THIS PLAN HAS BEEN AMENDED. SEE INSIDE COVER.

CONDOMINIUM OFFERING PLAN

FOR

THE AURORA CONDOMINIUM

554-556 THIRD AVENUE
NEW YORK, NEW YORK 10016-3541

Total Amount of Offering .....$ 18,250,000.00

Number of Units: 5 Residential Units
(The Extended Stay Unit, and Residential Unit Penthouse G and Residential Unit Penthouse H are not offered for sale)

Sponsor and Selling Agent:
554 Owner LLC, 554 R&D LLC and 554 FWR LLC
70 East 55th Street, New York, New York 10022-3222

Date of Acceptance For Filing - October 1, 2003
This Offering Plan may not be used after December 13, 2005 unless extended by amendment.

THIS OFFERING INVOLVES A HIGH DEGREE OF RISK.
SEE PAGE (v) FOR SPECIAL RISKS TO PURCHASERS.

THE UNITS ARE NOT OFFERED TO ANY PERSON OR ENTITY
IN ANY JURISDICTION WHERE SUCH OFFER IS UNLAWFUL

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-OCCUPANTS 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 SPONSOR'S ENTIRE OFFER TO SELL THESE CONDOMINIUM UNITS. NEW YORK LAW REQUIRES THE SPONSOR TO DISCLOSE ALL MATERIAL INFORMATION IN THIS PLAN AND TO FILE THIS PLAN WITH THE NEW YORK STATE DEPARTMENT OF LAW PRIOR TO SELLING OR OFFERING TO SELL ANY CONDOMINIUM 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. The Sponsor has designated the Unit comprising the entire building and all spaces therein (other than the five Residential Units offered hereby, the two Residential Units not offered hereby but which nevertheless are Residential Units, the Common Elements and any Limited Common Elements) as the Extended Stay Unit (hereinafter the "EU"; the owner of the EU will be referred to as the "EUO"). The Sponsor, or an affiliate of the Sponsor will retain ownership of the EU. The EU is presently under lease (the "Lease") to Executay Corporation (the "Tenant"), a Delaware corporation unrelated to the Sponsor, for a term of 15 years, commencing the first Business Day (as defined in the Lease) after the 30th day after the Improvements (as defined in the Lease have been Substantially Completed (as defined in the Lease). ExecuStay Corporation (hereinafter "Tenant") is a wholly-owned subsidiary of MARRIOTT INTERNATIONAL, INC. (NYSE:MAR). MARRIOTT INTERNATIONAL, INC. is a leading worldwide hospitality company with over 2,600 operating units in the United States and 63 other countries and territories. Marriott International is headquartered in Washington, D.C., and has approximately 142,500 employees. In fiscal year 2001, Marriott International reported systemwide sales of $20 billion. Executay Corporation is a leading provider of interim housing for corporate clients and professionals.

2. Because the EU will be allocated the largest Percentage Interest, it will pay the preponderant share of Common Charges. In addition, the EUO (initially the Sponsor; the Sponsor may sell the EU subject to certain rights of the Tenant in the event of a sale, more particularly set forth in the Lease) will be obligated to provide certain services to the RUOs (see ¶4 below). No bond or other security has been posted to secure the performance of Sponsor's obligations under this Plan, and Sponsor's future ability to perform will depend upon Sponsor's financial condition at the time Sponsor is required so to perform. As the ability of the Sponsor and any subsequent EUO to perform its obligations to RUOs while the Lease remains in effect will depend upon the ability of Tenant to perform its obligations under the Lease, failure by Tenant so to perform may make it necessary for the 5 RUOs to provide funds to operate the entire Building. This may require constant and substantial special assessments and increases in common charges. Although the EUO will diligently pursue its rights under the Lease in such event, no representation is made as to the length of time or the cost involved in compelling Tenant so to perform, or whether the EUO's efforts to compel Tenant's performance will be successful. No lease security has been provided by Tenant under the Lease; however, performance of Tenant's obligations under the Lease has been guaranteed by its parent, Marriott International.

3. NOTHING CONTAINED IN THIS OFFERING PLAN, OR THE DECLARATION ESTABLISHING CONDOMINIUM OWNERSHIP, OR THE BY-LAWS PURSUANT TO WHICH THE CONDOMINIUM REGIME WILL OPERATE, OR ANY OTHER DOCUMENT SHALL BE DEEMED OR CONSTRUED TO LIMIT, MODIFY, ABRIDGE, ADVERSELY AFFECT OR IMPAIR THE RIGHTS OF THE TENANT UNDER THE LEASE. The Lease is printed in full in Part II of the Plan. Certain terms of the Lease are summarized in Part I of the Plan under the caption "THE LEASE" and elsewhere in this Plan. Prospective purchasers are most strongly urged to read and review the entire Lease with the assistance of their counsel before entering into a Purchase Agreement.

4. The EU will contain 126 residential apartments, all of which Tenant may use and operate for the purpose of providing apartments to subtenants for periods not less than 30 days. It is likely that such use

will continue during the entire term of the Lease, but no guaranty, warranty or representation can be made that such use will continue. The building will be operated pursuant to the Lease to the standard of a First-Class Apartment Building (as that term is defined in the Lease). To effectuate this provision of the Lease, the EUO will be responsible for providing all services, making all necessary repairs or alterations, and operating the building to the standards required by the Lease. For that reason, the powers and duties of the Condominium Board of Managers will be extremely limited. The EU has been designed as a "big box", wherein will be located all equipment and facilities necessary to permit the provision of the required services and facilities without the need for intervention or involvement by the Board of Managers. It shall be a continuing obligation on the part of the EUO, so long as any equipment or facilities necessary to provide essential services to all Unit Owners are located within the EU, to provide such services to all Unit Owners on a non-discriminatory basis. It shall be a continuing obligation on the part of each RUO to reimburse the EUO for the cost of providing such services. The EUO shall render bills for such reimbursement to the Board of Managers at reasonable intervals. The Board of Managers shall cause each RUO to be billed for their proportionate share, based upon the Percentage Interest of each such RUO, as Common Charges. The EUO may enforce the obligations of the Board of Managers in this regard by appropriate legal proceedings.

5. Both the Declaration and the Lease prohibit any Unit Owner from engaging in any activity that competes with or interferes with the business of the Tenant. This may be construed to limit the rights of RUOs while the Lease is in effect so as to make the rights of RUOs materially less than the rights of owners of units in other condominiums.

6. Upon termination of the Lease, whether by virtue of the expiration thereof because of the passage of time or otherwise, the EUO may use the EU for any residential use as permitted by applicable law, or may sell it or subdivide it into any legally permissible number of Units and sell or rent any, some or all of them. However, the first and second floors of the building may be used for commercial purposes. The Sponsor reserves the right to subdivide the EU and sell the resulting individual Units as RUs, and may grant such right to any successor EUO. The Sponsor or any subsequent EUO may, subject to the terms of the Lease if the Lease is then in effect, subdivide any Unit created from or subdivided from the EU into two or more Units, or combine any Units theretofore formed from the EU. Any public offering of a subdivided or combined Unit may be made only upon the filing of appropriate amendments to the Declaration, Floor Plans, and this Plan, and upon compliance with applicable law and regulations. Prospective purchasers and occupants should consult with independent counsel as to permissible uses to which Units may be put, which may not be limited in future to the uses permissible as at the date of this Plan, nor as to the number of Units into which the EU may be subdivided. The Sponsor and any subsequent EUO shall have the continuing right to convert the EU or portion thereof into a RU or RUs, subdivide or recombine any RU theretofore created from the EU, so long as it owns such subdivided or recombined Unit, subject only to compliance with applicable law and regulations and without the need for consent by the Board of Managers or any other person. The Sponsor and the owner or owners of any subsequent Residential Unit theretofore created from the EU may execute any necessary documentation to effectuate or embody any such subdivision or recombination on behalf of the Board of Managers or of the Unit Owners at any time. Sponsor shall have no liability for the acts or omissions of others regarding any of the foregoing. However, the offer or sale of any Unit created from a subdivision or recombination of any portion of the EU can be made only by a duly filed amendment to the Plan. Prices, financing, interior build-outs and 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 or any amendment to the Plan without filing an amendment. No change will be made in the size or number of Units and/or their respective percentages of common interest, and that no material change will be made in the size or quality of common elements, except by amendment to the Plan and, when applicable, to the Declaration. Unless an affected purchaser consents, no material change will be made in unit size, layout, or percentage of common interest if a purchase agreement has been executed and delivered to the sponsor or any subsequent EUO for that unit and the purchaser is not in default. Unless all purchasers consent, no material change will be made in the size and no material adverse change will be made in the quality of common elements.

In the event of any such subdivision, a separate RUO council (see Section R. "'RIGHTS AND OBLIGATIONS OF THE UNIT OWNERS AND THE BOARD OF MANAGERS" and paragraph 25 at page xi) for the Unit Owners of the RUs thereby created will be established at the time of such subdivision. Such RUO council will determine whether any additional or further services shall be supplied, and charged to, to such RUOs (but not to any RUO or their successors in interest who were original purchasers under this Plan unless such RUO or their successors in interest consents thereto) and otherwise act in respect of any RUs created by any such subdivision in the same manner as the RUO council described in Section R. "'RIGHTS AND OBLIGATIONS OF THE UNIT OWNERS AND THE BOARD OF MANAGERS" and paragraph 25 at page xi. Sponsor shall have the right to amend the By-laws at any time to effectuate the foregoing provisions.

No RU created by a subdivision of the EU may be offered for sale otherwise than by a duly filed amendment to the Plan, and then only if there are then no residential occupants of the EU.

The economic and physical impact of any such subdivision of the EU upon prior purchasers or RUOs cannot now be determined, as it may be as much as 15 years before any such subdivision takes place. However, it is possible that common charges may be increased as a result of the creation of additional RUs by reason of any such subdivision, even if no extra services to the RUOs of such RUs are paid for out of common charges. It is possible, though less likely, that additional strain may be placed upon common elements or services in the event of any such subdivision.

7. The Sponsor has applied for and received approved building plans and all necessary permits, and has commenced and will complete construction of the Building in accordance with all thereof. The Sponsor will obtain a Permanent Certificate of Occupancy covering all existing residential occupancies (which will upon filing of the Declaration comprise the EU and the 7 RUs), which will permit residential occupancy of all thereof, and commercial occupancy of part or all of the first floor. The Sponsor will have no liability, however, for mold spores or conditions arising therefrom, or any condition arising from "sick building syndrome".

8. Prospective purchasers are advised that if they do any refurbishing of plumbing facilities, all work must be performed in accordance with Local Law 58/86 (providing for facilities for persons with physical disabilities) and with the approved building plans, as the same may be amended.

9. Upon a default of a purchaser under his or her Purchase Agreement, the Sponsor will have the right to recover as liquidated damages from such purchaser an amount equal to ten (10%) percent of the purchase

price of the Unit, even if the downpayment made by such purchaser up to the date of default constitutes less than such amount.

10. Purchasers shall be required to pay any New York State Real Estate Transfer Tax (including any so–called "Mansion Tax", Sec. 1402-a, Tax Law, if applicable) and New York City Real Property Transfer Tax which may be due upon their purchase of Units. Although the New York State Real Estate Transfer Tax and the New York City Real Property Transfer Tax are customarily paid by seller in single family and other taxable transactions, the responsibility for paying these taxes may be modified by contract. All prices, terms and conditions are negotiable, except that no negotiated terms or conditions may impair or adversely affect the rights of the Tenant under the Lease.

11. The Sponsor and any subsequent EUO or the owner of any RU formed by a subdivision or recombination thereof (whether or not such Owner is affiliated with the Sponsor in any way) will have the right, subject to the terms of the Lease while the Lease remains in effect, to make certain alterations and improvements to any such Unit and, as to the ground level portion of any such Unit, to the facade of the Building and the existing sidewalks. Also the Sponsor and any subsequent Owner of any such Unit (whether or not such Owner is affiliated with the Sponsor in any way) will have the right to do any or all of (a) install an independent heating system in such Unit and disconnect said Unit from any Building–wide heating system, (b) install a separate water meter, and (c) provide its own personnel to perform such tasks as are covered by the labor component of the common charges relating to such Unit. In any such case, that Unit's share of the common charges for such item or items shall be excluded from and after the first day of the calendar month next following such change. The effect of the foregoing may be to increase common charges payable by other Unit Owners.

12. The Sponsor and its designated successors will have voting control of the Board of Managers until the *earlier* to occur of (a) closing of conveyances of Units to parties unrelated to Sponsor or such designated successors appurtenant to which are greater than fifty (50%) percent of the Percentage Interests in the Common Elements, or (b) five (5) years following the date of the first closing of title to any Residential Unit. In addition, the Board of Managers will consist of two members, one elected by the RUOs from among the RUOs, and the other designated by the EUO. This may result in deadlocks, which may result in legal proceedings.

13. For so long as the Sponsor or its designated successors shall own Units to which appertain in the aggregate not less than twenty-five (25%) percent of the Percentage Interests in the Common Elements or until the fifth anniversary of the first closing of title to any Unit, whichever shall first occur, the Board of Managers shall not, without Sponsor's or its designated successors' prior written consent, except as required by law, to remedy any violation of law, or to comply the work order of any insurance carrier which insures the entire Building,(i) make any alteration, addition or improvement to the Common Elements, (ii) assess any Common Charges for the creation of, addition to or replacement of or all part of a reserve, contingency or surplus fund (however, Sponsor will not unreasonably withhold its consent to additions to any fund provided in Schedule B to the extent assessments are for expenditures required by law), (iii) borrow money on behalf of the Condominium, (iv) hire any employees in addition to the employees referred to in Schedule B, or (v) enter into any service or maintenance contract for work not covered by contracts in existence on the date of the first closing of title to a Unit.

14. After closing, the EUO will own approximately 80% of the Percentage Interests in the Common Elements (sometimes called "Common Interest"), in addition to any Residential Units owned by them (it is presently contemplated the principals of the Sponsor will own both RU PH F and RU PH G). Accordingly, the EUO and any affiliated person or entity who is also a RUO shall have greater voting power on the Board of Managers than the other RUOs and may be able to effect or affect decisions concerning the Common Elements that are opposed by a majority of the other RUOs. As the Sponsor will own the EU initially, Sponsor will have that ability.

15. The Condominium will not qualify under Section 528 of the Internal Revenue Code of 1986, as amended, to elect to be exempt from Federal income taxes on Common Charges collected from Unit Owners for an indefinite period of time, if at all. Accordingly, the Condominium may be considered a separate taxable entity and be subject to Federal corporation income tax as well as to the New York State corporate franchise tax on its taxable income and New York State Sales Tax on all its common charges. For these purposes, the Condominium's taxable income would be the excess of its gross income over its deductible expenses. Gross income will include any rental income, any investment income and the Common Charges paid by the Unit Owners. However, any portion of the Common Charges which is segregated and used to finance specified capital expenditures should not be required to be included in gross income. Deductible expenses will generally include the Common Expenses other than capital expenditures. Alternatively, the Condominium may be treated as an aggregation of Unit owners, and, in such event, each Unit Owner would be directly taxable on his, her or its proportionate share of Condominium income (excluding Common Charges) less Condominium expenses (excluding Common Expenses).

16. The working capital fund plus the budgeted yearly amount for contingencies, may not be sufficient to provide for needed capital expenditures to the Property during the five (5) years following the first closing under the Plan.

17. Pursuant to existing law and regulations, the Sponsor may declare the Plan effective by selling a minimum of fifteen (15%) percent of the units offered under the Plan. Even if the Plan is declared effective with a minimum number of sales, it is possible that the Sponsor may be able to convert the Building with fewer than the minimum number of sales, if purchasers counted towards effectiveness do not ultimately close on the purchase of an apartment. It is also presently impossible to predict how long it will take before all Units in the Condominium are sold, if ever. Further, because of the provisions of the Lease and the use to which it is contemplated that the EU will be put, the greatest likelihood is that the Building will not be entirely owner-occupied for the foreseeable future. No representation is made that the Lease will not be extended, whether at or prior to the date fixed therein for expiry.

18. Sponsor makes no representation as to the cost, terms or availability of any financing for the purchase of any Unit. The Sponsor will permit purchasers of Residential Units to condition their obligation to perform their Purchase Agreements upon their receiving financing either for 75% or for 90% of the purchase price of their respective RUs, provided they comply with the provisions of this Plan relating to mortgage financing, although no representation is made, or is implied or should be inferred, that any particular sum or terms of financing is or is not available. Sponsor will permit the 90% condition upon the prospective purchaser producing a pre-qualification letter from a lender, and on terms, reasonably acceptable to Sponsor; purchasers who do not produce such a letter are limited to 75% financing.

Purchasers should make their own independent investigation in regard to financing prior to executing a Purchase Agreement. It is highly likely that, because of the dependence upon the financial viability of the EUO and the Tenant, institutional lenders may be unwilling to provide financing for the purchase or refinance of any RU.

19. Townhouse Management Inc., an entity affiliated with the Sponsor will have a contract to manage to Condominium property for three (3) years following the first closing of title to a RU. The annual charge thereunder for the RU's first year of condominium operations is $10,000.00. This charge is approximately 5% of collections, which may be higher than customarily charged by other managing agents. In addition, Townhouse Management Inc. will receive a separate management fee from the EUO.

20. The roof is included in the EU. Access to the roof shall be restricted to the EUO. No other Unit Owner, guest or invitee will be permitted upon the roof otherwise than with the permission of the EUO, upon such terms and conditions as the EUO may prescribe from time to time. Changes to the roof can be made only in accordance with law.

21. Because of the risks hereinabove described and the cost of the RUs offered hereby, this offering is suitable only for Sophisticated Purchasers, as defined below, who are represented by able counsel and assisted by independent experts of their own selection. Sophisticated Purchasers are:

A. An individual (not a partnership, corporation, etc.) whose individual net worth, or joint net worth with his or her spouse, presently exceeds $2,000,000, exclusive of principal residence, furniture and furnishings, items of personal adornment and vehicles;

B. An individual (not a partnership, corporation, etc.) who had an income in excess of $400,000 in each of the two most recent years, or joint income with his or her spouse in excess of $500,000 in each of those years (in each case including foreign income, tax exempt income and full amount of capital gains and losses but excluding any income of other family members and any unrealized capital appreciation) and has a reasonable expectation of reaching the same income level in the current year;

C. A corporation, partnership, business trust, or non-profit organization within the meaning of Section 501(c)(3) of the Internal Revenue Code, in each case not formed for the specific purpose of acquiring the Unit and with total assets in excess of $5,000,000;

D. A trust with total assets in excess of $5,000,000, not formed for the specific purpose of acquiring the Unit, where the purchase is directed by a person meeting the requirements of subsection "A" or "B" above;

E. A private business development company as defined in Section 202(a)(22) of the Investment Advisors Act of 1940;

F. A bank, a savings and loan association, insurance company, registered investment company, registered business development company, licensed small business investment company ("SBIC"), or employee benefit plan within the meaning of Title 1 of ERISA and (a) the investment decision is made by a plan fiduciary which is either a bank. savings and loan association. insurance company or registered

investment advisor, or (b) the plan has total assets in excess of $5,000,000 or is a self directed plan with investment decisions made solely by persons that are Sophisticated Purchasers; or

G. An entity all the equity owners of which are persons described in subsections A, B, C, D, E or F above. If compliance is sought relying upon this Category alone, each equity owner must sign the Purchase Agreement for the Unit.

Furthermore, all purchasers will be required to provide a personal net worth statement in form satisfactory to the Sponsor and to consent to, and pay for, a credit check by a credit reporting agency of Sponsor's choice.

22. Because the Sponsor has acquired all the presently transferable development rights from all adjacent parcels, it is unlikely under the current zoning resolution that any structure can be built adjacent to the property higher than nine stories. Thus it is unlikely that any windows in any RU will be "lotline windows", that is, windows that will be required to be sealed if an adjoining building is built. However, no guaranty, warranty or representation is made that the zoning resolution will not be amended in future or variances granted in accordance with the provisions thereof so as to permit such construction and require the sealing of such windows.

23. Purchasers are advised that the Housing Merchant Implied Warranty Law (New York State General Business Law, Article 36-B) is not applicable to this offering, since such law applies to units in buildings of five stories or less.

24. As EUO, the Sponsor will have control of the maintenance and operation of, and the services to be provided to, the Condominium and will determine the Common Charges to be paid by all Unit Owners, including the Sponsor.

25. Because of the unique nature of this offering and to assure that Units are sold and leased to Sophisticated Purchasers only, the following provisions will apply to all sales and leasings of Units (except as to the Sponsor and Sponsor's designees, as hereinafter defined). The Residential Unit Owners shall elect from their number a Residential Unit Owners' Council (for the constituency of the Residential Unit Owners' Council, see Section R. "RIGHTS AND OBLIGATIONS OF THE UNIT OWNERS AND THE BOARD OF MANAGERS"), each member of which must be either a Residential Unit Owner, or the spouse of such an Owner, or an officer, director, trustee, general partner, member or manager of such an Owner. Any Residential Unit Owner, other than the Sponsor or a designee of the Sponsor, desiring to sell or lease a Unit must first offer in writing the same for sale or lease, as the case may be, on the same terms, to the Residential Unit Owners Council. Such offer shall be in writing and on such forms as the Residential Unit Owners' Council shall promulgate from time to time, and shall have attached thereto (i) a true copy of the contract of sale or lease, as the case may be, and (ii) such other documentation as the Residential Unit Owners' Council shall from time to time prescribe. The Residential Unit Owners' Council need not consider any offer that is incomplete. The Residential Unit Owners' Council shall, upon receipt of a complete offer, have a ninety-day period within which to elect to purchase or lease the Unit on behalf of all the other Residential Unit Owners, upon the same terms as is set forth in the contract of sale or the lease, as the case may be. Any exercise, or waiver, of the rights granted to the Residential Unit Owners' Council must in all cases be in writing. The Residential Unit Owners Council shall have the right

to assess the Residential Unit Owners to raise funds for the purpose of exercising its rights hereunder. If the Residential Unit Owners' Council shall fail or refuse to exercise its right to accept the offer and close the purchase (or enter into the lease, as the case may be) in accordance with the terms thereof, the Extended Stay Unit Owner shall have the right to accept for its own account and not for the benefit of any RUO and shall have an automatic thirty (30) day extension of any closing date (or entry into possession under any lease, as the case may be) in order to permit the Extended Stay Unit Owner so to accept and close (or enter into possession under any lease, as the case may be). If, however, prior to the actual closing (or entry into possession under any lease, as the case may be) by the Extended Stay Unit Owner, the Residential Unit Owners' Council gives irrevocable written notice both to the seller (or lessor, as the case may be) and to the Extended Stay Unit Owner that the Residential Unit Owners' Council now desires so to close (or enter into possession, as the case may be), the Residential Unit Owners Council shall do so no later than the date fixed for such closing (or entry into possession, as the case may be) on the same terms and conditions as set forth in the offer, except only that any extension granted to the EUO hereunder shall also apply to the Residential Unit Owners' Council in such event. Default by the Residential Unit Owners' Council in such latter event shall subject all members thereof to joint and several personal liability.

26. The five (5) Residential Units offered hereby are offered only to Sophisticated Purchasers. Nothing contained in this Plan shall be considered a solicitation to buy or an offer to sell a security or service to any person in any jurisdiction where such offer or solicitation, purchase or sale, would be unlawful under the securities laws or any other laws of such jurisdiction. No Residential Unit may be purchased by any person or entity which has the right granted by, but has not expressly waived such rights with respect to the Unit, the Foreign Sovereign Immunity Act of 1976, 28 U.S.C. §1602 et seq., as amended.

27. Because Sponsor is not limiting the conditions under which it will rent rather than sell units, there is no commitment to sell more units than the 15 percent necessary to declare the plan effective and owner-occupants may never gain effective control and management of the condominium.

28. The bylaws of the Condominium do not include a provision that after the initial sponsor voting control period of no more than 2 years, 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. Owner-occupants and non-resident owners, including Sponsor and the EUO, may have inherent conflicts on how the condominium should be managed because of their different reasons for purchasing, i.e., purchase as a home as opposed to as an investment.

29. Purchasers' deposits in excess of $100,000 will not be federally insured in excess of $100,000.

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

31. The sponsor does not agree to warrant the materials or workmanship of each unit (and limited common elements) or common elements. The Housing Merchant Implied Warranty Law (GBL Article 36-B) does not apply to the offering because the building contains more than five stories. Purchasers should make their own inspection of the building and the unit they seek to purchase prior to executing a Purchase Agreement.

32. The Sponsor has reserved to itself any mortgage recording tax credit available to any purchaser pursuant to Article 9-B of the New York Real Property Law.

PART I

CONDOMINIUM OFFERING PLAN

FOR

THE AURORA CONDOMINIUM

A. INTRODUCTION

Sponsor and Offer to Sell

554 Owner LLC, 554 R&D LLC and 554 FWR LLC, all Delaware Limited Liability Companies which are collectively the Sponsor hereunder, presents this Plan for establishment of condominium ownership of the Land and the Building, located in the Borough of Manhattan, County, City and State of New York, known as and by the street address 554-556 Third Avenue, New York, New York, and as more particularly described in the Declaration. Sponsor's affiliate, 554-556 Third Avenue, LLC acquired title to the property on August 18, 2000, from Third & 37th LLC, an unrelated entity, and subsequently conveyed the property to the Sponsor. Sponsor acquired title to the property on February 27, 2002. The Sponsor will, if this Plan is declared effective in accordance with its terms, submit the Property to the Condominium Act prior to the first conveyance of title to a Unit.

The Condominium will be known as THE AURORA Condominium.

The purpose of the Plan is to set forth all material terms of Sponsor's offer to sell the Condominium Units. The terms of Sponsor's offer may be changed from time to time during this offering. Such a change in terms will be effected through the filing by Sponsor of an amendment to this Plan with the New York State Department of Law (the "Department of Law"). The filed amendment will then be served upon all residential tenants in the Building, purchasers who have delivered executed Purchase Agreements to the Sponsor or Selling Agent and whose Purchase Agreements are in effect, and Unit Owners.

The Condominium will be subject to and comply with Article 9-B of the New York State Real Property Law (the "Condominium Act").

Unless otherwise indicated, capitalized terms are defined either in the text of this Offering Plan or in the subsection entitled "Definitions" of this Section A.

The Condominium will be established for residential and commercial and other purposes now or in the future permitted by applicable law, in such combination as discussed in this Section. RUs may be used as residences and for ancillary home occupations. RUs are offered for sale hereby only as raw space; sample finishes and "build-out" designs are set forth in the Sponsor's Statement in Part II of this Plan,

subject in all events to negotiation between Sponsor and Purchasers. See also Section H, CHANGES IN PRICES AND UNITS. The EU, and RU PH F and RU PH G are not now offered for sale. The Sponsor reserves the right to subdivide and sell all Units, subject to the terms of the Lease, on terms hereinafter set forth. Five (5) Residential Units are being offered for sale pursuant to the Plan. The Sponsor reserves the right to use or lease any of the Units upon such terms and for such purposes as the Sponsor, in its sole discretion, may determine, and to amend this Plan so as to offer for sale the EU or subdivisions or combinations of parts thereof, subject to the terms of the Lease.

The EU will also include approximately 3,500 square feet of the cellar.

The EUO, if he, she, it or they perform alterations and improvements in the EU or any subdivision thereof, shall be required to comply with all applicable requirements relating to the submission of filings with the New York City Department of Buildings and the performance of such work.

Schedule A-1 in Section D set forth, *inter alia*, the price, description, estimated monthly carrying charges and estimated real estate taxes for each Unit. The prices have been established by the Sponsor and are not subject to the approval of the Department of Law or any other government agency. Additionally, the prices are subject to change, as described in Section E: CHANGES IN PRICES AND UNITS. The estimated monthly carrying charges shown on such Schedules relate only to the first year of operation of the Condominium and are based upon full occupancy of the Units.

The Sponsor shall amend the Plan on or prior to the date the Plan is declared effective to disclose the Percentage Interest in the Common Elements for each Unit and the number of Units subject to Purchase Agreements.

No RU at the date of presentation of the Plan is occupied by tenants. No tenant or purchaser will protected under the provisions of the Rent Stabilization Law of 1969 (the "RSL") and the Amended Code of the Rent Stabilization Association of New York, Inc. (the "Code") or protected by the provisions of Section 352-eeee of the General Business Law of the State of New York.

The Plan contains all of the material terms of the transaction. The Plan is presented in two (2) parts, both of which are contained in this volume, which parts, together with any amendments to the Plan, constitute the entire Plan. Part I contains a general description of the offering and a summary of the basic documents used to buy a Unit and to establish the Condominium. Part II contains copies of all such basic documents. Also included in Part II are a detailed description of the physical aspects of the Property and certifications by the Sponsor, its architect and its budget expert, as to the truth and accuracy of information in the Plan for which they are primarily responsible.

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 Sponsor's Office, and available for inspection without charge and for copying at a reasonable charge at the New York State Department of Law.

THE PURCHASE OF A CONDOMINIUM HAS MANY SIGNIFICANT LEGAL AND

FINANCIAL CONSEQUENCES. THE ATTORNEY GENERAL STRONGLY URGES YOU TO READ THIS OFFERING PLAN CAREFULLY AND TO CONSULT WITH AN ATTORNEY BEFORE SIGNING A PURCHASE AGREEMENT.

Condominium Ownership

The Condominium will be created and established under the Condominium Act on the Recording Date, the date on which the Sponsor records a Declaration of Condominium covering the Property, substantially in the form of the Declaration included in Part II, in the Office of the Register of The City of New York, New York County (the "Register's Office"). The Declaration will be recorded prior to conveyance of title to the first Unit. From and after the recording of the Declaration, the Sponsor will be considered a Unit Owner with respect to the Units owned by the Sponsor until the sale and conveyance of title thereto.

Each Unit Owner will own his or her Unit in fee and will be entitled to exclusive possession thereof, subject to any lease affecting such Unit. Each Unit will be assessed as a separate lot for real estate and other local tax purposes. A Unit Owner is privileged to mortgage the Unit or not, and in such amount as he or she chooses. Any one Unit is not subject to mortgages on any other Units and a Unit Owner will incur no liability if any other Unit Owner fails to make payments on any mortgage affecting another Unit or fails to make real estate tax payments. Each Unit Owner is obligated to comply with the Declaration, By-Laws, and rules and regulations of the Condominium and any other requirements of the Board of Managers.

Subject to such restrictions on use as are contained in the Declaration and By-Laws, a Unit Owner will have the right to sell his or her Unit to anyone, without restriction or limitation, except that a Residential Unit may be sold only for residential use and a permitted ancillary home occupation.

In addition to ownership of title to his or her Unit, a Unit owner also owns, in common with the owners of all other units, an undivided interest in (and a right to use) all parts of the Property other than the Units offered for sale (i.e., in the "Common Elements"). This interest is referred to as the Unit Owner's "Percentage Interest". The Common Elements are for the use and enjoyment of all Unit Owners, subject to easements. In accordance with the provisions of the Condominium Act, the Percentage Interest in the Common Elements has been allocated to each Unit in equal percentages within separate classifications of units as of the date of filing the Declaration.

A Unit Owner may alter, furnish, decorate and improve the interior of his, her or its Unit in any way that he or she desires (subject, in the case of structural alterations or improvements, to the approval of the Board of Managers, which consent shall not be unreasonably withheld). In addition, a Unit Owner will be obligated for the cost of his or her own interior maintenance, painting and repairs, including repairs to the electrical, plumbing and heating systems and the machinery, fixtures and appliances within the Unit or included therein. The Board of Managers shall be responsible for all decorating, maintenance, repairs and replacements performed in and to the Common Elements.

While the Board of Managers will procure insurance coverage covering fire and casualty losses with respect to the Common Elements of the Building, such coverage shall not include losses with respect

to the contents of Units, replacements, additions and improvements of Units, or fixtures, or subsequent improvements and betterments. Therefore, Unit Owners are advised to carry insurance for their own benefit, provided their policies contain waivers of subrogation.

The management and operation of the Condominium will be the responsibility of the Board of Managers, subject to the Lease and the rights and obligations of the EUO under the Lease and under this Plan. Subject to certain rights reserved by the Sponsor (see the heading "CONTROL BY THE SPONSOR"), RUOs will have the right to elect one member of the Board of Managers. In addition, RUOs may elect members of the RUO Council, which will have the power to deal with issues uniquely relating to the RUs.

The Board of Managers will assess against the Unit Owners, in proportion to their respective Percentage Interests in the Common Elements and otherwise in accordance with the By-Laws, charges for the cost and expense of maintaining and operating the Common Elements and the Condominium in general. Each Unit Owner must pay such Common Charges in accordance with Sections 339 (i) and (m) of the Condominium Act, or applicable state and local law.

Each Unit Owner will pay for all electricity consumed within his, her, its or their Unit, the charges for which will be separately metered and billed with respect to each Unit. Gas for cooking for each RUO will be billed as a Common Expense. The average cost of electricity, and water (and concomitant sewer rents), for each Unit will vary according to each Unit Owner's usage requirements. Heat will be supplied to each Unit, the costs thereof to be paid for by the EUO, and the RUOs will be obligated to reimburse the EUO for their pro rata share thereof as part of the Common Expenses.

If any Unit Owner other than Sponsor and the EUO desires to construct within his, her or its Unit, the Board of Managers will regulate certain aspects of such construction. Work other than by Sponsor or the EUO will be permitted only between the hours of 8 A.M. and 5 P.M. on Mondays through Fridays, excluding holidays. Such Unit Owner performing construction work will be responsible for removing any construction debris, and such removal may only be performed by a licensed construction carter. Such Unit Owner must give prior notice to the Board of Managers before commencing any construction, and such construction must not (a) interfere with the Tenant or (b) unduly interfere with any services provided to other Unit Owners. Additionally, such Unit Owner shall be obligated to obtain liability insurance with limits of liability of not less than $1,000,000 covering all contractors hired during the construction period. All contractors and subcontractors employed by or for the account of any Unit Owner (other than the EUO, The Sponsor or any Sponsor's designee) must be approved both by the Board of Managers and the EUO prior to their entering upon the Property. The right of any such contractor or subcontractor to enter upon or work in the Property may be revoked, and the contractor or subcontractor summarily ejected from the Property, either by the Board of Managers or the EUO acting separately, for breach of law or interference with the EUO or the Tenant.

The renovations which may be performed by the Sponsor or any other Unit Owner may result in temporary decreases in water pressure, temporary interruptions of water flow and electrical power, and in increased usage of elevators in the Building. To the extent feasible, the Sponsor and Unit Owners performing work shall give all other Unit Owners prior notice of, and take all reasonable steps to minimize, any temporary interruption of services. However, there may be no interruption in services

provided to the Tenant under the Lease.

