewage System is within the street and is maintained by the City of N.Y. The system does have a sewage pump within the building. The building will have all new sanitary & sewage piping.

8. No permits are required for this system

9. Storm drainage is by roof scupper drain and exterior leader.
   The Storm Drainage System consists of roof edge baked enamel aluminum standard gutters that direct the rainwater to baked enamel leaders that direct the water to the sewer, the system appears to be adequate for this size building.

   The undirected water is absorbed in part by the planted rear area is also collected by the rear yard drain that directs the rainwater into the combined public sewer line.

U. HEATING:

1. Four (4) new gas-fired boilers will be installed, each to be 60,000 BTU Slant Fine model VHS 60 M.E.A. number 116-90-E-S which will supply, to each apartment separately, heat to new convectors.

2. Four (4) new gas-fired water heaters will be installed, each to be O.A. Smith 50 gallon model FSG-50 M.E.A. Number 402-93-E supplying hot water for bathing & domestic uses to each apartment.

3. The existing fuel tank will be removed

V. AIR CONDITIONING

A new air cooling system will be installed to service the building.

The Cellar will have a 12,000 BTU Air Handler which will be combined with a 12,000 BTU condensor situated on the basement areaway.

The Basement will have a 36,000 BTU condensor which combined with two 9000 BTU air handler will service the basement along with a 18,000 BTU air handler.

The First Floor will have two 9,000 BTU air handler and an 18,000 BTU air handler. The 36,000 BTU condensor is on the second floor.

The Second Floor will have a 24,000 BTU condensor and two 12,000 BTU air handlers.

The Third Floor will have it's 36,000 BTU condensor on the roof and will have a 9,000 BTU and an 18,000 BTU air handler which will service the third floor.

The Attic will have a 9,000 Btu air handler connected to the same 36,000 BTU condensor on the roof.

W. VENTING:

Ventilation is provided to windowless bathrooms by integral duct work that is exhausted to the roof. By Mechanical means.

X. MISCELLANEOUS

1. There are no garages

2. There is cable service.

3. There is no swimming pool or tennis court.

4. There is no metal work repair required.

Y. UNIT INFORMATION:

1. The Cellar, Basement, First, Second, Third Floors and Attic were checked.
   The Cellar is basically an open area except for the Boiler Room. The floor is concrete, the walls are brick where visible and the ceiling is gypsum board.

2. The Concrete floor will be sealed and receive a finish floor. The walls will be furred out to receive gypsum board, spackled & paint. The ceiling will receive a layer of 5/8" fire code ceiling throughout. The boiler room will not receive a finished floor or walls.

3. The Basement, First, Second, Third Floors will receive new hardwood flooring as per plan. Existing hardwood flooring shown on plan to be reused will be repaired & refinished. All new walls will receive a layer of gypsum board. Ceilings will be plaster patched as per plans.

4. All walls & ceilings will be painted.

   The new kitchens will receive new stoves, new refrigerators & sinks.

   New kitchen counters of granite and new oak base & wall cabinets are to be installed in each kitchen.

5. New bathrooms will receive new ceramic tile floors & wainscot with full tub surround.

6. The floor to ceiling heights of each unit are as follows:
   Cellar 6'-10'
   Basement 8'-0"
   First Floor 10'-2"
   Second Floor 8'-6"
   Third Floor 8'-6"
   Attic 7'-6"

7. The cellar reception area is exclusive to and is accessory to the basement apartment. The cellar will contain one washer & dryer as does each apartment.

   The below grade recreational area cannot be used as a bedroom.

8. The Square footage of each apartment is as follows

Cellar/Basement Duplex:	1,811.6 Square Feet
Rear Yard	624.1 Square Feet
First Floor:	1038.3 Square Feet
Second Floor:	755.8 Square Feet
Roof Terrace	296.5 Square Feet
Third Floor / Attic:	1162.3 Square Feet
Roof Terrace	320.3 Square Feet
Storage Under Stoop	35.1 Square Feet

9. The basement apartment has exclusive use of the rear yard.

10. The second floor apartment has exclusive use of the terrace at the second floor.

11. The third floor has exclusive use of the balcony and terrace at the attic level, and storage under stoop.

12. The common areas are as follows:

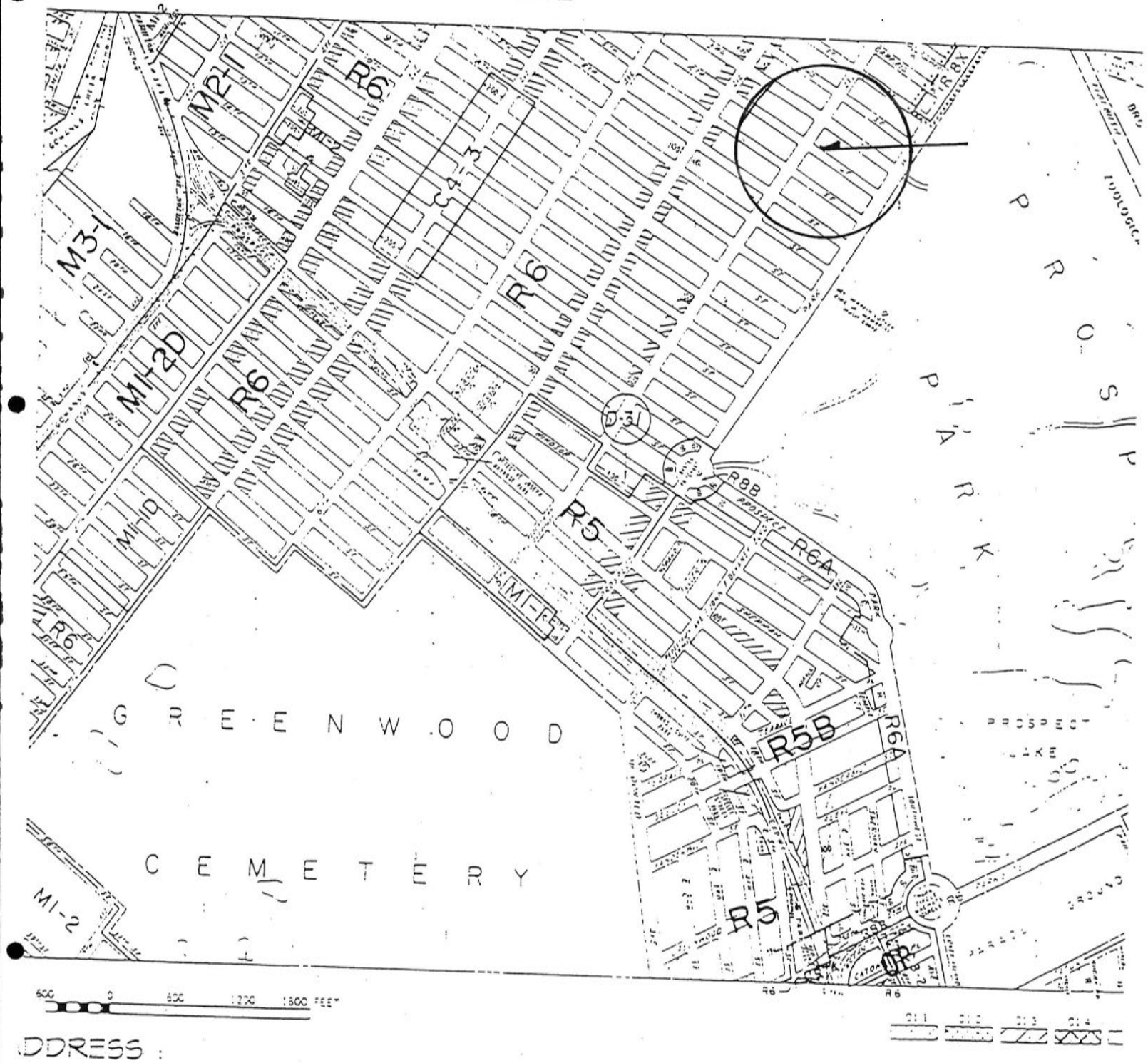
1. The Front Areaway & Stoop: 240 Square Feet
2. The First Floor Public Hall: 120 Square Feet
3. The Second Floor Public Hall: 134 Square Feet
4. The Boiler Room & Utilities Meter: 266 Square Feet
5. The partial roof over the 3rd floor: 235 Square Feet
6. The roof over the Attic: 360 Square Feet
7. Each apartment will have a required smoke detector. Finished schedule for spaces other than the apartments are as follows:

Room	Floor	Walls	Ceiling
Boiler Room	Concrete	Paint	Paint
Public Halls	Hardwood	Paint	Paint

8. There will not be a superintendent on the premises.
9. The managing agent will be the sponsor.
10. There are no commercial leases.
11. There are 3 Landmark violations of record being dismissed.
12. There is a sprinkler system in the public hall & stair.

D12

SITE

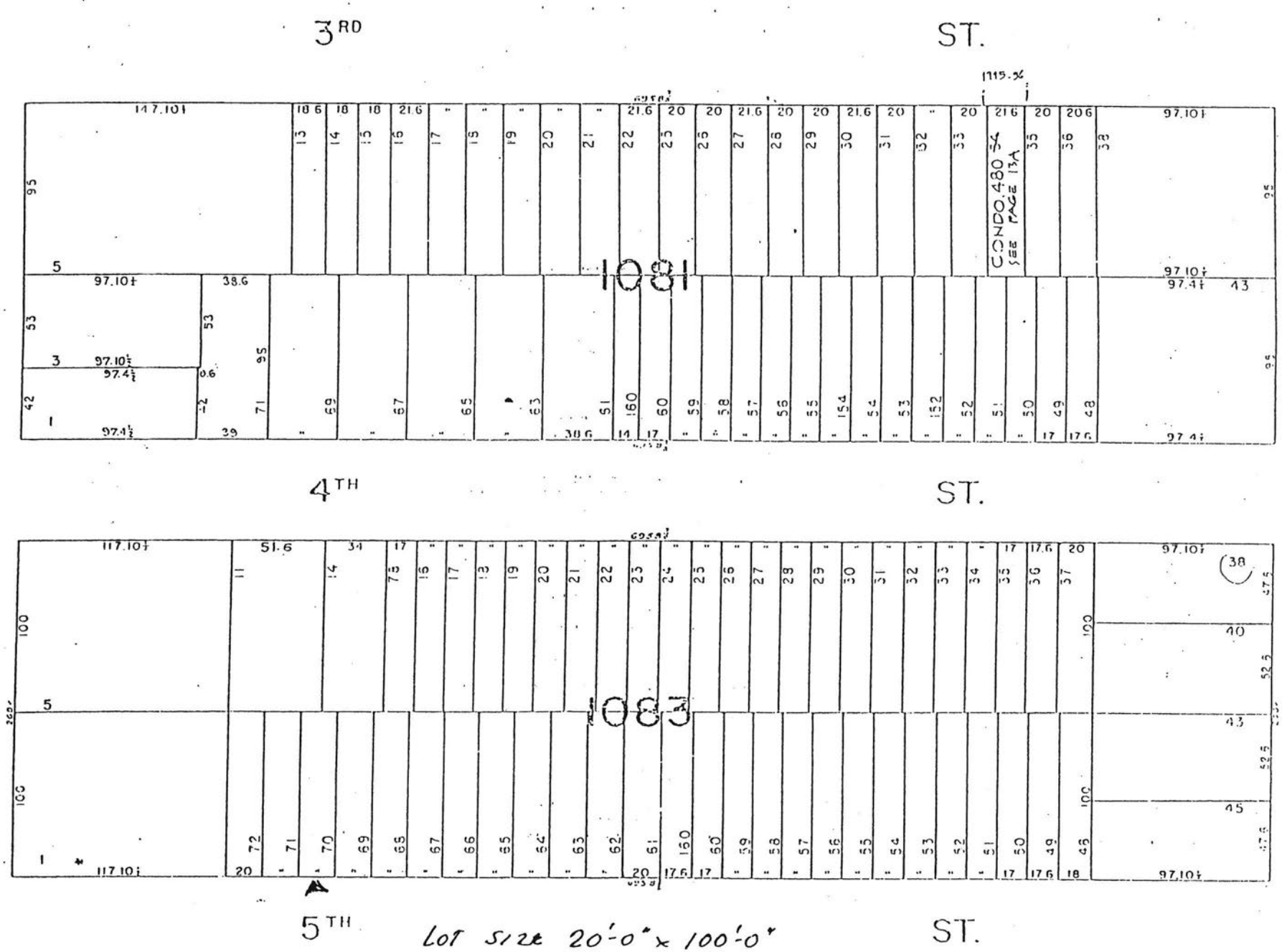


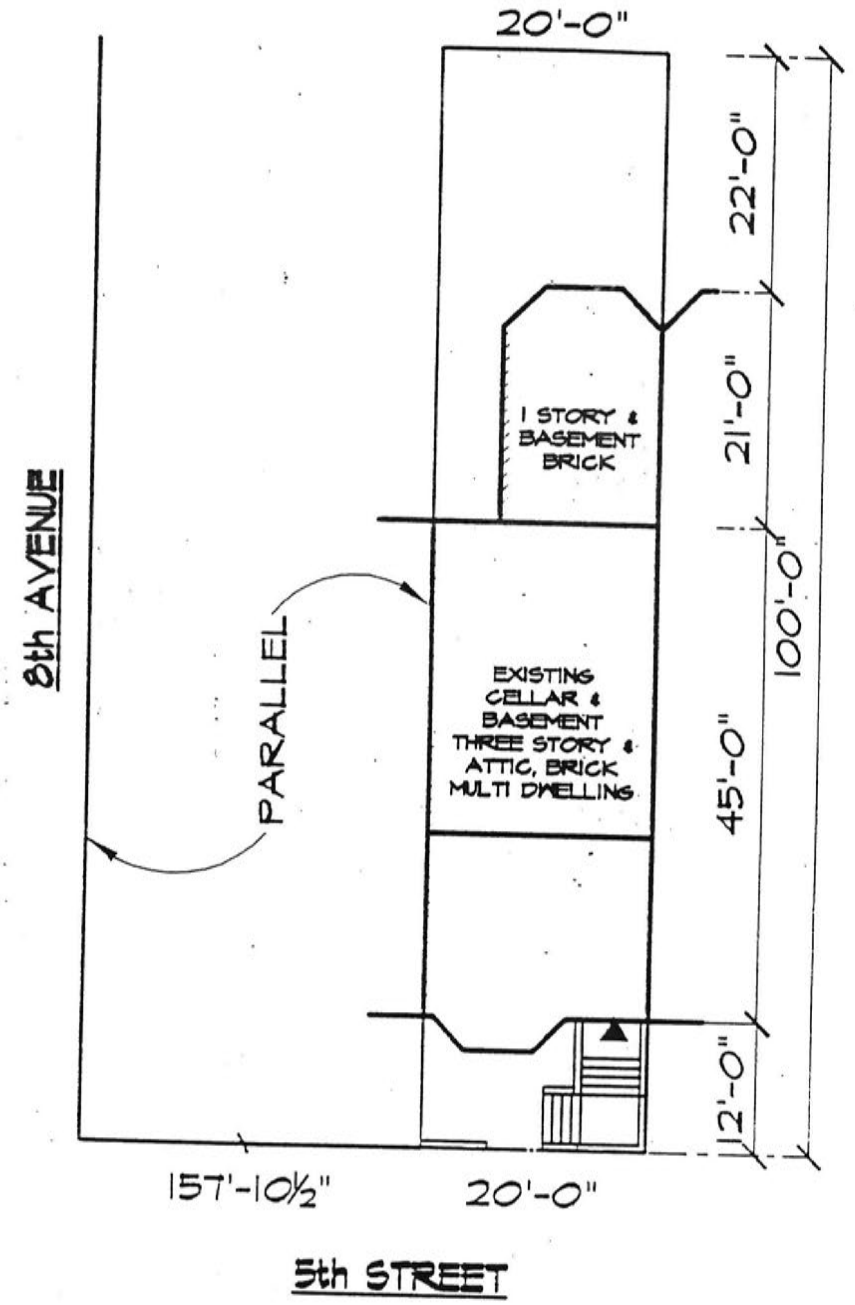
ADDRESS :
61 FIFTH STREET
BROOKLYN, NY
BLOCK 1083
ZONED R6 VAP 6a

ZONING / SITE PLAN

N

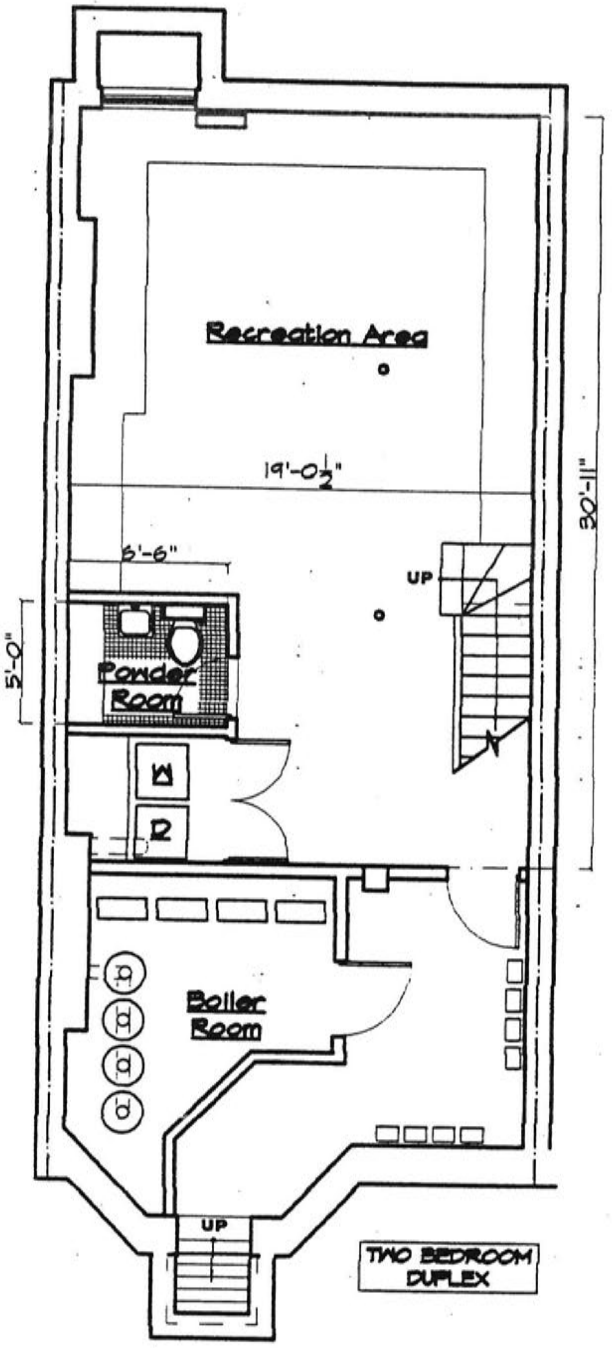
SEE PAGE 11


3RD ST.
4TH ST.
5TH ST.
8TH AVE.
PROSPECT PARK WEST
D13
1081
1083
CONDO. 480 34 SEE PAGE 13A
Lot Size 20'-0" x 100'-0"