Definitions

Definitions of capitalized terms used most commonly in the Plan are set forth in this subsection.

1. Board of Managers: The governing body of the Condominium, which will conduct the business affairs of the Condominium and supervise the operation of the Property. It is elected by vote of the Unit Owners pursuant to the By-laws.

2. By-laws: The By-laws governing the operation of the Condominium, printed in full in Part II hereof, as the same may hereafter be amended.

3. Common Charges: Each Unit Owner's proportionate share of common expenses, allocated as set forth in the Declaration and By-laws.

4. Common Elements: All portions of the Property other than Units, owned and used in common by all Unit Owners, subject to easements.

5. Common Expenses: Expenses of operation of the Property and incurred in or arising from the conduct of the Condominium's affairs.

6. Condominium: The Property subsequent to its submission to the provisions of Article 9-B of the Real Property Law (the New York Condominium Act).

7. Condominium Act: Article 9-B of the New York Real Property Law, as the same may have been heretofore or may be hereafter amended.

8. Declaration: The written document which subjects the Property to the provisions of the Condominium Act and which creates the Condominium regime.

9. Designated Successor. A person, persons or business entities who or which the Sponsor has designated by a writing delivered to the Board of Managers to succeed to the rights of the Sponsor with respect to some or all of the Units.

10. Land and Building: All that parcel of land with the building and improvements thereon located at and commonly known as 554-556 Third Avenue, City, County and State of New York.

11. Limited Common Element: A Common Element the use or enjoyment of, or access to which, is limited to one or more, but fewer than all, of the Unit Owners.

12. Percentage Interest: Also known as Common Interest, the proportionate undivided interest in the Common Elements appurtenant to each Unit, as set forth in the Declaration, based upon which are computed, among other things, (a) liability for Common Charges (b) votes to be cast by any Unit Owner, and (b) share of any distribution upon termination of condominium ownership.

13. Plan: This Offering Plan, as it may subsequently be amended.

14. Property: Collectively, the Land and the Building.

15. Recording Date: The date on which the Declaration is recorded in the Register's office, submitting the Property to the Condominium Act.

16. Sophisticated Purchaser: A. An individual (not a partnership, corporation, etc.) whose individual net worth, or joint net worth with his or her spouse, presently exceeds $2,000,000, exclusive of principal residence, furniture and furnishings, items of personal adornment and vehicles;

B. An individual (not a partnership, corporation, etc.) who had an income in excess of $400,000 in each of the two most recent years, or joint income with his or her spouse in excess of $500,000 in each of those years (in each case including foreign income, tax exempt income and full amount of capital gains and losses but excluding any income of other family members and any unrealized capital appreciation) and has a reasonable expectation of reaching the same income level in the current year;

C. A corporation, partnership, business trust, or non-profit organization within the meaning of Section 501(c)(3) of the Internal Revenue Code, in each case not formed for the specific purpose of acquiring the Unit and with total assets in excess of $5,000,000;

D. A trust with total assets in excess of $5,000,000, not formed for the specific purpose of acquiring the Unit, where the purchase is directed by a person meeting the requirements of subsection "A" or "B" above;

E. A private business development company as defined in Section 202(a)(22) of the Investment Advisors Act of 1940;

F. A bank, a savings and loan association, insurance company, registered investment company, registered business development company, licensed small business investment company ("SBIC"), or employee benefit plan within the meaning of Title 1 of ERISA and (a) the investment decision is made by a plan fiduciary which is either a bank. savings and loan association. insurance company or registered investment advisor, or (b) the plan has total assets in excess of $5,000,000 or is a self directed plan with investment decisions made solely by persons that are Sophisticated Purchasers; or

G. An entity all the equity owners of which are persons described in subsections A, B, C, D, E or F above. If compliance is sought relying upon this Category alone, each equity owner must sign the Purchase Agreement for the Unit.

17. Sponsor: 554 Owner LLC, 554 R&D LLC and 554 FWR LLC, all Delaware Limited Liability Companies, which now own the Property. Use of the term "Sponsor" includes any Sponsor's designee, as the case may be.

18. Sponsor's designee: (alternatively referred to as "designee of Sponsor" or "successor to Sponsor").

Any affiliate of Sponsor or any person or entity appointed or designated by Sponsor to act for or on behalf of Sponsor in connection with the Condominium and/or the Board of Managers of the Condominium including any committee of said Board of Managers, and shall also include any successor to the rights of the Sponsor as Landlord under the Lease.

19. Unit: A portion of the Property designated as a "Unit" in the Declaration, together with its appurtenant Percentage Interest. The following Unit types are discussed in the Plan:

a) Extended Stay Unit ("EU"): A Unit which is used as set forth in the Lease and as permitted by applicable law.

b) Residential Unit ("RU"): A Unit used for residential use.

20. Unit Owner: The owner of the EU (the "EUO") or a Residential Unit (a "RUO") in fee simple absolute. After the Lease is no longer in effect, there may be owners of Units created by the subdivision or recombination of the EU or portions thereof.

21. Unsold Unit: A Unit prior to its conveyance by the Sponsor.

B. Legal Description of Units

The boundaries of each Residential Unit are measured (i) horizontally, from (A) the exterior face of the brick, masonry, glass or concrete exterior walls enclosing such Unit (but no Residential Unit Owner shall be responsible for maintenance, repair or replacement of exterior walls or risers, conduits or installations behind the interior wall of said Unit, maintenance, repair and replacement of all of which shall be the responsibility of the Board of Managers and the expense of all thereof shall be a Common Expense) and (B)(1) the centerline of the sheetrock or concrete block walls which divide each such Unit from the Unit immediately adjacent to it or to the centerline of the sheetrock Unit walls and the sheetrock public corridors adjoining said Residential Unit, or (2) to the exterior face of the brick, masonry, glass or concrete exterior walls opposite the same, if the Unit occupies an entire floor; and (ii) vertically from the top of the concrete slab beneath the floor to the underside of the concrete slab above the ceiling, including without limitation any dropped or recessed ceiling. All electrical connections, wiring and conduits from the individual electric meter located in the mechanical space to the Unit itself are a part of the Unit that it serves.

(c) The boundaries of the EU are measured:

(i) horizontally from the exterior face of the brick, masonry, glass or concrete exterior walls enclosing such Unit (but no EUO shall be responsible for maintenance, repair or replacement of exterior walls or risers, conduits or installations behind the interior wall of said Unit, maintenance, repair and replacement of all of which shall be the responsibility of the Board of Managers and the expense of all thereof shall be a Common Expense) to the exterior face of the brick, masonry, glass or concrete exterior walls opposite the same, except that the fire stairs leading from the 31st floor to the ground floor and the exterior walls partially enclosing same, but not the interior walls enclosing said fire stairs and separating same from the interior of the Building at any point, and the first floor service corridor leading to and

giving access to the public street at the Third Avenue side of the Building shall all be common elements; and

(ii) vertically from the top of the concrete slab beneath the floor of the ground floor or lobby to the underside of the concrete slab above the ceiling at the second floor, and from the top of the concrete slab beneath the fifth floor to the underside of the concrete slab above the ceiling at the 24th floor, and from the top of the concrete slab above the 31st floor to and including the roof of the Building and all structures on said roof. Reference to floors in this Article 6(c)(ii) shall mean floors as actually constructed, irrespective of how denominated on directories, floor or stair landings, elevator controls, or otherwise.

Any General Common Elements located within a Unit will not be considered part of the Unit. Doors and windows that open from a Unit are part of the Unit.

The EU includes all elevators, shafts, machinery, cabs, cables and equipment. The EU includes all mechanical equipment and all conduits, cables, chases and other facilities providing utilities to the Building, except for the chutes leading from each floor to the compactor room..

The EU will also include approximately 3500 square feet of the cellar, exclusive of the Common Elements.

Any Common Elements located within a Unit will not be considered part of the Unit. Doors and windows which open from a Unit are part of the Unit.

Common Elements

Generally, the Common Elements will consist of the entire Property other than the Units, including, without limitation The Land, including, without limitation, the portions of the Land on which the Building is erected, and all other improved or unimproved areas forming a part of the Land and not within the Units, together with all easements, rights and privileges appurtenant thereto; all foundations, columns, girders, beams, supports, concrete slabs, masonry walls, and the structural frame of the Building; all installations outside the EU for services such as heat, power, light, television, telephone and water (including pipes, ducts, wires, cables and conduits used in connection therewith); all sewer and drainage pipes and facilities; all storage areas, mechanical equipment spaces, and meter rooms located on the second, third, fourth and fifth floors of the Building; the fire stairs from the 31st floor leading to the service corridor at the ground floor level, and the service corridor itself; chutes leading from each floor to the compactor room; and 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, all as more fully described in the Declaration. Unit Owners have a right to use and enjoy the Common Elements jointly with all other Unit Owners. The Common Elements cannot be divided or partitioned except to the extent specifically provided in the Condominium Act and the Declaration. A Unit Owner's Percentage Interest in the Common Elements may not be separated from the Unit to which it appertains.

The Common Elements will be owned by all of the Unit Owners in common, and the maintenance, repair, replacement and operation of the Common Elements will be the responsibility and

obligation of the Board of Managers, which will assess each Unit Owner his or her proportionate share of the Common Expenses.

Each balcony and terrace shall be a Limited Common Element whose use shall be limited to the Unit Owner or Owners whose Unit or Units give direct access to each such balcony or terrace.

Easements

Each Unit will have, in common with all other Units: (1) an easement to use all pipes, wires, ducts, cables, shafts, conduits, public utility lines and other Common Elements located in other Units or elsewhere on the Property and serving such Unit, (2) an easement for the continuance of any existing encroachment by such Unit on any other Unit or on any Common Element or for any such encroachment that may come into existence as a result of (a) settling or shifting of the Building, (b) any alteration or repair to the Common Elements made by or with the consent of the Board of Managers, and (c) any repair or restoration of the Building or any Unit after damage by fire or other casualty or any taking by condemnation or eminent domain proceedings of all or any portion of any Unit or the Common Elements, so that any such encroachment may remain so long as the Building shall stand. Each Unit will have a perpetual and non-exclusive easement for ingress and egress to such Unit, and to the Property from the nearest public street, and each Unit will be subject to the aforesaid easements in favor of all other Units.

The Board of Managers on behalf of all Unit Owners will have a perpetual easement through the portion of the basement included in the EU and the roof area appurtenant to the EU to gain access to, or transport materials required in connection with the improvement or maintenance of, the Common Elements located in the cellar or the roof, as the case may be. The Board of Managers shall have an easement to run pipes, conduits and utility lines through Units, provided that any such pipes, conduits and utility lines do not substantially interfere with the Unit Owner's use of the Unit. In no event may any of the foregoing adversely affect the rights of the Tenant under the Lease or inhibit in any way the EUO or any successor Landlord from performing his, her, its or their obligations under the Lease.

There will also be easements in favor of the owner of the EU, or any subdivision or combination of all or part thereof, to use all or part of any common hallway or passageway in any partitioning or repartitioning of any space owned by such owner, provided that legal access to each Unit not owned by such owner is maintained.

However, in no event may any exercise or use of any easement by any person may be made in derogation of any right of Tenant under the Lease or adversely affect the Tenant under the Lease.

C. LOCATION AND AREA INFORMATION

The Property is located in the area known as "Murray Hill", a primarily residential area near the Grand Central area. It is located within walking distance of Fifth Avenue and Madison Avenue shopping, numerous hotels, Grand Central Terminal and the midtown office core.

The Property is served by public schools, including P.S. 116 and Norman Thomas High School. Numerous historic houses of worship are to be found within walking distance.

The area is served by the MTA, both bus and subway, and the East Side Satellite Airlines Terminal. The Post Office is located at 34th Street and Lexington Avenue. There is a branch of the New York Public Library at 40th Street and Fifth Avenue.

Police (17th Precinct, located at 167 East 51st Street), Fire (Ladder Company 7, Engine Company 16, both located at 234 East 29th Street), snow removal, sanitation, water and sewer, and road maintenance are all provided by the City of New York. Charges for all the foregoing are included in taxes or common charges.

The Sponsor owns no other property in the area. The adjoining buildings are primarily residential.

Prospective purchasers are urged to tour the area prior to executing a Purchase Agreement.

The Property is located is a C1-9 (R8B- no new work in this district), which permits hotel, commercial and residential use.

The property will be improved and the units constructed in accordance with all applicable zoning and building laws, requirements and specify the laws and regulations that apply. Completion of the first unit, the remaining units, related sections of the condominium, facilities and amenities is anticipated by October 1, 2003."

D. OFFERING PRICES AND RELATED INFORMATION, SCHEDULE A-1

The following Schedules are included in this Section:

Schedule A-1 Unit Descriptions, Percentage Interests, Sales Prices, and Estimated Monthly Charges for First Year of Operation.

The estimates in Schedule A-1 has been prepared by the Sponsor. The Sponsor believes these estimates to be dependable, but because actual expenditures may differ from estimated expenditures, and because changes may occur in the future income or expenses of the Condominium, such estimates are not intended to be, nor shall they be, construed as guarantees or warranties of any kind whatsoever, including, without limitation, that (1) the actual expenses or income for any period of operation may not vary from the amounts estimated; (2) the Condominium will not incur additional expenses; or (3) the Board of Managers will not provide for additional working capital, additional reserves or additional services.

Schedule A

Schedule A
Offering Prices and Related Information

The Aurora Condominium

Projected First Year of Condominium Operation
October 1, 2003 through September 30, 2004

Unit Number	Total Square Footage (1)(3)(6)(7)	Purchase Price	% Interest in Common Elements (2)	Charges for 1st Year		Estimated Common Estate Taxes for 1st Year		Total Estimated Carrying Charges for 1st year	
				Monthly(5)	Annual(5)	Monthly (5)	Annual (5)	Monthly(4)(5)(8)	Annual(4)(5)(8)
PHA	3,549.00	3,450,000	3.8449%	2,461.00	29,532.00	3,799.23	45,590.69	6,260.23	75,122.76
PHB	3,549.00	3,550,000	3.8449%	2,461.00	29,532.00	3,799.23	45,590.69	6,260.23	75,122.76
PHC	3,549.00	3,650,000	3.8449%	2,461.00	29,532.00	3,799.23	45,590.69	6,260.23	75,122.76
PHD	3,549.00	3,750,000	3.8449%	2,461.00	29,532.00	3,799.23	45,590.69	6,260.23	75,122.76
PHE	3,549.00	3,850,000	3.8449%	2,461.00	29,532.00	3,799.23	45,590.69	6,260.23	75,122.76
PHF	3,549.00	Not Offered	3.8449%	2,461.00	29,532.00	3,799.23	45,590.69	6,260.23	75,122.76
PHG	3,549.00	Not Offered	3.8449%	2,461.00	29,532.00	3,799.23	45,590.69	6,260.23	75,122.76
Total Residential Units	24,843.00	18,250,000.00	26.9143%	17,227.00	206,724.00	26,594.61	319,134.83	43,821.61	525,859.32
Extended Stay Unit	98,769.00	Not Offered	73.0857%	58,767.00	705,204.00	72,489.65	869,875.79	131,256.65	1,575,079.79
GRAND TOTAL	123,612.00	18,250,000.00	100.0000%	75,994.00	911,928.00	99,084.26	1,189,010.62	175,078.26	2,100,939.11

All Residential Units have five (5) bedrooms and four (4) bathrooms.

FOOTNOTES TO SCHEDULE A

(1) Any floor plan or sketch shown to a prospective Purchaser is only an approximation of the dimensions and layout of a typical Unit. Each Unit should be inspected prior to purchase to determine its actual dimensions, layout and physical condition. The square footage of each Unit and the Limited Common Elements, if any, appurtenant to each Unit are stated in the Description of Units, Exhibit B to the Declaration of Condominium, reproduced in Part II of the Plan.

(2) The percentage interest of each Unit in the Common Elements is allocated in equal percentages within separate classifications of units as of the date of filing the declaration pursuant to §339-1(1)(iii) of the New York Condominium Act.

(3) Prices and other sale terms of the Purchase Agreement are negotiable and may be changed as set forth under the caption "Changes in Prices and Units". In addition to the Purchase Price, Purchasers will incur certain closing costs (see "Unit Closing Costs and Adjustments"). Notwithstanding the prices contained in this column, purchasers are advised that prices are negotiable and may be changed on an individual basis as disclosed in Section H: CHANGES IN PRICES AND UNITS. In addition to the sales price of a Unit, a purchaser will also be required to pay closing costs and adjustments as described in Section N: UNIT CLOSING COSTS AND ADJUSTMENTS. As set forth in such Section, a purchaser shall be required to pay the New York State Real Estate Transfer Tax and New York City Real Property Transfer Tax due upon the purchase of a Unit, even though such taxes are customarily paid by the seller in a real estate transaction.

(4) These estimates were based upon the "Budget for the First Year of Condominium Operation", which was prepared by Bellmarc Property Management Servies, Inc., on the assumption that the first year of condominium operation will be from October 1, 2003 to September 30, 2004. The actual first year of operation may be earlier or later than that year. In addition to these estimated charges, each Residential Unit Owner will be responsible for paying: (i) mortgage payments under any loan obtained to finance the acquisition of his, her, its or their Unit; (ii) the cost of electricity is sub-metered and separately billed; gas is directly metered and will be payable to Consolidated Edison.; (iii) the cost of interior repairs to, and the maintenance, painting and decoration of his, her its or their Unit (including, without limitation, the equipment and appliances contained therein); and (iv) the cost of any insurance that he, she, it or they may desire to obtain covering (a) his, her, its or their furniture, belongings, equipment and other personal property and (b) his, her its or their liability to others for personal injury or property damage as a result of occurrences in his, her, its or their Unit. Projected Common Charges include the Unit Owner's proportionate share of the projected Common Expenses during the first year of operation. All projected Common Expenses are contained in Schedule B in Section E. The projected monthly Common Charges do not include costs for which the Unit Owner will be responsible such as debt service on any mortgage loan the Unit Owner obtains to finance the purchase of the Unit, repairs to the interior of the Unit, insurance for personal property and casualty loss within the Unit, electricity (and gas, if applicable) for the Unit and local taxes assessed against the Unit. The monthly and annual utilities costs for each Unit are estimated in Schedule B-1 in Section E.

(5) 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 his, her, its or their Unit be subject to, any liens arising

from the non-payment of taxes on other Units (see "Real Estate Taxes"). The full amount of real estate taxes payable by Unit Owners with respect to their Units is deductible for income tax purposes but may vary due to changes in the assessed value, the tax rate or the method of assessing real property. Projected assessed valuation for the RUs only, without taking into account the EU, after completion of construction, assuming completion date of October 1, 2003, is $3,855,000. The estimated tax rate for the fiscal year 2004/2005, upon which these calculations were based, is 12.517%. These are estimates, not representations, guarantees or warranties.

(6) Best efforts have been made to achieve accuracy in the measurement of the square foot areas of Units. However, because of difficult site conditions, all square foot calculations, both gross and net square foot areas, may vary from actual square foot areas.

(7) This figure does not include the area of the basement included in the EU, which consists of approximately 3500 square feet.

(8) Total of monthly common charges and monthly real estate taxes.

E. BUDGET FOR FIRST YEAR OF CONDOMINIUM OPERATION, SCHEDULES B AND B—1

The following Schedules are included in this Section:

Schedule B
Projected Budget for First Year of operation, Beginning October 1, 2003.

Schedule B-1

Projected Budget for Individual Residential Unit Energy Cost (For Year Estimated to Commence on October 1, 2003).

While the Sponsor has attempted to make accurate operating estimates in the Schedules set forth in this Section, such realities as inflation, geopolitical crises, war, terrorist attacks, and other unforeseen economic and/or operational factors may cause differences in actual expenditures from the projections set forth in such Schedules. Such Schedules thus should not be taken as guarantees that the annual Common Charges or the individual Residential Unit energy costs for the first or any subsequent year of Condominium operation will be precisely as set forth in such Schedules.

The following Schedule B - Projected Budget for First Year of Condominium Operations September 1, 2003 to September 30, 2004 is the basis for computation of the common charges to be paid by the RUOs. All the services and facilities described therein are to be provided by the EUO for the benefit of the RUOs. The EUO will be reimbursed therefor based upon the actual cost of providing same, and will have the right to collect same from the Board of Managers (by legal process if necessary), as more particularly set forth in the By-laws, Article II, Section 2. For purposes of collection, EUO's designee can act alone to collect.

Schedule B and B-1

SCHEDULE B
The Aurora Condominium
Projected Budget for First Year of Condominium Operation
October 1, 2003 to September 30, 2004

ESTIMATED INCOME

Common Charges Residential Units (Note 2)	$ 206,724
Extended Stay Unit (Note 2)	$ 705,204
TOTAL ESTIMATED INCOME	$ 911,928

	Residential Units	Extended Stay Unit
ESTIMATED EXPENSE		
Payroll and Related Expenses (Note 3)	$ 24,298	$ 132,361
Concierge Service (Note 4)	40,935	119,829
Gas Heating/Hot Water (Note 5)	38,973	63,984
Electricity/Air Conditioning (Note 6)	24,029	141,499
Gas Cooking (Note 7)	469	4,717
Water Charges and Sewer Rent (Note 8)	5,754	27,848
Repairs and Maintenance (Note 9)	6,290	18,710
Service Contracts and Supplies (Note 10)	21,385	63,615
Insurance (Note 11)	21,595	64,237
Management Fee (Note 12)	10,039	29,861
Legal and Audit Fees (Note 13)	2,893	8,607
Reserve for Contingencies (Note 14)	6,290	18,710
Telephone and Miscellaneous (Note 15)	3,774	11,226
TOTAL ESTIMATED EXPENSES	**206,724**	**705,204**

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

Notes To Schedule B

(1) Amounts are projected on the assumption that the first year of condominium operation will be the year from October 1, 2003 to September 30, 2004. The actual first year of condominium operation may begin earlier or later than that year. In the event the actual or anticipated commencement date of the first year of condominium operation is to be delayed by six months or more, Sponsor will amend the Plan to include a revised budget with current projections. If the amended budget exceeds this projected budget by 25% or more, Sponsor will offer all Purchasers (other than Purchasers who are then in default beyond any applicable grace period, if the Plan has been declared effective) the right to rescind their Purchase Agreements within not less than fifteen days after the presentation date of the amendment containing such revised budget, and any Purchasers electing rescission pursuant to such offer will have their down payments returned, together with interest earned thereon. Sponsor may not declare a plan effective where there are any material changes to the budget if these changes have not been disclosed by a duly filed amendment to the offering plan.

(2) These amounts represent the total Common Charges to be levied against and collected from the Residential Unit and the Extended Stay Unit during the projected first year of condominium operation. The Common Charges will be utilized by the Board to defray the operational expenses of the Condominium. Generally, Common Expenses have been allocated among the Units on the basis of percentage of Common Interest. Where the allocation of Common Expenses is not based on percentage of Common Interest or Common Expenses have been allocated only to certain categories of Units, such circumstances are set forth in the following notes. The Extended Stay Unit will be obligated to pay their fair share of the expenses that are incurred by the Board in furnishing those services, as well as operating, maintaining and repairing those Common Elements, that are utilized by such Unit Owner. Except for certain limited services and Common Elements which the Extended Stay Unit shares with the Unit Owners in general, the Extended Stay Unit is being constructed, equipped and separately metered to operate as an independent Unit with a minimum of common expenses or operations with the remainder of the Units. Common Expenses to be borne by the Residential Unit Owners have been allocated on the basis of the combined percentage of Common Interest of such Units, for a total of 26.9143%. Common Expenses to be borne by the owner of the Extended Stay Unit have been allocated on the basis of such Unit Owner's Common Interest, for a total 73.0857%.

After operation of the Condominium has commenced, it is anticipated that the methods of allocation of the Common Expenses to be paid by the Extended Stay Unit Owner will be periodically adjusted as provided in the By-Laws, but not more frequently than once each year, to reflect the differing proportions fairly attributable to the then amount of usage by such category of Unit Owner of the services and the Common Elements in question, but in any event in conformity with Section 339-m of the New York State Real Property Law. If any category of Unit Owners contends that any method of allocation determined by the Board is inequitable, the dispute may be submitted to arbitration as provided in the By-Laws.

(3) Payroll and Related Expenses: $ 156,659

Unless otherwise noted in these footnotes, for purposes of estimating all payroll costs in Schedule B, it has been assumed that employees will be members of the National Organization of Industrial Trade Unions or an affiliate thereof. All wage, salary and benefit costs, including applicable payroll taxes

reflect that assumption.

The payroll taxes and benefits include FICA (projected at 8% of total wages), Federal and New York State unemployment insurance (projected at $560.00 per person per year), workers' compensation (projected at 7.0% of total wages), disability insurance (projected at $50.00 per person per year), medical benefits (projected at $2700.00 per person per year) and pension benefits (projected at $780.00 per person per year).

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

No warranty is made with respect to the Building employees right to organize or the actual wages, salaries, benefits and related payroll taxes and similar expenses which will be applicable and in effect during the first year of condominium operation. However, the projected expenses for wages, salaries and benefits as well as the assumptions described herein, are believed to be reasonable and reflect the experience of Sponsor's budget expert, Bellmarc Property Management Services, Inc., in managing comparable buildings.

The wage and salary estimates included in Common Expenses are detailed as follows:

POSITION	WAGES PER PERSON
1 Superintendent	$ 48,100 per annum
2 Porters	$ 18,457 per annum
1 Porter	$ 28,857 per annum

In addition, 28 days per year of vacation days, sick days and personal days have been allowed for each of the employees and have been included in the total payroll and related expenses. Payroll expenses for the Condominium's employees have generally been allocated to both the Residential Unit and the Extended Stay Unit.

(4) Concierge Service: $ 160,764

Concierge service will be provided on a 24 hour, seven-day per week basis. It is anticipated that a contract for such service will be entered into at an estimated rate of $17 per hour in addition to applicable sales tax. This estimate is based upon existing contract for similar services supplied to Sponsor by Securitas.

(5) Gas Heating and Hot Water: $ 102,957

Heat and hot water will be provided by Con Edison gas. Two hot water gas fired burners will provide and distribute hot water throughout the building to heating coils in individual HVAC units and various baseboard units.

The estimates and projections of consumption of gas for heating purposes are as described in a letter, dated November 8, 2002 from Marino Gerazounis & Jaffee Associates, Inc. which reflects an estimated annual consumption of approximately 131,996 therms on an average rate of $0.78 per therm.

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

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

(6) Electricity and Air Conditioning: $ 165,528

The amount set forth is the estimate for the electricity consumed only by the Common Elements, since the electricity for each Residential Unit and the Extended Stay Unit will be individually metered by Con Edison. Allocation of the electricity consumed with respect to the Common Elements is based on a master meter from Con Edison explicitly for the Common Elements, adjusted to reflect the costs associated with the Residential Units and Extended Stay Unit's use of all equipment associated with the water pumps and heaters, toilet exhausts, kitchen exhausts, boilers, elevators and lighting. The amount set forth in Schedule B for electricity is based on the estimate and projections of consumption for all Common Elements as described in a letter, dated November 18, 2002 from Marino Gerazounis & Jaffee Associates, Inc. reflects an estimated total annual consumption of approximately 1,379,396 kilowatt hours of electricity based on a rate of $.12 per kilowatt hour of electricity.

(7) Gas Cooking: $ 5,186

The budgeted estimate includes the cost of gas service supplied by Con Edison for domestic purposes (cooking). The cost of gas is based on the estimate and projection of consumption as described in a letter dated November, 8, 2002 from Marino Gerazounis & Jaffe Associates, Inc. which reflects an estimated annual consumption of 6,649 therms per year at a rate of $0.78 per therm.

(8) Water Charges and Sewer Rent: $ 33,602

The budgeted amount constitutes a projection of the water charges and sewer rents that will be payable with respect to the Building. The budgeted amount is based upon the estimate and projection of consumption and rates by Marino Gerazounis & Jaffee Associates, Inc. which reflects an estimated annual cost of $3.73 per 100 cubic feet by the Residential Units and the Reserved Unit and is based on current New York City water and sewer rates. Water meters will be installed to measure actual water usage for billing purposes. It is believed that the budgeted amount should be sufficient to cover any reasonable increase in the cost of utilities during the first year of condominium operation. However, no budget item is warranted as to its accuracy, sufficiency or otherwise. Thereafter, water charges and sewer rent will be allocated among the Units based on the estimated annual consumption set forth above.

(9) Repairs and Maintenance: $ 25,000

This figure represents the estimated cost for ordinary maintenance and repairs of the Common Elements,

including periodic painting, and supplies such as cleaning supplies, lubricants, bulbs, fixtures, hardware, rubbish compactor bags, etc. used in connection with the operation of the Common Elements.

No amounts have been budgeted for repairs to the roof, the heating, ventilating and air-conditioning system or the Building exterior, and a relatively small amount has been estimated for other repairs, because the Building's roof, the heating, ventilating and air-conditioning system and virtually all of the other Building systems will be new. This estimate is based on experience of Sponsor's budget expert, Bellmarc Property Management Services, Inc., in operating comparable new buildings.

Repair and maintenance expenses have been allocated among all Units on the basis of percentage of Common Interest.

(10) Service Contracts and Supplies: $ 85,000

This estimate includes the cost of various services used in or for the Common Elements, including elevator service, wood, marble and metal maintenance, extermination, a recycling system, water treatment and uniform laundry.

No maintenance or service contracts have been entered into as of the date of the Plan. The budgeted amounts are based on estimates received from contractors and otherwise or the experience of Sponsor's budget expert, Bellmarc Property Management Services, Inc. in operating similar buildings. While this Schedule B includes a reasonable allowance for possible increases in cost which may occur prior to and during the first year of condominium operation, no warranty is made that the actual cost for these or other services will be in accordance with this projection. These are based upon the following estimates: Exterminating, Ecolab $9,000 per yr; Elevator Fujitec, $42,000 per yr; Wood Metal & Marble maintenance, Remco $24,000 per yr; Water Treatment, Drew Chemical $6,000 per yr; and Uniform cleaning, Standard, $4,000 per yr.

Service contracts and supply expenses have been allocated among all Units based upon each Unit's projected consumption of such contracts and/or supplies.

(11) Insurance: $85,832

The insurance premiums are based a letter, dated February 11, 2003 from Genatt Associates, setting forth the following coverage:

PACKAGE	**INSURER WITH A BEST RATING OF "A"**
PROPERTY – All Risk, Replacement Cost, Agreed Value (No Coinsurance)	
Building	$ 32,000,000
Business Income Incl. Extra Expense	$ 5,000,000
Personal Property of Others	$ 10,000

EXTENSIONS OF COVERAGE:

Building Ordinance	Included
Increased Cost of Construction/Demolition	$1,000,000
Back-up of Sewers & Drains	$250,000
Underground Water Supply Mains	$ 1,000,000
Flood	$ 1,000,000
Earthquake	$ 1,000,000

DEDUCTIBLES:

Building	$ 5,000
Back-up Sewers & Drains	$ 5,000
Underground Water Supply Mains	$ 5,000
Flood	$ 10,000
Earthquake	$ 50,000

LIABILITY:

Comprehensive General Liability,
Bodily Injury and Property Damage:

General Aggregate	$ 2,000,000
Per Occurrence	$ 1,000,000
Personal & Advertising Injury	$ 1,000,000
Products/Completed Operations Aggregate	Included
Fire Damage	$ 50,000
Medical Payments	$ 5,000
Water Damage Legal Liability	$ 1,000,000
Employee Benefits Liability	$ 1,000,000
Non-Owned/Hired Car Coverage	$ 1,000,000
Knowledge/Notice of Occurrence	Included
Unintentional E&O	Included

DEDUCTIBLES:

Water Damage Legal Liability	$ 3,000 Per Claim
Employee Benefits	$ 1,000 Per claim

PACKAGE PREMIUM: **$ 69,000**

DIRECTORS & OFFICERS LIABILITY

Each Loss	$ 1,000,000
Aggregate	$ 1,000,000
Managing Agent Rider	Included

DEDUCTIBLE:
Each Insured, Director or Officer $ 1,000

DIRECTORS & OFFICERS LIABILITY PREMIUM: $ 3,000

CRIME COVERAGE

Employee Dishonesty $ 1,000,000
Managing Agent Rider Included

DEDUCTIBLE:
Employee Dishonesty $ 5,000

CRIME PREMIUM: $ 1,200

BOILER & MACHINERY:
Comprehensive Coverage Including Production Machinery

Equipment Breakdown Limit $ 32,000,000

DEDUCTIBLE:
Combined – All Coverages $ 1,000

BOILER ANNUAL PREMIUM: $ 2,400

UMBRELLA:

Limit of Liability: $200,000,000

UMBRELLA PREMIUM: $ 10,232

TOTAL PREMIUM: $ 89,980

The total premium for these various coverage is estimated at $85,832. This coverage does not include claims for personal injury or property damage resulting from occurrences in individual Units, nor does it include coverage of the furniture or personal property of Unit Owners.

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

Sponsor will procure, on behalf of the Board, on or before the date of the First Closing, the general liability insurance required to be carried by the Condominium. Unit Owners should consider procuring their own coverage for their contents and liability within their Unit and appurtenant (private) Limited

Residential Common Elements.

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

Insurance expenses have been allocated among all Units on the basis of percentage of Common Interest.

(12) Management Fee: $ 39,900

Based on the management agreement to be entered into at or before the First Closing, Sponsor anticipates that the Managing Agent will receive an annual fee of $39,900 for the first year. In the opinion of Bellmarc Property Management Services, Inc., the Managing Agent's fee for the first year of condominium operation is comparable to the fees charged for such services at similar buildings. The management fee has been allocated among all Units on the basis of percentage of Common Interest. Reference should be made to "Management Agreement" for further discussion of the terms of the Management Agreement. The basis for this fee is the rates charged for similar management services in the area.

(13) Legal and Audit Fees: $ 11,500

Based upon the estimate of Kleiman & Weinshank, LLP, as set forth in a letter dated February 27, 2003 $ 6,500 has been budgeted for fees to be incurred in connection with the preparation of the audited financial statements for the Condominium's first year of condominium operation and its Federal, New York State and New York City income tax returns. The balance of the budgeted amount $ 5,000 has been estimated to provide for minor legal services to be rendered in connection with the operation of the Building such as attendance at Board meetings, preparation of Board minutes and negotiation of minor agreements.

Legal and audit fees have been allocated among all Units on the basis of percentage of Common Interest.

(14) Reserve for Contingencies: $ 25,000

This amount is to cover possible increases in expenses not now foreseen and for expenses not included. The budget may be modified from time to time prior to commencement of, or during, the first year of condominium operation to increase items of expenses and decrease the contingency reserve. The reserve has been allocated among all Units on the basis of percentage of Common Interest. The yearly reserve fund (herein the Reserve for Contingencies) will not be sufficient to pay for major capital repairs or replacement items likely to be needed within the first five years of condominium operation.

(15) Telephone and Miscellaneous: $ 15,000

This estimate is included to provide for the estimated cost of miscellaneous administrative and other costs including, but not limited to, inspection fees, license fees, permits, stationery, postage, printing, pager and telephone and fees. Telephone and miscellaneous expenses have been allocated to all Units on the basis

of percentage of Common Interest.

This estimate does not include an estimate for income taxes payable by the Condominium. More than 85% of the total square footage of all Units of the Condominium will be used by individuals for residential purposes. Accordingly, the Condominium may be eligible to elect to be treated as a homeowners association which is not subject to Federal income tax on amounts received as membership dues, fees, or assessments from Residential Unit Owners, for its first taxable year. Absent such election, the status of the Condominium for tax purposes is uncertain. The Condominium may be treated as a conduit for the Unit Owners, rather than a separate taxpayer. If treated as a separate entity, the Condominium may be treated as a partnership for tax purposes, and as such would not be subject to Federal or New York State income tax, but may be subject to the New York City Unincorporated Business Tax. (See the Sections of the Plan entitled, "Income Tax Deductions to Unit Owners and Tax Status of the Condominium" and "Opinions of Counsel" for further discussion.

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

SCHEDULE B-1

Projected Annual Electricity Cost

By letter dated November 18, 2002, Marino Gerazounis & Jaffee Associates, Inc. provided the following estimate of annual electric energy costs for lighting, air conditioning, heat pumps, hot water heating and for operating the typical electrical appliances located in each apartment:

Each unit's electrical consumption was calculated based upon 1 KW/square foot of power and lighting based upon a 14-hour day and 365 days per year. The gas fired domestic water heater power consumption was kept constant for all units. The air conditioning and heating load electric power consumption was based upon the actually heating and cooling load as affected by solar and transmission loads and not solely by heat to gain on a per square foot basis. Costs are based on an average Con Edison rate of $.1200 per kW Hour.

Apartment Size	Total Annual kWh	Total Annual Cost
3,209	64,836	$7,780

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

F.

INTENTIONALLY OMITTED

G. THE EXTENDED STAY UNIT

The EU may be used for any purpose permitted in a C1-9 (R8B- no new work in this district) zone. The EU will not be restricted to the uses as of the date of this Plan. The Sponsor may retain ownership of the entire EU, or, upon the Lease no longer being in effect, subdivide or recombine Residential Units therefrom, and may use or lease such Units for any permissible purposes.

The EU and any subdivision, combination or reconfiguration of any part thereof shall pay its or their share of Common Expenses in proportion to the respective Percentage Interest in the Common Elements appertaining to such Unit. The Sponsor believes that the Common Charges payable by the EUO will be sufficient to cover the expenses of the Condominium which are fairly attributable to such Unit. See also footnotes to Schedule B-1 above for water charges and sewer rents in respect of the EU.

Because of the different permissible uses of the Units, the right to convert the EU or any subdivision or recombination thereof to residential occupancy and or/sale, the alterations and improvements which must be made to the Units under applicable laws and regulations, and the rights of the Tenant under the Lease, the EUO and RUOs do not have substantially identical rights and obligations under the Declaration and By-Laws of the Condominium.

If the Sponsor sells any part of the EU and the later Unit Owner recombines or subdivides the same or any portion thereof, Sponsor shall have be released from all liability with respect to such recombination or subdivision, provided such later Unit Owner is not affiliated with the Sponsor.

H. CHANGES IN PRICES AND UNITS

Subject to the rights of the Tenant under the Lease, the Sponsor reserves the right, at any time and from time to time before and after recording of the Declaration, without the consent of the Board of Managers, any Unit Owner or his, her its or their mortgagee, to change the price, including, without limitation, the manner of payment thereof and other terms of sale, of any Unit, except that no such change 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 may be made without the consent of the purchaser. The prices set forth on Schedule A-1 of Section D must be changed by a duly filed amendment to the Plan when the change is an across-the-board increase or decrease affecting a line or type of Units, or is to be advertised, or is a price increase for an individual purchaser. The prices and terms of sale are negotiable, and the Sponsor may agree to sell one or more Units at prices which are lower than those set forth on Schedule A-1 of Section D without filing an amendment to the Plan. If any change in price is made, a purchaser of a Unit affected thereby may pay more or less than other purchasers under the Plan for similar Units, but this will not affect any prior or subsequent sales of Units not the subject of such change.

In order to meet the possibly varying demand for number and type of Units, or to meet the particular requirements of prospective purchasers, or for any other reason, the Sponsor reserves the right, in all events subject to the rights of the Tenant under the Lease while the Lease remains in effect, at any time from time to time, before and after recording of the Declaration, without the consent of the Board of Managers, any Unit Owner or mortgagee, with respect to any Unit, to (a) change the size, layout, or location of any Unit for which a Purchase Agreement has not been executed or with respect to which the

purchaser is in default, (b) change the size and/or number of Units by subdividing one (1) or more Units into two (2) or more separate Units, combining separate Units (including those resulting from such subdivision or otherwise) into one (1) or more Units, or otherwise, and (c) if appropriate, reapportion among the Units affected by any such change the Percentage Interests in the Common Elements appurtenant to such Units. In combining separate Units pursuant to subsection (b) of this paragraph, the Sponsor may incorporate into any Unit resulting from such combination the use of any portion of the Common Elements adjacent to such Unit. From and upon such incorporation, the affected portion of the Common Elements will be deemed to be part of the Unit resulting from such combination. If any such Unit should subsequently be subdivided into its original components or otherwise, such affected portion, after its restoration by the Unit Owner who had its exclusive use and enjoyment, will revert to the status of a Common Element. RU's are offered for sale hereby only as raw space; sample finishes and "build-out" designs are set forth in the Sponsor's Statement in Part II of this Plan, subject in all events to negotiation between Sponsor and Purchasers. The Sponsor reserves the right to negotiate finishes and "build-outs" with prospective purchasers.

No RU created by a subdivision of the EU may be offered for sale otherwise than by a duly filed amendment to the Plan, and then only if there are then no residential occupants of the EU.

The Sponsor will make no change in the amount or quality of the Common Elements directly affecting or serving a Unit for which a Purchase Agreement is then in effect and as to which the Purchaser is not in default, or serving a sold Unit, unless the Purchaser or owner thereof, as the case may be, consents thereto. Furthermore, the Sponsor will make no change in the Percentage Interest of such Unit without the Purchaser's consent. So long as the layout and dimensions of a Unit conform substantially to the Floor Plans included in Part II of this Plan, a Purchaser will not be relieved from his, her or its obligations under the Purchase Agreement and will have no claim against the Sponsor on account of minor non-conforming conditions, including, without limitation, the location of any columns, pipes or conduits within the Unit.

Furthermore, while any Units remain unsold, no material change will be made in the size, number, or Percentage Interests of Units, nor in the quantity or quality of Common Elements except by amendment to the Plan. If the Declaration has already been filed at the time of such change, the Declaration will also be amended by the Sponsor, to the extent necessary. As more particularly provided in the Declaration, the Sponsor or its designee as a Unit Owner will have the right itself so to amend the Declaration. However, no change in Percentage Interest of any Unit, or in the quantity of Common Elements within the Condominium, may be made without first obtaining the consent of the Unit Owners directly affected thereby.

The Sponsor or its designated successors shall have the right to extend, enlarge or diminish any Unit it or they own.

Unless an affected purchaser consents, no material change will be made in unit size, layout, or percentage of common interest if a purchase agreement has been executed and delivered to the sponsor or any subsequent EUO for that unit and the purchaser is not in default. Unless all purchasers consent, no material change will be made in the size and no material adverse change will be made in the quality of common elements.

In no event shall anything herein contained abridge, modify, diminish or interfere with the rights of the Tenant under the Lease while the Lease remains in effect.

I. THE LEASE

There is currently a lease (the "Lease") in effect with respect to the entire EU. The Lease is dated August 8, 2000, and is between 554-556 Third Avenue, LLC, an affiliate of the Sponsor, as Landlord, and Execustay Corporation as Tenant. The term of the Lease is 15 years after the Lease Commencement Date, which is 30 days after completion of construction (for further particulars, see the Master Lease Agreement, page 13. The Master Lease Agreement is printed in full in Part II of this Plan).

The following information was obtained from the Internet regarding the Tenant Execustay Corporation, whose address is 7595 Rickenbacker Drive, Gaithersburg MD. ExecuStay is a wholly-owned subsidiary of MARRIOTT INTERNATIONAL, INC. (NYSE:MAR). MARRIOTT INTERNATIONAL, INC. is a leading worldwide hospitality company with over 2,600 operating units in the United States and 63 other countries and territories. Marriott Lodging operates and franchises hotels under the Marriott, Renaissance, Residence Inn, Courtyard, TownePlace Suites, Fairfield Inn, SpringHill Suites and Ramada International brand names; develops and operates vacation ownership resorts under the Marriott, Ritz-Carlton and Horizons brands; operates Marriott Executive Apartments; provides furnished corporate housing through its Marriott ExecuStay division; and operates conference centers. Other Marriott businesses include senior living communities and services, wholesale food distribution, procurement services and The Ritz-Carlton Hotel Company, L.L.C. The company is headquartered in Washington, D.C., and has approximately 142,500 employees. In fiscal year 2001, Marriott International reported systemwide sales of $20 billion. Execustay Corporation is a leading provider of interim housing for corporate clients and professionals. The company provides fully furnished corporate housing to executives and travelers who need temporary accommodations for a month or longer. ExecuStay offers well-maintained properties in convenient locations, flexible lease terms and options, a consistently high level of service and competitive pricing. Each ExecuStay apartment is individually selected, attractively furnished and customized to satisfy each individual's needs. More than 5,200 Marriott ExecuStay apartments are managed in the U.S. The company began offering interim housing services in 1988. The company does not own any apartments, thereby avoiding the risks and capital requirements normally associated with real estate ownership. Performance of Tenant's obligations under the Lease has been guaranteed by Marriott International, Inc., Tenant's parent.

Portions of the Lease have been summarized throughout this Plan. The entire text of the Lease is printed in Part II of the Plan. The Sponsor strongly recommends that prospective purchasers and their counsel carefully read and review the Lease before executing a Purchase Agreement.

Neither the EU nor any portion thereof is offered for sale hereby. No offer to sell the EU or any part thereof will be made except as permitted by the Lease while the Lease remains in effect and by duly filed amendment to this Plan.

J. INTERIM LEASES

The Sponsor may enter into a lease (the "Interim Lease") with a person who executes and delivers a Purchase Agreement, upon acceptance of such Purchase Agreement by the Sponsor, on the terms set forth in this Section.

The Interim Lease will be prepared on the then current standard form of lease published by The Real Estate Board of New York, Inc. and will contain such applicable riders as may be required or desired in the sole judgment of the Sponsor. Rent payable under the Interim Lease will be negotiated by the Sponsor and the purchaser. The term of the Interim Lease will be for a period which will expire on the closing date under the purchaser's Purchase Agreement if the Plan is declared effective. In the event the Plan is not declared effective, a tenant under an interim lease will not be subject to rent regulatory laws.

A default under the Interim Lease will constitute a default under the tenant's Purchase Agreement as well, provided, however, that the Sponsor either obtains an order of eviction or other judgment or order from a court or agency of competent jurisdiction against the tenant, unless the tenant has vacated the Unit. Similarly, a default in the performance or observance of the terms and conditions of the Purchase Agreement will constitute a default under the terms of the Interim Lease. In the event of a default under the Purchase Agreement or a rescission by the purchaser of the Purchase Agreement, purchaser will be required to vacate the Unit within 30 days thereafter.

Rent due under any Interim Lease will be equitably adjusted between the Sponsor and the purchaser as of the date of the closing of the title to the Unit. NO PART OF THE RENT PAID PURSUANT TO AN INTERIM LEASE WILL BE APPLIED ON ACCOUNT OF THE PURCHASE PRICE OF A UNIT.

K. PROCEDURE TO PURCHASE

The Sponsor will sell the Units in fee simple to purchasers who may be individuals, partnerships, corporations whether domestic or foreign, limited liability companies whether domestic or foreign, or fiduciaries. The sale of the Units will include the respective undivided interests in the Common Elements, as set forth on Schedule A-1 of Section D, as may be applicable.

The five (5) Residential Units offered hereby are offered only to Sophisticated Purchasers. Nothing contained in this Plan shall be considered a solicitation to buy or an offer to sell a security or service to any person in any jurisdiction where such offer or solicitation, purchase or sale, would be unlawful under the securities laws or any other laws of such jurisdiction. No Residential Unit may be purchased by any person or entity which has the right granted by, but has not expressly waived such rights with respect to the Unit, the Foreign Sovereign Immunity Act of 1976, 28 U.S.C. §1602 et seq., as amended.

Purchase Agreement and Payments

A form of Purchase Agreement and Credit Check Authorization is included in Part II of this Plan. Any conflict between the provisions of the Purchase Agreement and the provisions of the Plan will be resolved in favor of the Plan. The Sponsor will not permit the assignment or transfer of a Purchase

Agreement.

At the Sponsor's option, purchasers will be afforded (i) not fewer than seven (7) days after delivering an executed Purchase Agreement, together with the required downpayment, to rescind the Purchase Agreement and have the full downpayment promptly refunded or (ii) not fewer than three (3) business days to review the Plan and all filed amendments prior to executing the Purchase Agreement. If a purchaser elects to rescind his, her, its or their Purchase Agreement within the seven-day period, the Purchaser must either personally deliver a written notice of rescission to the Sponsor or the Selling Agent within such period or mail a notice of rescission to the Sponsor and have the mailing post-marked within such period. If a purchaser rescinds a Purchase Agreement in a timely manner, the downpayment will be refunded promptly and thereupon neither the Sponsor nor such purchaser will have any rights or obligations under the Purchase Agreement.

Within 30 days after delivery by purchaser to Sponsor of an executed Purchase Agreement from a non-tenant purchaser, together with the required downpayment, Sponsor will either accept the Purchase Agreement and cause to be returned to the purchaser a fully executed counterpart thereof or reject the Purchase Agreement and refund the downpayment tendered. The Sponsor will be deemed to have rejected any Purchase Agreement unless such approval is issued within such 30 days.

Before acquiring title to his Unit, each purchaser must pay the full purchase price set forth in the Purchase Agreement in installments as follows:

1. a downpayment in the amount of ten (10%) percent of the full purchase price will be payable upon execution of the Purchase Agreement; and

2. the balance of the purchase price will be paid, upon not less than ten days' prior written notice from the Sponsor, by certified, bank or cashier's check(s) drawn to the Sponsor' s order, or as the Sponsor may otherwise direct, on a bank which is a member of the New York Clearing House Association, on the date fixed in accordance with the Purchase Agreement for the closing of title or any adjourned date therefor.

Estimated real estate taxes for the tax quarter, estimated charges for utility adjustments, interim lease rent, if any, and estimated Common Charges for the month in which title closes will be apportioned as of midnight preceding the closing. In addition, at the closing, each Purchaser shall be obligated to pay closing costs, which are set forth in Section N: UNIT CLOSING COSTS AND ADJUSTMENTS.

Neither the Plan nor the Purchase Agreement contains, nor will either be modified to contain, a provision waiving the purchaser's rights or abrogating the Sponsor's obligations under Article 23-A of the General Business Law.

Escrow Funds

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

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

All deposits, downpayments, or advances made by purchasers prior to closing of each individual transaction, whether received before or after the date of consummation of the Plan, will be placed, within five (5) business days after the Purchase Agreement is signed by all necessary parties, in a segregated special escrow account of A. Edward Major, Counsellors-At-Law, the escrow agent, whose address is 135 East 38th Street, New York, New York 10016 and whose telephone number is 212-683-3154.

The signatories on this account authorized to withdraw funds are:

Name	Address
A. Edward Major, Esq.	135 East 38th Street New York, NY 10016
Lewis C. Taishoff, Esq.	135 East 38th Street New York, NY 10016

The name of the account is "A. Edward Major Attorneys' Trust Account", located in North Fork Bank, at 320 Park Avenue, New York, New York 10022. This bank is covered by federal bank deposit insurance to a maximum of $100,000 per individual deposit.

The account will be interest-bearing and, unless the purchaser defaults, interest will be credited to the purchaser at closing. The interest rate to be earned will be the prevailing rate for these accounts which, as of April 28, 2003, was 0.15% per annum. Interest will begin to accrue within five (5) business days of tender of the downpayment. Purchasers' deposits in excess of $100,000 will not be federally insured in excess of $100,000.

All instruments shall be made payable to or endorsed to the order of "A. Edward Major Attorneys Trust Account", as escrow agent.

Within 10 business days after tender of the deposit submitted with the purchase agreement, the escrow agent shall notify the purchaser that such funds have been deposited in the bank indicated in the offering plan, and shall provide the account number and the initial interest rate. If the purchaser does not receive notice of such deposit within 15 business days after tender of the deposit, he or she may cancel the purchase and rescind within 90 days after tender of the deposit, or may apply to the Attorney General for relief. Rescission may not be afforded where proof satisfactory to the Attorney General is submitted establishing that the escrowed funds were timely deposited in accordance with these regulations and requisite notice was timely mailed to the purchaser.

The escrow agent will hold funds in escrow until otherwise directed in (i) a writing signed by both Sponsor and purchaser; or (ii) a determination of the Attorney General pursuant to the dispute resolution

procedures contained in the Attorney General's regulations; or (iii) a judgment or order of a court of competent jurisdiction.

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

The Sponsor will not object to the release of the escrowed funds to (i) a purchaser who timely rescinds in accordance with an offer of rescission contained in the Plan or an amendment to the Plan; or (ii) all purchasers after an amendment abandoning the Plan is accepted for filing by the Department of Law.

Purchasers and the escrow agent may apply to the Attorney General in the event of a dispute for a determination on the disposition of the 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 Plan. The party applying for a determination must send all other parties a copy of the application.

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

Attached to this Plan, in Part II, is 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 (7) years after the release of funds.

Closing Date and Other Terms

After the Plan has been declared effective, the Sponsor shall 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 under the Plan and setting such purchaser's closing date. Such notice will be served by personal delivery or by mail to the purchaser at the last known residence of such purchaser or at such alternative address as purchaser may have provided in writing, no less than 30 days before the date set for the closing of the Units, provided, however, that a purchaser may waive such 30 day notice requirement by signing a written waiver thereof and delivering the same to the Sponsor.

The Sponsor expects that the first closing of the Units shall occur on or around October 1, 2003, which corresponds to the commencement of the first year of operations projected in Schedule B (included in Section E of this Plan). In the event the first closing date is delayed twelve months or more beyond such date, purchasers will be offered rescission. At the closing of each Unit, the purchaser shall be required to sign a power of attorney (which shall be in the form of the power of attorney included in Part II of this Plan and which is described in Section M. TERMS OF SALE), and deliver said power of

attorney to the Sponsor.

In the event the Sponsor cannot convey title to the Unit by reason other than the default of the purchaser, all monies deposited by the purchaser shall be returned to the purchaser, with interest if any is accrued.

If any purchaser shall be in default under his, her, its or their Purchase Agreement, the Sponsor may give such purchaser written notice of the Sponsor's intention to cancel the Purchase Agreement if such default is not cured within 30 days after the date of such notice. If such default is not so cured, the Sponsor may elect to cancel the Purchase Agreement and thereupon retain as liquidated damages any downpayment held by the escrow agent and/or recover from the purchaser additional moneys so as to bring the aggregate amount of liquidated damages to a sum not in excess of ten (l0%) percent of the purchase price payable for the Unit covered by the Purchase Agreement, subject to the provisions relating to disputes set forth above.

A purchaser will purchase his or her Unit in the condition it is in as of the date of the execution of the Purchase Agreement, subject to reasonable wear and tear to the date of closing and the Sponsor's obligations under this Plan.

Until the first closing of title to a Unit, the risk of loss from fire and other casualty shall remain with the Sponsor. After the first closing of title to a Unit, risk of loss shall remain with the Sponsor, but shall be covered under the Condominium's insurance policy. The risk of loss to a Unit from fire or other casualty will remain with the Sponsor until the earlier of (a) the closing of title, and (b) the purchaser's taking possession of the Unit. If the purchaser takes possession of a Unit prior to closing title, it is advisable that the purchaser obtain casualty insurance at such time.

Mortgage Financing

A purchaser's obligations under the Purchase Agreement may be made contingent, if the purchaser so desires, upon the purchaser's obtaining a mortgage commitment (as defined below) for financing the purchase of a Unit. Sponsor makes no representation as to the cost, terms or availability of any financing for the purchase of any Unit. The Sponsor will permit purchasers of Residential Units to condition their obligation to perform their Purchase Agreements upon their receiving a letter from an Institutional lender (as defined below) for up to 90% financing, if purchaser produces a prequalification letter from a lender, and on terms, reasonably acceptable to Sponsor, and up to 75% if purchaser cannot produce such a letter, although no representation is made, or is implied or should be inferred, that any particular sum or terms of financing is or is not available. Purchasers should make their own independent investigation in this regard prior to executing a Purchase Agreement.

An Institutional Lender shall mean a commercial bank, savings bank, trust company, savings and loan association, insurance company, educational institution, credit union from which Purchaser is then a qualified borrower, federal, state or municipal or similar public employee's welfare, pension or retirement fund system, or a state or political subdivision or any agency of any thereof.

The term "mortgage commitment" shall mean a written document directed to Purchaser and

issued by an Institutional Lender, in such lender's then customary form and containing its then customary terms and conditions for the making of loans of like lien, other than a VA, FHA or other governmentally-insured loans, in an amount acceptable to Purchaser but not more than 75% (or 90% subject to the conditions set forth hereinabove)of the purchase price, at the then prevailing rate of interest, amortization, and term (which shall not be less than ten years), whether or not conditioned upon any factors other than an appraisal of the Unit.

Such purchaser must apply in good faith and submit any documentation, information or other data as is reasonably requested promptly after request is made. If Purchaser is rejected for the amount of financing sought, if requested by the Sponsor Purchaser must make further application to another Institutional Lender within seven (7) days of the date of notice of rejection.

In any case, purchaser must pay all loan fees and charges customarily charged by the Institutional Lender. Purchaser must also promptly provide the Sponsor with a copy of any and all mortgage applications, rejections and commitment letters made or received, as the case may be.

If a purchaser is unable to obtain a mortgage commitment or the application is rejected within 45 days of making application as set forth herein, the purchaser must notify the Sponsor in writing sent registered or certified mail, return receipt requested, of such inability or rejection no later than three (3) days after the expiration of the 45-day period, and in such notification may elect to terminate the Purchase Agreement or to affirm the Purchase Agreement on an all-cash basis. In any case, such notice shall be irrevocable. A purchaser who so terminates the Purchase Agreement shall receive back the downpayment under the Purchase Agreement with interest within 20 business days of the Sponsor's receipt of the notice of termination. Failure to give such notice within the time period set forth herein shall conclusively be deemed a waiver by purchaser of any right to condition performance of purchaser's obligations upon obtaining financing.

Failure to provide information, documents or data timely to the Institutional Lender, or to proceed diligently with such application, is a default under the Purchase Agreement.

Each purchaser should note the expiration date of any financing commitment he, she or it receives, as the commitment may expire prior to closing of title to the Unit, unless the commitment is extended. If the commitment expires prior to closing, the purchaser must use due diligence to obtain an extension of the commitment. However, if the purchaser is unable to obtain an extension within 15 days after expiration of the original commitment, the purchaser must notify the Sponsor in writing sent registered or certified mail, return receipt requested, of such inability, no later than three (3) days after the expiration of the aforesaid 15-day period. Upon receipt of such notification, the Sponsor shall have 60 days to obtain a new mortgage commitment for the purchaser. If the purchaser fails to give the Sponsor such notice, the purchaser will be bound to the Purchase Agreement notwithstanding the lapsed mortgage commitment. If an extension is granted, or another commitment issued, it is possible the terms will be different from the terms of the expired commitment, but the purchaser shall be bound to the Purchase Agreement nevertheless, except as otherwise provided herein. If no such extension is granted or other commitment issued within such 60-day period, the purchaser may terminate the Purchase Agreement and receive back the downpayment with interest, if any, by sending notice to the Sponsor no later than twenty (20) days after the expiration of such 60-day period. If, on account of purchaser's delay

or want of diligence, the mortgage commitment expires or is not extended or a new mortgage commitment is not procured, then the purchaser shall conclusively be deemed to have waived any right to condition performance of purchaser's obligations upon the obtaining of financing.

L. EFFECTIVE DATE

The Sponsor's offer to sell and its obligations under Purchase Agreements are contingent upon the Plan being declared effective in accordance with the conditions and time periods set forth in this Section.

1. The Plan may not be declared effective unless bona fide purchasers, including investors, have signed purchase agreements for at least fifteen (15%) percent in number of the Residential Units offered under this Plan, namely, one (1) Residential Units. Only one Purchase Agreement from any purchaser will be counted, irrespective of the number of Units purchased by such purchaser. After acceptance of such Purchase Agreements, the Sponsor may declare the Plan effective.

2. The Sponsor must declare the Plan effective when Purchase Agreements have been signed and accepted for Residential Units to which appertain in the aggregate eighty (80%) percent of the Percentage Interest of all Residential Units offered hereby, namely, four (4) RUs offered under the Plan.

The plan may be declared effective by a notice, stating that the plan is declared effective and submitting an amendment to the Office of the Attorney General within five (5) days confirming that the plan was declared effective on a specified date, served on every purchaser by personal service or by commencement of service by regular mail or registered or certified mail with or without return receipt requested, addressed to the purchaser at the last known residence of such purchaser or, if the purchaser has provided written information of an alternative address for notices, addressed to the purchaser at the alternative address. If Sponsor has no information of the last known residence address, but has written information of the place of business or employment of such purchaser, the mailing shall be addressed to such last business or employment address. Service by personal delivery shall be deemed complete upon delivery. Service by mailing shall be presumed complete on the fifth day after the date of mailing. An affidavit of service identifying the purchasers served, stating the manner of service and the date of service is a document required to be retained as set forth in Section Y. DOCUMENTS ON FILE. The completion of service shall be the latest date on which service upon all purchasers is deemed or presumed complete. The closing of the first unit shall not occur until the plan is declared effective and the effectiveness amendment is accepted for filing by the Office of the Attorney General.

The Plan will not be declared effective based on any Purchase Agreement which is (i) signed by a purchaser who has been granted a right of rescission that has not yet expired or been waived; or (ii) signed by a purchaser who was not afforded, at the Sponsor's option, either the right to rescind during the seven (7) days after such purchaser had delivered an executed Purchase Agreement to the Sponsor or the right to review the Plan and all filed amendments for at least three (3) business days prior to executing a Purchase Agreement; or (iii) signed by any purchaser who is the Sponsor, the Selling Agent or the Managing Agent or is a principal thereof or is related to the Sponsor, the Selling Agent or the Managing Agent or to any principal thereof by blood, marriage or adoption, or as a business associate, an employee,

a shareholder or a limited partner; except that such a purchaser other than the Sponsor or a principal of the Sponsor may be included if the Sponsor has submitted proof satisfactory to the Department of Law establishing that the purchaser is bona fide.

The Sponsor may declare the Plan abandoned at any time before it is declared effective. Once effective, the Plan may thereafter be abandoned or withdrawn by the Sponsor, or the Property may be withdrawn from condominium ownership, only (i) if there exists a defect in title affecting the Property or any portion thereof or violations of record that cannot be cured without litigation or cannot be cured for a cost (excluding attorneys' fees), as reasonably estimated by the Sponsor, which is less than an amount (the "Minimum Abandonment Amount") equal to 0.5% of the total offering amount of all Units pursuant to the Plan as of the date of the Plan, except for title defects or violations which exist on the date of presentation of the Plan and are either known to the Sponsor or are a matter of public record; (ii) if the Property is damaged or destroyed by fire or other casualty and the cost of repairing such damage or destruction (excluding attorneys' fees), as reasonably estimated by the Sponsor, shall exceed the Minimum Abandonment Amount; or (iii) if there shall occur a taking of all or any material part of the Property in condemnation proceedings or by eminent domain. There will be no obligation on the part of the Sponsor to engage in litigation to cure title defects.

In the event that the Plan is abandoned (whether before or after it has become or been declared effective), (i) the Sponsor will promptly submit an amendment, together with Form RS-3 promulgated by the Department of Law, to the Department of Law confirming the abandonment and accounting for disposition of all funds received, and (ii) within 20 days after the Plan's abandonment return to purchasers not in default all moneys paid under their respective Purchase Agreements, with interest, if any. Upon the return of said moneys, such Purchase Agreements will be void, and the Sponsor will have no further obligation or liability as to said purchasers under either the Plan or said Purchase Agreements.

After the amendment has been filed stating that the Plan has been declared effective, Sponsor will fix dates for closing title to all the Units for which Purchase Agreements have been executed by serving notice on all purchasers and tenants stating the date upon which the first closing will take place and setting each closing date. No closing date will be earlier than thirty (30) days after completion of service of said notice, but Sponsor may permit purchasers to waive this thirty (30) day provision by including such waiver in this Plan. Sponsor must make written demand for payment of the balance of the purchase price at least thirty (30) days before forfeiture of the deposit may be declared. Each purchaser of a RU must sign the power of attorney, the form of which is set forth in Part II, at or prior to closing. Failure to do so is a default on the part of the purchaser.

M. TERMS OF SALE

The closing of title to each Unit (i.e. , the actual conveyance of title to the purchaser) will take place concurrently with or subsequent to the following events:

(1) the recording, as required by the Condominium Act or other applicable law, of the Declaration, By-Laws, floor plans and such other documents as may be required by law, with the Register's Office;

(2) the issuance of title insurance policies or certificates insuring (a) fee title to the Unit in the purchaser if the purchaser has applied for such title insurance, and (b) a first mortgage covering the Unit, if any, in favor of the purchaser's mortgagee, free and clear of all liens and encumbrances except for the title conditions and other matters hereinafter set forth. The policies or certificates shall insure, among other things, the Percentage Interest in the Common Elements attributable to the Unit covered thereby and against loss or damage occasioned by the Unit's not being a part of a condominium regime validly established pursuant to the Condominium Act;

(3) the closing of the purchaser's mortgage loan, if any;

(4) amendment of the Plan, disclosing that it has become or been declared effective;

(5) execution of a power of attorney by the purchaser in the form set forth in Part II of the Plan (and delivery of said instrument by purchaser to his, her or its title company or attorney for recording), designating the Board of Managers as his or her attorney-in-fact, coupled with an interest, for but not limited to the purposes of managing, selling, mortgaging, leasing, voting or otherwise dealing with any Unit acquired by the Board of Managers in accordance with any of the provisions of the By-Laws and for purposes consistent with the implementation of the Plan; and

(6) release of the Unit being conveyed from the liens of the mortgages hereinafter described. The premises are encumbered by two (2) mortgages, as follows:

a) Amended, Restated and Consolidated Construction Loan Mortgage, Assignment of Leases & Rents and Security Agreement held by CIBC, Inc., 200 W. Madison Street, Chicago, Il 60606, as Administrative Agent in the original principal sum of $32,345,008.00.

b) Project Loan Mortgage held by Assignment of Leases & Rents and Security Agreement held by CIBC, Inc., 200 W. Madison Street, Chicago, Il 60606, as Administrative Agent in the original principal sum of $5,145,992.00.

Good and insurable title to each Unit and its appurtenant interest in the Common Elements will be conveyed by the Sponsor by bargain and sale deed without covenant against grantor's acts, a form of which deed is included in Part II, free and clear of all liens and encumbrances other than:

(a) rights of tenants or persons in possession, if any;

(b) state of facts of the Property as shown on a survey prepared by a licensed surveyor on or around the date this Plan was accepted for filing by the Department of Law, and any additional state of facts a subsequent survey or personal inspection would show provided such additional state of facts would not prevent the use of the Unit for its permissible purposes and would not render title unmarketable;

(c) all of the terms, covenants and conditions of the Declaration, the By-Laws, the building plans as they are subsequently filed or recorded, the rules and regulations of the Condominium and the Plan and amendments thereto;

(d) power of attorney from the Unit Owner to members of the Board of Managers of the Condominium and their successors in office;

(e) zoning regulations and other resolutions, regulations, and ordinances and any amendments thereto now or hereafter adopted;

(f) easements, covenants, restrictions, reservations, agreements and other matters contained in or incorporated by reference into or referred to in the Declaration, the By-Laws and the floor plans of the Units to be recorded in the Register's Office, as the same may be amended from time to time;

(g) easements in favor of other Units to use the pipes, wires, ducts, cables, conduits, public utility lines and other Common Elements located in the Unit or elsewhere on the Property and serving such other Units;

(h) easements in favor of other Units and in favor of the Common Elements for the continuance of any existing encroachments of such other Units or Common Elements on the Unit or for any such encroachment that may come into existence as a result of (a) construction of the Building; (b) settling or shifting of the Building; (c) any alteration or repair to the Common Elements made by or with the consent of the Board of Managers or by the Sponsor or its designee; (d) any repair or restoration of the Building or any Unit after damage by fire or other casualty or any taking by condemnation or eminent domain proceedings of all or any portion of any Unit or the Common Elements so that any such encroachments may remain so long as the Building shall stand;

(i) restrictive use and regulations as set forth in the Declaration and/or By-Laws;

(j) easements now or hereafter created in favor of utility or cable television companies;

(k) easement in favor of the EUO and the owner of any Unit resulting from any subdivision or combination of all or part thereof, to use all or part of any common hallway or passageway in any partitioning or repartitioning of any space owned by such owner, provided that legal access to each Unit not owned by such owner is maintained.

(1) franchise taxes, if any, provided the title company issuing a policy of title insurance, if any, to the purchaser will insure that such taxes will not be collected from the Unit;

(m) liens for current real estate taxes and related charges not yet due and payable;

(n) standard exceptions contained in the ALTA form of title insurance policy then issued;

(o) Any encumbrance as to which Fidelity National Title Insurance Company of New York would be willing, without payment of extra premium, in a fee policy, to insure (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; and

(p) The lien of any purchase money mortgage obtained by purchaser.

(q) The following exceptions noted by Fidelity National Title Insurance Company of New York:

1) Taxes, tax liens, tax sales, water rents, sewer rents and assessments.