20'-0"
22'-0"
21'-0"
100'-0"
45'-0"
12'-0"
1 STORY & BASEMENT BRICK
EXISTING CELLAR & BASEMENT THREE STORY & ATTIC, BRICK MULTI DWELLING
PARALLEL
8th AVENUE
157'-10½"
20'-0"
5th STREET

PLOT PLAN

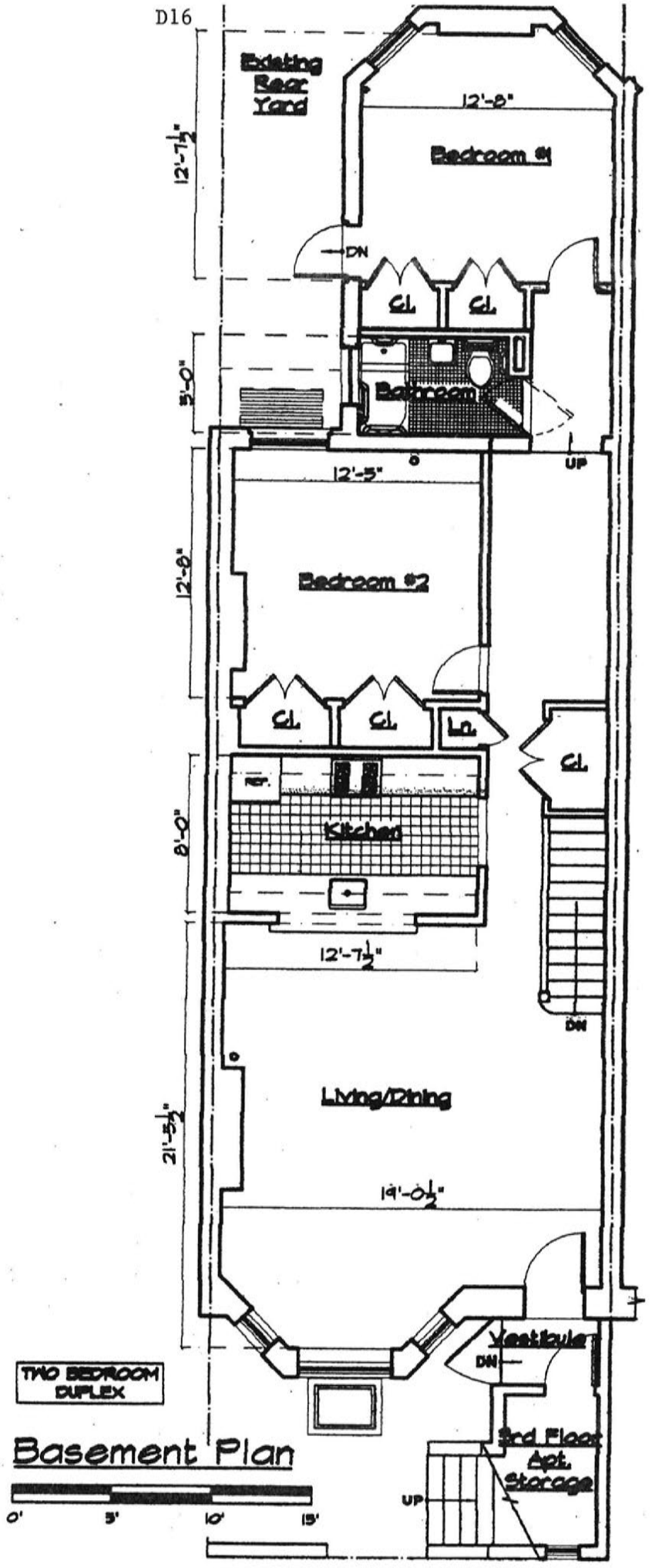
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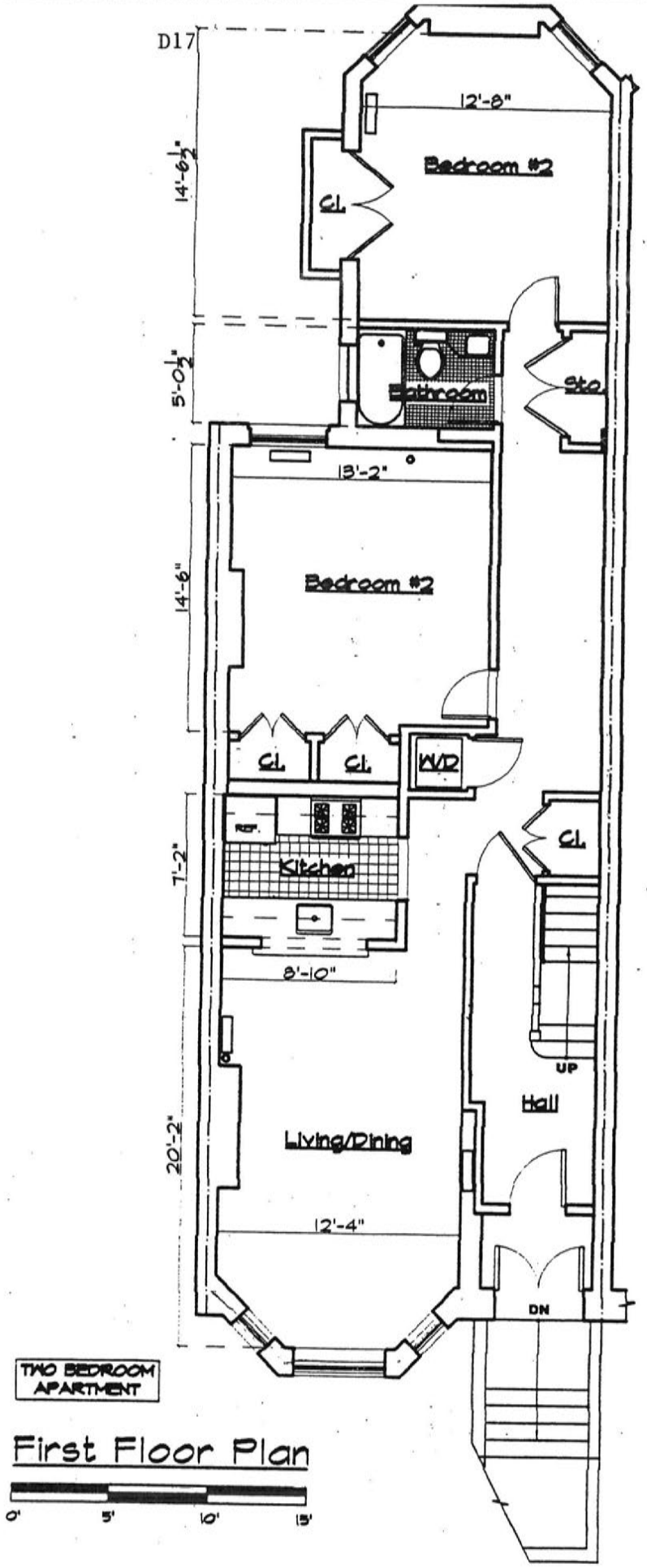


Cellar Plan

0' 5' 10' 15'

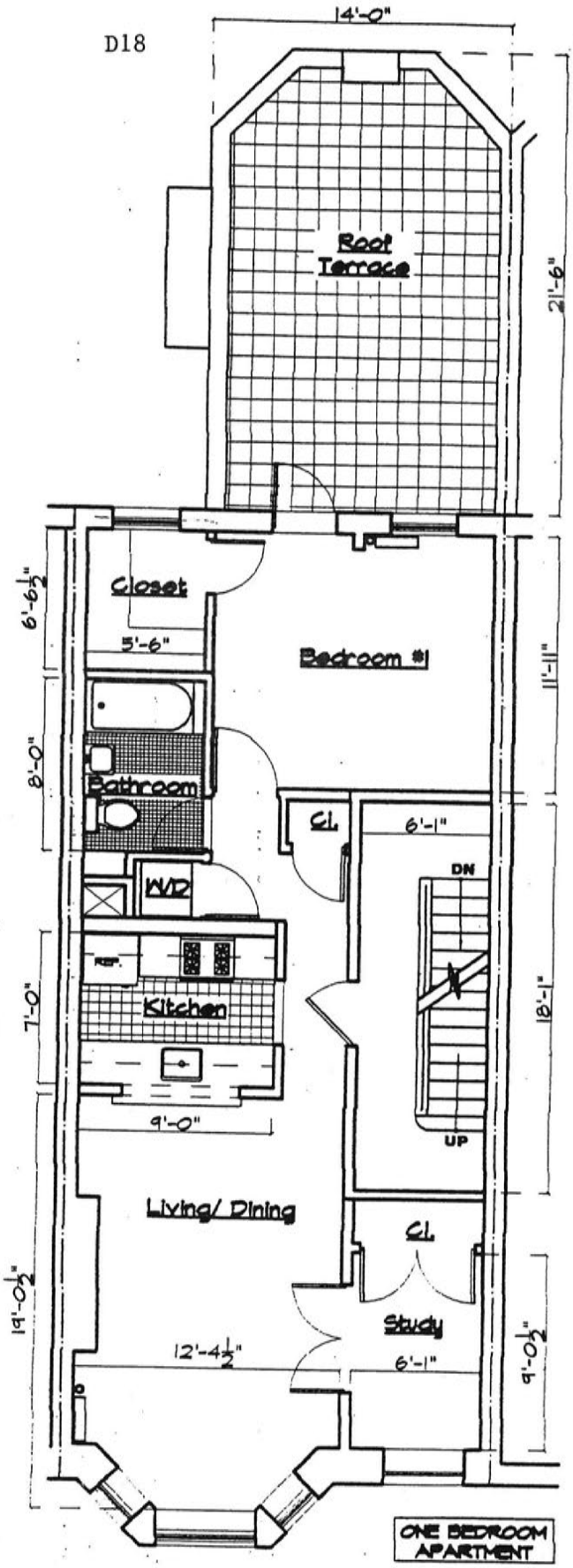
D16


Existing Rear Yard
12'-7½"
12'-8"
Bedroom #1
DN
Cl.
Cl.
5'-0"
Bathroom
UP
12'-5"
12'-8"
Bedroom #2
Cl.
Cl.
Ln.
Cl.
8'-0"
Kitchen
12'-7½"
DN
Living/Dining
21'-5½"
19'-0½"
Vestibule
DN
3rd Floor Apt. Storage
UP
TWO BEDROOM DUPLEX
Basement Plan
0'
5'
10'
15'



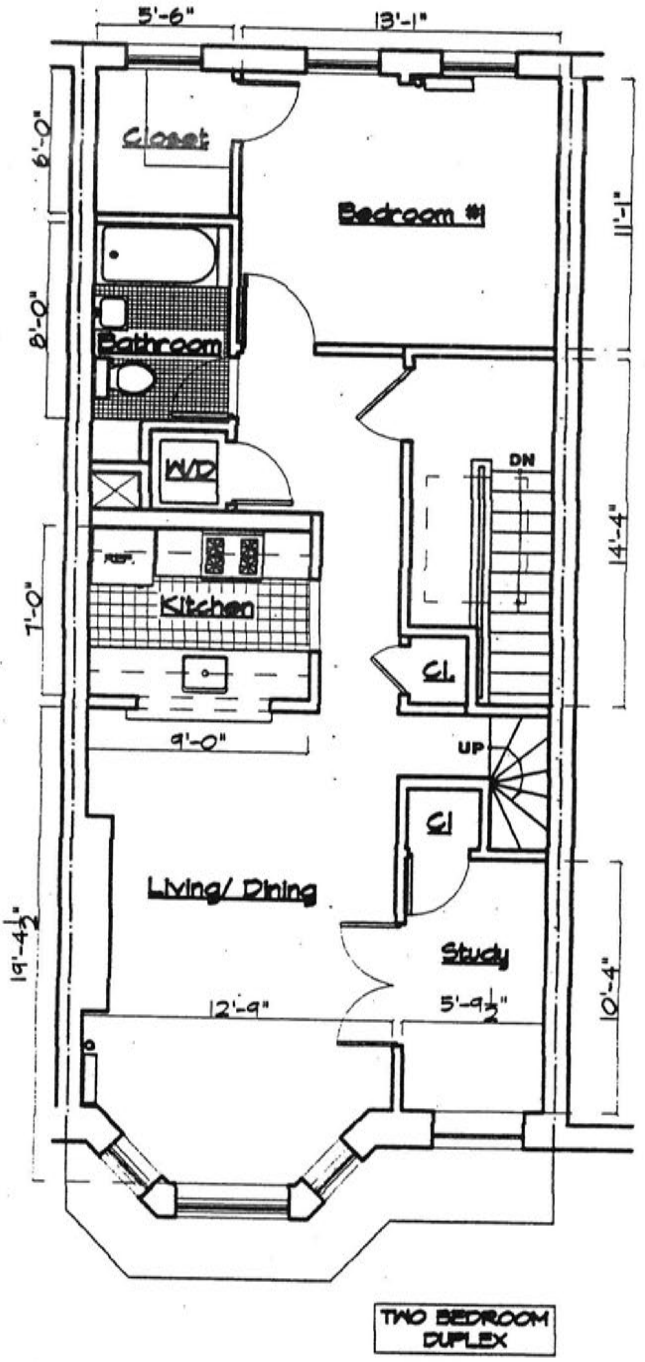
First Floor Plan

D18



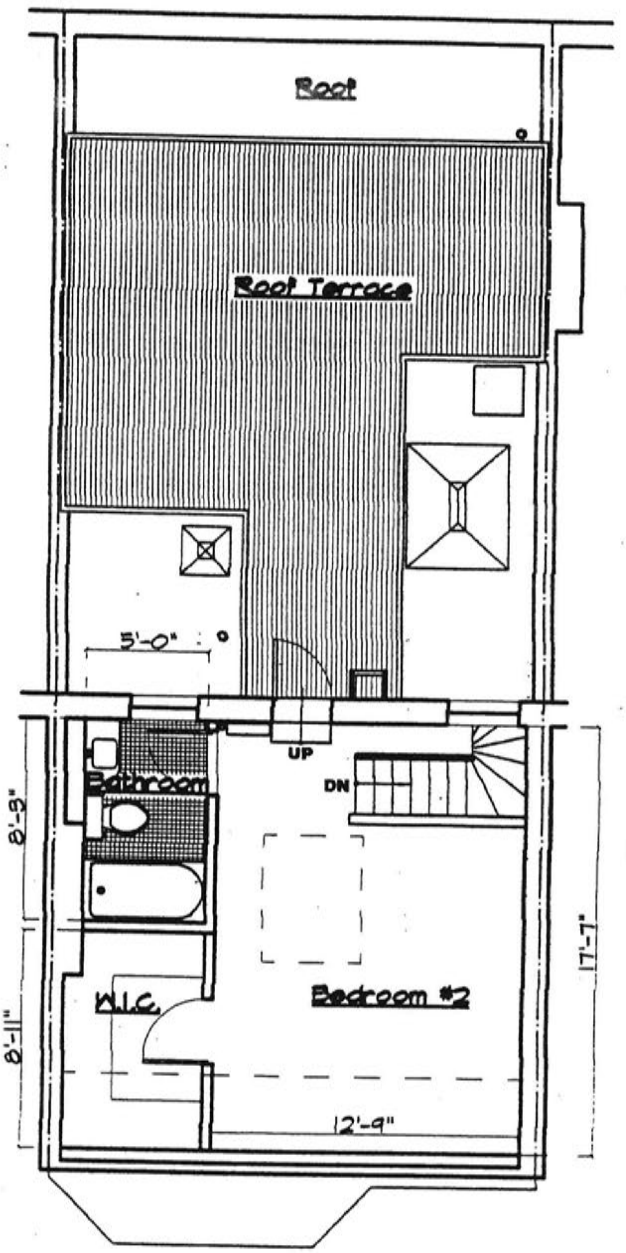
Second Floor Plan

0' 5' 10' 15'



Third Floor Plan

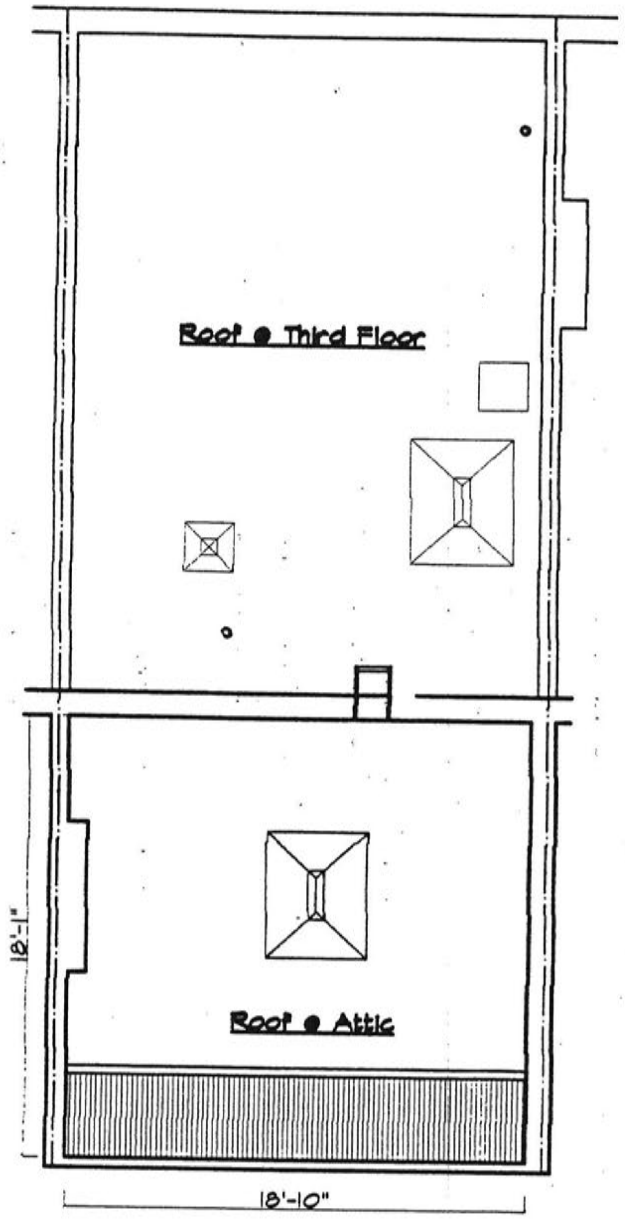
0' 5' 10' 15'



TWO BEDROOM DUPLEX

Attic Plan

0' 5' 10' 15'



Roof Plan

0' 5' 10' 15'



ADDENDUM
TO REPORT OF JULY 18, 2003
DESCRIPTION OF PROPERTY AND BUILDING CONDITIONS
STATEMENT OF EXISTING BUILDING CONDITIONS
561 FIFTH STREET
BROOKLYN, NY
August 18, 2003

I. GENERAL

Roof rights are to be allocated to the tenant that occupies the top floor for the top floor roof. Roof rights are to be allocated to the tenant that occupies the second floor for the second floor roof.