2) Rights of tenants and persons in possession.

3) Any state of facts which an accurate survey of the unit would show, nevertheless, policy insures that any encroachments by the insured unit upon adjoining units or upon the common elements may remain undisturbed, so long as the building shall stand.

4) Covenants and Restrictions set forth in instrument recorded in Liber 1136 cp 344 (Affects Lot 45) and Liber 1148 cp 351 (Affects Lot 46). Policy insures that there is no condition or right of re-entry or other provision for forfeiture under which the insured can be cut-off, subordinated or otherwise disturbed.

5) Covenants and Restrictions set forth in instrument recorded in Liber 1129 cp 19. Policy insures that there is no condition or right of re-entry or other provision for forfeiture under which the insured can be cut off, subordinated or otherwise disturbed. (Affects Lot 43 &44) (Exhibit A)

6) Covenants and Restrictions set forth in instrument recorded in Liber 1137 cp 562. Policy insures that there is no condition or right of re-entry or other provision for forfeiture under which the insured can be cut off, subordinated or otherwise disturbed. (Affects Lot 47)

7) Covenants and Restrictions set forth in instrument recorded in Liber 1289 cp 263A and Liber 1138 cp 265. Policy insures that there is no condition or right of re-entry or other provision for forfeiture under which the insured can be cut off, subordinated or otherwise disturbed. (Affects Lot 48)

8) Declaration of Zoning Lot Restrictions made by Third and 37th, LLC and Louis Rittmaster dated July 24, 2000 and recorded August 3, 2000 in Reel 3140 page 362. (affects Lots 45, 46 & 48)

9) Terms, covenants, restrictions, provisions and easements for light, air and construction set forth in Zoning Lot and Development Agreement made between Louis Rittmaster and Third and 37th, LLC dated as of July 24, 2000 and recorded August 3, 2000 in Reel 3140 page 339. (affects Lots 45, 46 & 48)

10) Declaration of Zoning Lot Restrictions made by Louis Rittmaster, Winfield-Flynn, Ltd, 554-556 Third Avenue LLC and Vivian Furer dated August 10, 2000 and recorded September 8, 2000 in Reel 3155 page 1386. (affects Lots 43, 45, 46 & 47)

11) Terms, covenants, restrictions, provisions and easements for light and air set forth in Zoning Lot and Development Agreement made between Vivian Furer and 554-556 Third Avenue LLC dated as of August 18, 2000 and recorded September 8, 2000 in Reel 3155 page 1405. (affects Lot 43, 45 & 46)

12) Terms, covenants, restrictions, provisions and easements for light, air and construction set forth in Zoning Lot and Development Agreement made between Winfield - Flynn, Ltd. and 554-556 Third Avenue LLC dated as of August 18, 2000 and recorded September 8, 2000 in Reel 3155 page 1463. (affects Lots 45, 46 & 47)

13) Declaration of Zoning Lot Restrictions made by Louis Rittmaster, Winfield-Flynn, Ltd, 554-556 Third Avenue LLC, 552 Third Avenue Tenants Corp., Vivian Furer and 36 & 37 Realty, LLC dated August 22, 2001 and recorded September 25, 2001 in Reel 3360 page 1170. (affects Lots 37, 43, 44, 45, 46, 47 & 48)

14) Terms, covenants, restrictions, provisions and easements for light and air set forth in Zoning Lot and Development Agreement made between 36 & 37 Realty, LLC and 554-556 Third Avenue LLC dated as of August 22, 2001 and recorded September 25, 2001, 2001 in Reel 3360 page 1151. (affects Lot 37, 45 & 46)

15) The exact dimensions, courses and distances of the volume of space encompassed by the easement of light and air set forth in the Zoning Lot and Development Agreements in Reel 3140 page 339, Reel 3155 page 1386, Reel 3155 page 1405, Reel 3155 page 1463 and Reel 3360 page 1151 are not insured.

(16) Terms, covenants, provision and agreement set forth in unrecorded Co-Tenancy Agreement dated as of February 28, 2002 made by and among 554 Owner LLC, 554 R&D LLC, and 554 FWR LLC.

(17) Terms, covenants, provisions and agreements (including right of first refusal) of unrecorded Master Lease Agreement dated as of August 8, 2000 made by and between 554-556 Third Avenue, LLC , as landlord and Executay Corporation, as tenant, as amended by (i) letter agreement between the aforesaid parties dated May 14, 2001; and (ii) Amendment to Master Lease Agreement between the aforesaid parties dated February ____, 2001, as assigned to 554 Owner LLC, 554 R&D LLC, and 554 FWR LLC, as landlord by Assignment dated February 28, 2002, and as further affected by Subordination, Non-Disturbance and Attornment Agreement dated as of March 4, 2002 between CIBC, Inc. and Executay Corporation, recorded April 2, 2002 in Reel 3482 page 2313.

Note: Fidelity National Title Insurance Company of New York has agreed that it will insure any RUO and any mortgagee of a RUO against any reversion, forfeiture, or collection of any sum on account of or arising from the Lis Pendens (Notice of Pendency) filed 4/23/02 in the Office of the County Clerk, New York County, with respect to proceeding entitled "Oxford Capital Third Avenue LLC, Plaintiff, against 554 Owner LLC, et al., Index No. 107869-02, Supreme Court, New York County, IAS Part 12 (Hon. Barbara R. Kapnick, Justice).

All personal property owned by the Sponsor and 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 shall be included in the conveyance.

The Sponsor shall bear the risk of loss or damage to the Unit by fire or any other casualty to the

earlier of the delivery of the deed to the purchaser or possession by the purchaser, at which time the purchaser shall assume the risk of loss. In the event there is damage to the Unit by fire or other casualty prior to the closing under the Purchase Agreement, for which the purchaser is not liable, the Sponsor may elect to repair said damage and the Purchase Agreement shall remain in full force and effect, and purchaser shall not be entitled to reject title or receive a credit against the purchase price therefore. The Sponsor shall be entitled to a reasonable amount and time within which to complete the repairs and restoration, and any insurance proceeds in connection with such loss shall belong to the Sponsor, subject to the rights of the Board of Managers and other Unit Owners. In the event the Sponsor notifies the purchaser that it does not elect to restore or repair the damage, the Purchase Agreement shall be deemed canceled, the downpayment, together with any interest thereon, shall be returned to the purchaser, and neither the purchaser nor the Sponsor shall have any further liability to the other.

A closing will take place only concurrently with the issuance of a temporary or permanent certificate of occupancy for the entire project or, issuance of a partial, temporary or permanent certificate of occupancy for the unit closed or the building in which the unit is located.

N. UNIT CLOSING COSTS AND ADJUSTMENTS

At closing, each purchaser shall be required to pay certain costs and expenses. The following is a list of the types and amounts of costs and expenses purchasers should expect to pay. Estimates for title expenses are provided by Fidelity National Title Insurance Company of New York and are based (as are all of the following items) on current rates and charges which are subject to change without prior notice:

(1) Premiums for title insurance. If a purchaser elects to obtain fee title insurance, the purchaser will pay the premium therefor which will vary depending upon the purchase price and whether or not a mortgage title policy is obtained simultaneously with the fee title policy. Title insurance rates are set by the Title Insurance Rate Service Association ("TIRSA")and filed with the New York State Insurance Department [All rates are effective as of November 5, 2001, and are subject to any increase approved by the New York State Insurance Department]. The current rate (applicable to New York City)for fee title insurance on first sales of Condominium Units is 70% of the normal rates as provided in the TIRSA Rate Manual and computes to $281 for the first $35,000 of the purchase price and $4.67 for each additional thousand dollars or fraction thereof, up to $50,000; $3.80, up to $100,000; $3.05, up to $500,000; $2.79, up to $1,000,000. Where a mortgage title policy is simultaneously issued, the mortgage title insurance premium will be approximately 25% of the fee title rate. Solely by way of illustration, if a purchaser of a Unit priced at $300,000 obtained a mortgage loan of $200,000, the mortgage title insurance would cost $214 and the fee insurance would cost $1152. Sponsor makes no representation regarding insurance available from insurers other than Fidelity National Title Insurance Company of New York. An additional charge of $1000 payable to the Sponsor's attorney will be imposed upon purchasers who do not use Fidelity National Title Insurance Company of New York.

(2) The New York State Real Estate Transfer Tax, which is currently $4.00 per $1,000 of actual consideration or fraction thereof. For residential real property with an aggregate sales price over $1,000,000, there is an additional tax of one (1%) percent of actual consideration multiplied by the percentage of the premises which is residential real property. For instance, the New York State Real Estate Transfer Tax for a Unit sold for $300,000 would be $1,200; for a Residential Unit sold for

$990,000, the transfer tax would be $3,960. The additional tax, in the case of a Unit sold for $1,000,000.01, would be $10,000.00.

Although the NYS Real Estate Transfer Tax and the NYC Real Property Transfer Tax are customarily paid by the seller, the Sponsor has transferred responsibility for these taxes to the purchaser pursuant to the Purchase Agreement and this Plan. New York City and New York State have taken the position that where a contract of sale for real property provides that the purchaser pays the NYS Real Estate Transfer Tax and the NYC Real Property Transfer Tax, the purchase price to the seller shall be deemed to be increased by the amount of such taxes. The NYS Real Estate Transfer Tax and the NYC Real Property Transfer Tax have thus been computed by NYC and NYS in situations where the purchaser pays the aforesaid taxes, by use of the following formula, in accordance with the policy:

$_____ x _____ Tax Rate $
Purchase Price Tentative City Tax

$_____ x _____ .049% $
Purchase Price Tentative State Tax

Purchase Price Aggregate of Taxable Consideration
Tentative Taxes

$ x Tax Rate $
Taxable Consideration City Tax

$ x .049% $
Taxable consideration State Tax

The foregoing discussion is not a representation or warranty that New York City and/or New York State will continue to compute the taxes owed them by use of the aforesaid formulae or rates.

(3) The New York City Real Property Transfer Tax, which is, as to residential property, currently $1.00 per $100 or fraction thereof of actual consideration, where consideration is $500,000 or less; $1.425 per $100 or fraction thereof for (a) residential property where consideration is greater than $500,000 and (b)non-residential property where consideration is $500,000 or less; and $2.625 per $100 or fraction thereof for non-residential property where consideration is greater than $500,000. Thus, the New York City Real Property Transfer Tax for a Unit sold for $350,000 would be $3,500.00, and a Unit sold for $500,000 would be $5,000.00. There is a $25.00 filing fee for the filing of the Tax Return that accompanies each such payment.

(4) Fee for recording the deed covering the Unit, the Power of Attorney in favor of the Board of Managers, and any mortgage a purchaser may obtain. The current recording fees are $25.00 per document plus $2.00 per page. There is a filing fee of $2.00 for the New York State Real Property Transfer Tax Affidavit.

(5) If purchaser has obtained a mortgage, State and City combined mortgage recording tax is $2.00 per $100 or fraction for loan amounts less than $500,000, $2.25 per $100 or fraction for loan amounts of $500,000 or more for residential property, and $2.75 per $100 or fraction for loan amounts of $500,000 or more for non-residential property.

For a Residential Unit, 1/4% (0.0025) of the loan amount shall be paid by the lender on account of such tax. Moreover, the borrower is entitled to a $25.00 credit against tax for purchase of a "single-family home", which by definition includes a residential condominium unit. For example, the purchaser's portion of the mortgage recording tax for a $310,000 mortgage loan on a Residential Unit would be $5,400; for a $600,000 mortgage loan on a Residential Unit would be $11,225.

6) If applicable, all closing costs and expenses in connection with purchaser's mortgage loan in amounts determined by the lender. These costs vary from lender to lender and from time to time, and purchasers are advised to make their own inquiries in this regard. These costs customarily include, but are not limited to, pro-rata interest on the mortgage loan amount from the date of closing to the due date of the first regular monthly principal and interest payment; origination fees; commitment fees; fees for credit checks; bank attorney's fee (approximately $550 for residential property) and appraisal fees (in addition to mortgage title insurance, the mortgage recording tax and the cost of recording the mortgage).

Furthermore, should a purchaser obtain a mortgage, he, she or it may be required by the lending institution to deposit monthly with the lending institution, commencing with the closing date, an escrow for the payment of annual real estate taxes and insurance premiums. The amount of the deposit will be a multiple of the monthly real estate taxes assessed, based upon actual or anticipated assessed valuation, as well as applicable insurance premiums. The amount of such escrow cannot now be determined and will depend on the number of months remaining between the closing of title and the date these amounts are next due to be paid and the estimated amounts then payable, as well as the discretion of the mortgagee.

(7) The Sponsor's attorneys receive a closing fee of $750 for each closing of a Unit ($900 if purchaser desires to have the closing other than at Sponsor's designated place of closing).

(8) The fees and expenses of his, her or its own attorney, if any.

(9) An amount equal to the regular share of the monthly Common Expenses attributable to such Unit adjusted as of the closing date.

(10) An amount equal to two (2) months of the regular share of the Common Expenses attributable to such Unit, in order to provide the Condominium with a working capital fund.

Real Estate taxes for the period in which closing takes place, estimated charges for utilities, rent (if any), and related charges shall be apportioned as of 11:59 P.M. of the day preceding the closing date. For a discussion of the Sponsor's obligations respecting payment of real estate taxes, if separate tax lots for each Unit have not then been established, see the heading "REAL ESTATE TAXES".

Further to illustrate the foregoing, if a RU is purchased for $3,750,000, and the purchaser obtains a mortgage for $2,800,000 in connection with the purchase, the following would approximate the purchaser's charges: fee title insurance premium $14,573.00, the mortgage insurance (lender's policy) premium $2,777.00, New York City Real Property Transfer Tax $54,462.74, New York State Real Estate Transfer Tax $15,276.00, New York State Real Estate Transfer Tax Additional Tax ("Mansion Tax") $38,184.38, New York State Mortgage Recording Tax $48,975.00, purchaser's contribution to working capital $4,922.00, lender's closing costs paid by purchaser $3,000.00, recording fees $500.00, lender's impound (escrow) for real estate taxes $20,000.00, Sponsor's attorneys' fee $750.00, common charges adjustment in favor of Sponsor $1,230.00, and gratuity to the title closer $200.00.

O. RIGHTS AND OBLIGATIONS OF THE SPONSOR

The Sponsor, and any subsequent Unit Owner whose Unit includes more than fifty percent (50%) of the floor area of the Ground Floor, will both have the right (a) to install signs, canopies, banners, flags at the entrance to such Unit, (b) to make alterations to the Building's facade at ground level, (c) to make improvements to the sidewalk, (d) make such alterations to the exterior of the Building at ground level as may reasonably be necessary in the sole judgment of such Unit Owner, (e) to disconnect the Unit or any part thereof from the Building's heating system and provide separate heat therefor, and from and after the provision of such separate heat therefor following disconnection from the Building's heating system, the proportionate share of the Condominium's fuel costs for heating will be excluded from the Common Expenses payable on account of such Unit, and such Common Expenses will be reduced by the appropriate amount, beginning with the first full month of such operation. Such Common Expenses will be equitably apportioned if the independent heating system is put into operation, or if such removal is effected, other than on the first of a month.

The Sponsor and any subsequent owner of such a Unit shall have the further right to install a separate meter for consumption of water for separate billing of that Unit with respect to water charges and to hire its own personnel to perform such tasks as are covered by that Unit's share of the Condominium's expenses for labor. Upon exercise by the Sponsor or any subsequent owner of such a Unit of any of the rights reserved in this paragraph, such Unit's share of the Condominium's expenses for water charges or labor, as the case may be, will be excluded from the Common Expenses of that Unit.

The rights reserved in this Section with respect to the Sponsor and any successor owner of such a Unit will be exercisable without the consent of the Board of Managers and will inure to the benefit of the Sponsor and any subsequent owner of such a Unit, their successors and assigns.

Unsold Units - Reservation of Rights of Sponsor

Subsequent to the Recording Date and until first conveyed to a purchaser, each Unit will be an Unsold Unit. The Sponsor reserves the right to use or rent any Unsold Unit, but each such Unit will be delivered to a purchaser thereof free and clear of all occupants, unless the purchaser expressly agrees to take title subject thereto or the Unit is subject to a lease or tenancy which is referred to in this Plan. Sponsor or any owner of an Unsold Unit may hang or cause to be hung signs or banners from the Building advertising Unsold Units for sale or rent so long as any Unsold Units remain.

Condition of Units

The "Description of Property and Building Condition", in Part II, contains a report by the Sponsor's architect, setting forth the condition of the Building and the RUs.

Each Unit will be delivered at the closing to the purchaser thereof as raw space, and subject to the Sponsor's obligations set forth herein. The Sponsor will not provide any fixtures or appliances not described in this Plan, and will be under no obligation to make any improvements or repairs to any Unit or any part of the Common Elements except as expressly set forth herein.

If the EUO or any designated successor performs alterations and improvements in the EU or any subdivision, combination, resubdivision or recombination of all or any part thereof, the EU and any shall be required to comply only with all applicable requirements of law and regulations relating to the performance of such work.

The Sponsor makes no warranty or representation as to the physical condition or state of repair of the Building, any Unit or the improvements forming a part thereof, except as expressly set forth in this Plan.

Additional Rights and Obligations

The Sponsor and designated successors shall have the following additional rights and obligations under the Plan:

1. The Sponsor has no obligation to defend any suits or proceedings, or to indemnify the Board of Managers or Unit Owners, except with respect to claims arising out of the acts, omissions or representations of Sponsor, as limited in this Plan.

2. All representations by the Sponsor under the Plan, all of its obligations pursuant to the New York State General Business Law, and such additional obligations, if any, under the Plan which are to be performed subsequent to the closing date, shall survive delivery to a purchaser of the deed to a Unit.

3. The Sponsor will pay the Common Charges, special assessments, real estate taxes and other local taxes with respect to any Units it owns, including the Unsold Units, so long as it continues to own them. The Sponsor represents that it has the financial resources to meet its obligations with respect to the Unsold Units and will fund such obligations from proceeds arising from projected sales of the Units. In addition, the Sponsor currently anticipates approximately $4,800,000.00 of annual gross rental income from the EU. No bond or other security has been furnished to secure the Sponsor's obligations. The Sponsor will look primarily to the EU rental income stream to satisfy its obligations under the Plan. No lease security has been provided by Tenant under the Lease.

4. The risk of loss from fire or other casualty to a Unit will remain with the Sponsor until the earlier of (a) the closing under a Purchase Agreement and (b) the purchaser's taking possession of the Unit. In the event of damage to a Unit by fire or other casualty prior to the closing under a Purchase Agreement, for which damage the purchaser is not liable, the Sponsor shall have the right to elect to

repair said damage. If it so elects, the Purchase Agreement shall remain in full force and effect, and the Sponsor shall be entitled to a reasonable amount of time within which to complete the repairs and restoration. Any insurance proceeds received in connection with such loss shall belong to Sponsor, subject to the rights of the Board of Managers and other Unit Owners. If the Sponsor elects not to restore or repair the damage, the Purchase Agreement shall be canceled, and the downpayment, together with any interest thereon shall be returned to the purchaser.

5. The Sponsor will initially procure fire and casualty insurance coverage for the Property pursuant to an agreed amount replacement value policy or in an amount sufficient to avoid coinsurance, as reflected in the Schedule of Insurance. Premiums for such insurance policies will be apportioned between the Sponsor and the Condominium as of the Recording Date.

6. 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. However, while the Lease remains in effect, any such individual or entity must have been a principal of the Sponsor at the date of this Plan."

7. Purchasers are advised that the Housing Merchant Implied Warranty Law (New York State General Business Law, Article 36-B) is not applicable to this offering, since such law applies to units in buildings of five stories or less.

8. The Sponsor will pay all expenses incurred prior to the establishment of the Condominium in connection with establishment of the Condominium, and will bear and pay all costs and expenses incurred in connection with the operation of the Condominium prior to the first closing of title to a Unit, whenever such costs or expenses are incurred, or in connection with the sale of all Units held or owned by the Sponsor (except for costs specifically made payable by purchasers under the Plan), and will pay all selling expenses including, but not limited to, advertising and printing costs and the costs of filing this Plan and amendments thereto.

9. Except as specifically set forth herein, no bond or other security has been furnished to secure the Sponsor's obligations hereunder. All obligations of the Sponsor pertaining to the Common Elements shall be enforceable only by the Board of Managers on behalf of the Unit Owners and not by the individual Unit Owners. However, nothing herein shall prevent an individual Unit Owner from bringing an action in the nature of a derivative action against the Board of Managers. During the time the principals of the Sponsor control the Board, it is within their sole power to enforce the obligations of the Sponsor pertaining to the Common Elements. Therefore, the Sponsor agrees that during such period it will, in its capacity as the Board of Managers, enforce such obligations when required to do so by a resolution duly passed by a majority of the Unit Owners, excluding the Sponsor, at a special meeting of the Unit Owners called for such purpose.

10. The Sponsor reserves to itself, its successors, assigns, designees, and their contractors, subcontractors, agents and employees, any and all easements and rights of access, in and to Units and Common Elements, to complete alterations to the Common Elements and to the Unsold Units in a

manner consistent with the purposes of the Plan and the Sponsor's rights and obligations hereunder. The Sponsor will use reasonable efforts so as not to interfere with a Unit Owner's reasonable use of his or her Unit during any work period. However, there may be a temporary limitation as to use of the public areas. The Sponsor's reservation and rights shall include, but not be limited to:

(a) The right to maintain general and sales and lease office(s) and personnel on the premises, to post signs, and to conduct other activities connected with promotion, sales or leasing, such as inspection and display of vacant or leased Units, as well as all Common Elements, to prospective purchasers or lessees; and

(b) The right of access in and to Units and Common Elements for purposes of construction, repair, refurbishment, correction, alterations, finishing, servicing and similar work required to be performed by the Sponsor.

11. Sponsor has obtained construction financing at the time of submission of the offering plan to the Office of the Attorney General.

12. Sponsor is obligated to build and complete the condominium in accordance with the building plans and specifications prepared by H. Thomas O'Hara Architects, subject to sponsor's 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.

13. Sponsor must obtain a permanent certificate of occupancy for the property or, alternatively, obtain a temporary or partial certificate of occupancy for the unit or the building in which the unit to be closed is located. The sponsor and its principals must obtain a permanent certificate of occupancy for the property within two years after closing the first unit. Sponsor must obtain the permanent certificate of occupancy before the partial or temporary certificate of occupancy expires, unless extended.

14. As first closing may take place prior to the issuance of a permanent certificate of occupancy for the property, Sponsor is required to maintain all deposits and funds in the special escrow account required by GBL Section 352-e(2-b) unless the sponsor's engineer, architect or other qualified expert certifies that a lesser amount will be reasonably necessary to complete the work needed to obtain a permanent certificate of occupancy, in which case the sum exceeding the amount so certified by the sponsor's engineer, architect or other qualified expert may be released from the special escrow account. Alternatively, sponsor must deposit with an escrow agent an unconditional, irrevocable letter of credit, post a surety bond in the amount so certified, or provide other collateral acceptable to the Office of the Attorney General.

15. The Sponsor does not agree to warrant the materials or workmanship of each unit (and limited common elements) or common elements. The Housing Merchant Implied Warranty Law (GBL Article 36-B) does not apply to the offering because the building contains more than five stories. Purchasers should make their own inspection of the building and the unit they seek to purchase prior to executing a Purchase Agreement.

16. At or prior to the closing of the unit, Sponsor must assign any manufacturer's warranties with respect to equipment and appliances installed in the 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.

17. 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.

18. Sponsor agrees to deliver a set of "as-built" plans to the Board of Managers.

19. If the first closing of title to a RU shall not have taken place on or before October 1, 2004, Sponsor will offer rescission to all purchasers.

P. CONTROL BY THE SPONSOR

The Sponsor as EUO will have voting control of the Board of Managers and shall have the right to appoint a majority of its members until (i) conveyance of title to Units (including the EU or any Units subdivided or recombined therefrom) to which appertain in the aggregate not less than fifty (50%) percent of the Percentage Interests in the Common Elements, or (ii) five (5) years following the date of the first closing of a Unit, whichever occurs first. Within 30 days after the occurrence of an event described in clause (i) or (ii) in the preceding sentence, a meeting of the Unit Owners shall be called and held to elect new members of the Board of Managers. At and after such meeting, neither the Sponsor nor its designated successors shall be entitled to appoint a majority of the members of the Board of Managers, provided that so long as the Sponsor or its designees owns at least one (1) Unit, the Sponsor and its designees shall have the right to appoint at least one (1) member.

As EUO, the Sponsor will have control of the maintenance and operation of, and the services to be provided to, the Condominium and will determine the Common Charges to be paid by all Unit Owners, including the Sponsor.

So long as the Sponsor or its designated successors shall own Units to which appertain in the aggregate not less than twenty-five (25%) of the Percentage Interests in the Common Elements, but not more than five (5) years after the first closing of a Unit, the Board of Managers may not, without the Sponsor' s prior written consent, (i) make any alteration, addition or improvement to the Common Elements, (ii) assess any Common Charges for the creation of, addition to or replacement of or all part of a reserve, contingency or surplus fund (however, the Sponsor will not unreasonably withhold its consent to additions to the contingency fund provided in Schedule B to the extent assessments are for expenditures required by law), (iii) borrow money on behalf of the Condominium, (iv) hire any employees in addition to the employees referred to in Schedule B or (v) enter into any service or maintenance contract for work

not covered by contracts in existence on the date of the first closing of title to a Unit. Notwithstanding the foregoing, Sponsor may not exercise any veto power over expenses described in Schedule B or over expenses required (i) to comply with applicable laws or regulations, (ii) to remedy any notice of violation, or (iii) to remedy any work order by any insurer.

Q. BOARD OF MANAGERS

Composition of the Board of Managers

The management and operation of the Condominium will be the responsibility of the Board of Managers, which will have all the powers and duties necessary therefor. The Sponsor will appoint the initial Board of Managers, which will consist of two (2) persons. Within 180 days following the conveyance of title to the first Unit, the members of the Board of Managers will resign and an annual meeting of Unit Owners will be held. At this first meeting, and at every subsequent annual meeting, new members of the Board of Managers will be elected by the Unit Owners, including the Sponsor, as follows: the EUO shall designate one (1) member, and the RUOs, including the Sponsor or Sponsor's designees to the extent they are then RUOs, shall elect one (1) member from their number.

Regular meetings of the Board of Managers will be held from time to time, as prescribed by the Board of Managers and the By-Laws, to transact necessary Condominium business. Special meetings of the Board of Directors may be called (i) by the President on three (3) business days, notice to each member of the Board of Managers or (ii) by the President or Secretary on three (3) business days, notice to each member of the Board of Managers upon the written request of at least one (1) member of the Board of Managers. The Board of Managers may act without a meeting, upon the written consent of both of the then members thereof.

All members of the Board of Managers (other than the Sponsor or a designated successor) shall be Unit Owners, spouses of Unit Owners, individual mortgagees of Units, partners or employees of a partnership owning a Unit or a mortgage covering a Unit, shareholders, officers, directors or employees of corporations, members or managers of limited liability companies, or fiduciaries who are owners or mortgagees of Units. If Units are owned jointly, only one of such owners may serve on the Board.

The term of office of the members of the Board of Managers elected by the Unit Owners shall be one (1) year or until their successors are elected or appointed. Members may serve for more than one (1) term. All members of the Board of Managers shall serve without compensation.

At any regular or special meeting of Unit Owners, the member of the Board of Managers elected by the RUs may be removed with or without cause by an affirmative vote of a majority of the RUOs. Members appointed by the Sponsor or a designated successor may be removed without cause only by the Sponsor or designated successor, as the case may be. However, the Board of Managers may not be prohibited from removing members for cause.

The EUO will own approximately 80% of the Percentage Interests in the Common Elements. Accordingly, to the extent the EUO or an affiliated party is also a RUO, then the EUO shall have greater voting power on the Board of Managers than the RUOs and may be able to effect or affect decisions

concerning the Common Elements which are opposed by a majority of the other RUOs.

Officers of the Condominium

The principal officers of the Condominium shall be the President and Secretary-Treasurer, both of whom shall be elected by the Board of Managers. The President and the Secretary-Treasurer must each be a member of the Board of Managers. All officers must be Unit Owners or a principal of the Sponsor or a designated successor. The Board may appoint an Assistant Secretary-Treasurer and such other officers as in its judgment may be necessary, who need not be Unit Owners. Each officer shall hold office at the pleasure of the Board of Managers.

Officers may be removed at any meeting of the Board of Managers, provided notice of the proposed removal has been given to the officer and in the notice of the meeting. Any officer whose removal has been proposed shall be given an opportunity to be heard at the meeting. All officers shall serve without compensation.

The following is a list of anticipated first members of the Board of Managers and the office to be held by each person:

Name	Office
Mitchel Maidman	Manager; President
Gregory L. Maidman	Manager; Secretary-Treasurer

The Messrs Maidman are principals of Sponsor.

Liability of the Board of Managers; Indemnification of the Board of Managers

Any contract or other commitment made by the Board of Managers or any managing agent will be made in an agency capacity and for and on behalf of the Unit Owners, and the members of the Board will have no personal liability on any such contract or commitment (except as Unit Owners) The liability of any Unit owner on any such contract or commitment or as to such indemnification as is hereinafter described will be limited to such proportionate share of the total liability thereunder as the Percentage Interest of such Unit Owner in the Common Elements bears to the aggregate Percentage Interests of all Unit Owners. Neither the Board of Managers nor any officer of the Condominium will have any liability to the Unit Owners for errors of judgment, negligence or otherwise, except for bad faith or willful misconduct. The Unit owners will severally indemnify the members of the Board of Managers and officers of the Condominium against any liability or claim except those arising out of the bad faith or willful misconduct. Members of the Board of Managers will not be required to be bonded.

Meeting and Votes of Unit Owners

The Unit Owners shall hold annual meetings within 60 days of the annual anniversary date of the first annual meeting. At each annual meeting of Unit Owners, members of the Board of Managers shall

be elected and appointed. In addition, special meetings of Unit owners may be held from time to time pursuant to the By-Laws, whenever necessary for the affairs of the Condominium.

Except in those instances where the By-Laws require the action of a specific percentage in number of Unit Owners, each Unit Owner (including the Sponsor as a unit owner) will be entitled to cast a number of votes equal to the Percentage Interest appurtenant to each Unit owned by such Unit Owner in connection with all matters which, by the terms of the Condominium Act, the By-Laws or the Declaration require the vote of the Unit Owners. Except as otherwise provided in the By-Laws, the presence in person or by proxy of Unit Owners having a majority of the votes of all Unit Owners will constitute a quorum at all meetings of the Unit Owners, and, unless otherwise provided, a majority of the votes of the Unit owners at a meeting at which a quorum is present will be binding upon all the Unit Owners. Special meetings of the Unit Owners may be held from time to time when called by the President upon a resolution by a majority of the Board of Managers or upon a petition signed by Unit Owners representing not less than 33-1/3% of the Percentage Interests.

Subject to certain exceptions, including, among others, exceptions regarding the rights of the Sponsor, any provision of the Declaration or By-Laws may be amended, modified, supplemented or deleted by an affirmative vote of 66-2/3% in number and Percentage Interest of the Unit Owners (and of the holders of first mortgages on Units, if their approval is required).

The Board of Managers is required to amend the By-Laws at the request of the Sponsor or designated successor with respect to those matters for which the Sponsor has specifically reserved such right in the By-Laws. The Board of Managers has the right to amend the By-Laws on its own initiative at any time, subject to the rights of Unit Owners to void such amendment (i) within 60 days after notice thereof, by the vote to oppose such amendment of 33-1/3% or more in number and Percentage Interest of all Unit Owners (including the Sponsor) at a special meeting called for such purpose, and (ii) at any time upon the vote of 66-2/3% in number and Percentage Interest of all Unit Owners (including the Sponsor).

As long as the Sponsor owns one (1) or more Unsold Units, the By-Laws may not be amended so as to affect the Sponsor's interest adversely without the Sponsor's prior written consent.

The Sponsor or any designee of the Sponsor has the right, without vote or consent of other Unit Owners, the Board of Managers or the holders of Unit mortgages, to amend the Declaration to reflect any changes in Units and the reapportionment in Percentage Interests resulting therefrom, provided that no such amendment shall change the Unit Owners, proportionate Percentage Interests, unless all Unit Owners affected consent to such amendment.

Units Acquired by the Board of Managers

All Units acquired by the Board of Managers or its designee will be held by it or its designee on behalf of all Unit Owners. Units so acquired and held will carry voting rights (other than in elections of members of the Board of Managers).

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

Sale or Lease of RU'S

Because of the unique nature of this offering and to assure that Units are sold and leased to Sophisticated Purchasers only, the following provisions will apply to all sales and leasings of Units (except as to the Sponsor and Sponsor's designees, as hereinafter defined). The Residential Unit Owners shall elect from their number a Residential Unit Owners' Council, each member of which must be either a Residential Unit Owner, or the spouse of such an Owner, or an officer, director, trustee, general partner, member or manager of such an Owner. Any Residential Unit Owner, other than the Sponsor or a designee of the Sponsor, desiring to sell or lease a Unit must first offer in writing the same for sale or lease, as the case may be, on the same terms, to the Residential Unit Owners Council. Such offer shall be in writing and on such forms as the Residential Unit Owners' Council shall promulgate from time to time, and shall have attached thereto (i) a true copy of the contract of sale or lease, as the case may be, and (ii) such other documentation as the Residential Unit Owners' Council shall from time to time prescribe. The Residential Unit Owners' Council need not consider any offer that is incomplete. The Residential Unit Owners' Council shall, upon receipt of a complete offer, have a ninety-day period within which to elect to purchase or lease the Unit on behalf of all the other Residential Unit Owners, upon the same terms as is set forth in the contract of sale or the lease, as the case may be. Any exercise, or waiver, of the rights granted to the Residential Unit Owners' Council must in all cases be in writing. The Residential Unit Owners Council shall have the right to assess the Residential Unit Owners to raise funds for the purpose of exercising its rights hereunder. If the Residential Unit Owners' Council shall fail or refuse to exercise its right to accept the offer and close the purchase (or enter into the lease, as the case may be) in accordance with the terms thereof, the Extended Stay Unit Owner shall have the right to accept for its own account and not for the benefit of any RUO and shall have an automatic thirty (30) day extension of any closing date (or entry into possession under any lease, as the case may be) in order to permit the Extended Stay Unit Owner so to accept and close (or enter into possession under any lease, as the case may be). If, however, prior to the actual closing (or entry into possession under any lease, as the case may be) by the Extended Stay Unit Owner, the Residential Unit Owners' Council gives irrevocable written notice both to the seller (or lessor, as the case may be) and to the Extended Stay Unit Owner that the Residential Unit Owners' Council now desires so to close (or enter into possession, as the case may be), the Residential Unit Owners Council shall do so no later than the date fixed for such closing (or entry into possession, as the case may be) on the same terms and conditions as set forth in the offer, except only that any extension granted to the EUO hereunder shall also apply to the Residential Unit Owners' Council in such event. Default by the Residential Unit Owners' Council in such latter event shall subject all members thereof to joint and several personal liability.

In the event of any subdivision of the EU into individual RUs, a separate RUO council for the Unit Owners of the RUs thereby created will be established at the time of such subdivision. Such RUO council will determine whether any additional or further services shall be supplied to such RUOs (but not to any RUO or their successors in interest who were original purchasers under this Plan unless the RUO or their successors in interest consents thereto) and otherwise act in respect of any RUs created by any such subdivision in the same manner as the RUO council described in this Section R. "RIGHTS AND OBLIGATIONS OF THE UNIT OWNERS AND THE BOARD OF MANAGERS" and paragraph 25 at page xi. Sponsor shall have the right to amend the By-laws at any time to effectuate the foregoing provisions.

Sale, Lease or Mortgaging of EU

Any sale, leasing or mortgaging of the EU shall be subject to the terms of the Lease while the Lease remains in effect. Thereafter, the EUO may sell, lease or mortgage the EU or any subdivision or recombination of all or any portion thereof without any restriction of any kind.

Common Charges and Assessments

Pursuant to the terms of the Lease, the building will be operated to the standard of a First-Class Apartment Building (as that term is defined in the Lease). To effectuate this provision of the Lease, the EUO will be responsible for providing all services, making all necessary repairs or alterations, and operating the building to the standards required by the Lease. For that reason, the powers and duties of the Condominium Board of Managers will be extremely limited. The EU has been designed as a "big box", wherein will be located all equipment and facilities necessary to permit the provision of the required services and facilities without the need for intervention or involvement by the Board of Managers. It shall be a continuing obligation on the part of the EUO, so long as any equipment or facilities necessary to provide essential services to all Unit Owners are located within the EU, to provide such services to all Unit Owners on a non-discriminatory basis. It shall be a continuing obligation on the part of each RUO to reimburse the EUO for the cost of providing such services. The EUO shall render bills for such reimbursement to the Board of Managers at reasonable intervals. The Board of Managers shall cause each RUO to be billed for their proportionate share, based upon the Percentage Interest of each such RUO, as Common Charges. The EU Owner may enforce the obligations of the Board of Managers in this regard by appropriate legal proceedings.

The Board of Managers will prepare and furnish its budget to the Unit Owners (and their mortgagees if requested) from time to time and at least once a year. Based upon such budget and any modifications thereof approved by the Board of Managers, the Unit owners will be charged for the cost of the operation of the Condominium in accordance with their Percentage Interests in the Common Elements. The Common Charges assessed by the Board of Managers shall cover the cost of repairing and maintaining the Common Elements, fire and liability insurance covering the Common Elements, electricity for the Common Elements, water, audit and legal expenses, and may cover, in the discretion of the Board of Managers, reserves, working capital and other sums necessary to carry on the affairs of the Condominium. The Common Charges will not include maintenance, repairs or decoration of any Units or portions thereof, the cost of individually metered utilities, refuse removal or payments required pursuant to the terms of any Unit Owner's mortgage, or real estate or other local taxes covering the individual Units. The Board of Managers may commence the collection of Common Charges upon the closing of title to the first Unit or thereafter in such amount as will be necessary to carry out the duties of the Board of Managers, as set forth in this Plan. Each Unit Owner will be responsible to pay the Common Charges allocable to his or her Unit monthly in advance, commencing with the closing of title to his or her Unit. Common Charges assessed during the month in which title closes shall be adjusted between the purchaser and the Sponsor as of the closing date, if collection of Common Charges has commenced on or before said date.

The Board of Managers may assess Common Charges for accumulation of reserves subject to

provisions of applicable tax law and subject, for a limited time, to Sponsor's right to withhold consent to such action.

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

According to the provisions of Section 339-z of the Condominium Act, the Board of Managers, on behalf of the Unit Owners, will have a lien on each Unit for any unpaid Common Charges assessed by the Board of Managers. Pursuant to Section 339-aa of the Condominium Act, such lien will be subordinate to any liens for due and unpaid taxes on the Unit and to the lien of any first mortgage to which the Unit is subject. Any lien for unpaid Common Charges against a Unit will be effective from and after filing of a notice thereof in the Register's Office, and until all sums secured thereby, including interest, have been fully paid, or until six (6) years following the date of filing, whichever shall be sooner. Such lien(s) may be foreclosed by a suit brought in the name of the Board of Managers (acting on behalf of all Unit Owners) in the same manner as the foreclosure of a mortgage on real property. The Board of Managers will have the power to bid on the Unit at the foreclosure sale, and to acquire, hold, lease, mortgage and convey the same. The Board of Managers may also institute an action to recover a money judgment for the unpaid Common Charges, without filing the lien.

The Sponsor shall cause the Board of Managers to file a notice of lien as provided for in Section 339-aa of the Condominium Act on Units with respect to which the Sponsor is more than 30 days in arrears of Common Charges while the Sponsor is in control of the Board of Managers.

Repairs

All maintenance, repairs and replacements to the Common Elements of the Property (unless necessitated by the negligence, misuse or neglect of a Unit owner) shall be made by the Board of Managers and the cost thereof shall be a Common Expense. All painting, decorating, maintenance,

repairs and replacements, whether structural or nonstructural, ordinary or extraordinary, to any Unit (including the windows thereof), to the electrical, plumbing and heating systems therein, to electrical wiring from the individual meter at the roof to the Unit which it serves, and to machinery, fixtures and appliances within the Unit and belonging to the Unit Owner, shall be made by the Unit Owner at his or her expense. Any vote to accumulate more than $25,000.00 for any purpose, or to spend in excess of $25,000.00 in the aggregate by the Board of Managers for new or additional services not provided for in Schedule "B" (except such services as shall be required by law), must be authorized by a vote of a majority in Percentage Interest of the Unit Owners.

The Board of Managers shall be responsible for all repairs and maintenance to the roof, unless such repairs and maintenance are necessitated by the negligence or abuse of the Unit Owner. The EUO shall be solely responsible for repairs and maintenance to the portion of the basement included in said Unit, other than Common Elements located therein, unless repairs and maintenance to such Common Elements are necessitated by the negligence or abuse of such Unit Owner. The EUO shall be responsible for any snow removal from the sidewalk in front of the entire Building, but any such snow removal, or sidewalk repairs and maintenance, shall all be ratably reimbursed to the EUO by the RUOs as Common Expenses.

Any repairs or replacements to the Property required as a result of the negligence or abuse of a Unit Owner shall be performed by the Unit Owner at his or her own cost and expense.

The Board of Managers and/or any agent of the Board shall have the right of access (which right shall be an easement) to inspect any Unit for the purpose of making any repairs or replacements to any of the Common Elements contained in such Unit or appurtenant to such Unit or elsewhere in the Building, or to remedy any condition which would result in damage to any other Unit or to the Common Elements, or which would violate the provisions of any mortgage covering another Unit, or for the purpose of removing violations or curing defaults by Unit Owners, or for the purpose of complying with any laws, orders, rules or regulations of any governmental body having jurisdiction thereof. Such right of access shall be exercised in such manner as will not unreasonably interfere with the permissible uses of the Units. No prior notice shall be required if the Board of Managers shall determine that action is immediately necessary for the preservation or safety of the Property or its residents or to avoid the suspension of any necessary service.

Nothing herein contained may abridge or impair the rights of Tenant under the Lease.

Additions, Alterations and Improvements

Whenever in the judgment of the Board of Managers the Common Elements shall require additions, alterations or improvements costing more than $25,000.00 in the aggregate, and the making of such additions, alterations or improvements shall have been approved by more than fifty (50%) percent in number and in Percentage Interest of the Unit Owners, including the Sponsor or designated successors, present in person and/or by proxy and voting at a meeting duly held in accordance with the By-Laws, the Board of Managers shall proceed with such additions, alteration or improvements and shall assess each Unit Owner his or her proportionate share of the cost. Additions, alterations or improvements costing $25,000.00 or less in the aggregate may be made by the Board of Managers without approval of

Unit Owners and the cost thereof shall constitute part of the Common Expenses, although it may be paid from the Condominium's working capital fund.

No Unit Owner may make any addition, alteration or improvement to a Common Element. The Sponsor or designated successor, however, may incorporate a common hallway (which might at the time of such incorporation be a Common Element) into a Unit where such hallway would serve only such Unit and no other.

No Unit Owner (except the Sponsor or designated successor) shall make any structural addition, alteration or improvement in his or her Unit at any time, without the prior written approval of the Board of Managers (which consent, subject to the reasonable requirements of the Board of Managers with respect to proper performance of the work, bonding, and the plans and/or certifications of architects and/or engineers, will not be unreasonably withheld), as well as all municipal approvals, if required by any governmental authority having jurisdiction thereof. In addition, no such additions, alterations or improvements may be made unless the consent of the mortgagee is obtained, if such consent is required under the terms of the mortgage. No application shall be filed with any governmental authority for a permit covering an addition, alteration or improvement to be made in a Unit (except for a Unit owned by the Sponsor) unless approved and executed by the Board of Managers. The execution of any application for a permit shall not subject the Board or any of its members to any liability to any contractor, subcontractor, materialman, architect or engineer, by reason of such addition, alteration or improvement or to any person having any claim for injury to person or damage to property arising therefrom. If requested by the Board, a Unit Owner shall indemnify the Board for loss, damage or liability resulting in any way from execution of said documents or the Unit Owner's alteration work.

Except to the extent prohibited by the restrictions, or permitted by exceptions, expressly set forth in the Declaration, By-Laws or the Plan, all Unit Owners will have the right, without prior approval of the Board of Managers but subject only to compliance with all applicable laws and regulations, to: (a) make non-structural alterations, additions or improvements to and upon the interior only of their respective Units; (b) change the layout of the respective Units; and (c) subdivide and/or combine their respective Units.

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

There shall be an easement in favor of the EUO, or any subdivision or combination of all or part thereof, to use all or part of any common hallway or passageway in any partitioning or repartitioning of any space owned by such owner, provided that legal access to each Unit not owned by such owner is maintained. The EUO, or the owner of any Unit resulting from any subdivision or combination of all or part thereof, shall have the right to file an amendment to the Floor Plans to show the effect of such partitioning or repartitioning and the location of the easement or easements in question.

All contractors and subcontractors employed by or for the account of any Unit Owner (other than the EUO, The Sponsor or any Sponsor's designee) must be approved both by the Board of Managers and the EUO prior to their entering upon the Property. The right of any such contractor or subcontractor to enter upon or work in the Property may be revoked, and the contractor or subcontractor summarily ejected from the Property, either by the Board of Managers or the EUO acting separately, for breach of law or interference with the EUO or the Tenant.

Insurance

The insurance coverage procured by the Board of Managers is described on the Schedule of Insurance included in Schedule B. The Board of Managers will be obligated to obtain and maintain, to the extent obtainable and to the extent determined by the Board of Managers to be appropriate or relevant: (1) fire insurance, with extended coverage, vandalism and malicious mischief endorsements insuring the Building and other improvements on the Land and the Common Elements (including all Units, but not including machinery, fixtures, office equipment, furniture, furnishings or other personal property supplied or installed by the Unit Owners), covering the interests of the Condominium, the Board of Managers and all Unit owners and their mortgagees, as their interests may appear in an amount equal to the agreed upon replacement value of the Buildings (exclusive of the cost of excavations and foundations) without deduction for depreciation, or such other amount as is adequate to prevent the Condominium from becoming coinsurer in the event of casualty loss; (2) general liability insurance; (3) officers and directors liability insurance; (4) water damage legal liability insurance; and (5) such other insurance as the Board of Managers may determine.

The proceeds of all such fire insurance policies will be payable to the Board of Managers, to be applied to repairing, restoring or rebuilding, unless otherwise determined by the Unit owners, in accordance with the Condominium Act and/or By-Laws and Declaration. In no event will such proceeds be paid to the holder of any mortgage placed by a Unit Owner on his Unit, unless, at least seventy-five (75%) percent of the Building is destroyed and seventy-five (75%) percent in number and in Percentage Interest of the Unit Owners determine not to repair, restore or rebuild. If the insurance proceeds are not sufficient to cover the cost of such repairs, the deficiency will be assessed against the Unit Owners as a Common Charge.

The cost of all such insurance shall be paid by the Board of Managers and shall constitute a Common Expense.

The insurance coverage procured by the Board of Managers shall not include fire and casualty losses with respect to the contents of Units, replacements, additions, and improvements of Units "as built," or upgraded fixtures. It also does not provide insurance for occurrences within a Unit. Unit Owners are permitted and encouraged to carry liability and casualty insurance covering occurrences in their Units for their own benefit, at their own expense, provided such policies contain waivers of subrogation and further provided that the liability of the carriers issuing insurance procured by the Board of Managers shall not be affected or diminished by reason of any Unit Owner's insurance.

The Board of Managers may also obtain and maintain to the extent obtainable: (1) fidelity insurance covering all employees of the Condominium who handle Condominium funds; (2) worker's

compensation insurance; and (3) public liability insurance covering each member of the Board of Managers, the Managing Agent and each Unit Owner in such limits as the Board of Managers may deem proper, covering all claims for bodily injury or property damage arising out of any occurrence in the Common Elements; however, such policy will not cover liability of a Unit Owner arising from occurrences within his or her own Unit.

Until the conveyance of title to Units to which appertain in the aggregate not less than seventy-five (75%) percent of the Percentage Interest in the Common Elements, the amount of fire insurance to be maintained on the Building, the Common Elements and other improvements on the Land will be in an amount not less than an agreed amount which waives co-insurance.

Restrictions on Occupancy and Use

In order to provide for congenial occupancy of the Building and for the protection of the value of the Property and the Units, the By-Laws provide that the use of the Units and Property shall be in accordance with the following provisions:

1. The Units (other than those owned by Sponsor or designated successor) shall only be used for any purpose permitted under this Plan and the applicable zoning law provisions. In general, Residential Units may be used only for residential purposes and for ancillary home occupations, and the EU may be used only for those purposes which are permitted by law.

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

3. No business or activity may be conducted in a Unit which creates a high hazard or produces excessive noise, vibration, smoke, dust or other particulate matter, odorous matter, heat, humidity, glare, excessive elevator or pedestrian traffic, or other objectionable effects.

4. No business or activity may be conducted in a Unit which competes with or interferes with the business of the Tenant pursuant to the Lease while the Lease remains in effect.

5. No unlawful use shall be made of the Property or any part thereof. All persons on the property shall obey all laws, zoning ordinances and regulations of all governmental bodies having jurisdiction thereof. Violations of laws, orders, rules, regulations or requirements of any governmental agency having jurisdiction thereof, relating to any portion of the Property, shall be cured by and at the sole expense of the respective Unit Owners or by the Board of Managers, whichever shall have the obligation to maintain or repair such portion of the Property.

6. Except upon the written consent of the Board of Managers, occupants of a Residential Unit shall be limited to the Unit Owner, members of the family of the Unit Owner, a lessee of the Unit (which may consist of one (1) entity or one (1) person and a member of the family of such person), members of the family of a lessee, or, if the Unit Owner or lessee is a partnership, a corporation or fiduciary, members of the family of a partner or of an officer, director, shareholder or employee of the corporation, or of the beneficiary of the trust. "Members of the family" as used herein shall be deemed to mean spouse,

"significant other", parents, parents-in-law, brothers, sisters, children and grandchildren.

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

8. No Unit may be used as a homeless shelter.

Compliance with By-Laws and Rules and Regulations

Rules and regulations concerning the use of the Property and Units may be promulgated and amended from time to time by the Board of Managers, provided that copies of such rules and regulations are furnished to each Unit Owner prior to the time that they become effective. No rule or regulation may abridge or impair the rights, or interfere with the business operations of, the Tenant under the Lease while the Lease remains in effect.

Each Unit Owner must comply strictly with the By-Laws and the rules, regulations, resolutions and decisions adopted pursuant thereto. Failure to comply with any of the same shall be grounds for an action to recover sums due, for damages or injunctive relief, or both, by the Board of Managers or in a proper case, an aggrieved Unit Owner. In the case of flagrant or repeated violation, the Board may ask the offending Unit Owner for sufficient surety for future compliance.

Termination of Condominium

The Condominium will continue (unless terminated by casualty loss or by condemnation as provided in the By-Laws) until such time as the Property is withdrawn from the provisions of the Condominium Act in accordance with the provisions thereof. At that time the Property will be subject to an action for partition by any Unit Owner or any lienor, as if owned in common, and in the event of such partition the net proceeds of the sale will be divided among all Unit Owners in proportion to their respective Percentage Interests in the Common Elements, after first applying the shares of the net proceeds of such sale otherwise payable to any Unit Owner to the payment of any liens on his or her Unit, in the order of the priority of such liens. Except in the event of such termination of the Condominium, the Common Elements will remain undivided and will not be subject to partition.

Covenant Against Partition of Common Elements

Section 339-i(3) of the Condominium Act provides that the Common Elements shall remain undivided and there is no right of partition, except as otherwise provided in the statute, which right is mentioned herein under the subsection "Termination of Condominium".

Severance of Ownership Prohibited

Both the Condominium Act and the By-Laws of the Condominium prohibit a Unit Owner from attempting to convey his or her Unit separate from its appurtenant Percentage Interest. The intent of such provision is to prevent any severance of such combined ownership.

S. REAL ESTATE TAXES

A separate tax lot number will be established by the City of New York for each Unit. The estimated monthly payments for real estate taxes with respect to each Unit for the first full year of the Condominium's operation are set forth in Schedule A-1. A Unit Owner will not be responsible for the payment of, nor will the Unit will be subjected to, any lien arising from the nonpayment of taxes on other Units.

If a separate tax lot for each Unit has not been established prior to conveyance of title to the first Unit, the Sponsor, in the name of the Board of Managers, will establish a tax escrow account with Maidman & Mittelman, LLP, 70 East 55th Street, New York, New York 10022, as escrow agent, in an amount equal to the estimated unpaid real estate taxes with respect to the Property for the six-month period following the Recording Date. The Board of Managers will pay the real estate taxes with respect to the Property from said escrow account, or otherwise if said account is inadequate, when such taxes are due and payable. So long as such tax escrow account is required to be maintained, at each closing with respect to his or her Unit, each Unit Owner will be required to reimburse the Sponsor in an amount equal to the product of (i) the Percentage Interest in the Common Elements attributable to such Unit Owner's Unit multiplied by (ii) the aggregate real estate taxes payable, or reasonably estimated by the Sponsor to be payable, on account of the Property during the 12-month period succeeding the closing multiplied by (iii) a fraction, the numerator of which is the number of days from the date of closing that the Sponsor is required to maintain such tax escrow account and the denominator of which is 360. If the aggregate real estate taxes payable on account of the Property changes or separate tax lots for Units are established prior to the expiration of said six-month period, all sums paid by the Sponsor on account of real estate taxes on the Property and all reimbursements received by the Sponsor from Unit Owners will be equitably apportioned.

Taxes on the Property are assessed by the New York City Department of Finance. For the tax year 2003/2004, the actual assessed valuation for the Property is $9,045,000 and the transitional assessment is $8,930,076. Real estate taxes are based on the lower of the actual and transitional assessments.

The combined assessment history of the entire 554-556 Third Avenue property (designated as Block 892, Lots 45 &46), is as follows:

		Land		Total
Tentative	2003/04	Actual	$579,000	$ 9,045,000
		Transitional	$464,670	$8,930,076
Final	2002/03	Actual	$ 495,000	$495,000
		Transitional	$432,000	$432,000

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May 6, 2003

554 Owner LLC
c/o Townhouse Management Co.
70 East 55th Street
New York, N.Y. 10022-0500

Re: AURORA CONDOMINIUM
554-556 Third Avenue
Block: 892 Lots: 45 & 46 (to be apportioned)
Borough: Manhattan

Gentlemen:

You have requested that we provide you with an estimate of the real estate tax assessment on the residential condominium which will consist of the top seven floors of the new 31-story building being constructed at 554-556 Third Avenue.

You have also requested an estimate of the real estate taxes that would be applicable to the condominium upon completion of the project, without regard to the granting of any exemption or abatement credits.

You have advised us that you are in the process of constructing a new, 31-story, residential building consisting of 125,339 gross square feet and 133 residential units at the 554-556 Third Avenue site. You have further advised us that floors 1-24, comprising 93,200 square feet, will consist of 126 rental units. The top seven (7) stories, comprising 32,139 square feet, will be a residential condominium consisting of seven (7) units to be apportioned into separate tax lots. The condominium is the subject of this opinion letter.

You have further advised us that, as of January 5, 2003 construction on the entire building was approximately 70%

complete, with completion anticipated sometime after April of 2003.

Although the setting of an assessment on any particular property is subject to an individual assessor's subjective determination based upon general assessment guidelines, it is possible to estimate an approximate assessed value based upon a number of factors. These factors include actual construction costs, the property's location, a hypothetical economic analysis of the condominium as if it were a rental property; assessed valuations of comparable buildings and New York City Department of Finance Assessment Guidelines. We have examined these factors in arriving at our estimates.

The combined assessment history of the entire 554-556 Third Avenue property (designated as Block 892, Lots 45 & 46), is as follows:

			Land	Total
Tentative	2003/04	Actual	$ 579,600	$ 9,045,000
		Transition	464,670	8,930,076
Final	2002/03	Actual	$ 495,000	$ 495,000
		Transition	432,000	432,000

New York City is an annual assessing jurisdiction and is required to assess property for each upcoming fiscal tax year (July 1 - June 30) based upon its use and condition on January 5th (taxable status date).

The first taxable status date subsequent to the completion of construction will be January 5, 2004, which will be the basis for the 2004/2005 assessed value of the condominium property. We estimate that the actual assessed value of the condominium for the 2004/05 tax year will be as follows:

Land	Total
$240,000	$3,280,000

Assuming a residential tax rate of 12.517% (the final second-half 2002/2003 tax rate), the gross real estate taxes due on the condominium should approximate $410,600 for the fiscal year July 1, 2004 through June 30, 2005.

It is the policy and practice of the New York City Department of Finance to assign separate tax lots and apportion the assessed valuation of a condominium among the various units, after consideration of the percentage of common interest and relative projected sales prices contained in the Offering Plan.

This letter was prepared at the sponsor's request. The figures set forth herein are approximations derived from material submitted by the sponsor and are subject to variation. No government agency has passed upon these figures or the estimates of assessed valuation and taxes herein. We have not passed on the accuracy of any figures or estimates contained in the Offering Plan, and offer no warranties on real estate taxes for any period. All prospective purchasers are advised that, although the estimate of assessed valuation upon completion of construction is a good faith estimate, such assessed valuation when actually made may be less or greater than as estimated herein.

The above estimates do not take into account any future increases in the level of assessed valuation applied to residential property or any increase in the real estate tax rate. The above opinion is based upon our interpretation of The New York State Real Property Tax Law and The Administrative Code of the City of New York and is not intended to be a guarantee or assurance that the actual tax assessments or actual taxes will be as estimated.

No representation is made that the provisions of law or New York City Department of Finance policies and practices will apply at the time the construction of the building is complete. You should be aware that the laws, regulations and practices of the Department of Finance upon which this opinion is predicated may in the future be revised in a manner adverse to your interests, or that there may be an adverse interpretation of the law or regulations by one or more agencies of the City of New York, or Courts of competent jurisdiction.

While we believe our opinions are well-founded, they are not intended, and should not be construed as representations or warranties that assessment and taxes will not be determined in a different amount. The foregoing analysis is based upon our knowledge of the making and review of assessments by the Real Property Assessment Department and the Tax Commission of the

City of New York with respect to newly constructed residential properties held in the condominium form of ownership. Application of a particular approach to valuation by an individual assessor may yield a different result.

We hereby consent to the inclusion of this letter in the Offering Plan.

Very truly yours,

PODELL, SCHWARTZ, SCHECHTER
& BANFIELD, LLP

BY: _____
HERBERT S. PODELL

HSP/

As estimated by Podell, Schwartz, Schechter & Banfield, LLP, special real estate tax counsel to the Sponsor, the 2004/2005 actual assessed valuation in respect of the RUs only, without taking into account the EU, will be Land $240,000.00, Total Land and Building $3,855,000. The 2004/2005 estimated tax rates for Class 2 properties is 12.517%. It is anticipated the City will use the Class 2 tax rate until the Residential Units are separately assessed. The gross real estate taxes for fiscal year 2004/2005 in respect of the RUs only, without taking into account the EU, are estimated, but not guaranteed or warranted to be $410,600. A copy of the letter of Podell, Schwartz, Schechter & Banfield, LLP, special real estate tax counsel to the Sponsor, follows immediately after this section. Note that the letter speaks of "the condominium", when what is meant is the RUs only, without taking into account the EU.

The Sponsor has commenced proceedings before the real estate tax assessment agency board of review to protest the assessed valuation of the Property for the tax years 2002/2003 and anticipates bringing proceedings for the 2003/2004 tax year, although no guarantee or warranty is made that Sponsor will in fact commence such proceedings.

Real estate taxes are assessed and collected by the City of New York. The Property is currently classified as a Class 2 property (a residential building).

The New York City Assessor phases in increases and decreases in the actual assessed valuation over a five year period, 20% in each tax year. The resulting valuation is the transitional valuation. Certain increases in the actual assessed valuation, however, resulting from physical improvements to the property, are not subject to such phase-ins and are implemented in full to both the actual and transitional valuations. Real estate taxes are based upon the lower of the actual or transitional valuations.

The Class 2 tax rate for fiscal tax year 2002/03 is 10.564% of the transitional valuation for the first half of fiscal tax year 2002/03, namely, the period from July 1,2002 to and including December 31, 2002, and 12.517% of the transitional valuation for the second half of fiscal tax year 2002/03, namely, the period from January 1, 2003, to and including June 30, 2003.

After the present tax lots have been reapportioned, each Unit Owner's tax rate will be based upon that Unit's designation on the building's Certificate of Occupancy.

No representation or warranty can be made as to (a) whether there will be (i) a further increase in the actual valuation of the Property during the projected budget year or (ii) an increase in the assessed valuation of the Property by reason of the condominium conversion or otherwise, or (b) the method of determining the assessed valuation (whether on a rent roll, market or other basis) or (c) the amount of any increase in the assessed valuation of the Property. Given the present geopolitical, economic and market trends in effect as at January 31, 2003, a substantial increase in real estate taxes is inevitable.

A purchaser should note that if the assessed valuation of the Property for real estate tax purposes is increased at any time as result of improvements to the Property or for any other reason, then greater amounts of real estate taxes than is shown above may be due with respect to the Property.

It is likely that the assessed valuation of the Property would be increased if structural alterations

to the Property were to be made. In that event, the assessor would add fortyfive (45%) percent of the construction costs of such structural alterations to the actual assessment of the Property. The increase in the assessed valuation is not subject to five-year phase-in rules, but rather would be fully reflected in the transitional assessment. Accordingly, subsequent to the Building's construction period, the assessed valuation and the amount of real estate taxes payable for each Unit may be significantly higher than those set forth in Schedule A-1. The Sponsor contemplates making no such structural alterations.

There is no assurance the taxing authority will allocate taxes between Units in proportion to their respective Common Interests. It is possible that the tax assessments for each of the Units may be allocated on a basis that differs from the allocation of Percentage Interest. However, the aggregate of all assessed valuations of all Units cannot exceed the assessed valuation of the Land and Building, were the same assessed as a whole.

The projected real estate taxes set forth in Schedule A-1 are only estimates. The Sponsor makes no representation that the tax rates or the assessed valuation of the Property will remain constant or that the projected real estate taxes for the Units as set forth in such Schedules will be accurate.

The Board of Managers has the power to act as agent on behalf of any Unit Owner who has given written authorization to the Board of Managers to be his or her own agent, to complain or apply to the real estate tax assessment agency board of review by filing a single complaint on behalf of all such Unit Owners pursuant to the applicable sections of the New York State Real Property Tax Law. The Board of Managers may retain legal counsel on behalf of Unit Owners for which it is acting as agent and 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 Condominium Act.

T. OPINION OF COUNSEL

A. EDWARD MAJOR
Counsellors-At-Law

March 13, 2003

554 Owner LLC, 554 R&D LLC and 554 FWR LLC
70 East 55th Street,
New York, New York 10022-3222

Re: Condominium Offering Plan (the "Plan") for 554-556 Third Avenue, New York, New York: The Aurora Condominium (the "Condominium")

Gentlemen:

You have requested our opinion with respect to the deductibility for Federal and New York State income tax purposes of mortgage interest and real estate taxes paid by a purchaser ("Unit Owner") who purchases a residential unit ("Unit") under the Plan. You have also asked us to discuss the method of calculating percentages of common interest with respect to Units in the Condominium and certain ancillary tax consequences of the Plan. Unless otherwise stated, capitalized terms used herein have the same meaning as in the Plan.

In connection with the opinions expressed herein, we have reviewed the Plan (including the schedules and exhibits thereto), and assume the material correctness of all thereof, but we made no independent investigation of the matters therein set forth. Our opinions are based upon the assumptions that the Plan becomes effective and is consummated in accordance with its terms, that condominium ownership of the Property is established upon the filing of a condominium declaration and that the legal consequences of the Plan are as described therein, specifically, that under the Plan:

A. a Unit Owner will own fee title to his, her, their or its Unit and an undivided percentage interest in the Common Elements inseparable from said Unit;

B. each Unit, together with its appurtenant interest in the Common Elements will ultimately be a separate tax lot for purposes of local real estate taxes, and the Unit Owner will be directly liable for payment of the real estate taxes imposed by them with respect to his, her, their or its Residential Unit, but not with respect to any other Unit;

C. subject to certain restrictions, a Unit Owner may sell or mortgage his, her, their or its Unit as he, she, they or it wishes, and the Unit will not be subject to the lien of any mortgage placed on any other Unit; and

D. a Unit Owner may separately transfer his, her, their or its Residential Unit, subject to certain restrictions described in the Plan.

Under the Plan, the Condominium will be managed by a Board of Managers whose members will be elected by all Unit Owners (including the Sponsor, to the extent that Sponsor owns any Units).

We also understand that the Condominium will initially be an unincorporated association under New York law. The Plan and the By-Laws provide that the expenses incurred in the operation and maintenance of the General Common Elements of the Condominium (the "General Common Expenses") shall be borne by the individual Unit Owners and assessed (in proportion to each Unit Owner's Percentage Interest) and collected by the Board of Managers on behalf of the Condominium ("Common Charges").

Based upon the foregoing, we are of the opinion that under present law, each individual Unit Owner who itemizes his, her, its or their deductions may deduct from gross income for Federal and New York State income tax purposes the real estate taxes assessed against that Owner's Residential Unit and paid by such Unit Owner and the amount paid by such Unit Owner on account of "qualified residence interest" on any mortgage indebtedness covering such Unit (see Sections 163 and 164 of the Internal Revenue Code of 1986, as amended) (the "Code"); Rev. Rul. 64-31, 1964-1 C.B. (Part 1) 300)*.

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* New York State law incorporates by reference (with certain modifications) Federal itemized deductions in regard to a resident individual (see Section 615 of the New York State Tax Law). Hence, the Federal authorities referred to herein should, for the most part, apply under the New York State income tax statutes.

"Qualified residence interest" is interest on indebtedness (subject to certain limitations as to type and amount) secured by a "qualified residence" of the taxpayer, which is defined as the taxpayer's principal residence plus one other residence selected by the taxpayer.

To the extent the Unit is used in a trade or business, the Unit Owner may not be able to deduct "qualified residence interest" but may have deductions therefor as a business expense, subject to investment interest limitations, "home-office" limitations, and the "at-risk" rules, among others.

A Unit Owner who regularly uses a portion of such Unit exclusively for his, her, its or their principal place of business may also take deductions for depreciation attributable to such use limited, however, to the excess of gross income derived from such use over his or her deductions for taxes and interest (See Section 280(A) of the Code).

A Unit Owner who is a veteran of the United States Armed Forces may be entitled to a veteran's exemption, or alternative veterans' exemption covering part of the real estate taxes otherwise assessed against his or her Unit (see Sections 458 and 458-a of the New York State Real Property Tax Law).

It should be noted that under Section 55 of the Code a non-corporate taxpayer may be subject to an alternative minimum tax on his or her alternative minimum taxable income ("AMTI") in lieu of the regular income tax. See Section 55 and 57 of the Code.

New York State also imposes a minimum tax based on certain Federal tax preference items, including "adjusted itemized

deductions". See Sections 601-A and 622 of the New York State Tax Law.

Pursuant to Section 7701 of the Internal Revenue Code, the status of the Condominium for Federal income tax purposes (and accordingly for New York State and New York City income tax purposes) is as an aggregation of the Unit Owners, unless a contrary election is filed.

Absent an affirmative contrary election, therefore, the Condominium will be treated for tax purposes as merely an aggregation of the Unit Owners, and therefore any income (such as rents on any Units owned and leased by the Condominium or interest on the Condominium's funds) and the expenses incurred by the Condominium in deriving such income would be deemed to be income and expenses of the individual Unit Owners, in proportion to their respective interests, and the amount of such income less such expenses would be taxable to them. The Common Charges would not be considered to be income to the Unit Owners and the expenditures incurred in maintaining the Common Elements would not be deductible by them, except to the extent a Unit Owner who uses his, her, its or their Unit in a trade or business would be entitled to deduct such expenses as ordinary and necessary business expenses pursuant to Section 162 of the Internal Revenue Code.

Notwithstanding the foregoing, the Condominium may elect to be treated as an association taxable as a corporation (see Section 301.7701-2 of the Treasury Regulations), and therefore would be subject to Federal corporation income tax (as well as to the New York State corporate franchise [income] tax) on its taxable income. See Rev. Rul. 80-63, 1980-1 C.B. 116; Rev. Rul. 74-99, 1974-1 C.B. 131.

For these purposes, the Condominium's taxable income would be the excess of its gross income over its deductible expenses. Gross income will include any rental income, any investment income and the Common Charges paid by the Unit Owners. However, any portion of the Common Charges which is segregated and used to finance specified capital expenditures or reserves for such capital expenditures should not be required to be included in gross income. See Rev. Rul. 75-371, 1975-2 C.B. 52; Rev. Rul. 75-370, 1975-2 C.B. 25; Rev. Rul., 74-563, 1974-2 C.B. 38. Deductible expenses will generally include the Common Expenses other than capital expenditures.