Rear yard and side yard rights are to be allocated to the Tenant that occupies the basement level.

1) No construction work can be done without first obtaining a permit from the Dept. of Buildings and Landmarks Preservation Commision e.g. Deck, Roof, Garden, Storage.

2) Minor renovations can be built as of right that do not add floor area (closets etc.) but require a Permit from the Department of Buildings and Landmarks Preservation Commission.

3) Certain Structures cannot be built as of right – such as Manufacturing and Commercial and require a Variance from the Board of Standards and Appeals. The building is a designated Landmark and as such, approval of Landmarks Preservation Commission is also required. The application for a Variance must be approved by the Board of Managers of the condominium and may be denied.

4) The Condominium will have unlimited access to all areas of the roof or cellar for the purpose of making inspection & repairs.

5) The Condominium has the financial responsibility for the repair or replacement of the roof or common elements in or passing through the unit. The Condominium has the decision making power on the subject.

6) In the event that a condominium unit owner wishes to construct on the roof, or in the cellar, the Board of Managers of the condominium may regulate any one or more of the following aspects of the construction.

   a. Time period during which work is permitted.

   b. The manner is which construction debris will be handled.

c. Measures which must be taken to prevent compromising the security of the building during construction.

d. The interruption of services during construction

e. Liability Insurance for contractors during construction.

7) Cellar spaces may not be occupied as habitable spaces.

See List of Violations Attached.

The renovation work proposed is a rehabilitation of the entire building. The approved plans call for new walls as indicated, new electrical service and circuitry as per the New York City Electrical Code. The building will have four new gas boilers and 4 new water heaters. The kitchens & baths will be new. New roof surfaces will be installed on each roof. All the windows will be replaced with new windows as per plan.

See asbestos report attached: Not an asbestos Project.

Sponsor will obtain a Certificate of Occupancy prior to closing.

The sprinkler system is existing and does not need a permit. An annual sprinkler test by a Licensed Plumber is required. A sprinkler test will be provided before closing.

The new boilers will be inspected by the Department of Buildings during the course or construction. No annual boiler inspection is required for this type of building.

II. A. Masonry

There are no signs of distress in the foundation, the cellar floor, walls or ceiling.

The lintels appear to be in satisfactory condition.

The terrace at the second floor is accessed and used by the second floor tenant exclusively. The finish material is pressure treated wood.

B. Windows

Some of the existing windows are in good condition.
All of the windows will be replaced with new windows – see detail attached.

C. Roof

There are presently no active leaks in the roof, a new rubber roof will be installed.

E. Electrical Wiring

There will be 12 circuits per Unit.

The system will be upgraded so that any existing defects will be removed.

The system will be adequate for modern usage including A/C.

A new video intercom system will be installed. The visitor after buzzing the unit will be visible on the video monitor and the occupant can see and speak with the visitor and buzz them in.

G. Heating System

A new heating system will be installed. The heating system consists of four new gas-fired boilers installed in the cellar each to be 60,000 B.T.U. Slant fin Model VHS 60 M.E.A number 116-90-E-S which will supply to each apartment separately heat to new convectors. Heating elements will be adequate for each apartment, to assure comfort. These boilers will be inspected by the Dept. of Building before a C of O is issued.

4 new hot water heaters will be installed; one for each apartment. Each hot water heater will be A.O. Smith model FSG- 50 50 gal. M.E.A. number 402-93-E.

H. Apartment Interiors

Condition of Finishes: Plaster and drywall surfaces will be refinished as required and painted. Existing hardwood floors will be refinished. See "Y" Unit Information, page 11 & 12 of the Report.

Condition of appliances and fixtures will be good as they will be all new.

Condition of plumbing will be good as new piping will be provided where required.

There will be no leaks through windows or walls. All windows will be new.

Kitchen Cabinets and counters will be new. See "Y" Unit Information, pages 11 & 12 of the Report.

I. Other

There are no repairs required for the metal work at roof or basement other than painting.

To the best of my knowledge and belief there is no settlement problem.

J. The reserve fund will be sufficient to pay for Major Capital improvements which are reasonably foreseeable within three years.

K. Each Apartment will have a smoke detector.

III. Special Risks

L. The building is a Landmark. There are three (3) landmarks violations Landmarks has issued a permit for Work to be performed in the facade. Once the Work has been completed and Approved by Landmarks, The violations will be removed

M. The below grade recreation area may not be used as a Bedroom.

V. The building is an old building and has settled slightly but to the best of my knowledge & belief has come to rest and has stabilized as no visual cracks or sill misalignment, floor separation or masonry cracks are evident.

New windows are Marvin, Ultimate, double hung wood, insulated glass, no screens. The manufacturer provides a 10 year limited warranty.

Adequacy of Heating Units:
System is designed to maintain 70^0F when outside air temperature reaches 10^0 F, Boilers are located in Cellar and Convectors are located at exterior walls as required to achieve aforementioned temperatures.

AIR CONDITIONING UNITS

A new air cooling system will be installed to cool every level of the building. All units will be manufactured by Fujitsu all M.E.A number are 173-95 E.I.V

Location	Model	BTU	Unit	Cooled Area
Cellar	ASU 12C1	12000	Air Handler	Cellar
Basement	ASU 12C1	12000	Condenser	Cellar
Basement	AOU 36T	36000	Air Handler	Basement
Basement	ASU 9T	9000	Air Handler	Basement
Basement	ASU 18T	18000	Air Handler	Basement
First Floor	ASU 9T	9000	Air Handler	First Floor
First Floor	ASU 9T	9000	Air Handler	First Floor
First Floor	ASU 18T	18000	Air Handler	First Floor
Second Floor	AOU 36T	36000	Condenser	First Floor
Second Floor	AOU 24DI	24000	Condenser	Second Floor
Second Floor	AOU 12DI	12000	Air Handler	Second Floor
Second Floor	AOU 12DI	12000	Air Handler	Second Floor

Roof	AOU36T	36000	Condenser	Attic / Third

The air conditioning system is adequate to assure comfort

Kitchen Appliances:

Refrigerator	General Electric 14.4 cubic feet Frost free Model # ETI 4CKXG - White
Stove	General Electric Gas Stove Model # SF306PEG – White
Microwave/ Range hood	Frigidaire Microwave/Hood Combination GLMV168K
Dish washer	Frigidaire 24 IN. BUILT-IN Model No.GLDB958AB

Bathroom Fixtures

Water Closet	American Standard Model # 280.019 Vitreous China – White
Lavatory	American Standard Heritage Model # 0456.017 Vitreous China – White
Tub	American Standard Princeton Porcelain Finish- White

There is five (5) linear feet of existing pipe insulation assumed to be non-friable ACM. In the event that this material be disturbed or removed, it is recommended that it be done by a Licensed Asbestos Abatement Company.

LIMITED WARRANTY LAW

ARTICLE 36-B - WARRANTIES ON SALE OF NEW HOMES (NEW)

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

§ 777. Definitions (Eff. March 1, 1989)

As used in this article, the following terms shall have the following meanings:

1. "Builder" means any person, corporation, partnership or other entity contracting with an owner for the construction or sale of a new home.

2. "Building code" means the uniform fire prevention and building code promulgated under section three hundred seventy-seven of the executive law, local building code standards approved by the uniform fire prevention and building code council under section three hundred seventy-nine of the executive law, and the building code of the city of New York, as defined in title twenty-seven of the administrative code of the city of New York.

3. "Constructed in a skillful manner" means that workmanship and materials meet or exceed the specific standards of the applicable building code. When the applicable building code does not provide a relevant specific standard, such term means that workmanship and materials meet or exceed the standards of locally accepted building practices.

4. "Material defect" means actual physical damage to the following load-bearing portions of the home caused by failure of such load-bearing portions which affects their load-bearing functions to the extent that the home becomes unsafe, unsanitary or otherwise unliveable: foundation systems and footings, beams, girders, lintels, columns, walls and partitions, floor systems, and roof framing systems.

5. "New home" or "home" means any single family house or for-sale unit in a multi-unit residential structure of five stories or less in which title to the individual units is transferred to owners under a condominium or cooperative regime. Such terms do not include dwellings constructed solely for lease, mobile homes as defined in section seven hundred twenty-one of this chapter, or any house or unit in which the builder has resided or leased continuously for three years or more following the date of completion of construction, as evidenced by a certificate of occupancy.

6. "Owner" means the first person to whom the home is sold and during the unexpired portion of the warranty period, each successor in title to the home and any mortgagee in possession. Owner does not include the builder of the home or any firm under common control of the builder.

7. "Plumbing, electrical, heating, cooling and ventilation systems" shall mean.

a. in the case of plumbing systems: gas supply lines and fittings; water supply, waste and vent pipes and their fittings; septic tanks and their drain fields; water, gas and sewer service piping, and their extensions to the tie-in of a public utility connection, or on-site well and sewage disposal system;

b. in the case of electrical systems: all wiring, electrical boxes, switches, outlets and connections up to the public utility connection; and

c. in the case of heating, cooling and ventilation systems: all duct work, steam, water and refrigerant lines, registers, convectors, radiation elements and dampers.

8. "Warranty date" means the date of the passing of title to the first owner for occupancy by such owner or such owner's family as a residence, or the date of first occupancy of the home as a residence, whichever first occurs.

Effective Date: Applicability. Section 3 of L.1988, c. 709 provided: "This act (adding this article and amending CPLR § 213) shall take effect on the first day of March next succeeding the date on which it shall have become a law (March 1, 1989) and shall apply to new homes for which contracts of sale are entered into on and after such effective date".

§ 777-a. Housing merchant implied warranty (Eff. March 1, 1989)

1. Notwithstanding the provisions of section two hundred fifty-one of the real property law, a housing merchant implied warranty is implied in the contract or agreement for the sale of a new home and shall survive the passing of title. A housing merchant implied warranty shall mean that:

a. one year from and after the warranty date the home will be free from defects due to a failure to have been constructed in a skillful manner.

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

c. six years from and after the warranty date the home will be free from material defects.

2. Unless the contract or agreement by its terms clearly evidences a different intention of the seller, a housing merchant implied warranty does not extend to:

a. any defect that does not constitute (i) defective workmanship by the builder or by an agent, employee or subcontractor of the builder, (ii) defective materials supplied by the builder or by an agent, employee or subcontracter of the builder, or (iii) defective design provided by a design professional retained by the builder, or

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

3. In the case of goods sold incidentally with or included in the sale of the new home, such as stoves, refrigerators, freezers, room air conditioners, dishwashers, clothes washers and dryers, a housing merchant implied warranty shall mean that such goods shall be free from defects due to failure by the builder or any agent, employee or subcontractor of the builder to have installed such systems in a skillful manner. Merchantability, fitness and all other implied warranties with respect to goods shall be governed by part three of article two of the uniform commercial code and other applicable statutes.

4 a. Written notice of a warranty claim for breach of a housing merchant implied warranty must be received by the builder prior to the commencement of any action under paragraph b of this subdivision and no later than thirty days after the expiration of the applicable warranty period, as described in subdivision one of this section. The owner and occupant of the home shall afford the builder reasonable opportunity to inspect, test and repair the portion of the home to which the warranty claim relates:

b. An action for damages or other relief caused by the breach of a housing merchant implied warranty may be commenced prior to the expiration of one year after the applicable warranty period, as described in subdivision one of this section, or within four years after the warranty date, whichever is later. In addition to the foregoing, if the builder makes repairs in response to a warranty claim under paragraph a of this subdivision, an action with respect to such claim may be commenced within one year after the last date on which such repairs are performed. The measure of damages shall

be the reasonable cost of repair or replacement and property damage to the home proximately caused by the breach of warranty, not to exceed the replacement cost of the home exclusive of the value of the land, unless the court finds that, under the circumstances, the diminution in value of the home caused by the defect is a more equitable measure of damages.

c. In addition to any other period for the commencement of an action permitted by law, an action for contribution or indemnification may be commenced at any time prior to the expiration of one year after the entry of judgment in an action for damages under paragraph b of this subdivision.

5. Except as otherwise provided in section seven hundred seventy-seven b of this article, any provision of a contract or agreement for the sale of a new home which excludes or modifies a housing merchant implied warranty shall be void as contrary to public policy.

6. Except as otherwise provided in section seven hundred seventy-seven b of this article, other implied warranties may arise from the terms of the contract or agreement or from course of dealing or usage of trade.

(Added L.1988, c. 709 §1.)

Effective Date: Applicability. Section effective Mar. 1, 1989, and applicable to contracts of sale for new homes entered into on or after such date, pursuant to section 3 of L. 1988, c. 709, set out as a note under section 777.

§ 777-b Exclusion or modification of warranties (Eff. Mar. 1, 1989)

1. Except in the case of a housing merchant implied warranty, the builder or seller of a new home may exclude or modify all warranties by any clear and conspicuous terms contained in the written contract or agreement of sale which call the buyer's attention to the exclusion or modification of warranties and make the exclusion or modification plain.

2. Except in the case of a housing merchant implied warranty, the builder or seller of a new home may exclude or modify warranties with respect to particular defects by any clear and conspicuous terms contained in the written contract or agreement of sale which identify such defects, call the buyer's attention to the exclusion or modification of warranties and make the exclusion or modification plain.

3. A housing merchant implied warranty may be excluded or modified by the builder or seller of a new home only if the buyer is offered a limited warranty in accordance with the provisions of this subdivision.

a. A copy of the express terms of the limited warranty shall be provided in writing to the buyer for examination prior to the time of the buyer's execution of the contract or agreement to purchase the home.

b. A copy of the express terms of the limited warranty shall be included in, or annexed to and incorporated in, the contract or agreement.

c. The language of the contract or agreement for sale of the home must conspicuously mention the housing merchant implied warranty and provide that the limited warranty excludes or modifies the implied warranty. Language to exclude all implied warranties is sufficient if it states, for example, that "There are no warranties which extend beyond the face hereof."

d. The limited warranty shall meet or exceed the standards provided in subdivisions four and five of this section.

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

a. that the warranty is a limited warranty which limits implied warranties on the sale of the home: the words "limited warranty" must be clearly and conspicuously captioned at the beginning of the warranty document;

b. the identification of the names and addresses of all warrantors;

c. the identification of the party or parties to whom the warranty is extended and whether it is extended to subsequent owners; the limited warranty must be extended to the first owner of the home and survive the passing of title but may exclude any or all subsequent owners;

d. a statement of the products or parts covered by the limited warranty;

e. the clear and conspicuous identification of any parts or portions of the home or premises that are excepted or excluded from warranty coverage, and the standards that will be used to determine whether a defect has occurred; provided, however, that:

i. any exception, exclusion or standard which does not meet or exceed a relevant specific standard of the applicable building code, or in the absence of such relevant specific

standard a locally accepted building practice, shall be void as contrary to public policy and shall be deemed to establish the applicable building code standard or locally accepted building practice as the warranty standard; and

ii. any exception, exclusion or standard that fails to ensure that the home is habitable, by permitting conditions to exist which render the home unsafe, shall be void as contrary to public policy.

f. what the builder and any other warrantor will do when a defect covered by the warranty does arise, and the time within which the builder and any other warrantor will act;

g. the term of the warranty coverage and when the term begins provided, however, that such term shall be equal to or exceed the warranty periods of a housing merchant implied warranty, as defined in subdivision one of section seven hundred seventy-seven-a of this article;

h. step-by-step claims procedures required to be undertaken by the owner, if any, including directions for notification of the builder and any other warrantor, an owner shall not be required to submit to binding arbitration or to pay any fee or charge for participation in nonbinding arbitration or any mediation process;

i. any limitations on or exclusions of consequential or incidental damages, and any limitations on the builder's and other warrantor's total liability, conspicuously expressed on the first page of the warranty. Notwithstanding the foregoing, a limited warranty shall not be construed to permit any limitation on or exclusion of property damage to the home proximately caused by a breach of the limited warranty, where the court finds that such limitation or exclusion would cause the limited warranty to fail of its essential purpose, except that such property damage may be limited by an express limitation on the builder's or other warrantor's total liability in accordance with the provisions of this paragraph.