If (a) the Condominium elects to be taxed as a corporation, and (b) the Condominium satisfies the requirements of Section 528 of the Code, the Condominium would be eligible to elect to be exempt from Federal income taxes on Common Charges collected from the Unit Owners, and taxed a flat rate on any income earned. The requirements under Section 528 are: (i) the association must be organized and operated to provide for the acquisition, construction, management, maintenance, and care of association property; (ii) 60% or more of the association's gross income must consist of assessments from Residential Unit Owners ("exempt function income"); (iii) at least 90% of the association's expenditures must be for the acquisition, construction, management, maintenance, and care of association property; (iv) no part of the net earnings can inure to the benefit of any member or private individual other than by the acquisition, construction, management, maintenance and care of association property or by rebates of excess assessments; and (v) substantially all units (i.e., at least 85% of total square footage of all units) must be used as residences. An election under Section 528 may be made on an annual basis by filing Form 1120-H.

Even though a condominium may satisfy the requirements of Section 528 and elect to be exempt

from Federal income taxes on exempt function income, it would still be taxable at a 30% flat rate on the amount, subject to a $100 specific deduction, by which its non-exempt function income exceeds the amount of allowable deductions that are directly connected with the production of such income.

Among other things, income derived from the interim investment of assessments collected would be includable in the amount of income subject to taxation. The qualification of a Condominium to elect to be subject to tax under Section 528 involves factual issues, which can only be determined on a case-by-case and year-by-year basis. If, in any tax year, the Condominium does not qualify to elect to be exempt from Federal income taxes on Common Charges pursuant to Section 528 of the Code, but elects to be taxed as a corporation, the Condominium may be subject to the regular Federal corporate income tax on its taxable income. If no such election is filed, the Condominium will be treated as an aggregation of Unit owners and each Unit Owner may be directly taxable on his or her proportionate share of Condominium income (excluding Common Charges) less Condominium expenses (excluding Common Expenses).

Finally, it might be possible that the Condominium, even if it elects to be taxed as a corporation, would at some future date qualify under Subchapter T of the Code as organization acting on a cooperative basis. In such event, the association's patronage-sourced income (as that terms is defined in the Code) would not be taxed, but any non-patronage-sourced income would be subject to tax. By way of analogy, see Thwaites Terrace House Owners Corp. v. Commissioner (T.C. Memo. 1996-406, 72 TCM 578). If the Thwaites holding applies to the Condominium, income from its members (the Unit Owners) used to provide services to its members (including, presumptively, Common Charges paid by the EUO or the owner of any Unit resulting from a subdivision or recombination of any part thereof) would be exempt from taxation. However, the Internal Revenue Service has not acquiesced in the Thwaites holding, and it is unlikely the Service will do so. Even if the Thwaites holding is sustained in any subsequent litigation, its application to condominiums is neither established nor has it been tested. As regards New York State Income Tax, see Petition of 330 Third Avenue Owners' Corp., DTA No. 809615, New York State Tax Appeals Tribunal, March 26, 1998. New York State would seem to be following the Thwaites holding.

In no event do we make any prediction as to what elections may or may not be made by the Board of Managers in future, nor do we give any opinion as to the impact of any such election upon any Unit Owner's individual tax situation.

Based upon the assumptions heretofore set forth, and further assuming that the estimates set forth in Schedules A and B of the Plan actually reflect income and expenses for the first taxable year of Condominium operations, but without having made any independent investigation, it is our opinion that the Condominium cannot qualify for tax treatment pursuant to Section 528, and will not while the Lease or any substantially similar arrangement is in effect. Its ability so to qualify for future years will depend upon the law, facts and circumstances prevailing at that time.

We express no opinion as to the accuracy of factual assumptions set forth in said Schedules A and B.

We have reviewed the opinion (the "339-I Opinion") of Bellmarc Realty Services, Inc., dated March 18, 2003, which we understand is to be included in the Plan, as to the compliance of the method

used to calculate Percentage Interest in the Common Elements appertaining to each Unit. We express no opinion as to the accuracy of factual assumptions upon which the 339-I Opinion is based, or as to the relative values and amenities of each of the proposed Units in the Condominium which underlie the calculation of percentage of common interest of each Unit in the Condominium.

We express no views as to the validity of the proposed Condominium or any tax consequences or other matters except for those explicitly discussed in this opinion. Specifically, we express no views as to (i) the tax status of the Condominium as such, or (ii) the tax consequences which result from ownership of a Unit in connection with a Unit Owner's trade or business or for the production of income, other than those explicitly expressed herein.

We strongly advise each person contemplating the purchase of a Unit to consult his, her, its or their own attorney and tax advisor as to all tax matters (including the tax matters discussed in this opinion).

The opinions expressed above with respect to tax matters are based on our interpretation of existing tax laws, the applicable regulations and rules of the Treasury Department and court decisions construing such rules and regulations. Although we believe our opinions are well founded, they are not intended, and should not be construed, as warranties. No assurances can be given that the Internal Revenue Service or state and local tax authorities will accept any or all of the views stated above or that the tax law upon which we based our opinions will not change. In no event will the Sponsor, this firm, or any other person be liable if there are changes in the facts on which we relied in issuing this opinion, or if there are changes in the applicable statutes, regulations, decisional law or rulings on which we relied. Finally, we have not passed upon the accuracy of any figures, projections, estimates or calculations contained in the Plan and do not warrant the amount payable or deductible for any period, assuming that any tax deduction is allowed, or the amount of any saving of Federal, State or New York City income taxes, if any, by anyone, as a result of such deductions.

The Condominium, to the extent it supplies any social, recreational or athletic facilities to anyone, may be subject to New York State Sales Tax with respect to all of the Common Charges. Remedial legislation has been proposed which would eliminate such tax, but has not been enacted and no opinion is expressed that such legislation will ever be enacted.

We consent to the incorporation of this letter in the Plan, in its entirety, without alteration of any kind.

Very truly yours,

A. EDWARD MAJOR,
Counsellors-At-Law

By:

Lewis C. Taishoff

U. WORKING CAPITAL FUND

At the closing with respect to each Unit, the purchaser thereof will deposit with the Board of Managers an amount equal to two (2) months of the regular share of the Common Expenses attributable to his or her Unit in order to provide the Condominium with a working capital fund. The working capital fund will be held and used for working capital, as a reserve for repairs, or for such other appropriate purposes as are determined by the Board of Managers and may be augmented by allocations from the monthly Common Expenses collected from each Unit Owner. In addition, adjustments for prepaid expenses between the Sponsor and the Board of Managers may be deducted from the working capital fund. Although the working capital fund may be reduced by these adjustments, it is not anticipated that such expenditures will deplete the fund.

The Sponsor will not contribute to the working capital fund. While the Sponsor is in control of the Board of Managers, the working capital fund will not be used to reduce Common Charges.

For so long as the Sponsor owns Units to which appertain in the aggregate not less than twenty-five (25%) percent of the Percentage Interests, or until the fifth anniversary of the first closing of a Unit, whichever shall first occur, the Board of Managers may not, without the Sponsor's prior written consent, assess any Common Charges for the creation of, addition to or replacement of all or part of a reserve, contingency or surplus fund (however, the Sponsor will not unreasonably withhold its consent to additions to the contingency fund provided in Schedule B set forth in Section E to the extent assessments are for expenditures required by law).

No representation is made that the working capital fund described above will be adequate for the first or any subsequent year of operation of the Condominium, and if additional funds are required over and above such funds, it may be necessary to levy a special

The Condominium will not have a reserve fund.

Purchasers are advised that the working capital fund, plus the budgeted yearly contingency fund, may not be sufficient to provide for needed capital expenditures to the Property during the five (5) years following the first closing under the Plan. Since the Condominium will not have a reserve fund, the working capital fund may be needed to pay for major capital improvements and replacements to the Property. Such working capital fund may not be sufficient to provide for improvements and replacements which are reasonably foreseeable within three (3) years of the date of this Plan.

NEITHER THE DEPARTMENT OF LAW NOR ANY GOVERNMENTAL AGENCY HAS PASSED UPON THE ADEQUACY OF THE WORKING CAPITAL FUND OR UPON THE PHYSICAL CONDITION OF THE PROPERTY.

V. MANAGEMENT AGREEMENT, CONTRACTS AND LEASES

Management Agreement

The Board of Managers will enter into a written management agreement with Townhouse Management, Inc., the Managing Agent, having its principal office at 70 East 55th Street, New York, New York 10022, an entity related to the Sponsor, to act as managing agent of the Building for a period of three (3) years from the date of the first closing of title to a Unit and thereafter, such agreement shall remain in full force and effect from month to month. The Board of Managers or the Managing Agent may terminate the agreement as of the third anniversary thereof by giving the other party at least 30 days' prior written notice.

The Managing Agent will receive an annual fee of $10,000 for managing the RUS (and additional compensation from the EUO for managing the EU), payable in equal monthly installments which will be paid by the Board of Managers.

The services to be rendered to the Condominium by the Managing Agent will include: (a) billing and collecting Common Charges; (b) hiring, supervising and discharging employees performing services at the Property; (c) making or causing to be made ordinary repairs to the Building; (d) purchasing supplies for the Building; (e) entering into service contracts; and (f) furnishing monthly reports of receipts and disbursements to the members of the Board of Managers.

The Managing Agent will not prepare the Condominium's annual financial statement; such statement will be prepared by an independent certified public accountant employed by the Board of Managers at its own expense.

The Board of Managers will indemnify the Managing Agent with respect to damages or injuries to any person or property caused by any reason whether in and about the Building or elsewhere when the Managing Agent is acting pursuant to the provisions of the management agreement.

The management agreement may not be assigned by either party.

Contracts

All material agreements which will be binding upon the Condominium are summarized in the footnotes to Schedule B set forth in Section _.

Leases

The Condominium is not a party to any leases for space in the Building. The EU is subject to the Lease between the Sponsor's predecessor-in-title and ExecuStay Corporation.

W. IDENTITY OF PARTIES

Sponsor

The Sponsor is 554 Owner LLC, 554 R&D LLC and 554 FWR LLC, all Delaware Limited Liability Companies. Mitchel Maidman, an attorney and real estate investor, is President of 554 Owner LLC, and

a manager of R&D Maidman Family Limited Partnership, the sole member of 554 R&D LLC and President of Fashion Wear Realty Co., Inc., the sole member of 554 FWR LLC. Gregory Maidman, his first cousin, is also an attorney, and is Vice President of 554 Owner LLC, and a manager of R&D Maidman Family Limited Partnership, the sole member of 554 R&D LLC and Vice President of Fashion Wear Realty Co., Inc., the sole member of 554 FWR LLC. Richard H. Maidman, father of Mitchel Maidman and uncle of Gregory Maidman, is also an attorney and is a general partner of R&D Maidman Family Limited Partnership, a domestic limited partnership, and president of Fashion Wear Realty Co., Inc., a domestic corporation and the sole member of FWR 554 LLC. All of the principals of Sponsor have been engaged as investors in real estate. Neither the Sponsor nor any of its principals has offered for sale any properties as cooperatives, condominiums, planned unit development homes or time-shares during the past five (5) years. Richard H. Maidman was the sponsor of, among others, the following cooperative offerings, namely, 150-2 East 83rd Street (Cashton, A.S., Inc.), closed December 31, 1986, and 435 East 86th Street (Halamas Corp.), closed in 1986, both in Manhattan. Richard H. Maidman, individually and through affiliates, owns ten (l0%) percent or more of the unsold shares or units of the following cooperative projects: 39A Gramercy Park North, New York, NY; 267 West 71st Street, New York, NY; 482 East 74th Street, New York, NY; 128 East 83rd Street, New York, NY; 150-2 East 83rd Street, New York, NY; 435 East 86th Street, New York, NY; 430 East 87th Street, New York, NY; and 72-35 112th Street, Forest Hills, NY. Mr. Maidman is current in all his financial obligations in respect of all the foregoing.

Selling Agent

The Sponsor is acting as its own Selling Agent and has not previously been a Selling Agent.

Managing Agent

Townhouse Management, Inc., located at 70 West 55th Street, New York, New York 10022, will act as Managing Agent of the Condominium pursuant to the management agreement described above under the heading "V. MANAGEMENT AGREEMENT, CONRTRACTS AND LEASES. The principals of the Managing Agent has been engaged in the management of real estate for more than twenty five years and are currently managing the following New York City properties, among others: 202 East 21st Street; 144 East 22nd Street; 160 West 24th Street; 309 West 43rd Street; 267 West 71st Street; 482 East 74th Street; 324 East 77th Street; 150-152 East 83rd Street; and 435 East 86th Street, all in Manhattan.

Attorneys for the Sponsor

The Sponsor is represented by the firm of Maidman & Mittelman, LLP, 70 East 55th Street, New York, NY 10022.

The law firm of A. Edward Major, Counsellors-At-Law, 135 East 38th Street, New York, New York 10016, which has drafted the Plan, Declaration, By-Laws and certain other documents necessary in connection with the establishment of the Condominium, serves as special counsel to the Sponsor. This offering plan was prepared by Lewis C. Taishoff, Esq., an associate in the law firm of A. Edward Major, Counsellors-at-Law.

Architect

The Architect's report ("Description of Property and Specifications or Building Condition") included in Part II was prepared by H. Thomas O'Hara Architect, PLLC, which has offices at 135 West 36th Street, New York, New York 10018. Established in 1997, H. Thomas O'Hara, Architect, PLLC is a full service architectural firm based in Manhattan. The firm's primary specialties are hi-rise residential buildings and conversion and/or renovation of existing buildings. The firm's recent projects include: 15 Park Row, Manhattan; Chartwell House, 1760 Second Avenue, Manhattan; The Impala, 1456 First Avenue, Manhattan;. 425 Fifth Avenue, Manhattan; and The Manhattan Club, Phase III, 200 West 56th Street, Manhattan. The Sponsor's architect has no financial relationship, past or present, to the Property or to the Sponsor, except in its capacity as architect.

X. REPORTS TO UNIT OWNERS

The Board of Managers of the Condominium shall be obligated to give all Unit Owners annually:

1. A financial statement on the Condominium prepared by a certified public accountant within four (4) months after the end of each fiscal year (such statement shall be certified while the Sponsor is in control of the Board of Managers);

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

3. A copy of the proposed annual budget for the Condominium thirty (30) days prior to the date set for adoption thereof by the Board of Managers (such budget shall be certified by an expert in accordance with the applicable regulations of the Department of Law while the Sponsor is in control of the Board of Managers).

Y. DOCUMENTS ON FILE

The Sponsor shall keep copies of the Plan, all documents referred 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 at its office located at the Property or at such other office as the Sponsor may designate in writing to the Board of Managers for six (6) years from the date of the first closing of a Unit under the Plan. 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.

Z. GENERAL

Litigation

There is a Lis Pendens (Notice of Pendency) filed 4/23/02 in the Office of the County Clerk, New York County, with respect to proceeding entitled "Oxford Capital Third Avenue LLC, Plaintiff, against 554 Owner LLC, et al., Index No. 107869-02, Supreme Court, New York County, IAS Part 12 (Hon. Barbara R. Kapnick, Justice). Fidelity National Title Insurance Company of New York has agreed that it will insure any RUO and any mortgagee of a RUO against any reversion, forfeiture, or collection of any

sum on account of or arising from the Lis Pendens or the litigation herein described.

The proceeding was brought by Oxford Capital Third Avenue LLC, ("Oxford") a joint venturer with Sponsor in the acquisition of the property. Oxford negotiated the Lease and contributed it, together with cash, to the venture. The Sponsor contributed cash. The Sponsor conveyed fractional interests in the land to affiliates in order to further capitalize the venture; no such conveyance prejudiced Oxford, either as an economic matter or as a tax matter. However, Oxford sued to set aside the conveyances. If Oxford prevailed, title would be vested in 554 Owner, LLC, a Delaware limited liability company in which both Oxford and Sponsor have interests.

In response to Oxford's complaint, Sponsor raised jurisdictional issues, which were decided in favor of Oxford. Oxford then sought default judgment, which was stayed, pending the arbitration described below.

Pursuant to the joint venture agreement between Sponsor and Oxford, the substantive issues in dispute, namely, did Sponsor, by conveying interests, breach its agreement with Oxford, were submitted to arbitration. The arbitrator, Leonard Boxer, Esq., held that Sponsor did not materially breach any agreement between Sponsor and Oxford or prejudice Oxford's rights in any way and found for Sponsor.

Oxford has moved for judgment setting aside the conveyances on default. Sponsor has cross-moved for judgment confirming the findings of the arbitrator and dismissing Oxford's action. Both the motion and cross-motion are before the Court.

The Sponsor believes that it will prevail, that Oxford's motion will be dismissed, and that the Court will grant Sponsor's cross-motion, thereby disposing of any claim by Oxford against Sponsor. Should Oxford prevail even after appeal (as to which the Sponsor reserves all its rights), the relief sought by Oxford only would require reconveyance of the property to 554 Owner, LLC, in which both Sponsor and Oxford have interests. No such reconveyance would prevent Sponsor from completing construction or conveying units pursuant to this Plan or interfere with Sponsor's performance of all its obligations set forth in this Plan. No such reconveyance would affect the condominium regime or condominium operations."

Prospective purchasers should have their counsel review the documents in the litigation and have their counsel advise them, prior to executing a purchase agreement.

Prior Offering

The Property has not been the subject of any prior cooperative or condominium offering. The Sponsor has not entered into any preliminary binding agreements with nor has it collected any money from prospective purchasers. The Sponsor submitted an application to test the market pursuant to Cooperative Policy Statement Number One of the Attorney General in 2002.

Offer

The five (5) Residential Units offered hereby are offered only to Sophisticated Purchasers. Nothing

contained in this Plan shall be considered a solicitation to buy or an offer to sell a security or service to any person in any jurisdiction where such offer or solicitation, purchase or sale, would be unlawful under the securities laws or any other laws of such jurisdiction. No Residential Unit may be purchased by any person or entity which has the right granted by, but has not expressly waived such rights with respect to the Unit, the Foreign Sovereign Immunity Act of 1976, 28 U.S.C. §1602 et seq., as amended.

Non-Discrimination

The Sponsor will not discriminate in the sale or lease of Units because of race, creed, color, national origin, sex, age, disability, marital status, occupation, sexual orientation or preference, or other grounds prohibited by law.

Material Amendment to the Plan

In the event of a material amendment to this Plan which adversely affects a purchaser, the Sponsor shall grant such purchaser a right of rescission, which must be exercised within 15 days after purchaser receives notification of such right. In the event such purchaser elects rescission, the Sponsor shall return any deposit or downpayment made under his or her Purchase Agreement to such purchaser. If such purchaser is a tenant in a Unit pursuant to an interim lease, the Sponsor shall not return such deposit or downpayment to such purchaser unless such purchaser vacates the Unit in a timely manner.

AA. SPONSOR'S STATEMENT OF SPECIFICATIONS OR BUILDING CONDITION

The Sponsor adopts the "Description of Property and Specifications or Building Condition" prepared by H. Thomas O'Hara Architect, PLLC, and represents, to its actual knowledge, there are no material defects or need for major repairs to the Property, except as set forth in the "Description of Property and Specifications or Building Condition."

THE SPONSOR MAKES NO REPRESENTATIONS, WARRANTIES, COVENANTS OR AGREEMENTS EXCEPT AS EXPRESSLY SET FORTH IN THE PLAN AND THE EXHIBITS ANNEXED HERETO OR REFERRED TO HEREIN, AND THE PLAN MAY NOT BE CHANGED OR MODIFIED ORALLY.

Dated: New York, New York

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554 Owner LLC, 554 R&D LLC and 554 FWR LLC

Sponsor

PART II

CONDOMINIUM OFFERING PLAN FOR

THE AURORA CONDOMINIUM

Architect's Statement

554 – 556 THIRD AVENUE CONDOMINIMUM

A. *Location of Property*

1. Address:	554 – 556 Third Avenue, New York, New York
2. Block No.:	892 Lot No.: 45 & 46
3. Development Rights Lot No:	37, 43, 44, 47 & 48
4. Zoning District:	C1-9 (R8B – no new work in this district)
5. Permissible Uses:	Residential, Retail, Commercial, Community Facilities, Hotels

B. *Status of Construction*

1. The Building is presently under construction and it is anticipated that it will be substantially completed on or about January 2003 unless delayed by weather, strikes, lockouts, acts of God, shortages of, or inability to obtain materials, equipment or labor, governmental restrictions, or preemption damage by fire or the elements or any other cause over which the Sponsor has no control.

2. Certificate of Occupancy: After completion of construction the Sponsor will apply for a Certificate of Occupancy for the Building from the Department of Buildings of the City of New York ("Department of Buildings").

3. Class of Construction: The Building will be classified as Class 1B (Non-Combustible) and will conform to all applicable regulations of the Building Code of the City of New York ("Building Code"). The plans were filed under application number 102980142-01-NB with the Department of Buildings and will comply with Local Law 58/87 (Handicapped Access Law).

C. *Site*

1. The total development site area is 13,145 square feet.

2. The Building will consist of a 31-story tower on Third Avenue. The ground floor will be used for retail and residential lobby. The cellar will be used for mechanical rooms and building services.

3. The property fronts on third Avenue. This street is paved with asphalt and is owned and

maintained by the City of New York.

(i) All curbs will be new, and shall be granite and steel.

(ii) The street is presently pitched to drain through existing and new cast iron catch basins into the New York City storm water drainage system.

(iii) The street lighting shall be provided by the City of New York.

4. Drives, Sidewalks, Ramps

(i) The sidewalk on the property shall be sloped concrete.

(ii) The sidewalk and street drainage is described in Section (3)(ii).

D. ***Utilities***

Water supply and combined sewer servicing the Building will be provided by the City of New York. Water will be collectively metered. Gas and electrical service will be provided by Consolidated Edison. Gas will be collectively metered. Telephone service will be provided by phone service providers. It will be a purchaser's obligation to purchase telephones and arrange for telephone service for his or her unit.

E. ***Sub-Soil Conditions***

1. The concrete columns shall rest on a mat foundation and spread footings extending to rock.
2. The cellar slab is a slab-on-grade of poured concrete.

F. ***Landscaping Enclosures***

1.	Grass cover	-	None
2.	Plantings	-	None
3.	Trees	-	On sidewalk level.
4.	Fencing	-	None
5.	Gates	-	None
6.	Garden Wall	-	None.
7.	Retaining Wall	-	None
8.	Display Pool and Fountains	-	None

G. ***Occupancy***

1. There will be 133 units in the building. ExecuStay by Marriott will be occupying

126 residential units.

2. There will be residential lobby, business center, valet and retail on the ground floor. There will be a storage room on the second floor. There will be a storage room and fitness facilities on the fifth floor.

3. Residential Amenity Spaces:
Fitness Center with exercise equipment.
Rest Rooms.
Locker Area.
Business Center.

4. The floors of the building are designated Lobby through 31st. All floor references in the Plan and in this report are in Accordance with such designations. Due to the fact that (a) many floors in the Building have Floor to ceiling heights which are higher than those of typical residential buildings and (b) there is no 13th floor, the 25th construction level is referred to as PHA (penthouse A) floor. The 25th floor of the Building is approximately 283' – 7" above street level. Floor numbering in the Plans and Specifications filed with the Building's Department is based upon construction levels rather than the actual height of the floors and therefore differs from the floor designations of the building as set forth herein. Therefore, two different methods of numbering floors exist and are shown below:

Construction Floors (actual)	Marketing Floors	Floor Elevation (above Sea Level)
1	1	36'-0"
2	2	52'-0"
3	3	63'-7"
4	4	73'-4"
5	5	83'-1"
6	6	94'-8"
7	7	104'-5"
8	8	116'-0"
9	9	125'-9"
10	10	135'-6"
11	11	145'-3"
12	12	155'-0"
13	14	164'-9"
14	15	174'-6"
15	16	184'-3"
16	17	194'-0"
17	18	203'-9"
18	19	213'-6"
19	20	223'-3"

20	21	233'-0"
21	22	242'-9"
22	23	252'-6"
23	24	262'-3"
24	25	272'-0"
25	PHA	283'-7"
26	PHB	295'-2"
27	PHC	306'-9"
28	PHD	318'-4"
29	PHE	329'-11"
30	PHF	341'-6"
31	PHG	364'-8"

H. Building Height

1. The total height of the building from the lobby finished floor elevation 36'-0" to the top of the main roof slab elevation 387'-10" is 351'-10".

2. There are 31 floors above the cellar level. For the remainder of this report the Marketing Floor Designations, as described previously, will be utilized, unless otherwise noted

3. Except in certain areas with dropped ceilings and/or soffits the floor-to-ceiling heights of the residential units are as follows:

PHA - PHE:	10'-10" Max (varies)
PHF & PHG:	22'-5" Max (varies)

4. Equipment Rooms: Height from top of roof slab to top of Elev. Mech. Room will be a minimum of 10'-9".

5. Parapet: Height from top of roof finish to top of parapet coping or rail will be a minimum of 3'-6".

I. Structural System

1. The building structural system consists of cast in place reinforced foundations to rock, reinforced concrete columns, shear walls, flat plate slabs and the elements listed below:

   i) Walls: The exterior walls will be high strength architectural precast concrete 2" thick reinforced in hot dipped galvanized reinforcing with 1/2" air space secured with insulated stainless steel nelson anchors to heavy gauge galvanized steel studs; 3" thick thermafiber insulation and

5/8" gypsum wallboard finish.

ii). Windows: The windows at the residential floors (PHA – PHG) will be aluminum sliders and aluminum casement and terrace doors type windows, with a ten year warranty on labor and materials and a ten year warranty for the paint of the windows. There are no lot line windows.

iii) The R-value of the exterior walls is 17.10.

Parapets and Copings: The parapets and copings will be the same as the wall construction.

3. Chimneys and Caps: There is a compactor chute and a stainless steel flue which terminate at the mechanical room on the roof level and above the high roof respectively.
A 16GA aluminized steel trash chute is located on all residential floors.

4. Terraces:

i) The residential terraces will be finished with concrete pavers over roofing system.

ii) Balustrades: None

iii) Railings: The roof railings will consist of aluminum rails and posts with glass.

iv) Copings: The copings shall be stone and pre-cast concrete.

v) Soffits: None

vi) Terrace Doors: Doors will be extruded aluminum and glass sliding doors.

5. Exterior Entrance:

1) Exterior Doors and Frames: The main entrances at the residential lobby will be metal and glass swing doors & revolving door. The main entrances at the retail unit will be metal and glass doors.

ii) Vestibules: None.

iii) Railings: At roof and terraces.

iv) Mail Boxes: At residential lobby.

v) Lighting: Surface mounted sconces at entry piers, and recessed down lights at canopy.

vi) Canopies: Aluminum canopy at residential entrance.

6. Service Entrance:

i) Doors and Frames: Entrance will have stainless steel metal door and frame.

7. Roof and Roof Structures:

i) Material: The roofing systems will be a fluid applied IRMA membrane roof system with pavers.

ii) Insulation: Insulation shall be styrofoam RM brand insulation as manufactured by Dow Chemical with an R factor of 12.5 or equal.

iii) Surface Finish: The surface finish will be gravel or concrete pavers.

iv) Bond of Guarantee: The roofing system shall have a ten-year manufacturer's guarantee.

v) Flashing Material: There will be metal cap flashing and fabric base flashing.

vi) A metal roof cap is provided.

vii) Drains:

a) Number: Approximately 6.

b) Material and Type: Cast iron drains.

viii) Skylights: None

ix) Bulkheads:

a) Elevator: The elevator bypass will be part of roof bulk head which will consist of high strength architectural precast concrete.

b) Stairs: The stair enclosure will be part of roof bulkhead.

c) Other: Mechanical equipment space within the roof bulkhead.

d) Metal Work at Roof Levels

e) Vertical Ladders: At Elevator Machine Room.

f) Railings: None

g) Hatches to roof: At Elevator Machine Room.

h) Other: None

x) aluminum and glass railing on roof

8. Yards and Courts: None.

9. Interior Stairs:

i) Number of Stairs: There are 2 (two) exit stairs of which one extends from the first floor up to the roof bulkhead, one extends from the cellar to the main roof.

ii) Enclosure: Residential egress stairs will be enclosed with 2 hour rated partitions and painted.

iii) Stair Construction: All the stairs will be concrete construction.

iv) Stringers: None

v) Treads: Concrete

vi) Risers: Concrete

vii) Guard Rails: There shall be a steel pipe rail in each stair.

viii) Balustrades: Steel bars or pipe rail.

10. Interior Doors and Frames:

i) Unit Entrances: The apartment entrances shall be hollow metal and will meet the New York City Building Code requirement. The apartment interior doors shall be solid core wood doors with hollow-metal frames.

ii) Corridor Doors and Frames: All doors and frames shall be hollow-metal and will meet the New York City Building Code requirements.

iii) Stair Doors and Frames: All doors and frames shall be hollow-metal and will meet the New York City Building Code requirements.

iv) Roof Doors and Frames: These doors and frames shall be hollow-metal and

will meet the New York City Building Code requirements.

11. Elevators:

There shall be two passenger elevators servicing the apartment floors. One of them also serves the cellar.

ii) The elevators will be manufactured by Fugitec Elevator Company. The elevators shall have a capacity as follows:

Residential:

Passenger PE-1	2,500 lbs
Passenger PE-2	2,500 lbs

iii) The type of operation will be as follows:

Residential: - micro-processor/Automatic Push Button

iv) The elevator type of controls will be variable voltage.

v) The elevators will be as follows:

(a) Residential Elevators PE#1 & PE#2: Gearless Type.

vi) The Elevator doors will be as follows:
All elevators will have double sliding doors.

vii) The elevator machine room for PE#1 & PE#2 is to be located on the main roof bulkhead.

viii) Solid state motor-drive.

12. Elevator Cabs (Residential)

i) Residential elevator cabs will be manufactured by Fugitec Elevator Company.

ii) The floor material will be Stone.

iii) The walls will be covered with wood veneer panels and Stainless Steel door panels.

iv) The ceiling will be painted gypsum wallboard with recessed downlights.

J. Auxiliary Facilities

1. Refuse Disposal

   i) Incinerators: None

   ii) Compactors: There will be one Royal-Krusher compactor servicing the residential apartments.

   iii) Approvals: None required.

   iv) Storage Location: The compacted bags will be stored in the Compactor Room.

   v) The bags from residential compactor room will be picked up by the New York City Department of Sanitation.

   vi) Fireplaces: There are no fireplaces in the Building.

K. Plumbing and Drainage

1. Water Supply

   DEP approved one 6" fire protection system service and one 6" domestic water service.

   Domestic water supply to the building from street water main is metered. After the meter water is pumped to the fixture and equipment in the building. Water pipes to be copper. Domestic water is used to fill fire reserve roof tank.

2. Fire Protection System

   10,000 gallon fire reserve roof tank for combined sprinkler/standpipe system. Each floor provided with sprinkler control valve assembly. Sprinkler standpipe is located within the stair core. Sprinkler system will be as per New York City Building Code. All residential units, common spaces and below grade spaces to be fully sprinklered after floor control valve.
   Retail Spaces to be sprinklered in egress path only. Full sprinkler coverage to be provided by future tenant. The combined sprinkler/standpipe system is supplemented by a 750 gpm manual fire pump.

   i) Fire standpipe to be 6" black steel pipe schedule 10 with viataulic couplings and fittings located in staircore. Sprinkler Branch Runout to be Schedule 10 steel pipe.
   ii) Hose Rack: NYC approved type hose rack with with pressure reducing

valves where required.

iii) Sprinkler Head: UL and MEA approved type of pendant sprinkler heads. Siamese connection: combined fire standpipe and sprinkler siamese connections located as per NYC Building Department requirements.

3. Domestic Water Storage Tanks and Enclosures

10,000 gal. fire protection system reserve wooden water tank on the roof.

4. Water Pressure

a) System will be under pressure by: Constant pressure pumps.

b) Water pressure is maintained with PRVs, maximum pressure of 85 psi as required by code.

c) Building will be divided into multiple zones with pressure reducing valves as required.

d) Complete domestic cold water distribution system serving all base building fixtures and equipment requiring cold water. All domestic water piping shall be copper.

5. Building Sanitary Sewer

A. Sewer piping materials cast iron piping; sanitary waste gravity discharge to street combined sewer.

B. Building will have multiple stacks with all areas above grade flowing by gravity to adjacent sewers in street.

C. Sewer pipes to be cast-iron.

6. Storm Drainage System

Permit required SD-1/2 approved.

A. Serving all roofs, areaways, terraces, planters, etc.

B. All areas above grade will flow by gravity to adjacent sewers in street.

C. Storm Drainage system to be as per New York City Building Code

7. Permit required

Storm Drainage System and materials: Cast iron piping. Building storm water gravity discharge to street combined sewer.

Domestic water and fire services, as well as sewer connection shave been approved by DEP.

L. Heating

1. The building is provided with two boilers that are sized to provide heating for the total building as required by the NYS Energy Code which is 72° F indoors when outside temperature is 15° F. In addition, gas fired hot water heaters will provide domestic hot water for various zones of the building.

2. Two combination oil gas fired boilers. Each boiler is 125 horse power water tube boilers, producing hot water.

3. Boilers are manufactured by Easton.
   Model: FST
   Capacity of each boiler: 4180 MBTU

4. Automatic electric controls.

5. Piping system for hot water is Schedule 40 steel and copper. All valves are designed for 150 psi working pressure and insulation is provided on all piping to meet NYC Energy Code.

Central building boiler plant will provide hot water for the low-rise and high-rise zones. Hot water will be distributed to each incremental air conditioning unit in each condominium.

M. Gas Supply

Natural gas supplied by Con Edison
Gas pipes to be Schedule 40 as per New York City Building Code
All Gas piping up to 4" in size shall be Schedule 40 ASTM, A53A black steel with screwed malleable iron fittings.
All gas piping 5" in size or larger shall utilize welded fittings

N. Air Conditioning

(a) Retail and Ground Floor Lobbies: Air cooled packaged with heating coil air handlers serving from cellar to the 3rd floor and shall be Cool Air or approved equal.

(b) Apartments: The air cooled incremental units serving the residential floors will maintain 78°F as per NYS Code.

Incremental AC units shall be included with hot water heating coil. Apartment AC units are sized at 8800 BTU, 11800 Btu, 14500 BTU. Size varies depending on room size. Manufacture shall be Ice Cap or approved equal and shall be adequate.

O. Ventilation

1. Interior kitchens are provided with exhaust at a rate of 140 cfm/kitchen.

2. Vertical duct system with fans located on the Main Roof.

3. Interior toilets are provided with exhaust at a minimum rate of 50 cfm/toilet. A vertical duct system with fans located on the Main Roof is provided.

P. Electrical

1. The building's electric service will be metered directly from Consolidated Edison to each residential unit and to each of the commercial spaces. There will be a separate Con Edison meter for all house loads and common space. Each residential unit will be separately metered by Con Edison. Service to residential units will be from distribution metering assembly.

Service will be provided by Con Edison at 120/208 volts, three-phase, four-wire to the sub-cellar electric switchboard room and will be distributed as follows:

Tenant & Owners Switchboard

400 amp, service switch - Retail tenant wiring
2000 amp, service switch – Owners Distribution board #1 & #2
3000 amp, service switch – Tenant Distribution board
3000 amp, service switch - Manual fire pump
400 amp service switch - Special fire pump

Adequacy: an average of eight (8) single pole and two (2) double pole circuits will be provided to each residential unit (floors 2 through 24) with capacity to handle modern appliances, including air condition and units' dishwashers. Floors 25 through 31 will have twelve (12) single pole and four (4) double pole circuits. Each residential unit (floors 2 through 24) will have 80-Amp service. Floors 25 through 31 will have 175-amp service.

Life Safety Protective Alarm System

Smoke detection and sprinkler alarm system will be installed consisting of

smoke detectors in main electrical and mechanical rooms and connections to monitor automatic sprinkler system water flow devices and tamper switches in accordance with applicable codes. The system will be monitored by an approved central station agency.

Each residential unit to contain smoke detectors having audible alarm within the residential unit.

There will be a panel in PHC that must be accessible to the Cable Support Box (see plans for location).

Telephone System and Television Reception Facilities

1. Telephone service will enter the building from 3rd avenue to cellar and will provide service to all residential units.

2. A telephone and television provider will service the building.

Public Area Lighting

There will be fluorescent fixtures in the service areas and the public stairs. Incandescent fixtures will be provided at the main entrance lobby. Lighting in the public corridors will be compact fluorescent. Emergency lighting is provided in tenant corridors, lobby and all stairwells.

S. Communication and Security Service

The system shall be digital, microprocessor based and shall consist of monitoring consoles, telephone stations, video cameras, status monitoring and intrusion alarm system for the base building.

Intercom communication through phone service.

Video cameras will be provided to monitor the exercise room, entrances, roof terrace, service and passenger elevators, and will be monitored at the concierge station.

V. Unit Information

1. Finish Schedule for Typical Apartment from the PHA – PHG.

PHA - PHG

Space	*Floor*	*Wall*	*Base*	*Ceiling*
Foyer	WD	P	WD	K/GWB
Living Room	WD	P	WD	K/GWB
Bedrooms	WD	P	WD	K/GWB
Kitchen	CT	P	WD	K/GWB

Bathrooms	CT	CT	CT	K/GWB
Closets	WD	P	WD	K/GWB
W/D Closet	CT	P	WD	K/GWB
1st Floor				
Lobby	Stone	WD	WD	G/WB
Mail Room	Stone	VWC	WD	GWB

Bathroom Fixtures for Master Baths Floors PHA - PHG

Water Closet— Kohler Gabrielle K-3322 or equal.

Lavatory— Kohler K-2211 or equal

Lavatory Faucet— Watermark Sarah 1 or equal.

Bath Tub— Kohler Dynametric K-515/516 or equal.

Bath and Shower Set— Watermark Sarah 1 or equal

Bathroom Fixtures for Secondary Baths Floors PHA - PHG

Water Closet— Kohler San Raphael K-3384 or equal.

Lavatory— Kohler K-2211 or equal

Lavatory Faucet— Watermark Sarah 1 or equal.

Bath Tub— Kohler Dynamertric K-519/520 or equal.

Bath and Shower Set— Watermark Sarah 1 or equal

2. Kitchen appliances for Kitchens from the PHA - PHG

Refrigerator: Sub-Zero 561 or equal.

Cooktop / Oven: Viking VGSC or equal.

Dishwasher: Bosch SHU9915UC or equal.

Microwave: GE Profile JEM31SA or equal.

Washer/Dryer: Bosch WFK2401UC OR EQUAL.

3. All construction within the units and/or roof terraces shall be subject to approval by the

condominium board and subject to the provisions of Title 26, and Title 27 of the Administrative Code of New York City.

4. Light Fixtures shall be as follows. Light fixtures are typical in each unit.

Foyer:	Overhead light
All Baths:	Wall Mounted Sconce
Shower:	Recessed Overhead light
Kitchen:	Overhead light
Walk-in-closet:	Overhead light

W. ***Finish Schedule of Other Spaces***

Typical Floors PHA -PHG

	FLOOR	WALL	BASE
Stairs	DE	P	P
Public Corridor	CPT	P	WD
Electrical Closet	DE	P	P

ABBREVIATIONS FOR FINISHES

AT	ACOUSTICAL TILE
CMU	CONCRETE MASONRY UNIT
CT	CERAMIC TILE
CPT	CARPET
CONC	CONCRETE
DP	DUSTPROOFING AND HARDENER
DE	DECK ENAMEL
GT	GRANITE TILE
GWB	GYPSUM WALLBOARD
HC	HUNG CEILING
K	KADEX
LWP	LIQUID WATERPROOFING
MT	MARBLE TILE
MP	METAL PAN
P	PAINT
QT	QUARRY TILE
SP	SPRAY TILE
SP	SPRAY PAINT
TCP	TEXTURED CEILING PAINT
V	VINYL
VCT	VINYL COMPOSITION TILE
VWC	VINYL WALL COVERING

GWB	GYPSUM WALL BOARD
WRWB	WATER RESISTANT GYPSUM WALL BOARD
WD	WOOD

X. Smoke Safety Devices

Apartment Smoke Detection System

1. Each apartment will contain smoke detectors located in the vicinity of the bedrooms. The detector is wired to a 120 volt local power supply and is self contained with its own sounding device.

Common Area Smoke Detection System

1. Each corridor contains a manual fire pull station located in the vicinity of the stairway. A strap key communication device is located in the main stairway of each floor (fire standpipe stairway) for fireman's use and mechanical fire pump room and tank room on roof. Fire alarm gongs are located in the elevator shaft.

ADDENDUM TO DESCRIPTION OF PROPERTY AND SPECIFICATIONS

The Sponsor makes the following additional statements, which supplement the foregoin Description of Property and Specifications:

1. There follows floor plans showing a site plan, the cellar plan, recreational rooms, roof plan and penthouse level floor plans. The recreational rooms, cellar and roof are contained within, and are part of, the EU.

2. No Certificate of Occupancy has yet been obtained, but will be obtained prior to the closing of the first Unit.

3. Because all of the FAR (floor area ratio) including the air rights from the adjacent properties on 554-556 3rd Avenue have been used, under current law no structures can be built on the roof.

4 The oil tank is made of steel, has a capacity 4000 gallons, and is located above ground in the cellar.

5. Number two fuel oil used for the boilers.

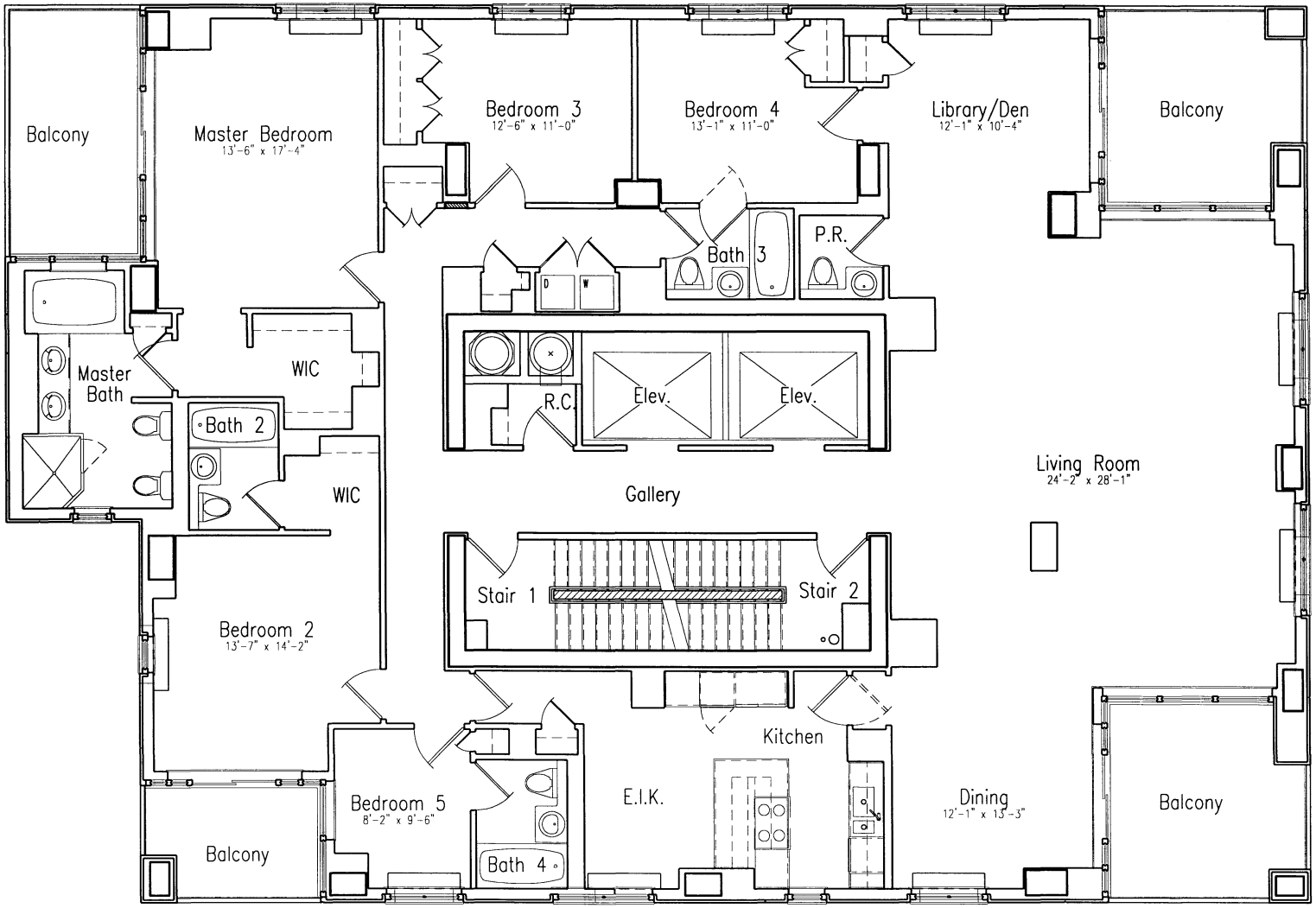
6. The location of the boilers are the third floor mechanical room (in the EU).

7. HVAC units in the RUs are Ice Cap: 8,800, 11,800, 14,500 BTU's located where need depending on the size of the area covering. The corridors HVAC are Cool Air: model # C4G3A, C10G3A, C5G3A.

8. The unit flooring is a glued down parquet.

9. The kitchen countertops are granite (Polished Kashmir Gold) in the RUs. All the kitchens are melamine boxes with solid maple doors.

Floor Plans



ALL DIMENSIONS ARE APROXIMATE AND SUBJECT TO CONSTRUCTION VARIANCES.
PLANS AND DIMENSIONS MAY CONTAIN MINOR VARIATIONS FROM FLOOR TO FLOOR.
TOTAL SQUARE FOOTAGE ALSO INCLUDES THE STAIR AND ELEVATOR CORE AS WELL AS THE REFUSE CHUTE ROOM.

0' 2' 3' 5' 10'

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NORTH

37 th. Street

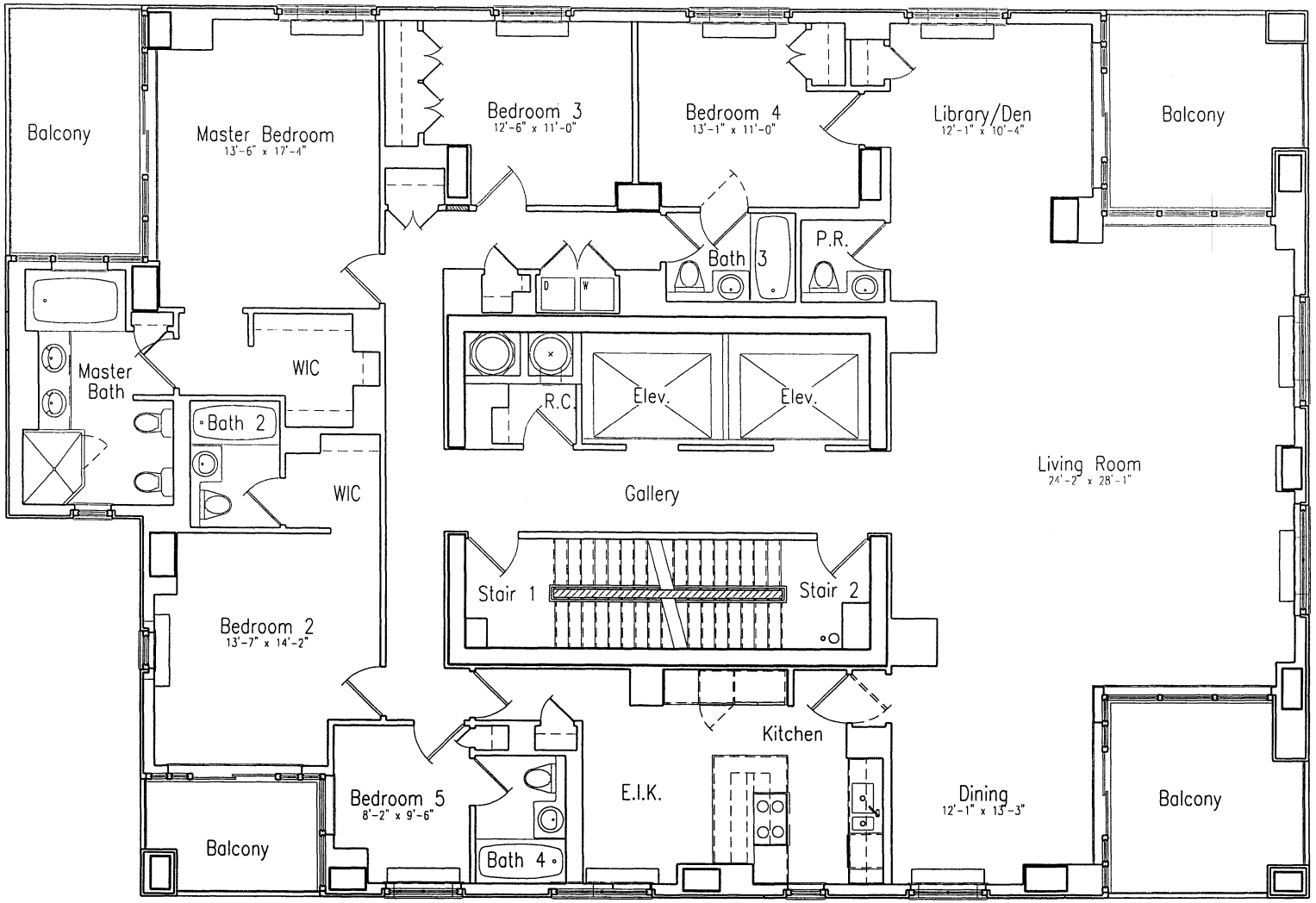
3 rd. Avenue

project:
554-556 Third Avenue

drawing title:
Penthouse A - 3,527 sf.
Balconies - 489 sf.
5 Bedrooms, 4 1/2 Baths

project number: 9928
date: 03/07/03
scale: As Shown
drawn by: jpm
checked by: jpm

drawing number:
PHA

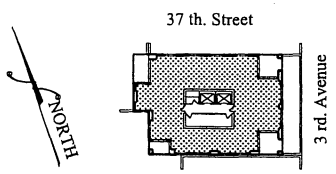


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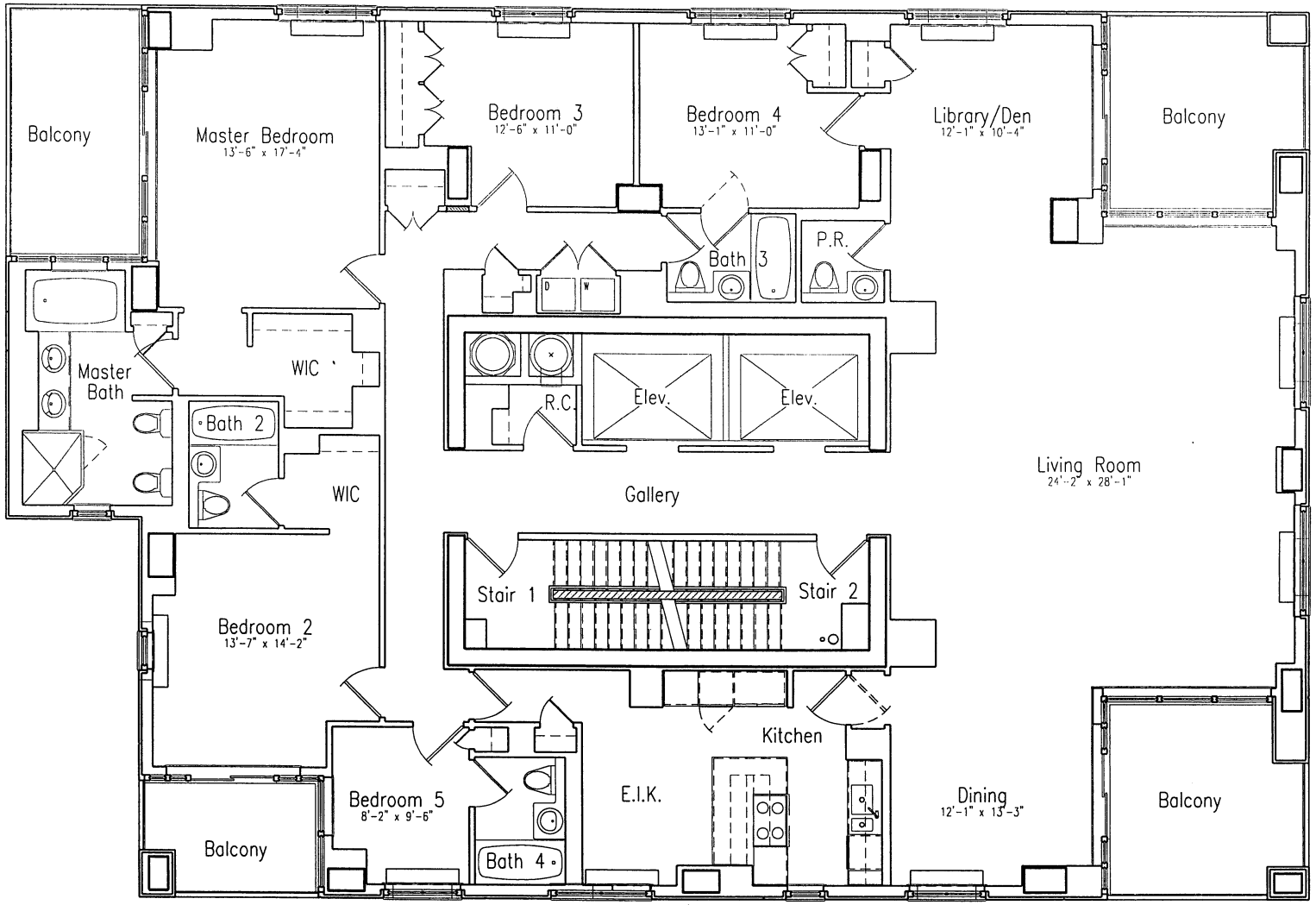


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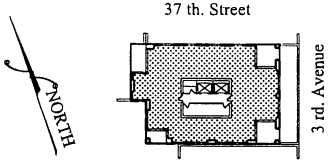


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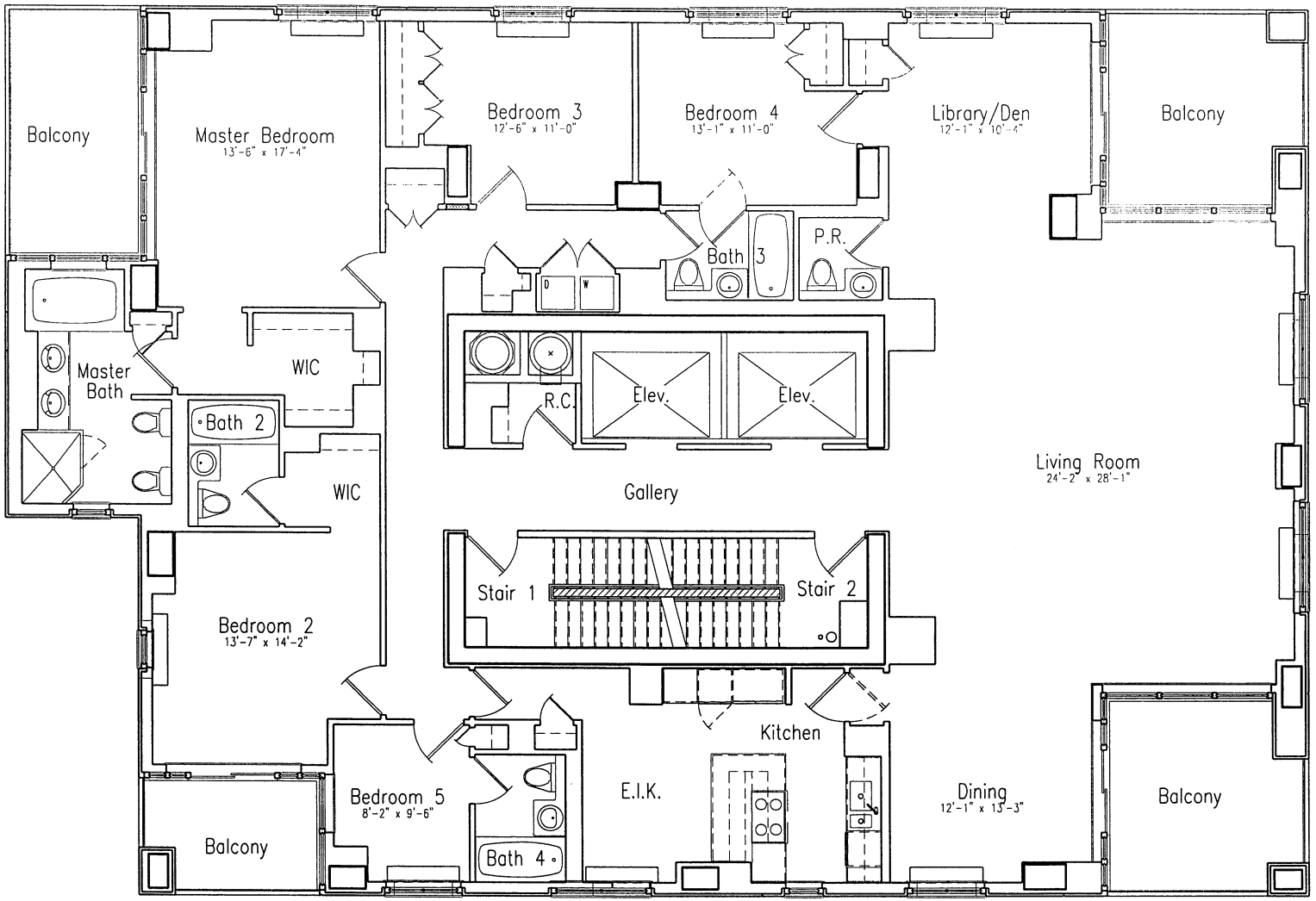


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drawing number:
PHC

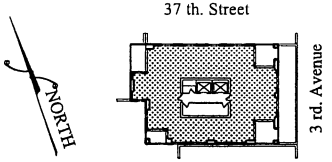


ALL DIMENSIONS ARE APROXIMATE AND SUBJECT TO CONSTRUCTION VARIANCES.
PLANS AND DIMENSIONS MAY CONTAIN MINOR VARIATIONS FROM FLOOR TO FLOOR.
TOTAL SQUARE FOOTAGE ALSO INCLUDES THE STAIR AND ELEVATOR CORE AS WELL AS THE REFUSE CHUTE ROOM.

0' 2' 3' 5' 10'

H. THOMAS O'HARA
ARCHITECT, PLLC

135 W. 36th Street
New York, NY 10018
212 695 3117
212 695 3118 : fax

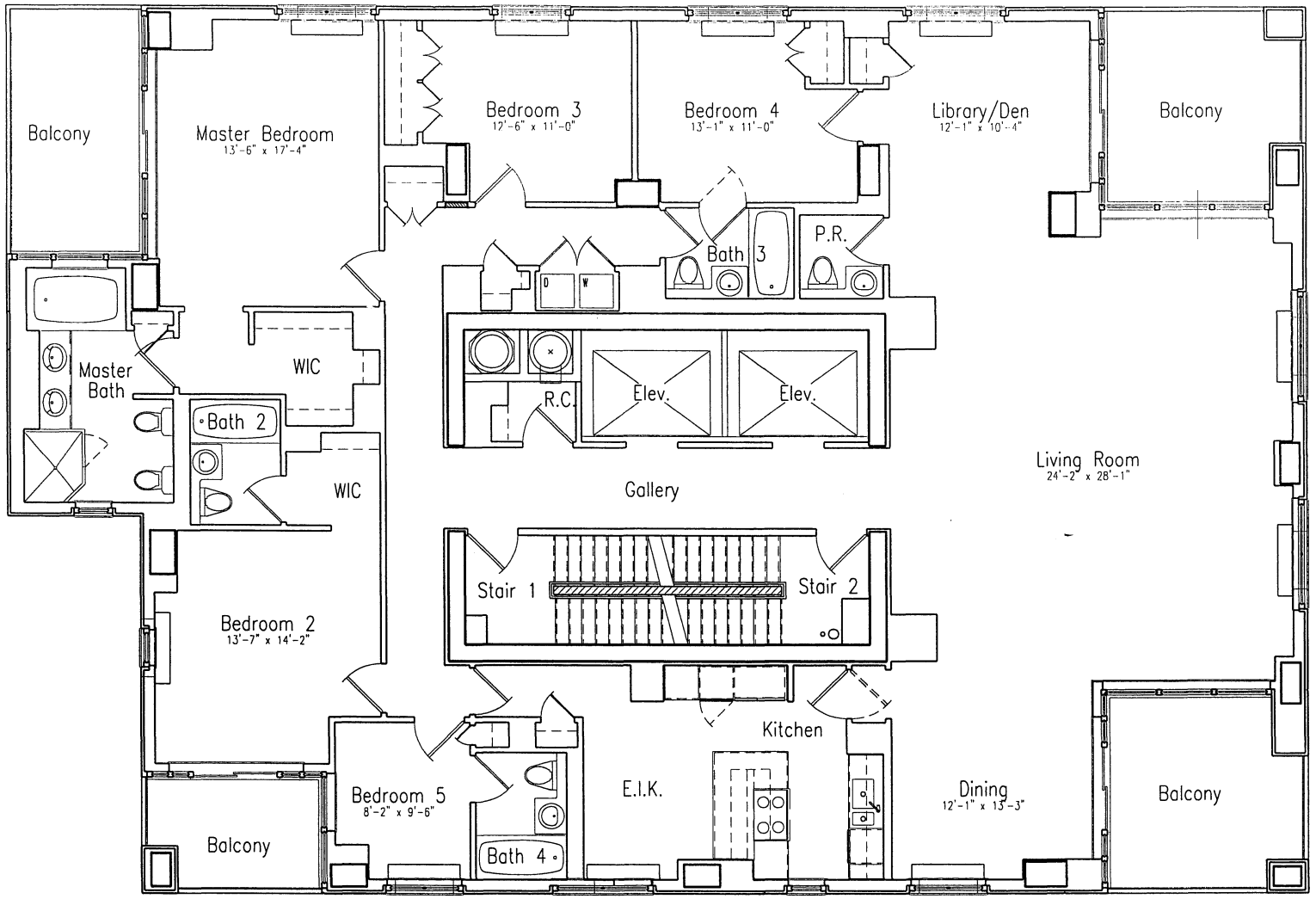


project:
554-556 Third Avenue

drawing title:
Penthouse D - 3,527 sf.
Balconies - 489 sf.
5 Bedrooms, 4 1/2 Baths

project number: 9928
date: 03/07/03
scale: As Shown
drawn by: jpm
checked by: jpm

drawing number:
PHD

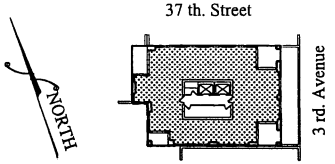


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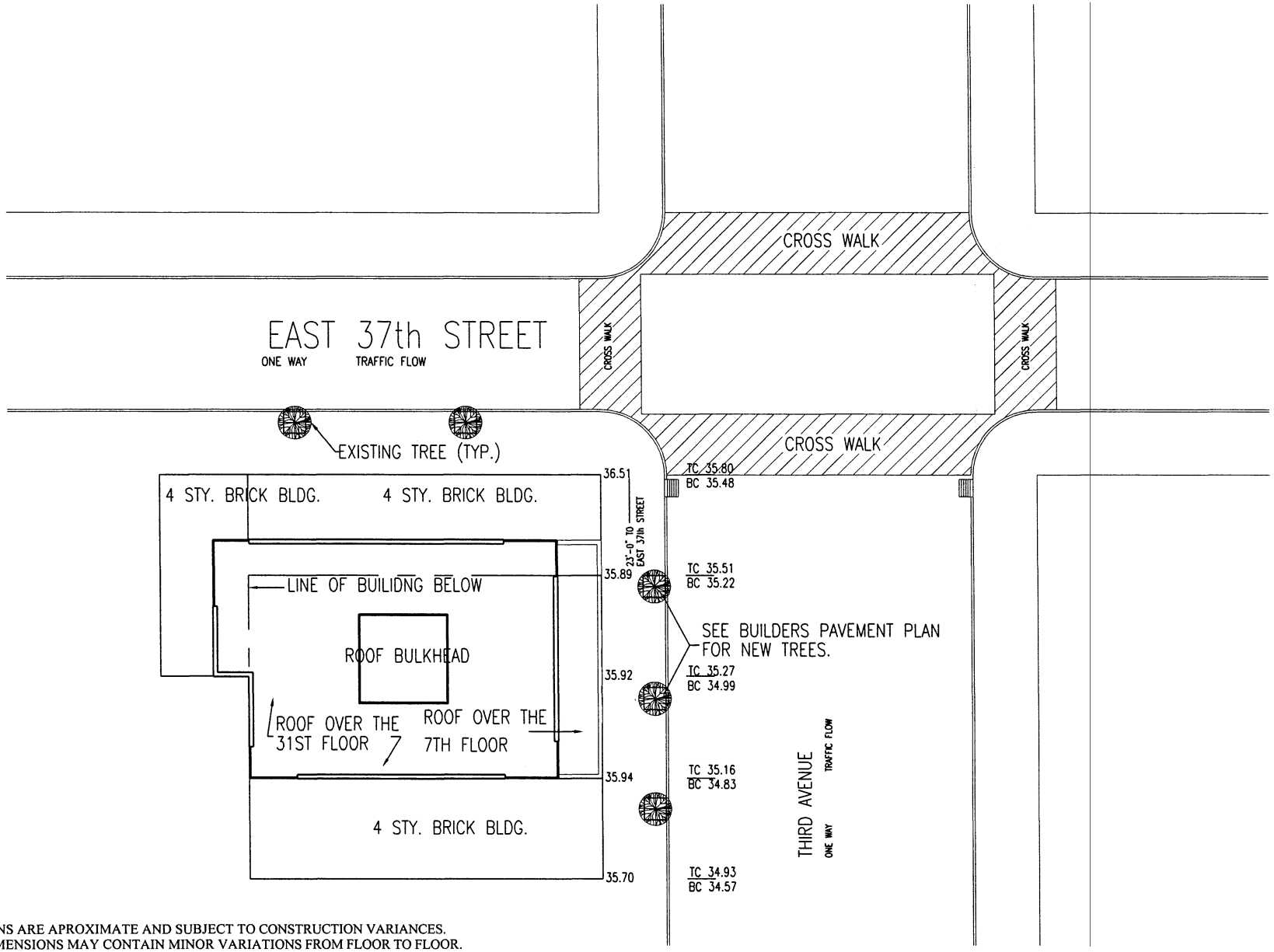


project:
554-556 Third Avenue

drawing title:
Penthouse E - 3,527 sf.
Balconies - 489 sf.
5 Bedrooms, 4 1/2 Baths

project number: 9928
date: 03/07/03
scale: As Shown
drawn by: jpm *checked by:* jpm

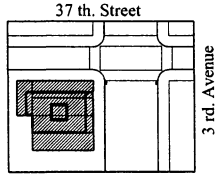
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NORTH