5. a. This article shall not be construed to authorize or validate any covenant, promise, agreement or understanding which is void and unenforceable under section 5-322 1 of the general obligations law.

b. This article shall preempt any local law inconsistent with the provisions of this article. This article shall not preempt any builder subject to its provisions from complying with any local law with respect to the regulation of home builders except as expressly provided herein.

c. Nothing in this article shall be construed to repeal, invalidate, supersede or restrict any right, liability or remedy provided by any other statute of the state, except where such construction would, as a matter of law, be unreasonable.

(Added L.1988, c. 709 § 1.)

Effective Date; Applicability. Section effective Mar. 1, 1989, and applicable to contracts of sale for new homes entered into on or after such date, pursuant to section 3 of L.1988, c 709, set out as a note under section 777.

F1

DECLARATION

Establishing a Plan for Condominium Ownership

of the Premises known as

561 5TH STREET

in the Borough of Brooklyn

City and State of New York

Pursuant to Article 9-B of the Real Property

Law of the State of New York

Name:

561 5TH STREET CONDOMINIUM

Declaring and Sponsor:

561 5TH STREET ASSOCIATES LLC
128 MARINE AVENUE, SUITE #1L

Date of Declaration:

The land affected by the within instrument lies in Block 1083, Lot Number 70on the Tax Map of the Borough of Brooklyn, City and State of New York.

Record and return:

Allen, Morris, Troisi & Simon LLP
Attorneys for Declaring
112 East 19th Street
New York, New York 10003

DECLARATION
OF
561 5TH STREET CONDOMINIUM

(Pursuant to Article 9-B of the Real Property Law
of the State of New York)

561 5TH STREET ASSOCIATES LLC Limited Liability Company having an office at 128 Marine Avenue, Suite #1L, Brooklyn, NY 11209("Sponsor"), does hereby declare as follows:

1. DEFINITIONS: All capitalized terms used in this Declaration (hereinafter referred to as the "Declaration") that are not otherwise defined in the Articles hereof will have the meanings set forth in Article 5 entitled the Property, unless the context in which they are used will otherwise require.

2. SUBMISSION OF THE PROPERTY: Declaring 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 provision of Article 9-B of the Real Property Law of the State of New York (the "Condominium Act") and Pursuant thereto does hereby establish a condominium to be known as "561 5TH STREET CONDOMINIUM" (the "Condominium").

Attached to this Declaration and made a part hereof are the By-Laws of the 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 those terms in the By-Laws.

3. THE BUILDING: The building ("Building") is located at 561 5th Street, Brooklyn, New York 11215 and consists of three stories and a basement. This building will contain 4 Residential Units. The building is constructed of brick.

4. THE LAND: Included in the property is all that certain tract, plot, piece and parcel of land ("The Land") situate, lying and being in the County of Kings, City and State of New York, and more particularly described in Schedule A annexed hereto and made a part hereof. The land is owned by Declaring in fee simple absolute.

5. THE PROPERTY: Included in the property is a building (the "Building") consisting of 4 Residential Units. (collectively, the "Units" and individually, a "Unit").

6. 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; number of rooms; 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 LEONARD COLCHAMIRO, PC, AIA, and approved by the Building Department and 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.

The terraces appurtenant to a Unit shall be deemed part of that Unit. Unit Owners shall be responsible for all plumbing, gas and heating fixtures and equipment such as refrigerators, dishwashers, heating and air conditioning units, heating equipment, ranges and other appliances, as may be affixed, attached or appurtenant to said Unit but shall not include gas, water or other pipes, conduits, wiring or ductwork within the walls, ceiling, or floors. Plumbing, gas and heating fixtures and equipment as used in the preceding sentence shall include exposed gas and water pipes attached to the fixtures, appliances and equipment and the fixtures, appliances and equipment to which they are attached and any special pipes or equipment that a Unit Owner may install within a wall or ceiling, but shall not include gas, water or other pipes, conduits, wiring or duct work within the walls ceilings or floors. Each Unit also includes all lighting and electrical fixtures and appliances within the Unit and any special equipment, fixtures or facilities affixed, attached or appurtenant to the Unit to the extent located within a Unit and serving or benefitting only that Unit. Each duplex and triplex Residential Unit shall include any interior staircases, landings and stairs and any private elevator (including their shafts, pits, machine rooms and appurtenant facilities) to the extent located within a Unit and serving or benefitting only that Unit. The description of Units set forth herein pertains to the location of the walls, floors and ceilings of the Units as they are finally set forth in the Plans. Notwithstanding anything contained herein to the contrary, each Unit Owner will have the right, exercisable at any time, to install, at such Unit Owner's sole cost and expense, such decorations, fixtures and coverings (including, without limitation, painting, finishing, wall carpeting, pictures, mirrors, shelving and lighting fixtures) on the surface of the wall, ceilings and floors that face the interior of such Unit Owner's Unit and to a depth of one inch behind such surfaces for the purposes of installing nails, screws, bolts and the like, provided that no such installation shall impair the structural integrity of such Unit Owner's Unit or of the building.

The Units will be offered for public sale pursuant to the terms and provisions set forth in the Plan. As of the date of the filing of this Declaration with the City Register's Office, fee simple absolute title shall automatically vest in Declaring in all Units, individually and collectively, without the need to execute specific and particular deeds or indentures for each and every Unit.

7. DIMENSION OF UNITS: Dimension of Units are approximate. Each Unit is measured horizontally from the hidden (unexposed) surface of the plaster, sheetrock or masonry walls or the windows enclosing each Unit. Each Unit is measured vertically from the top of the wood subfloor or concrete floor to the hidden (unexposed) surface of the plaster or sheetrock of the ceiling or the inside of the concrete floor enclosing each Unit. Any Common Elements located within any Unit shall not be considered as part of that Unit.

8. COMMON ELEMENTS: The Common Elements of the Condominium consists of the entire Property, including all parts of the Building and improvements thereon other than the Units. They include, without limitation, the following:

a. The land on which the Building is physically erected.

b. All roofs, drains and leaders.

c. All foundations, columns, girders, beams, supports, bearing walls; those portions of the exterior walls and insulation beyond the exterior face of the Building or, where applicable, those portions of the exterior walls beyond the interior face of the exterior wall; those portions of the walls and partitions dividing the Units from corridors, lobby and stairs located beyond the unexposed face of the dry walls enclosing the Unit; the subfloor and framing joists, including any framing attached to such joists from which the dry wall ceiling of the Unit below is attached; roofs (excluding terraces), corridors, halls, stairs and stairway areas located beyond the unexposed face of the dry walls enclosing Unit; lobby; storage and utility areas located beyond the unexposed face of the dry walls enclosing the Residential Unit and the entrances to and exists from the building;

d. All installations outside the Units for services such as gas, oil, power, light, telephone and water;

e. All sewer pipes and drainage pipes;

f. The boiler room and meter areas, and janitor's closet(s), if any, as shown and delineated on the Floor Plans;

g. All other apparatus and installations existing in the Building for common use or necessary or convenient to the existence, maintenance or safety of the Building.

The Common elements will remain undivided and no Unit Owner or other person will bring or will have the right to bring any action of partition or division thereof except as may be specifically provided for herein, and in the By-Laws.

9. LIMITED COMMON ELEMENTS: Certain portions of the Common Elements are limited and restricted in use to the Owners of Units to which the Limited Common Elements are appurtenant, subject to the right of the Board of Managers to enter upon any Limited Common Element to make structural repairs or replacements to said Limited Common Element and subject to the Rules and Regulations of the Condominium. Except for normal wear and tear and acts of God, the cost of maintenance and repairs will be borne by the Unit Owner having the exclusive use thereof. The cost of maintenance and repairs to the Limited Common Elements due to normal wear and tear and acts of God shall be proportionately shared by all Unit Owners in accordance with their percentage of common interest as a Common Expense. Structural repairs of the Limited Common Elements will be borne by all Unit Owners as a Common Expense unless the structural repair was occasioned by the negligence of one or more of the Unit Owners or their guests or agents, in which case the cost shall be borne exclusively by said Unit Owner(s).

10. USE OF UNITS: Each of the Units may be used for private residential use, except that a Unit Owner may use his or her Unit for any home occupation use permitted under applicable zoning law and ordinances, building code or other rules and regulations of governmental authorities having jurisdiction. Such Units may also be used as professional offices by a resident thereof provided such professional use does not violate any zoning law and ordinances and

provided further that the prior written consent of the Board of Managers to such professional use is obtained. Notwithstanding the foregoing, the Declaring may, without the permission of the Board of Managers, retain ownership of one or more Units for use as models, sales and/or production offices in connection with the sale or rental of the Units.

11. CHANGES IN UNITS: Except to the extent prohibited by law, Declaring or its designee shall have the right, without the vote or consent of any Board, other Unit Owners or the Mortgage Representatives, if any, to (a) make alterations, additions or improvements, whether structural or non-structural, interior or exterior, ordinary or extraordinary, in, to and upon Units ("Unsold Units") at the time owned by Declaring or its designee; provided, however, that any Unit which is personally and continuously occupied by Declaring or a designee of Declaring for a three (3) year period shall, at the expiration of such three (3) year period, no longer be considered to be an Unsold Unit (the terms "Declarant's designee", or "its designee", "designees of Declarants" or similar terms shall mean any of the principals of Declaring or any Affiliate of Declaring); (b) change the use (including changing the use from residential to commercial) or layout of, or number of rooms in, any Unsold Units from time to time (c) change the size and/or number of Unsold Units by subdividing one or more Unsold Units into two or more separate Units, combining separate Unsold Units (including those resulting from such subdivision or otherwise) into one or more Units, altering the boundary walls between any Unsold Units, or otherwise, and (d) if appropriate, reapportion among the Unsold Units affected by such change in size, use or number pursuant to the preceding clauses (b) and (c) their percentage interest 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 reasonably consent thereto and, provided further, that Declaring or its designee shall comply with all laws, ordinances and regulations of all governmental authorities having jurisdiction and shall agree to hold each Board member and all other Unit Owners harmless from any liability arising therefrom. The above changes, if made, will be disclosed in an Amendment to the Offering Plan for the property. In addition, if the above changes are made, the Declaration will be so amended to indicate said change(s). The provisions of this Article may not be added to, amended, modified or deleted without the prior written consent of Declaring or its designee. By the written permission of the Board of Managers, which shall not be unreasonably withheld, any other Unit Owner may be given, with respect to such owner's Unit, the same rights as are set forth in this Article with respect to Unsold Units. Notwithstanding the other provisions of this Article, no reapportionment of the interests in the Common Elements appurtenant to any Unit shall be made unless there is first delivered to the Board a written certification stating that the respective Common Interest of each Unit, as determined by Declaring, is based, pursuant to section 339(i)(iv) of the Real Property Law 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 certification referred to in the preceding sentence shall be delivered, at Declarant's election, by Declaring, the Managing Agent or any other person reasonably acceptable to the Board.

12. PERSON TO RECEIVE SERVICE: The President of the Board of Managers is hereby designated to receive service of process in any action which may be brought against the Condominium.

13. DETERMINATION OF PERCENTAGE INTERESTS IN COMMON ELEMENTS: The respective Common Interest of each Unit is based, pursuant to section 339(i)(iv) of the Real Property Law 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.

14. 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 encroachments shall hereafter occur as a result of (I) settling or shifting of the building, (ii) any alteration, repair or restoration of the Common Elements made by or with the consent (when required by the By-Laws) of the Board of Managers or Unit Owners, as the case may be, or made by Declaring or its designee in accordance with this Declaration or the By-Laws or (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 other 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.

15. ACCESS TO COMMON ELEMENTS: Each Unit Owner shall have an easement in common with all other Unit Owners to use, maintain, repair, alter and replace all 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 all Common Elements located in such Unit or elsewhere on the property which serve other Units. The Board of Managers shall have a right of access to each Unit to inspect the same, to remove violations therefrom and to maintain, repair or replace the Common Elements contained therein or elsewhere in the property, provided such right of access shall be exercised in such a manner as will not unreasonably interfere with the tenants and occupants. Such entry shall be permitted on not less than one (1) day's notice, except that no notice will be necessary in the case of an "emergency" (i.e., a condition requiring repair or replacement immediately necessary for the preservation or safety of the building 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).

16. EASEMENTS: Except as set forth below, each Unit Owner shall have, in common with all other Unit Owners, an easement for the exclusive use of the Common Elements.

Each Unit Owner shall have, in common with all other Unit Owners, and each Unit shall be subject to, an easement (a) to utilize, install, operate, maintain, repair, alter, rebuild, restore and replace all pipes, wires, ducts, cables, conduits, public utility lines, and other Common Elements located in any of the other Units and serving his or her Unit and (b) to maintain any encroachment on any Unit, or Common Elements resulting from the repair, alteration, rebuilding, restoration or replacement of the Common Elements; provided that access to any Unit or the Common Elements in furtherance of such easement shall be exercised in such a manner as will not unreasonably interfere with the normal use of the Units for their permitted

purposes. Such entry shall be permitted on not less than one (1) day's notice, except that no notice will be necessary in the case of an emergency.

The Board of Managers shall have the right to grant such additional electric, gas, oil, steam or other utility easements or relocate any existing utility easements in any portion of the property, as the case may be, as the Board of Managers 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, provided that such additional utilities or the relocation of existing utilities will not prevent or unreasonably interfere with the normal conduct of business of the tenants and occupants of or with the use of the other Units for their permitted purposes. Any utility company and its employees and agents shall have the right of access to any Unit or the Common Elements in furtherance of such easement, provided such right of access shall be exercised in such a manner as shall not unreasonably interfere with the normal conduct of business of the tenants and occupants of the Units or with the use of the Units for their permitted purposes.

17. POWER OF ATTORNEY TO THE BOARD: Each Unit Owner shall grant to the persons who shall from time to time constitute the Board of Managers, an irrevocable power of attorney, attached hereto, coupled with an interest, (in such form and content as the Board shall determine) following due authorization from the Unit Owners (a) to acquire or lease any other Unit, together with its Appurtenant Interests (as hereinafter defined), whose owners desire to sell, convey, transfer, assign, lease or surrender the same, or which becomes the subject of a foreclosure or other similar sale, in the name of the Board or its designee, corporate or otherwise, on behalf of all Unit Owners, (b) to execute, acknowledge and deliver (I) any declaration or other instrument affecting the Units 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, the Board of Standards and Appeals, or any other public authority, applicable to the maintenance, demolition, construction, alteration, repair or restoration of the Units or (ii) any consent, covenant, restriction, easement or declaration, or any amendment thereto, affecting any Unit or the Common Elements which the Board deems necessary or appropriate.

18. ACQUISITIONS OF UNITS BY BOARD: If (a) any Unit Owner surrenders his, hers or its Unit, together with (I) the undivided interest in the Common Elements appurtenant thereto, (ii) the interest of such Unit Owner in any other Units theretofore acquired by the Board or its designees, 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), (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 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, then, in any such event, title to any such 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 sub-lease covering any Unit leased or subleased by the Board or its designee shall be held by the Unit Owners, in proportion to their respective interest in the Common Elements.

19. COVENANTS RUNNING WITH THE LAND: All provisions of this Declaration, the By-Laws and the Rules and Regulations (true copies of which are annexed hereto and made a part hereof), 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 except as specifically provided for herein 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.

If any provision of this Declaration or the By-Laws is invalid under, or would cause this Declaration to be insufficient to submit the property to the provisions of the Condominium Act, such provision shall be deemed deleted from this Declaration or the By-Laws as the case may be, for the purpose of submitting the property to the provisions of the Condominium Act but shall nevertheless be valid and binding upon and 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 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 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 Condominium Act.

If this Declaration and the By-Laws are insufficient to submit the property to the provisions of the Condominium Act, the provisions of this Declaration and the By-Laws 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 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.

20. AMENDMENTS OF DECLARATION: Subject to contrary provisions contained herein or in the By-Laws with respect to amendments, modifications, additions or deletions affecting Declaring or its designee or any Unsold Units, any provision of this Declaration may be added to, amended, modified or deleted by the vote of at least sixty-six and two-thirds (66 2/3%) percent in number and in Common Interest of all Unit Owners taken in accordance with the provisions of the By-Laws. Subject to the provisions contained herein or in the By-Laws with respect to amendments, modifications, additions or deletions affecting Declaring or its designee or any Unsold Units, no amendment, modification, addition or deletion pursuant to the provisions of the above clause shall be effective without the written consent (which consent shall not be unreasonably withheld or delayed) of the Mortgage Representatives, if any. No such amendment, modification, addition or deletion shall be effective until recorded in the City Register's Office. Subject to the provisions contained herein or in the By-Laws with respect to amendments, modifications, additions or deletions affecting Declaring or its designee or any Unsold Unit and, any such amendment, modification, addition or deletion shall be executed by the Board as attorney-in-fact for the Unit Owners, coupled with an interest, which Board is hereby authorized by such Unit Owners so to act as their attorney-in-fact. Subject to the rights of Declaring or its designee and the Board, pursuant to this Declaration, portions of this Declaration may not be amended, modified, added to or deleted unless (in addition to the consent, if required, of the Mortgage Representatives, as the case may be, as set forth above) eighty (80%) percent in number and in Common Interest, of all Unit Owners affected thereby, approve such amendment, modification, addition or deletion in the manner set forth above.

If the number of rooms in an Unsold Unit is changed, or the use, size and/or number of Unsold Units (or alteration of boundary walls between Unsold Units, or otherwise) and the appurtenant percentage interest in the Common Elements is reapportioned as a result thereof, all in accordance herewith, then the Declaring or its designee shall execute, or (upon its request) require any other Unit Owner or the Board to execute, and record in the City Register's Office and elsewhere, if required by law, an amendment to this Declaration (together with such other documents as Declaring or its designee deems appropriate to effectuate the same) reflecting such change in the number of rooms in an Unsold Unit, or in the use, size and/or number of Unsold Units (whether as a result of said subdivision, combination, alteration or otherwise) and the reapportionment of the percentage interests in the Common Elements resulting therefrom, all without the approval of the Board, the Unit Owners or the Mortgage Representatives, if any.

21. TERMINATION OF CONDOMINIUM: The Condominium shall continue 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 Condominium Act is authorized by a vote of at least eighty (80%) percent in number and in Common interest of all Unit Owners. No such vote under clause (b) in the preceding sentence shall be effective without the written consent (which consent shall not be unreasonably withheld or delayed) of the Mortgage Representatives, if any. 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 his or her share of such net proceeds all liens on his or her Unit, in the order of priority of such liens.

22. 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.

23. 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.

24. CERTAIN REFERENCES: 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. The term "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.

25. SEVERABILITY: If any provision of this Declaration is invalid or unenforceable as against any person or under certain circumstances, the remainder of this Declaration and the applicability of such provisions to other persons or circumstances shall not be affected thereby. Each provision of this declaration shall, except as otherwise herein provided, be valid and enforced to the fullest extent permitted by law.

26. COVENANT OF FURTHER ASSURANCES: Any party which is subject to the terms of this Declaration, 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 any 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 this Declaration 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.

If any Unit Owner, Board or any other party which is subject to the terms of this Declaration fails to execute, acknowledge or deliver any instrument, or fails or refuses, within ten (10) days after request therefore, to take any action which such Board, Unit Owners or party is required to execute, acknowledge and deliver or to take pursuant to this Declaration at the request of Declaring, as the case may be, then Declaring, as the case may be, is hereby authorized as attorney-in-fact for such Unit Owner, Board or other party, coupled with an interest, to execute, acknowledge and deliver such instrument or to take such action, in the name of such Unit Owner, Board or other party and such document or action shall be binding on such Unit Owner, Board or other party.

27. SUCCESSORS AND ASSIGNS: The rights and/or obligations of Declaring or its designee as set forth herein shall inure to the benefit of and be binding upon any successor or assign of Declaring or its designee or, with consent of Declaring or its designee, any transferee of all then Unsold Units. Subject to the foregoing, Declaring or its designee shall have the right, at any time, in their sole discretion, to assign or otherwise transfer their respective interests herein, whether by sale, merger, consolidation, lease, assignment or otherwise.

28. CONSENTS AND DECLARING: Wherever the consent, approval, satisfaction, or permission of Declaring or its designee is required under this Declaration or the By-Laws, such consent, approval, satisfaction, or permission will not be required when Declaring or such designee no longer owns any Unsold Units.

29. INCORPORATION BY REFERENCE: The terms, covenants, conditions, descriptions and other information contained in (I) the property description annexed hereto as Schedule A; (ii) the description of the Units annexed hereto as Schedule B; (iii) the By-Laws annexed hereto as Exhibit F; (iv) the form of Unit Owner's Power of Attorney annexed hereto as Exhibit C; and (v) the Floor Plans are each incorporated herein by this reference and made a part of this Declaration as if set forth at length in the text hereof.

IN WITNESS WHEREOF, Declaring has caused this Declaration to be executed as of the day of , 20 .

561 5TH STREET ASSOCIATES LLC

By: _____
SPIRO GEROULANOS

STATE OF NEW YORK
COUNTY OF NEW YORK

On before me, the undersigned, personally appeared SPIRO GEROULANOS, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

SCHEDULE A

LEGAL DESCRIPTION OF SITE

SECTION 4, BLOCK 1083, LOT 70 ON THE TAX MAP OF KINGS COUNTY

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

BEGINNING at a point on the northerly side of 5th Street, distant 157 feet 10-1/2 inches easterly from the corner formed by the intersection of the easterly side of 8th Avenue with the northerly side of 5th Street;

RUNNING THENCE northerly parallel with 8th Avenue, 100 feet;

THENCE easterly parallel with 5th Street, 20 feet;

THENCE southerly parallel with 8th Avenue, 100 feet to the northerly side of 5th Street;

THENCE westerly along the northerly side of 5th Street, 20 feet to the point or place of BEGINNING.

SAID premises being known as and by the street address 561 5th Street, Brooklyn, New York 11215.

SCHEDULE B
TO THE DECLARATION OF
561 5th STREET CONDOMINIUM

UNIT	PERCENTAGE INTEREST IN COMMON ELEMENTS	TAX LOT NUMBER	NUMBER OF BEDROOMS / BATHS	SQUARE FOOTAGE PER UNIT	LIMITED COMMON ELEMENTS	SQUARE FOOTAGE OF LIMITED COMMON ELEMENTS PER UNIT
1 Duplex	38.00%		2/1½	1811.6	Rear Yard	624.1
2	21.77%		2/1	1038.3	None	
3	15.85%		2/1	755.8	Terrace	296.5
4 Duplex	24.38%		2/2	1162.3	Terrace	320.3
					Storage	35.1
Grand Totals:	100.00%			4768		1276

G1

BY-LAWS

OF

561 5TH STREET CONDOMINIUM

ARTICLE I

Purpose of Business

Section 1. Unit Ownership:
The property, located in the Borough of Brooklyn, County of Kings, City and State of New York, more particularly located at 561 5th Street, Brooklyn, New York 11215, (hereinafter called the "Property") has been submitted pursuant to the provisions of Article 9-B of the Real Property Law of the State of New York by the Declaration recorded in the Kings County office of the Register of the City of New York, simultaneously herewith. The Condominium thereby created shall hereinafter be known as the 561 5TH STREET CONDOMINIUM.

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

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

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

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

ARTICLE II

Meetings of Unit Owner

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

Section 2. Special Meetings:
Special meetings of the Unit Owners, other than those the calling of which is regulated by statute, may be called at any time by the President or Secretary or by a majority of the Board of Managers. It shall also be the duty of the Secretary to call such meetings whenever requested in writing so to do by Unit Owners owning at least thirty (30%) percent of the Common Interest of the Condominium. The Secretary shall cause a notice of such Special Meeting stating the time, place and object thereof and the officer or other person or persons by whom the meeting is called, to be delivered personally or mailed as provided in Section 1 of this Article to each Unit Owner of record of the Condominium entitled to vote at such meeting not less than ten (10) nor more than forty (40) days before such meeting. No business other than that stated in such notice shall be transacted at such Special Meeting unless the owners of all the Units of the Condominium be present thereat in person or by proxy. Except that there shall be a meeting commenced within ninety (90) days after the closing of the first Unit to be sold to elect a Board of Managers.

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

Section 4. Quorum:
At each meeting of Unit Owners, except where otherwise provided by law, Unit Owners representing, in person or by proxy, fifty-one (51%) percent of the Units shall constitute a quorum; in case a quorum shall not be present at any meeting, the holders of a majority of the Units represented may adjourn the meeting to some future time and place. No notice of the time and place of the adjourned meeting need be given other than by announcement at the meeting. Only

those Unit Owners who, if present at the original meeting, would have been entitled to vote thereat, shall be entitled to vote at any such adjourned meeting.

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

Sponsor or its designee shall have the right to designate members of the Board in relation to the Common Interests attributable to Unsold Units. As long as there is at least one Unsold Unit, the Sponsor or its designee shall be entitled to designate at least one Member of the Board of Managers regardless of the number of Unsold Units and the number of Members of the Board of Managers may not be increased without the consent of Sponsor or its designee.

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

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

Section 8. Majority of Unit Owners:
As used in these By-Laws, the term "Majority of Unit Owners" shall mean those Unit Owners having greater than fifty (50%) percent of the total authorized votes of all Unit Owners present in person or by proxy and voting at any meeting of the Unit Owners, determined in accordance

with the provisions of Section 7 of this Article II. Two thirds of Unit Owners shall mean those Unit Owners having greater than sixty-six and two-thirds (66 2/3%) percent of the total of all Unit Owners present in person or by proxy and voting at any meeting of the Unit Owners determined in accordance with the provisions of Section 7 of this Article II of these by-laws.

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

Section 10. Order of Business:
So far as is consistent with the purpose of the meeting, the order of business of each meeting of Unit Owners shall be as follows:

1. Call to order.
2. Presentation of proofs of due calling of the meeting.
3. Roll call and presentation and examination of proxies.
4. Reading of minutes of previous meeting or meetings, unless waived.
5. Reports of officers and committees.
6. Appointment or election of inspectors of election, if requested.
7. If the Annual Meeting or Special Meeting called for that purpose, the election of Directors.
8. Unfinished business.
9. New business.
10. Adjournment.

ARTICLE III

OFFICERS

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

need be members of the Board of Managers. The Sponsor or its designee shall have the right to designate a Vice President and an Assistant Secretary of the Condominium for the sole purpose of executing documents in connection with the sales of Unsold Units by the Sponsor or the Sponsor's designee for as long as Unsold Units shall continue to exist.

Section 2. Election of Officers:
The officers of the Condominium shall be elected annually by the Board of Managers at the organization meeting of each new Board of Managers and shall hold office at the pleasure of the Board of Managers and until their successors are elected, their resignation or death.

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

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

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

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

Section 7. Treasurer:
The Treasurer shall have the responsibility for Condominium funds and securities and shall be responsible for keeping full and accurate financial records and books of account showing all receipts and disbursements and for the preparation of all required financial data. He or she shall be responsible for the deposit of all moneys and other valuable effects in the name of the Board of Managers or the Managing Agent, if any, in such depositories as may from time to time be designated by the Board of Managers, and shall, in general, perform all the duties incident to the

office of treasurer of a stock corporation organized under the Business Corporation Law of the State of New York.

Section 8. Agreements, Contracts, Deeds, Checks, Etc.:
All agreements, contracts, deeds, leases, checks and other instruments of the Condominium shall be executed by any two (2) officers of the Condominium or by such other person or persons as may be designated by the Board of Managers.

Section 9. Compensation of Officers:
No officer shall receive any salary or other compensation from the Condominium for acting as such or for services rendered in an official capacity.

Section 10. Liability of Officers:
No officer shall be liable to the Unit Owners for any mistake of judgment, negligence, or otherwise, except for willful misconduct or bad faith. The Unit Owners shall severally indemnify each officer against any liability or claims except those arising out of the bad faith or willful misconduct of an officer. It is intended that each officer shall have no personal liability with respect to any contract made by him or her on behalf of the Condominium. It is and shall be permissible for each officer who is appointed by the original Board of Managers (designees of the Sponsor), to contract with the Sponsor and affiliated corporations without fear of being charged with self-dealing. It is also intended that the liability of any Unit Owner arising out of any contract made by an officer or out of the aforesaid indemnity in favor of each officer shall be limited to such proportion of the total liability thereunder as his or her interest in the Common Elements bears to the aggregate interest in the Common Elements of all the Unit Owners. Every agreement made by an officer on behalf of the Condominium shall provide that each officer is acting only as agent for the Unit Owners and shall have no personal liability thereunder (except as Unit Owners, except for willful misconduct or bad faith), and that each Unit Owner's liability thereunder shall be limited to such proportion of the total liability thereunder as his interest in the Common Elements bears to the aggregate interest in the Common Elements of all Unit Owners.

ARTICLE IV

BOARD OF MANAGERS

Section 1. Number:
At the time of the first closing there will be one Manager designated by the Sponsor.

The "Initial Control Period" shall be a period of two years after the closing of the first unit or whenever the unsold units constitute less than fifty percent of the common interests, whichever is sooner.

During the Initial Control Period the Board of Managers shall consist of one person. A meeting of the Unit Owners will be held to elect new board members within thirty (30) days of the expiration of the Initial Control Period. From and after that meeting the Board of Managers shall consist of five persons.

After the expiration of the Initial Control Period and at all times thereafter Sponsor or its designee may be able to elect members of the Board as a result of its ownership of or interest in the Unsold Units. Sponsor shall have the right to designate members of the Board in relation to the Common Interests attributable to Unsold Units. As long as there is at least one Unsold Unit, the Sponsor or its designee shall be entitled to designate at least one Member of the Board of Managers regardless of the number of Unsold Units and the number of Members of the Board of Managers may not be increased without the consent of Sponsor or its designee.

Section 2. Powers and Duties:

The Board of Managers shall have the powers and duties necessary for the administration of the affairs of the Condominium, as agent of all Unit Owners and may do all such acts and things, except as prohibited by law or by the Declaration or by these By-Laws may not be delegated to the Board of Managers, which shall include, but shall not be limited to the following:

a. Contracting for the necessary services for operation, care, upkeep and maintenance of the Common Elements.

b. Determination of the Common Charges required for the affairs of the Condominium, including, without limitation, the operation and maintenance of the property.

c. Collection of the Common Charges and expenses of the Condominium from the Unit Owners.

d. Employment and dismissal of the personnel necessary for the maintenance and operation of the Common Elements.

e. Adoption and amendment of rules and regulations covering the details of the operation and use of the property subject to a right of the Unit Owners to overrule the Board (see Article VI, Section 16).

f. Opening of bank accounts on behalf of the Condominium and designating the signatories required therefore.

g. Purchasing or leasing or otherwise acquiring in the name of the Board of Managers, or its designee, corporate or otherwise, on behalf of all Unit Owners, Units offered for sale or lease or surrendered by their Owners to the Board of Managers.

h. Purchasing of Units at foreclosure or other judicial sales in the name of the Board of Managers, or its designee, corporate or otherwise, on behalf of all Unit Owners.

I. Acquiring in the name of the Board of Managers, or its designee, corporate or otherwise, on behalf of all Unit Owners, rights and interests in real and personal property for use in connection with the ownership and operation of the property as a Condominium, as described in the Declaration and these By-Laws.

j. Selling, leasing, mortgaging (but not voting the votes appurtenant to), or otherwise dealing with Units acquired by, and subleasing Units leased by the Board of Managers or its designee, corporate or otherwise, on behalf of all Unit Owners.

k. Organizing corporations to act as designees of the Board of Managers in acquiring title to or leasing of Units on behalf of all Unit Owners.

l. Obtaining and reviewing of insurance for the Property, including the Units, pursuant to the provisions of Article VI, Section 2 hereof.

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

n. Negotiation and settlement of all claims and actions relating to the Condominium.

o. Borrowing money on behalf of the Condominium when required in connection with the operation, care, upkeep and maintenance of the Common Elements, provided, however, that (I) the consent of a majority of all Unit Owners shall be required for the borrowing of any sum in excess of $50,000.00 and (ii) no lien to secure repayment of any sum borrowed may be created on any Unit or its appurtenant interest in the Common Elements without the written consent of a majority of the Unit Owners. If any sum borrowed by the Board of Managers on behalf of the Condominium pursuant to the authority contained in this paragraph 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 the Unit Owners in the Common Elements shall be entitled to obtain from the creditor a release of any judgment or other lien which said creditor shall have filed or shall have the right to file against the Unit Owner's Unit.

p. Levying fines against Unit Owners for violations of the Rules and Regulations governing the operation and use of the property.

q. With written ratification of Unit Owners, the Board may undertake to commence proceedings to reduce real estate taxes on the Units.

Section 3. Election:
The Directors shall be elected at the Annual Meeting of Unit Owners or at a Special Meeting called for that purpose as provided by law, by the highest number of votes cast for Directors at such meeting. Their term of office shall be until their respective successors are elected and qualify. A meeting to elect a new Board of Managers shall be held within approximately ninety (90) days of after the end of the Initial Control Period.

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

Section 5. Vacancies:
Vacancies in the Board of Managers resulting from death, resignation or otherwise may be filled without notice to any of the Unit Owners by a vote of a majority of the remaining Directors present at the meeting at which such election is held even though no quorum is present, which may be at any regular meeting of the Board of Managers or any special meeting thereof called for such purpose. In the event of the failure to hold any election of Directors at the time designated for the annual election of Directors or in the event that the Board of Managers shall not have filled any such vacancy, a special meeting of Unit Owners to elect a new Board of Managers or fill such vacancy by an amendment of these By-Laws shall be filled in the manner provided in the resolution adopting such amendment. In case of a reduction of the authorized number of Directors by amendment of these By-Laws, the Directors, if any, whose term of office shall cease, shall be determined in the manner provided in the resolution adopting such amendment.

Section 6. Meetings:
The Board of Managers shall meet immediately after the Annual Meeting of Unit Owners without notice and also whenever called together by any Director of the Condominium or upon the written request of any three (3) Directors then holding office, upon notice given to each Director, by delivering personally, mailing or telegraphing the same to him or her at least two (2) days prior to such meeting at the last address furnished by him or her to the Condominium. Regular meetings may be held without notice at such times and places as the Board of Managers may determine. Any meeting of the Directors at which all the members shall be present, or of which notice shall be duly waived by all absentees, either before or after the holding of such meeting, shall be valid for all purposes provided a quorum be present. Meetings of Directors may be held either at the principal office of the Condominium or elsewhere within the State of New York as provided in the notice calling the meeting, unless the Board of Managers by resolution adopt some further limitation in regard thereto. At all meetings of the Board of Managers, each Director shall be entitled to one (1) vote. The vote of a majority of the Board of Managers present at the time of a vote of a duly constituted meeting shall be the act of the Board of Managers.

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

Any Director may be removed from office at any time with or without cause upon the affirmative vote of the Unit Owners whose aggregate vote is at least fifty-one (51%) percent of the votes of the Condominium, at a Unit Owner's meeting duly called for the purpose; provided, however, that the Director(s) elected or designated by the Sponsor or its designee can be removed only for cause by vote of a majority of the Unit Owners or without cause by the Sponsor or its designee.

Section 8. Annual Cash Requirements:
The Board of Managers shall, from time to time, determine the cash requirements as defined in the Condominium's By-Laws, and fix the terms and manner of payment of Common Charges. The Board of Managers shall have discretionary power to prescribe the manner of maintaining and operating the building, to be paid as aforesaid by the Unit Owners. Every such determination by the Board of Managers shall be final and conclusive as to all Unit Owners and any

expenditures made by the Condominium's officers or its agent under the Board of Managers or with the approval of the Board of Managers of the Condominium shall, as against the Unit Owners, be deemed necessarily and properly made for such purpose.

During the Initial Control Period, the Board of Managers of the Condominium will not take any of the following actions unless Unit Owners owning at least fifty-one (51%) percent of the Common Interest of the Condominium approve in writing or by vote, in person or by proxy, at a duly constituted meeting called for such purpose:

(I) Increase the number or change the type of employees from that described in the notes to Schedule B;

(ii) Provide for new or additional services from those indicated in the notes to Schedule B, unless the annual cost of such new or additional services, when added to the annual cost of all other services, being provided, is no greater than that provided in said notes;

(iii) Impose any rent, Common Charges, assessment or other charge (regular or special) against Unit Owners for the purpose of making any capital or major improvement or addition, unless required by law; or

(iv) Establish any reserves in addition to the Working Capital Fund, including a reserve for contingencies, repairs, improvements or replacements, other than a twelve (12) month reserve for contingencies not exceeding five (5%) percent of the budgeted operating expenses (exclusive of mortgage debt service) for the ensuing twelve (12) months of condominium operation.

However, notwithstanding anything contained herein to the contrary, the Sponsor or its designee shall not veto the expenses set forth in Schedule B, or expenditures required to comply with applicable laws or regulations.

Notwithstanding the foregoing, the Condominium may take any of the actions enumerated in clauses (I) through (iv) above, if the cost of such actions, when added to all other budgeted expenses of the Condominium (excluding debt service), shall not result in increasing the Common Charges for any year of operation by more than five (5%) percent from the previous year's Common Charges.

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

Section 10. Managing Agent and Manager:
The Board of Managers may employ for the Condominium a Managing Agent and/or a Manager at a compensation established by the Board of Managers to perform such duties and services as the Board of Managers shall authorize. The Board of Managers may delegate to the Manager or

Managing Agent, all of the powers granted to the Board of Managers by these By-Laws other than the powers set forth in subdivisions (b), (e), (f), (g), (h), (I), (j), (k), (n), (o) and (p) of Section 2 of this Article IV.

Section 11. Fidelity Bonds:
The Board of Managers shall obtain adequate fidelity bonds for all officers and employees of the Condominium handling or responsible for Condominium funds and for the Managing Agent. The premiums on such bonds shall constitute a Common Expense.

Section 12. Compensation:
No member of the Board of Managers shall receive any compensation from the Condominium for acting as such.

Section 13. Liability of the Board of Managers:
The members of the Board of Managers shall not be liable to the Unit Owners for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith. The Unit Owners shall indemnify and hold harmless each of the members of the Board of Managers against all contractual liability to others arising out of contracts made by the Board of Managers on behalf of the Condominium unless any such contract shall have been made in bad faith or contrary to the provisions of the Declaration or of these By-Laws. It is intended that the members of the Board of Managers shall have no personal liability with respect to any contract made by them on behalf of the Condominium within the scope of their authority. It is understood and permissible for the original Board of Managers, who are designated by the Sponsor, to contract with the Sponsor and affiliated corporations without fear of being charged with self-dealing. It is also intended that the liability of any Unit Owner arising out of any contract made by the Board of Managers shall be limited to such proportion of the total liability thereunder as his or her interest in the Common Elements bears to the interests of all the Unit Owners in the Common Elements. Every agreement made by the Board of Managers or by the Managing Agent or by the Manager on behalf of the Condominium shall provide that the members of the Board of Managers, or the Managing Agent, or the Manager, as the case may be, are acting only as agent for the Unit Owners in the Common Elements. Every agreement made by the Board of Managers or by the Managing Agent or by the Manager on behalf of the Condominium shall provide that the members of the Board of Managers, or the Managing Agent or the Manager, as the case may be, are acting only as agent for the Unit Owners and shall have no personal liability thereunder (except as Unit Owners), and that each Unit Owner's liability thereunder shall be limited to such proportion of the total liability thereunder as his or her interest in the Common Elements bears to the interest of all Unit Owners in the Common Elements.

Section 14. Other Committees:
The Board of Managers may, by resolution, create such other committees as it shall deem appropriate and such committees shall have such powers and authority as the Board of Managers shall vest therein. The members of any such committee, at least one of whom shall be designated by the Sponsor or a Sponsor-designee, so long as the Sponsor or Sponsor-designee has the right to designate a member of the Board, shall be appointed by the President of the Condominium. Such committee shall not have power to do any act which the Executive Committee may not do under subsections (a) - (d) of Section 2 of Article IV

ARTICLE V

Notices

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

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

ARTICLE VI

Operation of the Property

Section 1. Determination of Common Expenses and Fixing of Common Charges: The Board of Managers shall from time to time, at least annually, prepare a budget for the Condominium, determine the amount of the Common Charges payable by the Unit Owners to meet the Common Expenses of the Condominium and allocate and assess such Common Charges among the Unit Owners according to their respective Common Interests. The Common Expenses shall include, among other things, the cost of all insurance premiums on all policies of insurance required to be or which have been obtained by the Board of Managers pursuant to the provisions of Section 3 of this Article VI and the fees and disbursements of the Insurance Trustee. The Common Expenses shall also include such amounts as the Board of Managers may deem proper for the operation and maintenance of the property, including, without limitation, an amount for working capital of the Condominium for a general operating reserve, and for a reserve fund for replacements, to make up any deficit in the Common Expenses for any prior year. The Common Expenses may also include such amounts as may be required for the purchase or lease by the Board of Managers or its designee, corporate or otherwise, on behalf of all Unit Owners, of any Unit whose owner has elected to sell or lease such Unit or of any Unit which is to be sold at a foreclosure or other judicial sale, together with such amounts as may be necessary to maintain such Unit(s). The Board of Managers shall also, where necessary, impose an assessment or additional Common Charge in order to meet any unanticipated Common Expense. The Board of Managers shall advise all Unit Owners, promptly, in writing, of the amount of Common Charges payable by each of them, respectively, as determined by the Board of Managers, as aforesaid, and shall furnish copies of each budget on which such charges are based, to all Unit Owners and to their mortgagees, if so required.

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

During the Initial Control Period, the Board of Managers will not take any of the following actions unless Unit Owners owning at least fifty-one (51%) percent of the Common Interest approve in writing or by vote, in person or by proxy, at a duly constituted meeting called for such purpose:

(i) Increase the number or change the type of employees from that described in the notes to Schedule B, "Projected Budget for First Year of Operation";

(ii) Provide for new or additional services from those indicated in the notes to Schedule B, unless the annual cost of such new or additional services, when added to the annual cost of all other services, being provided, is no greater than that provided in said notes;

(iii) Impose any rent, Common Charges, assessment or other charge (regular or special) against Unit Owners for the purpose of making any capital or major improvement or addition, unless required by law; or

(iv) Establish any reserves in addition to the Working Capital Fund as established under the Plan, including a reserve for contingencies, repairs, improvements or replacements, other than a twelve (12) month reserve for contingencies not exceeding five (5%) percent of the budgeted operating expenses (exclusive of mortgage debt service) for the ensuing twelve (12) months of Condominium operation.

However, notwithstanding anything contained herein to the contrary, the Sponsor or its designee, shall not veto the expenses set forth in Schedule B, entitled "Projected Budget for First Year of Operation" or expenditures required to comply with applicable laws or regulations.

Notwithstanding the foregoing, the Board of Managers may take any of the actions enumerated in clauses (I) through (iv) above, if the cost of such actions, when added to all other budgeted expenses of the Condominium (excluding debt service), shall not result in increasing the Common Charges for any year of operation by more than five (5%) percent from the previous year's common charges.

Section 2. Real Estate Taxes, Water Charges and Sewer Rents:

(A) Water for the building shall be supplied by the City of New York. Unless and until real estate taxes, water charges and sewer rents are billed directly to Unit Owners by the City Collector:

(I) the Unit Owners shall pay to the Board of Managers at least fifteen (15) days before same become due and payable the cost of any such taxes, charges and rents as a Special Assessment;

(ii) the Board of Managers shall collect such monies from the Unit Owners.

In the event of a proposed sale of any Unit, the Board of Managers (for so long as the Board of Managers is still paying such real estate taxes, water charges and sewer rents as agent for the Unit Owners) shall, upon the written request of the Selling Unit Owner, 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.

(B) The Board of Managers may act as agent of each Unit Owner who has given his, her or their written authorization to complain or apply to the board of assessment review or the assessing agency, by filing a single complaint on behalf of all such Unit Owners and to commence and prosecute a special proceeding for the review of assessments of real property as an aggrieved person. The Board of Managers may retain legal counsel on behalf of all Unit Owners for which it is acting as agent and may charge all such Unit Owners a pro rata share of expenses, disbursements and legal fees for which charges the Board of Managers shall have a lien pursuant to the terms of these By-Laws.

Section 3. Insurance:

The Board of Managers shall be required to obtain and maintain, to the extent obtainable, the following insurance: (1) fire insurance with extended coverage, vandalism and malicious mischief endorsements, insuring the building containing the Units (including all of the Units and the fixtures initially installed therein by the Sponsor or by prior construction and any other property usual to the servicing and general occupancy, but not including furniture, furnishings, or other personal property supplied or installed by Unit Owners), together with all service machinery and equipment contained therein and covering the interests of the Condominium, the Board of Managers and all Unit Owners and their mortgagees with certificates of insurance, as their interests may appear, in an amount to be determined by the Board of Managers, but in no event to be less than eighty (80%) percent of the full replacement cost of the building, including above noted items but exclusive of footings and foundations, as approved by a fire insurance company or a qualified insurance broker; each of said policies shall contain a Condominium Property Endorsement and a New York standard mortgagee clause in favor of each mortgagee of a Unit which shall provide that the loss, if any, thereunder shall be payable to such mortgagee as its interest may appear, subject, however, to the loss payment provisions in favor of the Board of Managers and the Insurance Trustee, as herein provided; (2) worker's compensation insurance, if the Condominium has employees; (3) a fidelity bond or bonds in sufficient amounts to fully protect the interest of the Condominium, shall be carried on each member of the Board of Managers, officers of the Condominium, Managing Agent and Managers, including any person or persons handling or responsible for funds of the Condominium; (4) disability benefits insurance if the Condominium has employees; and (5) such other insurance as the Board of Managers may determine. All policies of physical damage insurance shall provide that adjustment of loss shall be made by the Board of Managers (with the approval of the Insurance Trustee, if any, if more than $50,000.00), and that the total proceeds thereof, if $50,000.00 or less, shall be payable to the Board of Managers, and if more than $50,000.00, shall be payable to the Insurance Trustee, if any.

All policies of physical damage insurance shall contain waivers of subornation and of any reduction of pro-rata liability of the insurer as a result of any insurance carried by Unit Owners or of invalidity arising from any acts of the insured or any Unit Owners, and the individual Unit Owners as well as the Condominium shall be primary insureds to the extent as their interests shall also appear. Such policies may not be cancelled or substantially modified without at least ten (10) days prior written notice to all of the insureds, including all mortgagees of Units. Duplicate originals of all policies of physical damage insurance and of all renewals thereof, together with proof of payment of premiums, shall be delivered to all mortgagees of Units at least ten (10) days prior to expiration of the then current policies.

The Board of Managers shall also be required to obtain and maintain, to the extent obtainable, public liability insurance in such limits as the Board of Managers may from time to time determine, covering each member of the Board of Managers, the Managing Agent, the Manager and each Unit Owner. Such public liability coverage shall also cover cross liability claims of one insured against another.

Unit Owners shall not be prohibited from carrying other insurance for their own benefit, provided that all such policies shall contain waivers of subornation and further provide that the liability of the carriers issuing insurance obtained by the Board of Managers shall not be affected or diminished by reason of any such additional insurance carried by any Unit Owner. Such policies shall be so endorsed as to state that they will in no way conflict with any insurance carried by the Board of Managers.

Section 4. Repair or Reconstruction After Fire or Other Casualty:
In the event of damage to or destruction of the building containing the Units as a result of fire or other casualty resulting in less than seventy-five (75%) percent of the building containing the Units being destroyed or substantially damaged, the Board of Managers shall arrange for the prompt repair and restoration of the building containing the Units (including any damaged Units, and any kitchen or bathroom fixtures initially installed therein by the Sponsor, but not including any wall, ceiling or floor decorations or coverings or other furniture, furnishings, fixtures or equipment installed in the Units by the Unit Owners), and the Board of Managers or the Insurance Trustee, as the case may be, shall disburse the proceeds of all insurance policies in appropriate progress payments for distribution to the contractors engaged in such repairs and restoration. Any cost of such repair and restoration in excess of the insurance proceeds shall constitute a Common Expense and the Board of Managers may assess all the Unit Owners for such deficit as part of the Common Charges.

If seventy-five (75%) percent or more of the building containing the Units is destroyed or substantially damaged (as determined by the Board of Managers) and Unit Owners whose percentage of Common Interest totals seventy-five (75%) percent in the aggregate of the total Common Interest do not duly and promptly resolve to proceed with repair or restoration, the Property shall be subject to an action for partition at the suit of any Unit Owner or lienor, as if owned in common, in which event the net proceeds of sale together with the net proceeds of insurance policies (or if there shall have been a repair or restoration pursuant to the first paragraph of this Section 3, and the amount of insurance proceeds shall have exceeded the cost of such repair or restoration, then the excess of such insurance proceeds) shall be divided by the Board of Managers or the Insurance Trustee, as the case may be, among all the Unit Owners in

proportion to their respective Common Interest, after first payment out of the share of each Unit Owner the amount of any unpaid liens on his or her Unit, in the order of the priority of such liens.

Whenever in this Section the words "promptly repair" are used it shall mean repairs are to begin not more than sixty (60) days from the date the Insurance Trustee notified the Board of Managers and the Unit Owner or Unit Owners that it shall hold proceeds of insurance funds sufficient to pay the estimated costs of such work; or not more than ninety (90) days after the Insurance Trustee notified said Board of Managers and Unit Owner or Owners that such funds are insufficient to pay said estimated costs and advising them of the amount of the required completion bond, if necessary, or in the event there is no Insurance Trustee, not more than sixty (60) days from the date of receipt of insurance funds on account of such damage or destruction and wherever the words "promptly resolve" are used, it shall also mean not more than sixty (60) days from the date of receipt of said insurance funds.

Section 5. Payment of Common Charges:
All Unit Owners shall be obligated to pay the Common Charges assessed by the Board of Managers pursuant to the provisions of Section 1 of this Article VI at such time or times as the Board of Managers shall determine.

No Unit Owner shall be liable for the payment of any part of the Common Charges assessed against his or her Unit subsequent to a sale, transfer or other conveyance by him or her (made in accordance with the provisions of Section 1 of Article VIII of these By-Laws) of such Unit, together with the Appurtenant Interests, as defined in Section 1 of Article VIII hereof. In addition, any Unit Owner may, subject to the terms and conditions specified in these By-Laws, provided that his or her Unit is free and clear of liens and encumbrances, other than permissible encumbrances and the statutory lien for unpaid Common Charges, convey his or her Unit, together with the "Appurtenant Interests" to the Board of Managers, or its designee, corporate or otherwise, on behalf of all other Unit Owners, and in such event be exempt from Common Charges thereafter assessed. A purchaser of a Unit shall be liable for the payment of Common Charges assessed and unpaid against such Unit prior to the acquisition by him or her of such Unit, except that a mortgagee or other purchaser of a Unit at a foreclosure sale of such Unit shall not be liable for and such Unit shall not be subject to a lien for the payment of Common Charges assessed prior to the foreclosure sale.

Section 6. Collection of Common Charges and Assessments:
The Board of Managers shall assess Common Charges against the Unit Owners from time to time, at least annually, and shall take prompt action to collect any Common Charge due from any Unit Owner which remains unpaid for more than thirty (30) days from the due date for payment thereof. The Board of Managers shall also take prompt action to collect any assessment due from any Unit Owner which remains unpaid for more than thirty (30) days from the due date thereof.

Section 7. Default in Payment of Common Charges or Assessments:
In the event of default, after notice in writing with thirty (30) days to cure, by any Unit Owner in paying to the Board of Managers the Common Charges or any assessment as determined by the Board of Managers, such Unit Owner shall be obligated to pay interest at the highest legal rate on such Common Charges or assessments from the due date thereof, together with all expenses, including attorney's fees, incurred by the Board of Managers in any proceeding brought to collect

such unpaid Common Charges or assessments. The Board of Managers shall have the right and duty to attempt to recover such Common Charges or assessments, together with interest thereon, and the expenses of the proceeding, including attorneys' fees, in an action to recover the same brought against such Unit Owner, or by foreclosure of the lien on such Unit granted by Section 339-z of the Real Property Law of the State of New York, in the manner provided in Section 339-aa thereof. A Unit Owner defaulting after notice in writing and thirty (30) days to cure, in payment of Common Charges or assessments shall not be permitted to vote at any regular or special meeting of Unit Owners.

Section 8. Foreclosure of Liens for Unpaid Common Charges:
In any action brought by the Board of Managers to foreclose a lien on a Unit because of unpaid Common Charges, the Unit Owner shall be required to pay a reasonable rental for the use of his Unit and the plaintiff in such foreclosure action shall be entitled to the appointment of a receiver to collect the same. The Board of Managers, acting on behalf of all Unit Owners, shall have power to purchase such Unit at foreclosure sale and to acquire, hold, lease, mortgage (but not to vote the votes appurtenant to), convey or otherwise deal with same. A suit to recover a money judgment for unpaid Common Charges shall be maintainable without foreclosing or waiving the lien securing the same.

Section 9. Statement of Common Charges and Assessments:
The Board of Managers shall promptly provide any Unit Owner so requesting the same in writing, with a written statement of all unpaid Common Charges due from such Unit Owner.

Section 10. Abatement and Enjoinment of Violations by Unit Owners:
The violation of any rule or regulation adopted by the Board of Managers, or the breach of any By-Law contained herein, or the breach of any provision of the Declaration, shall give the Board of Managers the right, in addition to any other right set forth in these By-Laws: (a) upon reasonable notice to the Unit Owner, to enter the Unit in which, or as to which, such violation or breach exists and to summarily abate and remove, at the expense of the defaulting Unit Owner, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions hereof (provided, however, that no prior notice shall be required in the event the Board of Managers shall determine that action is immediately necessary for the preservation or safety of the property of the Condominium or for the safety of residents of the Condominium or other persons, or required to avoid the suspension of any necessary service to the Condominium); or (b) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach.

Section 11. Maintenance and Repairs:

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

b. All maintenance, repairs and replacements to the Common Elements, as defined in the Declaration, and the painting and decorating of the exterior side of Unit entrance

doors and windows shall be made by the Board of Managers and be charged to all the Unit Owners as a Common Expense, excepting to the extent that the same are necessitated by the negligence, misuse or neglect of a Unit Owner, in which case such expense shall be charged to such Unit Owner. Maintenance, repair and replacements in or to the Common Elements will be performed (a) by the Board of Managers as a common expense if it involves structural or extraordinary maintenance, repairs or replacements (including, but not limited to, the repair of any leaks that are not caused by the acts or omissions of the Unit Owner, having direct and exclusive access thereto), or (b) by the Unit Owner having direct and exclusive access thereto at his sole cost and expense, if involving nonstructural ordinary maintenance, repairs or replacements, or as a result of the Unit Owner's acts or omissions.

c. In the event of damage to the common elements or to any unit in the building occasioned by the negligence of the Owner of any unit in the building, the Board of managers shall repair said damage and bill the Unit Owner having, by his or her negligence caused such damage as additional common charges. In the event the damage is caused to another Unit Owner in the building then the Board of Managers may repair the damage and bill the Unit Owner having by his or her negligence, caused the damage. The Board of Managers shall have the right of access, by force or otherwise, to enter any unit in the building to prevent or stop any act, occurrence or situation that may cause or be causing damage to the common elements or any other Unit in the building.

Section 12. Restrictions on Use of Units:
In order to provide for congenial occupancy of the property and for the protection of the values of the Units, the use of the property shall be restricted to and shall be in accordance with the following provisions:

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

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

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

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

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

f. Owners of the Duplex Unit #1 may not use the cellar space thereof for residential purposes.

Section 13. Additions, Alterations or Improvements by Board of Managers:
Subject to the provisions of Section 1, of Article I of these By-Laws, whenever in the judgment of the Board of Managers the Common Elements shall require additions, alterations or improvements (but not maintenance) costing in excess of $5,000.00, and the making of such additions, alterations or improvements shall have been approved by a majority of the Unit Owners, the Board of Managers shall proceed with such additions, alterations or improvements and shall assess all Unit Owners for the cost thereof as a Common Charge. Any additions, alterations or improvements costing $5,000.00 or less may be made by the Board of Managers without approval of the Unit Owners and the cost thereof shall constitute part of the Common Expenses.

Section 14. Additions, Alterations or Improvements by Unit Owners:
No Unit Owner shall make any structural addition, alteration or improvement in or to his or her Unit, or which affects the exterior of the building or the value of other Units, without prior written consent thereto of the Board of Managers. The Board of Managers shall have the obligation to answer in writing any written request by a Unit Owner for approval of a proposed structural addition, alteration or improvement in such Unit Owner's Unit, within thirty (30) days after such request, and failure to do so within the stipulated time shall constitute a consent by the Board of Managers to the proposed addition, alteration or improvement. Any application to any department of the City of New York or to any other governmental authority for a permit to make an addition, alteration or improvement in or to any Unit, shall be executed by the Board of Managers only, without, however, incurring any liability on the part of the Board of Managers to any contractor, subcontractor or material person on account of such addition, alteration or improvement, or to any person having any claim for injury to person or damage to property arising therefrom.

In the event the Board of Managers grants its consent, either affirmatively or by its inaction to any structural addition, alteration or improvement to be made by a Unit Owner, the consent shall

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

The provisions of this Section 14 which require the consent of the Board of Managers in connection with a structural addition, alteration or improvement shall not apply to Units owned by the Sponsor or its designee. All other provisions of this Section 14 shall apply to all Units.

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

Section 15. Use of Common Elements and Facilities:
A Unit Owner shall not place or cause to be placed in the lobby, public halls, stairways or other common areas or common facilities, any furniture, packages or objects of any kind. The public halls and stairways shall be used for no purpose other than for normal transit through them. The Sponsor and any Sponsor-designee shall have the right to use of the Common Elements, without charge, for the purposes set forth in Section 11 of this Article VI.

Section 16. Right of Access:
A Unit Owner shall grant a right of access to his or her Unit, to the Manager and/or any other person authorized by the Board of Managers, the Manager or the Managing Agent, for the purpose of making inspections or for the purpose of correcting any condition originating in his or her Unit and threatening another Unit or a Common Element, or for the purpose of performing installations, alterations or repairs to the mechanical or electrical services or other Common Elements in his or her Unit or elsewhere in the building in which the Unit is located, provided that requests for entry are made in advance and that any such entry is at a time reasonably convenient to the Unit Owner. In case of an emergency, such right of entry shall be immediate, whether the Unit Owner is present at the time or not. In the event of the exercise of the right of access provided in this Section 16, any costs for repairs shall be borne in accordance with the provisions of Section 11 of this Article VI. Each Unit Owner will be required to give a copy of his or her keys to his or her Unit to the President of the Board of Managers, who shall designate an authorized person or persons to keep the keys and use them in case of an emergency.

Section 17. Rules of Conduct:
Rules and regulations concerning the use of the Units and the Common Elements may be promulgated and amended by the Board of Managers. A majority vote of Unit Owners at a meeting may overrule the Board of Managers. Copies of such rules and regulations shall be furnished by the Board of Managers to each Unit Owner prior to the time when the same shall become effective. Initial rules and regulations, which shall be effective until amended by the Board of Managers are annexed hereto and made a part hereof as Schedule A.

Section 18. Water Charges and Sewer Rents:
Water shall be supplied to all of the Units and the Common Elements through one or more building meters or pursuant to a frontage charge, and the Board of Managers shall pay, as a Common Expense, all charges for water consumed on the property and in the Units, together with all related sewer rents arising therefrom, promptly after the bills for the same shall have been rendered. In the event of a proposed sale of a Unit by the Owner thereof, the Board of Managers, on request of the selling Unit Owner, shall execute and deliver to the purchaser of such Unit or to the purchaser's title insurance company, a letter agreeing to pay all charges for water and sewer rents affecting the property as of the date of closing of title to such Unit promptly after such charges shall have been billed.

Section 19. Electricity:
Electricity shall be supplied by the public utility company serving the area directly to each Unit through separate meters and each Unit Owner shall be required to pay the bills for electricity consumed or used in his or her Unit. The electricity serving the Common Elements shall be metered by one or more meters, and the Board of Managers shall pay the bills for such consumption as a Common Expense.

ARTICLE VII

Mortgages

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

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

Section 3. Notice of Default:
The Board of Managers, when giving notice to a Unit Owner of a default in paying Common Charges or other default, shall send a copy of such notice to each holder of a mortgage covering such Unit whose name and address has heretofore been furnished to the Board of Managers.

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

ARTICLE VIII

Sales, Leases and Mortgages of Units

Section 1. Sales and Leases:
No Unit Owner other than the Sponsor or Sponsor-designee may sell or lease his or her Unit or any interest therein except by complying with the following provisions:

Any Unit Owner who receives a bona fide offer for the sale of his or her Unit together with: (I) the undivided interest of the Common Elements and any limited Common Elements appurtenant thereto; (ii) the interest of such Unit Owner in any Units theretofore acquired by the Board of Managers, or its designee, on behalf of all Unit Owners, or the proceeds of the sale or lease thereof, if any; (iii) the interest of such Unit Owner in any other assets of the Condominium, as defined in the Declaration (hereinafter collectively called the "Appurtenant Interests"), or a bona fide offer for a lease of his or her Unit (hereinafter called an "Outsider Offer"), which he or she intends to accept, shall give notice by certified or registered mail to the Board of Managers of such offer and of such intention, the name and address of the proposed purchaser of the Unit, the terms of the proposed transaction and such other information as the Board of Managers may reasonably require, and shall offer to first sell such Unit, together with the Appurtenant Interests, or to lease such Unit, to the Board of Managers, or its designee, corporate or otherwise, on behalf of the Owners of all other Units, on the same terms and conditions as contained in such outside offer. The Unit Owner wishing to sell or rent his or her Unit(s) shall be entitled to vote to determine whether the Board of Managers should exercise its right to purchase or rent the Unit(s). The giving of such notice shall constitute a warranty and representation by the Unit Owner who has received such offer, to the Board of Managers on behalf of the other Unit Owners, that such Unit Owner believes the outside offer to be bona fide in all respects. Within thirty (30) days after receipt of such notice, the Board of Managers may elect, by notice given within five (5) days after making such election, and in any event, within said thirty (30) day period, to such Unit Owner, by certified or registered mail, to purchase such Unit, together with the Appurtenant Interests, 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 other Unit Owners, on the same terms and conditions as contained in the outside offer and as stated in the notice from the offering Unit Owner.

In the event the Board of Managers shall elect to purchase such Unit, together with the Appurtenant Interests, or to lease such Unit, 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 Condominium in accordance with the terms of such offer but in no event less than forty-five (45) days after the giving of notice by the Board of Managers of its election to accept such offer. At the closing, the Unit Owner, if such Unit together with the Appurtenant Interests is to be sold, shall convey the same to the Board of Managers, or to its designee, on behalf of all other Unit Owners, by deed in the form required by Section 339-o of the Real Property Law of the State of New York, with all transfer stamps affixed, and shall pay all other taxes arising out of such sale. In the event such Unit is to be leased, the offering Unit Owner shall execute and deliver to the Board of Managers, or to its designee, a lease between the offering Unit Owner, as landlord, and the Board of Managers, or its designee, as tenant, covering such Unit, for the rental and term contained in such outside offer.

In the event the Board of Managers or its designee fails to notify the offering Unit Owner of its decision to accept such offer within thirty (30) days after receipt of notice as aforesaid or notify the offering Unit Owner within said period of its decision not to accept such offer, the offering Unit Owner shall be free to contract to sell such Unit, together with the Appurtenant Interests, or to lease such Unit, as the case may be, within ninety (90) days after the expiration of the period in which the Board of Managers or its designee might have accepted such offer, to the outside offeror, on the terms and conditions set forth in the notice from the offering Unit Owner to the Board of Managers of such outside offer. Any such deed to any outside offeror shall provide that acceptance thereof by the grantee shall constitute an assumption of the provisions of the Declaration, the By-Laws and the Rules and Regulations, as the same may be amended from time to time. Any such lease shall be consistent with these By-Laws and shall provide that it may not be modified, amended, extended or assigned without the prior consent in writing of the Board of Managers, and that the tenant shall not sublet the demised premises, or any part thereof, without the prior consent in writing of the Board of Managers, and that the Board of Managers shall have power to terminate such lease and/or bring summary proceedings to evict the tenant in the name of the landlord thereunder, in the event of default by the tenant in the performance of such lease. Except as hereinbefore set forth, the form of any such lease for Residential Units shall be in a form approved by the Board of Managers. In the event the offering Unit Owner shall not, within such ninety (90) day period, contract to sell such Unit to the outside offeror on the terms and conditions contained in the outside offer, or if the Unit Owner shall so contract to sell or lease his or her Unit within such ninety (90) day period, but such sale or lease shall not be consummated pursuant to the terms of such contract, then should such offering Unit Owner thereafter elect to sell such Unit, together with the Appurtenant Interests, or to lease such Unit, as the case may be, to the same or another outside offeror on the same or other terms and conditions, the offering Unit Owner shall be required to again comply with all of the terms and provisions of this Section 1 of this Article VIII.

A reasonable fee shall be fixed to cover the actual expenses and attorneys' fees of the Transfer Agent upon the resale of Units.

Any purported sale or lease of a Unit in violation of this section shall be voidable at the election of the Board of Managers.

Section 2. Consent of Unit Owners to Purchase or Lease of Units by Board of Managers:
The Board of Managers shall not exercise any option herein above set forth to purchase or lease any Unit without the prior approval of a majority of the Unit Owners and the unanimous consent of the Sponsor or its designee.

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

Section 4. Release by Board of Managers of Right of First Refusal:
The right of first refusal contained in Section 1 of this Article VIII may be released or waived by the Board of Managers, in which event, the Unit, together with the Appurtenant Interests, may be sold, conveyed, or leased, free and clear of the provisions of such section.

Section 5. Certificate of Termination of Right of First Refusal:
A certificate, executed and acknowledged by an Officer of the Condominium, stating that the provisions of Section 1 of this Article VIII have been met by a Unit Owner, or have been duly waived by the Board of Managers and the rights of the Board of Managers thereunder have terminated, shall be conclusive upon the Board of Managers in favor of all persons who rely thereon in good faith. Such certificates shall be furnished to any Unit Owner who has in fact complied with the provisions of Section 1 of this Article VIII or in respect to whom the provisions of such section have been waived, upon request.

Section 6. Financing of Purchase of Units by Board of Managers:
Acquisition or lease of Units by the Board of Managers, or its designee, on behalf of all Unit Owners, may be made from the working capital and Common Charges in the possession of the Board of Managers, or, if such funds are insufficient, the Board of Managers may levy an assessment against each Unit Owner, other than the offering Unit Owner, in proportion to his or her ownership in the Common Elements, as a Common Charge, which assessment shall be enforceable in the same manner as provided in Section 6 and 7 of Article VI, or, the Board of Managers, in its discretion, may borrow money to finance the acquisition or lease of such Unit, provided, however, that no financing may be secured by an encumbrance or hypothecation of any property other than the Unit, together with the Appurtenant Interests, so to be acquired by the Board of Managers. Notwithstanding the above, no assessment may be levied under this Section 6 against any mortgagee who has acquired title to a Unit, whether by foreclosure or deed in lieu thereof.

Section 7. Exceptions:
The provisions of Section 1 of this Article VIII shall not apply in respect to any sale or conveyance or lease by a Unit Owner of his or her Unit, together with the Appurtenant Interests, to his or her

spouse or to any of his or her children, or to his or her parent or parents, or for his or her brothers or sisters, or any one or more of them, or to any Unit owned by the Sponsor or Sponsor-designee, or to the acquisition or sale of any Unit, together with the Appurtenant Interests, by a mortgagee herein authorized who shall acquire title to such Unit by foreclosure or by deed in lieu of foreclosure. However, the provisions of this section shall apply with respect to any purchase of a Unit from a mortgagee.

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

Section 9. Waiver of Right of Partition with Respect to Such Units as are Acquired by the Board of Managers or its Designee, on Behalf of All Unit Owners as Tenants in Common:
In the event that a Unit shall be acquired by the Board of Managers, or its designee, on behalf of all Unit Owners as tenants in common, all such Unit Owners shall be deemed to have waived all rights of partition with respect to such Unit. Thus, no Unit Owner shall have the right to seek judicial sale of a Unit acquired by the Board of Managers through an action in partition.

Section 10. Payment of Common Charges and Assessments:
No Unit Owner shall be permitted to convey, mortgage, pledge, hypothecate, sell or lease his or her Unit unless and until he or she shall have paid in full to the Board of Managers all unpaid Common Charges and assessments theretofore assessed by the Board of Managers against his or her Unit and until he or she shall have satisfied all unpaid liens against such Unit, except permitted mortgages.

Section 11. Mortgage of Units:
No Unit shall mortgage his or her Unit, except by a first and/or second mortgage made to a bank, trust company, insurance company, federal savings and loan association, pension fund or other institutional lender or a purchase money mortgage made to the Sponsor or its designee, or to the seller of the Unit. Any such mortgage shall be substantially in the form on file with the Board of Managers, except for such changes or additions as may be required in order to permit the particular institutional lender to make the mortgage loan, or to the extent permitted by the Board of Managers. A mortgage may be made to a reputable private lender, other than a lender as above described, provided the same is approved in writing by either the Sponsor during the Initial Control Period or the Board of Managers, after the Initial Control Period, as the case may be. Prior to or simultaneously with the closing of any mortgage, the Unit Owner must satisfy all arrearages for unpaid Common Charges or assessments and discharge any liens therefore.

ARTICLE IX

Condemnation and Termination

Section 1. Condemnation:
In the event of a taking in condemnation or by eminent domain of part or all of the Common Elements, the award made for such taking shall be payable to the Board of Managers, if such

award amounts to $50,000.00 or less, and to the Insurance Trustee if such award amounts to more than $50,000.00. If seventy-five (75%) percent or more of the Unit Owners duly and promptly approve the repair and restoration of such Common Elements, the Board of Managers or the Insurance Trustee, as the case may be, shall arrange for the repair and restoration of such Common Elements, and the Board of Managers or the Insurance Trustee, as the case may be, shall disburse the proceeds of such award to the contractors engaged in such repair and restoration in appropriate progress payments. In the event that seventy-five (75%) percent or more of the Unit Owners do not duly and promptly approve the repair and restoration of such Common Elements, the Board of Managers shall disburse the net proceeds of such award in the same manner as they are required to distribute insurance proceeds where there is no repair or restoration of the damage, as provided in Section 3 of Article VI of these By-Laws. As used in this Section, the words "promptly approve" shall mean not more than sixty (60) days from the date of such taking.

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

ARTICLE X

Records

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

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

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

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

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

Section 6. Definition of "Mortgagee":
As used in these By-Laws, the term "mortgagee" or "holder of a first mortgage" shall include the holder of any construction loan mortgage which shall be a lien on a Unit.

ARTICLE XI

Amendments to the By-Laws

Section 1. Amendment to By-Laws:
These By-Laws may be modified or amended by the vote of sixty-six and two-thirds (66-2/3%) percent in number and in Common Interest of all Unit Owners at a meeting of Unit Owners duly held for such purpose.

For as long as the Sponsor or its designee remains the Owner of one or more Units, these By-Laws, including the Rules and Regulations of the Condominium attached hereto, may not be amended or modified in any way so as to adversely affect Sponsor without Sponsor's prior written consent.

ARTICLE XII

Conflicts

Section 1. Conflicts:
These By-Laws are set forth to comply with the requirements of Article 9-B of the Real Property Law of the State of New York. In case any of these By-Laws conflict with the provisions of said statute or Declaration, the provisions of said statute or Declaration, as the case may be, shall control.

ARTICLE XIII

Arbitration

Section 1. Procedure:
Any matter required or permitted to be determined by arbitration pursuant to the terms of the Condominium documents shall be submitted for resolution by a single arbitrator in a proceeding held in New York City, New York in accordance with the then existing rules of the American Arbitration Association or any successor organization thereto. In the event that the American Arbitration Association shall not then be in existence and has no successor organization, any such arbitration shall be held in New York City, New York before one arbitrator appointed, upon the application of any party by the Real Estate Board of New York.

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

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

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

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

SCHEDULE A

RULES AND REGULATIONS OF THE 561 5TH STREET CONDOMINIUM

1. The sidewalks, entrances, passages, public halls, vestibules, corridors and stairways of the building shall not be obstructed or used for any other purpose than ingress to and egress from the Residential Units without the prior written consent of the Board of Managers.

2. No articles (including, but not limited to, garbage cans, bottles or mats) shall be placed in any of the passages, public halls, vestibules, corridors, stairways or fire tower landings of the building, nor shall any fire exit thereof be obstructed in any manner. Nothing shall be hung or shaken from any doors, windows or roofs or placed upon the window sills of the Residential Units.

3. No public hall, public elevator or vestibule of the building shall be decorated or furnished by any Unit Owner in any manner.

4. Each Unit Owner shall keep his Unit and any Limited Common Elements appurtenant thereto (including the surface of any terrace or balcony space adjacent and appurtenant thereto) 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. Any determination as to what constitutes a good state of preservation and cleanliness for any Unit Owner's terrace or balcony shall be within the sole but reasonable prerogative of the Board of Managers.

5. No window guards or other window decorations shall be used in or about any Unit, unless otherwise required by law, except such as shall have been approved in writing by the Board or the Managing Agent, which approval shall not be unreasonably withheld or delayed.

6. No radio or television antenna or dishes shall be attached to or hung from the exterior of the Residential Units and no sign, notice, advertisement or illumination shall be inscribed or exposed on or at any door or window or other part of the building except such as are permitted pursuant to the Declaration, the By-Laws or shall have been approved in writing by the Board or the Managing Agent, nor shall anything be projected from any door or window of the building without similar approval.

7. No ventilator or air conditioning device shall be installed in any Unit without the prior written approval of the Board of Managers, which approval may be granted or refused in the sole discretion of the Board.

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

9. No velocipedes, bicycles, scooters or similar vehicles shall be allowed in any of the elevators, if any, other than the elevator, if any, 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, balconies or garden terrace areas or other public areas of the building.

10. No Unit Owner shall make or permit any disturbing noises 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. No Unit Owner shall play or suffer to be played any musical instrument, or practice or suffer to be practiced vocal music, or operate or permit to be operated a phonograph or radio or television set or other loud speaker in such Unit Owner's Unit between 11:00 P.M. and the following 7:00 A.M., if the same shall disturb or annoy other occupants of the building, unless the same shall have the prior written consent of the Board. 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.

11. No bird, reptile or animal, except dogs and cats, shall be permitted, kept or harbored in a Unit unless the same in each instance shall have been expressly permitted in writing by the Board or the Managing Agent and such consent, if given, shall be revocable by the Board or such Managing Agent in their sole discretion, at any time. In no event shall any bird, reptile, or animal be permitted in any public elevator, if any, in the building other than the elevator, if any, designated by the Board or the Managing Agent for that purpose, or in any of the public portions of the building unless carried or on a leash. No pigeons or other birds or animals shall be fed from the window sills or other public portions of the building or on the sidewalk or street adjacent to the building.

12. Servants, messengers and tradespeople visiting or residing in the building shall use the elevator, if any, designated by the Board or the Managing Agent for that purpose, for ingress and egress, and shall not use any of the other elevators, if any, for their guests, or tenants may use any of the other elevators, if any, when accompanying said Unit Owners, guests or tenants. However, a guest or visitor of a Unit Owner may use any of the elevators, if any, freely, if authorized by such Unit Owner and such guest or visitor has first received a pass from the concierge on duty, if any.

13. Trunks and heavy baggage shall be taken in or out of the building by the elevator, if any, designated by the Board or the Managing Agent for that purpose, and through a designated entrance only.

14. No refuse from the Units shall be sent to the below grade levels of the building except at such times and in such manner as the Board or the Managing Agent may direct.

15. Water-closets and other water apparatus 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 Residential Unit shall be repaired and paid for by the owner of such Unit.

16. No occupant of the building shall send any employee of the building or of the Managing Agent thereof out of the building on any private business.

17. The agents of the Board or the Managing Agent, and any contractor or workman 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 (1) day's prior written 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 manner so as not to unreasonably interfere with the use of such Unit for its permitted purposes.

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

19. The Board or the Managing Agent may retain a passkey 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 Unit at any time when an entry therein is necessary or permissible under these Rules and Regulations or under the By-Laws and such unit owner has not furnished a key to such Board, or such Managing Agent, then the Board of Managers or such Managing Agent or their agents (but, except in an emergency, only when specifically authorized by an officer of such Board or an officer of the Managing Agent) may forcibly enter such Unit without liability for damages or trespass by reason thereof (if during such entry reasonable care under the circumstances is given to such Owner's property).

20. No vehicle belonging to a Unit Owner or to a member of the family or guest, tenant or employee of a Unit Owner shall be parked in such manner so as to impede or prevent ready access to any entrance to or exit from the building by another vehicle.

21. Complaints regarding the service of the Board of Managers shall be made in writing to the Board or the Managing Agent.

22. Any consent or approval given under these Rules and Regulations may be added to, amended or repealed at any time by resolution of the Board.

CERTIFICATION OF SPONSOR AND SPONSOR'S PRINCIPALS PURSUANT TO PART 20.4(b) OF THE REGULATIONS ISSUED PURSUANT TO GENERAL BUSINESS LAW, ARTICLE 23-A, AS AMENDED

RE: 561 5TH STREET CONDOMINIUM
561 5th Street, Brooklyn, New York 11215

We are the Sponsor and the principals of Sponsor of the Condominium Offering Plan for the captioned property. We understand that we have primary responsibility for compliance with the provisions of Article 23-A of the General Business Law, the regulations promulgated by the Department of Law in Part 20 and such other laws and regulations as may be applicable.

We have read the entire Offering Plan. We have investigated the facts set forth in the Offering Plan and the underlying facts. We have exercised due diligence to form a basis for this certification. We jointly and severally certify that the Offering Plan does, and that documents submitted hereafter by us which amend or supplement the Offering Plan will:

(I) set forth the detailed terms of the transaction and be complete, current and accurate;

(ii) afford potential investors, purchasers and participants an adequate basis upon which to found their 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 statement 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 the civil and criminal penalties of the General Business Law and Penal Law.

561 5TH STREET ASSOCIATES LLC

BY: _____
SPIRO GEROULANOS

Sworn to before me this
8th day of April , 2003

DIANE KORPAS
NOTARY PUBLIC, STATE OF NEW YORK
NO. 01KO6001306
QUALIFIED IN NEW YORK COUNTY
COMMISSION EXPIRES JANUARY 5, 2006

SPONSOR'S PRINCIPALS:

_____
SPIRO GEROULANOS

Sworn to before me this
8th day of April , 2003

DIANE KORPAS
NOTARY PUBLIC, STATE OF NEW YORK
NO. 01KO6001306
QUALIFIED IN NEW YORK COUNTY
COMMISSION EXPIRES JANUARY 5, 2006

CERTIFICATION OF SPONSOR'S ENGINEER OR ARCHITECT PURSUANT TO PART 20.4 (5) (2) OF THE REGULATIONS ISSUED PURSUANT TO GENERAL BUSINESS LAW, ARTICLE 83-A, AS AMENDED

RE: **561 5th Street, BROOKLYN, NEW YORK**
NAME AND ADDRESS OF PROPERTY

The undersigned certify as follows:

The Sponsor of the Offering Plan to convert the captioned property to condominium ownership of the captioned property retained me to prepare a report disclosing the condition of the property (the "Report"). We/I visually inspected the property on October 14, 2002, and prepared the report dated October 14, 2002 a copy of which is intended to be incorporated into the Offering Plan so that prospective purchaser may rely on the Report.

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

We/I have read the entire Report and investigated the facts set forth in the Report and the facts underlying it with due diligence in order to form a basis for this certification. We/I certify that the report does:

(i) set forth in detail the condition of the entire property.

(ii) affords potential investors, purchasers and participants an adequate basis upon which to found their judgement concerning the physical condition of the property.

(iii) not omit any material facts:

(iv) not contain any untrue statement of a material fact:

(v) not contain any fraud, deception, concealment, or suppression:

(vi) not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances:

(vii) not contain any representation or statement which is false, where the person who made such representation or statement: (a) knows 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 benefits of all persons to whom this offer is made. We/I understand that violations are subject to civil and criminal penalties of the General Business and Penal Law.

Leonard Colchamiro



Sworn to before me this
18th day of July 2003

Notary Public

DIANE KORPAS
NOTARY PUBLIC, STATE OF NEW YORK
NO. 01KO6001308
QUALIFIED IN NEW YORK COUNTY
COMMISSION EXPIRES JANUARY 5, 2006

CERTIFICATION OF EXPERT REGARDING ADEQUACY OF SCHEDULE B PURSUANT TO PART 20.4(d) OF THE REGULATIONS ISSUED PURSUANT TO GENERAL BUSINESS LAW, ARTICLE 23-A, AS AMENDED

RE: 561 5TH STREET CONDOMINIUM
561 5th Street, Brooklyn, New York 11215

The Sponsor of the Condominium Offering Plan for the captioned property retained me/our firm to review or prepare Schedule(s) B, B-1, containing projections of income and expenses for the first year of condominium operation.

This firm has been actively engaged in real estate business for 16 years, and has managed similar projects during that time. We have been selling condominium units for more than 16 years, and are engaged as Managing Agent for numerous residential rental buildings.

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

I/We have reviewed the Schedule(s) and investigated the facts set forth in the Schedule(s) and the facts underlying it with due diligence in order to form a basis for this certification. I/We also have relied on my/our experience in managing residential buildings.

I/We certify that the projections in Schedule(s) B, 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.

I/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 I/we: (a) knew the truth; (b) with reasonable effort could have known the truth; (c) made no reasonable effort to ascertain the truth, or (d) did not have knowledge concerning the representations or statements made.

I/We further certify that I am/we are not owned or controlled by the Sponsor. I/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.

I/We understand that violations are subject to the civil and criminal penalties of the General Business Law and Penal Law.

WARREN LEWIS

By:_____

MARC GARSTEIN

Sworn to before me this
2 day of April, 2003

Notary Public

ROBERT C. DUBNO
Notary Public, State of New York
No. 24-4624447 Kings County
Cert. Filed in New York & Kings Co.
Commission Expires May 31, 2006

ETF-3

ATTORNEY GENERAL
OF THE STATE OF NEW YORK
MODEL FORM
FOR ESCROW AGREEMENT

AGREEMENT made this 31st day of March, 2003, between 561 5th Street Associates LLC ("SPONSOR") as sponsor of the offering plan and Allen, Morris, Troisi & Simon LLP ("ESCROW AGENT") as escrow agent.

WHEREAS, 561 5th Street Associates LLC is the Sponsor of an offering plan to convert to condominium ownership the premises located at 561 5th Street, Brooklyn, New York which premises are known as 561 5th Street Condominium; and

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

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

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

1. ESTABLISHMENT OF THE ACCOUNT

1.1 SPONSOR and ESCROW AGENT hereby establish an escrow account with ESCROW AGENT for the purpose of holding deposits or payments made by purchasers or subscribers. The escrow account has been opened with North Fork Bank at its branch located at 31 East 17th Street, New York, New York. The account number is [redacted]

1.2 The name of the account is Allen, Morris, Troisi & Simon LLP, Offering Plan Escrows, Attorney Trust Account.

1.3 ESCROW AGENT is the sole signatory on the account.

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

2. DEPOSITS INTO THE ESCROW ACCOUNT

2.1 All funds received from prospective purchasers or subscribers prior to closing, whether in the form of checks, drafts, money orders, wire transfers, or other instruments which identify the payer, shall be deposited in the escrow account. All instruments to be deposited into the escrow account shall be made payable to, or endorsed by the purchaser or subscriber to the order of Allen, Morris, Troisi & Simon LLP, as escrow agent. Any instrument payable or endorsed other than as required hereby, and which cannot be deposited into such escrow account, shall be returned to the prospective purchaser or subscriber promptly, but in no event more than five business days following receipt of such instrument by ESCROW AGENT. In the event of such return of funds, the instrument shall be deemed not to have been delivered to ESCROW AGENT pursuant to the terms of this Agreement.

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

3. RELEASE OF FUNDS

3.1 ESCROW AGENT shall not release the escrowed funds of a defaulting purchaser until after consummation of the plan as defined in the Attorney General's regulations. Consummation of the plan shall not relieve SPONSOR of its fiduciary obligations pursuant to GBL Section 352-h.

3.2 ESCROW AGENT shall continue to hold the funds in escrow until otherwise directed in (a) a writing signed by both sponsor and purchaser of (b) a determination of the Attorney General or (c) a judgment or order of a court of competent jurisdiction or until released

pursuant to the regulations of the Attorney General pertaining to release of escrowed funds.

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

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

4. RECORDKEEPING

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

4.2 Upon the dissolution of a law firm which was ESCROW AGENT, the former partners or members of the firm shall make appropriated arrangement for the maintenance of these records by one of the partners or members of the firm or by the successor firm and shall notify the Department of Law of such transfer.

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

5. GENERAL OBLIGATIONS OF ESCROW AGENT

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

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

6. RESPONSIBILITIES OF SPONSOR

6.1 SPONSOR agrees that SPONSOR and its agents, including any selling agents, shall immediately deliver all deposits and payments received by them prior to closing of an individual transaction to ESCROW AGENT.

6.2 SPONSOR agrees that it shall not interfere with ESCROW AGENT'S performance of its fiduciary duties and compliance with the Attorney General's regulations.

7. TERMINATION OF AGREEMENT

7.1 This Agreement shall remain in effect unless and until it is canceled, by either:

(a) Written notice given by SPONSOR to ESCROW AGENT of cancellation of designation of ESCROW AGENT to act in said capacity, which cancellation shall take effect only upon the filing of an amendment with the Department of Law providing for a successor ESCROW AGENT; or

(b) The resignation of ESCROW AGENT upon giving notice to SPONSOR of its desire to so resign, which resignation shall take effect only upon the filing of an amendment with the Department of law providing for a successor ESCROW AGENT; or

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

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

8. SUCCESSORS AND ASSIGNS

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

9. GOVERNING LAW

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

10. ESCROW AGENT'S COMPENSATION

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

11. SEVERABILITY

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

12. ENTIRE AGREEMENT.

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

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

ESCROW AGENT

Allen, Morris, Troisi & Simon LLP

By:_____

SPONSOR

561 5th Street Associates LLC

By:_____

ETF-1

APPLICATION TO THE ATTORNEY GENERAL FOR A DETERMINATION OF THE DISPOSITION OF DOWNPAYMENTS

[Send this application to the reviewing attorney assigned to the subject plan.]

Re: _____
Address of Building or
Name of Project

File Number:_____

Application is made to the Attorney General to consider and determine the disposition of down payments held pursuant to GBL Sections 352-e(2-b) and 352-h. The following information is submitted in support of this application:

1. Name _____
of Applicant

2. Address_____
of Applicant

3. Name, Address, and Telephone Number
of Applicant's Attorney (if any)_____

_____

_____

4. This is an application for

[ ] return of downpayment.
[ ] forfeiture of downpayment.
[ ] other: _____

_____

5. The project is [ ] a conversion of occupied premises.
[ ] newly constructed of 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 any):_____

(d) Initial interest rate (if known):_____

10. If downpayments have been secured by bonds:

(a) Name and address of bond issuer of surety:

_____

_____

(b) Copy of bond included in this application. (DO NOT SEND ORIGINAL BOND.) If not included, explain:

_____

_____

_____

11. If downpayments have been secured by a letter of credit:

(a) Name and address of bank which issued the letter of credit:

_____

_____

(b) Date of expiration of the letter of credit, if known:

_____

_____

12. Plan information:

(a) Date of filing of plan:_____

(b) Plan:
[ ] has been declared effective. Approximate date:_____
[ ] has not been declared effective.

(c) If effective, the plan:
[ ] has closed or the first unit has closed.
Approximate date:_____

[ ] has not closed.

[ ] don't know.

(d) Downpayments are secured by
[ ] escrow account.

[ ] bonds.

[ ] letter of credit.

13. Contract Information:

(a) Copy of contract and of all riders or modification letters are attached. (DO NOT SEND ORIGINALS.)

(b) Date on which subscription or purchase agreement was signed:_____

(c) Date(s) of downpayment(s):_____

(d) Total amount of downpayment(s):_____

(e) Names and addresses of subscribers or purchasers affected by this application:

_____

_____

_____

14. State the basis for your claim. Please be as specific as possible. You may add additional sheets. Attach copies of any relevant documents.

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

15. I am contemporaneously sending a copy of this application to the following persons:

_____

_____

_____

NOTE: You are required to mail a copy of this Application to all other affected parties.

In filing this application, I understand that the Attorney General is not my private attorney, but represents the public in enforcing laws designed to protect the public from unlawful business practices. I also understand that if I have any questions concerning my legal rights or responsibilities I may contact a private attorney. The above application is true and accurate to the best of my knowledge. False statements made herein are punishable as a class A misdemeanor under Section 173.30 and/or Section 210.45 of the Penal Law.

Signature:_____ Date:_____

Name (print):_____

Telephone: (home)_____ (business)_____

Mailing Address:_____

_____

_____