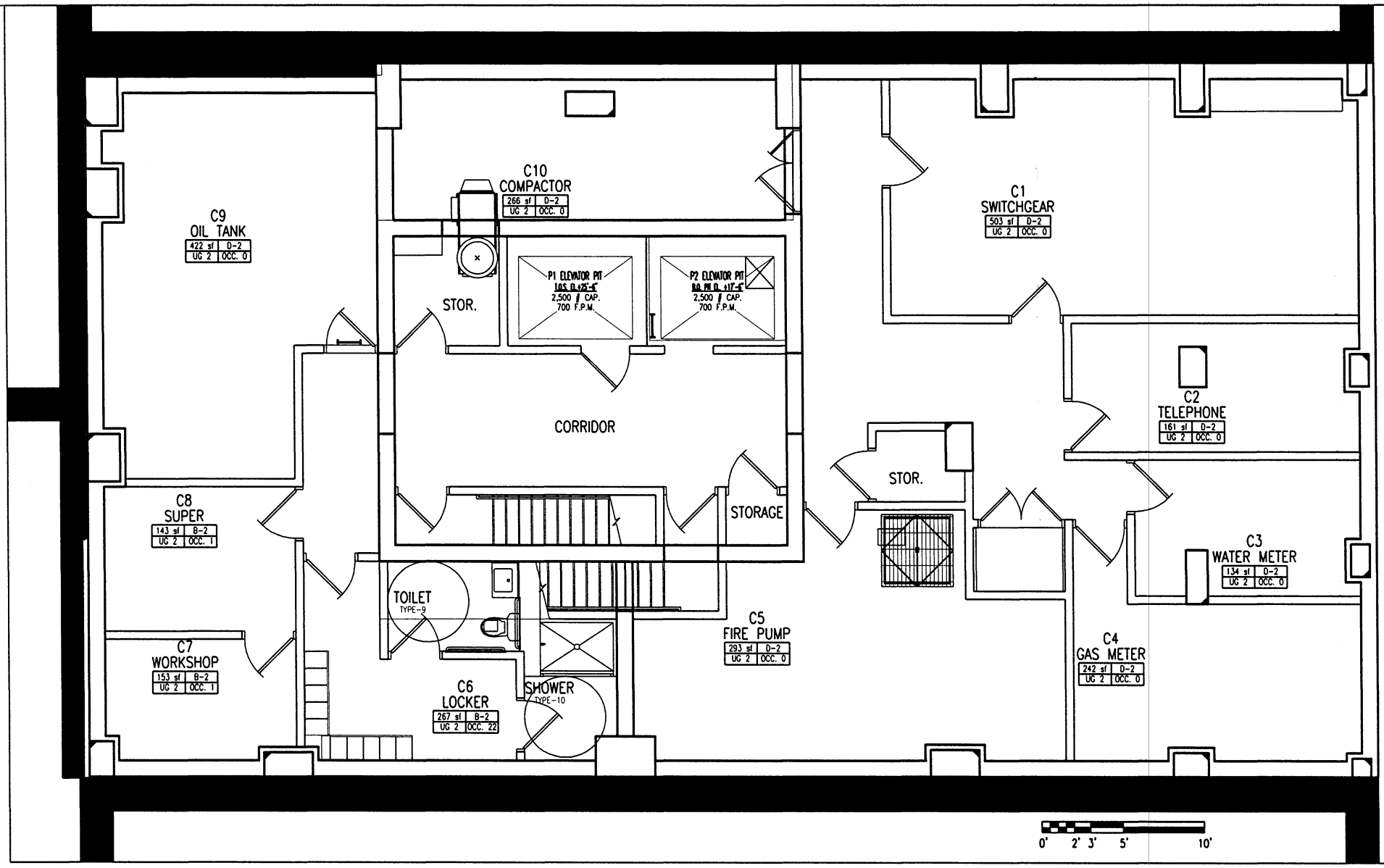


project: 554-556 3rd Ave.

drawing title: Site Plan

project number: 9928
date: 07/18/03
scale: As Shown
drawn by: JKW checked by: XX

drawing number: SITE



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NORTH

37 th. Street

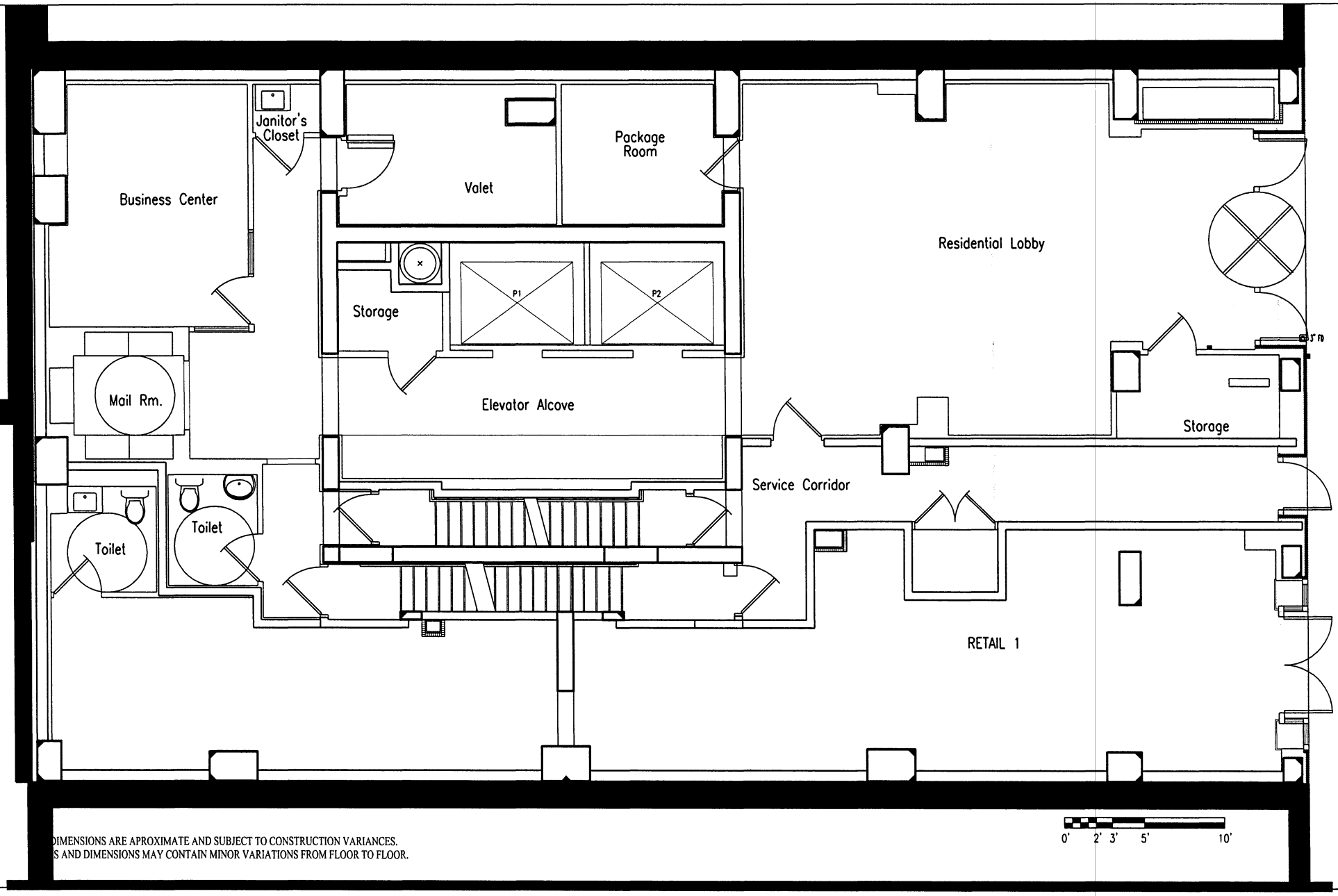
3 rd. Avenue

project:
554-556 Third Avenue

drawing title:
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project number: 9928
date: 07/18/03
scale: As Shown
drawn by: JKW checked by: XX

drawing number:
EU-1

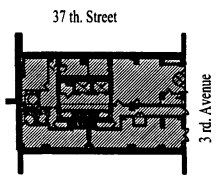


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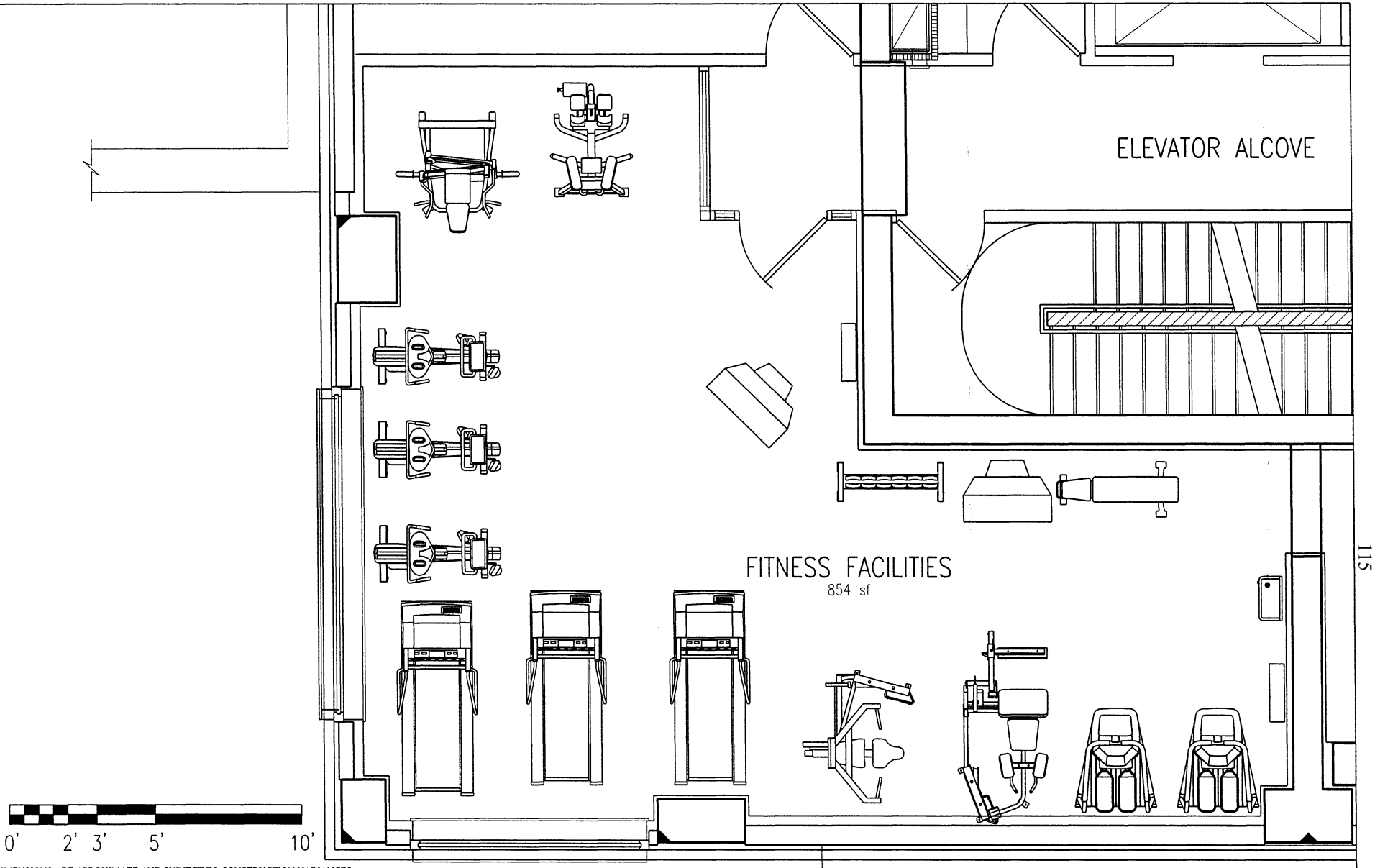


project:
554-556 3rd Ave.

drawing title:
Ground Floor

project number: 9928
date: 07/18/03
scale: As Shown
drawn by: JKW
checked by:

drawing number:
EU-2



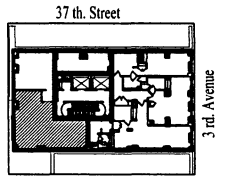
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NORTH

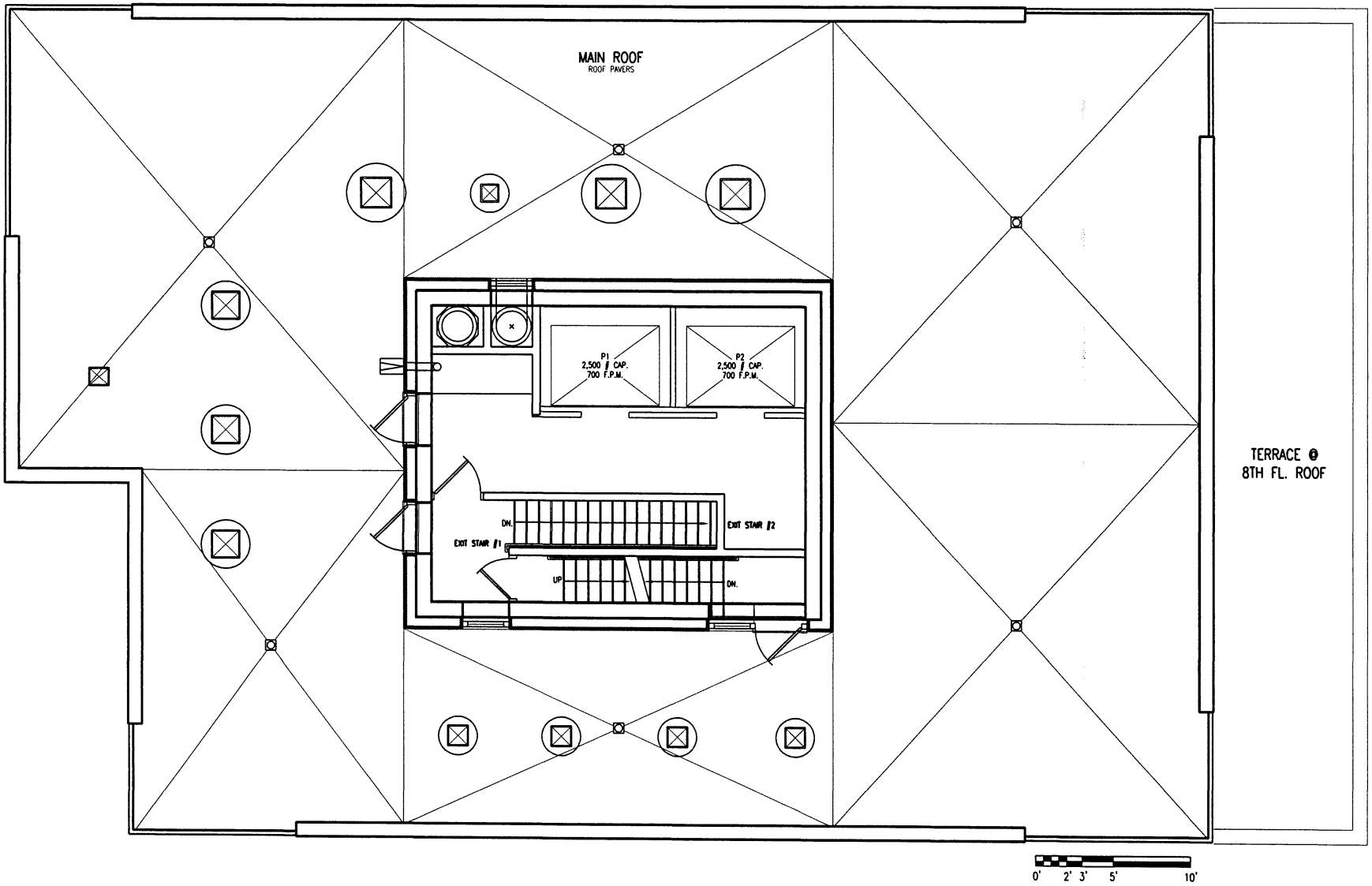


project:
554-556 3rd Ave.

drawing title:
Fitness Room

project number: 9928
date: 7/18/03
scale: As Shown
drawn by: JKW
checked by: XX

drawing number:
EU-3

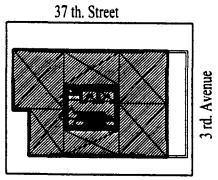


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ARCHITECT, PLLC

135 W. 36th Street
New York, NY 10018
212 695 3117
212 695 3118 : fax

NORTH



project:
554-556 Third Avenue

drawing title:
Roof

project number: 9928
date: 07/18/03
scale: As Shown
drawn by: JKW
checked by: XX

drawing number:
EU-4

Purchase Agreement

PURCHASE AGREEMENT

THE AURORA CONDOMINIUM
554-556 Third Avenue
New York, New York 10016

AGREEMENT, dated , 200 , between 554 Owner LLC, 554 R&D LLC and 554 FWR LLC, all Delaware Limited Liability Companies which are collectively the Sponsor and all having an office at 70 East 55th Street, New York, New York 10022, (hereinafter "Sponsor"), and _____residing at/having an office at_____ (hereinafter "Purchaser").

Purchaser's Telephone No.: _____
Purchaser's Social Security No.or Federal Employer I.D. No.:_____

UNIT NO.: _____

1. Purchase Price.....$_____

2. Downpayment (10% of Purchase Price) ....$_____

3. Balance Due at Closing .....$_____

Name(s) and manner in which title will be taken: _____

1. Receipt of Documents.

A. If Purchaser has not received a copy of the Offering Plan for THE AURORA CONDOMINIUM, as amended to the date hereof, at least three (3) full business days prior to execution hereof, Purchaser shall have the right to cancel this Agreement on or prior to the date which is seven (7) days after the date hereof, by notifying the Sponsor in writing of Purchaser's election so to cancel, in person or by mail.(A mailed notice of cancellation must be postmarked not later than the above date.) If Purchaser shall not so exercise said right by the above date, this Agreement shall become unconditionally binding on the parties hereto when fully executed. If Purchaser shall so cancel this Agreement, the Downpayment made by Purchaser hereunder shall be promptly refunded, and thereupon this Agreement shall be of no further force or effect and no party hereto shall have any further rights or obligations hereunder.

B. Purchaser hereby agrees to be bound by the Plan and the Declaration and By-Laws, which are hereby incorporated into this Agreement and made a part hereof with the same force and effect as if they were each set forth herein. Unless the context otherwise requires, all defined terms appearing in this Agreement shall have the meanings ascribed to them in the Plan.

2. My Agreement to Purchase.

a. Purchaser agrees to purchase from you, the Sponsor, Unit , together with a ..... undivided interest in the Common Elements of the Condominium appurtenant to the Unit (the Unit and such interest are referred to herein collectively as the "Unit") , for the Purchase Price shown above. I am delivering to you my unendorsed personal check or unendorsed official bank check drawn on a New York bank for the Downpayment shown above, made payable to "A. Edward Major Counsellors-At-Law Attorneys' Trust Account," and when you, the Sponsor, sign this Agreement, you will be acknowledging receipt of my check, although you will not then have cashed it.

b. The Downpayment paid on account of this Agreement and the reasonable expense of the examination of the title to the Unit will become liens thereon, but such liens shall not continue after an uncured default by me under this Agreement.

c. When I am given a deed for my Unit, I will give you, or anyone you designate, my unendorsed official bank check or checks for the Balance Due at Closing as shown above, drawn on a bank which is a member of the New York Clearing House Association, payable to the order of 554 Owner LLC, 554 R&D LLC and 554 FWR LLC, or to any other persons or entities you direct.

d. Simultaneously with execution of this Agreement, Purchaser will execute the "Lead Paint Disclosure Questionnaire" promulgated by the US Environmental Protection Agency (the "Agency") and/or any document required by the Agency to be executed by a transferee of real property. Purchaser will also execute the following Credit Check Authorization and provide a Net Worth Statement in form acceptable to you.

3. Your Representations, obligations and Rights.

a. You represent that any time after you have obtained purchase agreements necessary to declare the plan effective in accordance with its terms but prior to the conveyance of title to the first Condominium Unit, you may declare the Plan effective and record or cause to be recorded the Declaration of Condominium, the By-Laws and all instruments affecting the Property, which will be substantially in the form and substance of such documents contained in the Plan. You agree that any changes to the Plan or such documents will not substantially adversely affect me as Purchaser; if they will substantially adversely affect me as Purchaser, I will be given an opportunity to rescind this Agreement, pursuant to the Plan.

b. Notwithstanding the above, you may, subject to the Plan, make changes or substitutions of materials or construction for items set forth in the Plan or specifications, provided any such changes are of substantially equal value and quality.

c. You will also file or cause to be filed simultaneously with the recording of the Declaration a set of floor plans bearing the necessary verified statement of a registered architect or licensed professional engineer. If such floor plans do not contain the designation and certification by the local taxing authorities prior to conveying title to my Unit, you will file or cause to be filed a floor plan

containing such designation and certification.

4. Mortgage Contingency.

a. Purchaser's obligation to close hereunder is subject to the issuance of a commitmen letter by a commercial bank, savings bank,savings and loan association or insurance company doing business in the State of New York to Purchaser, as set forth in the Plan on or before , 200___(a copy of which commitment letter shall be furnished to you within five (5) days of receipt thereof). All the provisions of the Plan relative to such financing are incorporated herein by reference.

5. Closing of Title.

a. You will serve written notice on me, either by personal delivery or by mail, at least 30 days in advance of closing advising me the time and place of the closing. You will be entitled to a reasonable adjournment in the closing of title in the event of delay because of weather conditions, strikes or materials shortages, or delays in inspections and reports thereon, or other requirements. If I am not ready to close title at the date and time stated in the notice of closing, any adjournment exceeding 15 days granted at my request will be upon the condition that all adjustments shall be made as of the date originally fixed for the closing of title. Nothing herein shall be construed to require you to grant any adjournment.

b. The existence of unpaid taxes of any kind at the time of title closing shall not constitute an objection to title, provided you shall deposit a sufficient amount with a title company so that the title company is willing to insure against collection of unpaid taxes from my Unit. You and I agree that you will discharge any liens upon the Units prior to or simultaneously with the closing and that you may pay and discharge any such liens upon the Unit out of the monies to be paid by me at the closing.

6. Delivery of Deed; Payment of Taxes and Fees.

a. On the closing date, you will deliver or cause to be delivered a deed in proper statutory form for recording known as a bargain and sale deed with covenant against grantor's acts which shall be duly executed and acknowledged by you as grantor and by me as grantee. Purchaser's payment of the Balance Due at Closing shown above and acceptance of a deed to the Unit shall constitute acknowledgment that you have performed all obligations required of you to be performed prior to closing (except those which are specifically provided in the Plan to survive closing). The deed shall contain a description of the Unit and shall validly convey title under the Condominium Act. Purchaser shall pay the New York City Real Property Transfer Tax and the New York State Real Estate Transfer Tax upon conveyance of said deed. Purchaser shall also pay all recording fees in connection with this transaction, with the exception of fees necessary to record releases or satisfactions of liens affecting the Unit which you are obligated to discharge at or prior to closing.

b. Purchaser agrees to accept good and insurable title (subject to the terms of the Declaration and By-Laws as filed and of the Plan), free andclear of all liens and encumbrances, except for those which are specifically set forth in the Plan. Fee title insurance, if ordered by Purchaser, shall be purchased at Purchaser's own cost and expense. When you give Purchaser the deed to the Unit, Purchaser will deliver it to the title company' s title closer or to Purchaser's attorney (if Purchaser does not obtain title

insurance), so that the deed can be recorded in the Register' s Office. Simultaneously with delivery of the deed, Purchaser will sign the power of attorney in favor of the Board of Managers of the Condominium in the form contained in Part II of the Plan, giving the Board the right to take certain actions on Purchaser's behalf, and will give said power of attorney to the title closer or to Purchaser's attorney for recording.

c. On the closing date, Purchaser will also pay the following fees (in addition to the fees and expenses of my own attorney):

(i) $750 to the Sponsor's attorney ($900 if Purchaser desires to have the closing other than at Sponsor's designated place of closing).

(ii) An amount equal to two (2) months of the regular share of the Common Expenses attributable to the Unit, representing Purchaser's contribution to the working capital fund of the Condominium.

(iii) A fee to the Sponsor's architect for filing an amendment to the approved building plans filed with the New York City Department of Buildings to cover any changes Purchaser may wish to make in my Unit. The fee shall be as set forth in the Plan. Such fee is not for architectural design work and does not include any New York City filing or permit fees. (Purchaser understands that Purchaser shall be required to file any necessary plans for my Unit under separate application with the New York City Department of Buildings, and will be required to obtain all necessary permits to perform construction work. Purchaser also understands that such application and permits will require the services of a registered architect or professional engineer hired by Purchaser.)

(iv) If Purchaser obtain a mortgage loan, Purchaser shall pay the New York State and New York City mortgage recording tax, and all closing costs and expenses in connection with such mortgage loan as determined by the lender.

7. Your Liability to Convey Title.

a. Purchaser agrees that if you are unable to deliver or cause to be delivered to Purchaser a deed to the Unit in accordance with this Agreement because of your inability to complete the filing of the premises as part and parcel of a condominium in accordance with the Plan, then you shall immediately notify Purchaser of such inability; and this Agreement shall be immediately terminated, and the sole liability between us shall be the return by you of Purchaser's Downpayment, with interest if any is earned, under this Agreement.

b. Purchaser agrees that you may cancel this Agreement by returning my Downpayment, with interest, if any, together with a written notice, in the event that (i) any governmental bureau, department or subdivision thereof imposes restrictions on the manufacture, sale, distribution and/or use of materials necessary in the construction of residential housing and such restrictions prevent you from obtaining such materials from your regular suppliers or from using them in the construction and/or completion of the Units; or (ii) that you are unable to obtain materials from your usual sources due to strikes, lockouts, war, military operations and requirements, national emergencies, or the installation of public utilities is

restricted or curtailed. Furthermore, if the Plan is abandoned, in accordance with the conditions set forth therein, you shall return to me within 20 days thereafter, provided Purchaser is not in default, the Downpayment paid hereunder, with interest, if any.

c. In the event you are unable to convey title to the Unit on or before 24 months after Purchaser has signed this Agreement except for delays due to circumstances and conditions beyond your control, in which case the period shall be extended to 30 months, unless I default, I shall have the option to cancel this Agreement and to have the Downpayment made by me returned with interest, if any is earned thereon.

d. Your liability under this Agreement for failure to complete and/or deliver title for any reason, other than your willful default, shall be limited to the return of my Downpayment with interest earned thereon, if any. Upon the return of Purchaser's Downpayment, with interest, if any, this Agreement shall be null and void and we will be released from any and all liability to each other. In any event, you shall not be required to bring any action or proceeding or otherwise incur any unreasonable expense to render the title to the Unit marketable or to cure any objection to title, except as set forth in the Plan.

8. Closing Apportionments.

When you deliver to Purchaser the deed to the Unit, you and Purchaser will apportion between us the taxes, Common Charges and utility charges for the Unit so that you pay those taxes, Common Charges and utility charges attributable to any time period prior to the midnight before you deliver the deed and I will pay the rest. If Purchaser has leased or occupied the Unit prior to purchasing, all rent due and owing must be paid in full on the closing date and any prepaid rent shall be adjusted at closing and any security and accrued interest thereon refunded to Purchaser separately.

9. Purchaser's Deposit To Be Held in Trust.

The Downpayment received from Purchaser by you or through your agents or employees, will be deposited in an interest-bearing special segregated escrow account of A. Edward Major Counsellors-At-Law, special counsel to the Sponsor, with North Fork Bank at its branch office located at 350 Park Avenue, New York, New York 10022 (the "Bank"). Interest accrued on the Downpayment, if any, will depend on the interest rate being paid by the Bank during the period the Downpayment is deposited. All monies received from Purchaser by you through your agents or employees, will be held in trust in accordance with the provisions of Sections 352(h) and 352-e(2-b) of the New York General Business Law and the regulations thereunder, and shall not be released except as provided in the escrow agreement between you and A. Edward Major, Counsellors-At-Law, a copy of which is attached to the Plan.

10. Your Rights If Purchaser Fails to Keep My Promises and Agreements.

If (i) Purchaser does not pay the purchase price for the Unit when due or (ii) when you offer to deliver to Purchaser the deed to the Unit, Purchaser does not then sign all of the documents referred to in the Plan which Purchaser is required to sign or (iii) Purchaser violates, repudiates or fails to keep any other promise contained in this Agreement, or (iv) Purchaser fails to apply timely for the mortgage, provide information to the lending institution (or to you for submission to the lending institution on

Purchaser's behalf) or cooperate with the lending institution as provided in paragraph 4 herein, you may send Purchaser a notice by hand delivery or by registered or certified mail, return receipt requested, stating that you intend to cancel this Agreement unless the Balance Due at closing is paid and all other obligations of mine are performed within 30 days of the giving of such notice. If Purchaser does not pay such Balance Due and perform such obligations within such 30 day period, you may retain as liquidated damages the Downpayment, plus interest, if any, provided same does not exceed l0% of the Purchase Price. Upon your receipt of such liquidated damages, neither you nor Purchaser will have any further obligations under this Agreement, it shall be considered canceled without any further action by either of us, and you will have the right to sell the Unit to any other person, as if this Agreement had never been made.

11. Agreement Subject to Plan Becoming Effective.

This Agreement is contingent upon the Plan being declared effective. You have the right to abandon the Plan at any time before it is declared effective or before Purchase Agreements have been signed for 80% of the Units offered under the Plan or for such other reasons as are set forth in the Plan. If the Plan is abandoned for any reason, Purchaser will, within 20 days thereafter, receive a refund in full of my Downpayment and the interest earned thereon, if any. After Purchaser receives such refund, neither you nor Purchaser will have any claim against the other and we will both have no further obligation under this Agreement.

12. Notices.

Any notice (including without limitation a letter, request, consent or other communication) which one of us wants to give to the other concerning items relating to the purchase and closing of title to the Unit, must be in writing and must be sent by hand delivery or recognized overnight courier service, to me and to you at our respective addresses shown on page one of this Agreement. In addition, Purchaser shall send a copy of any notice or other correspondence given to you, to your special counsel, A. Edward Major Counsellors-At-Law, 135 East 38th Street, New York, New York 10016. You and Purchaser can specify a different address for ourselves by giving notice of any change of address to the other in the manner prescribed herein. A notice shall be considered given on the date of receipt, if it is hand delivered, or the next day not a Saturday, Sunday or legal holiday in the State of New York after the date it is delivered to a representative of the recognized overnight courier service, except that a notice of an address change shall be considered given when it is received.

13. Inspection and Acceptance of The Unit.

a. Purchaser's signing of this Agreement shall constitute my Agreement to accept the Unit in accordance with the Plan.

b. Purchaser agrees not to inspect or visit the Unit unless accompanied by you or your designee. Within the 10-day period prior to closing Purchaser may arrange an appointment with your representative to inspect the Unit before closing.

14. Possession and Risk of Loss.

a. Purchaser will in no event take possession of the Unit prior to closing and delivery of the deed unless you and Purchaser expressly agree in writing that Purchaser may lease the Unit from you. Upon Purchaser's unauthorized possession of the Unit and the issuance of an order of eviction or other judgment or order from a court or agency of competent jurisdiction against me, Purchaser shall be deemed in default under this Agreement at your option, and upon exercise of the option, the Downpayment paid under this Agreement, together with interest earned thereon, if any, shall be retained by you as liquidated damages (such amount not to exceed 10% of the Purchase Price) and to offset your legal costs arising therefrom. Purchaser further agrees that you will not be responsible for damage or loss to any property belonging to me whether such property is delivered to the Unit on or after the closing of title.

b. The risk of loss or damage to the Unit by fire or any other casualty remains with you or the Board of Managers until the earlier of delivery of the deed to Purchaser or possession by me, at which time Purchaser shall assume the risk of *loss.* Purchaser understands that this provision does not obligate you or the Board of Managers as agent for the Unit Owners to repair or restore the Unit in the event of any such loss. If there is damage to the Unit by fire or other casualty prior to closing hereunder, for which Purchaser is not liable and you elect to repair said damage, this Agreement shall remain in full force and effect and Purchaser shall not be entitled to reject title or receive a credit against the Purchase Price, and you shall be entitled to a reasonable amount of time within which to complete the repairs or restoration. Any insurance proceeds received in connection with such loss shall belong to you, subject to the rights of the Board of Managers and other Unit Owners. If you notify Purchaser that you do not elect to restore or repair said damage, this Agreement shall be deemed canceled, and neither of us shall have any further liability to the other, and you shall return to me my Downpayment deposited hereunder on account of the Purchase Price, together with interest if any has been earned thereon. However, if Purchaser is in default hereunder and have not cured said default, you shall be entitled to retain the Downpayment, with interest earned thereon, if any, as liquidated damages, said damages not to exceed 10% of the Purchase Price.

c. Notwithstanding anything in subparagraph (b) to the contrary, if during any permitted occupancy by Purchaser prior to closing, the Unit or its contents are damaged by casualty or otherwise, then Purchaser assumes the risk of loss and the obligation to repair the damage unless said damage was not caused by Purchaser's acts or the acts of any other occupants of the Unit, Purchaser's guests, invitees or workmen. If Purchaser is obligated to repair the damage, Purchaser's failure to repair shall not excuse Purchaser from paying the Balance Due, accepting delivery of the deed, and performing all of my other obligations at closing.

15. Obligation to Make Alterations in the Unit. *[delete if inapplicable]*

a. Purchaser shall have the obligation, under the supervision of the Board of Managers, to complete all alterations and improvements as may be necessary under applicable laws and ordinances and in compliance with approved building plans to permit residential occupancy of the Unit within one (1) year following the closing date and to secure in an expeditious manner a permanent residential Certificate of occupancy or, if not possible, an interim temporary Certificate of Occupancy until such time as a permanent Certificate of Occupancy may be obtained. If Purchaser fails to timely complete such

alterations and improvements, the Board of Managers shall have the right, at Purchaser's sole cost and expense, to cause to be completed all items of work remaining incomplete in the Unit, and, in addition, to charge me a fee equal to 20% of the cost thereof.

16. Conditions for Binding Agreement.

a. This Agreement shall not be binding until Purchaser has been approved as set forth in the Plan, such approval to be evidenced by execution of this Agreement by you, and delivery of a fully executed counterpart of this Agreement to Purchaser. If this executed Agreement or notice of rejection is not signed and delivered within 30 days of the date hereof, Purchaser may cancel this Agreement and receive back my Downpayment with interest earned thereon, if any.

b. Purchaser agrees that all terms and provisions of this Agreement are and shall be subject and subordinate to the lien of any building loan mortgage on the Property made before or after this Agreement is signed and any payments or expenses already made or incurred or which may later be made or incurred, to their full extent without the execution of any further legal documents by me. This subordination shall apply whether such advances are voluntary or involuntary and whether made in accordance with any building loan schedule of payments or accelerated by virtue of the lender's right to make advances before they become due in accordance with the schedule or payments, if any. You shall satisfy all such mortgages or obtain a release of the Unit from the lien of such mortgages at or prior to the closing date, except for the individual mortgage Purchaser may obtain to purchase the Unit thereon.

17. Definitions.

The singular includes the plural, and each gender the others, as the context may require. If more than one person is a purchaser, the obligations shall be considered joint and several. All the terms used in this Agreement shall have the same meanings as they do in the Plan.

18. Broker.

Purchaser represents and warrants that Purchaser did not negotiate for the Unit with any broker other than Bellmarc Property Management Services, Inc., and_____ _____. Should any claim be made against you for commissions by any other broker on account of Purchaser's acts or the acts of any of Purchaser's representatives, Purchaser agrees to indemnify you and hold you harmless from any and all liabilities and expenses in connection therewith including, without limitation, reasonable legal fees and disbursements. The provisions of this Paragraph 18 shall survive closing of title hereunder.

19. Jury Waiver.

Purchaser waives Purchaser's right to trial by jury in any action, proceeding or counterclaim arising from or pertaining to with this Agreement or the Plan.

20. Survival of Sponsor's Obligations.

You will have no obligations under this Agreement or the Plan after you give me the deed to the Unit, unless this Agreement or the Plan specifically gives you an obligation after that time. However, all representations required by Article 23-A of the General Business Law shall survive delivery of the deed.

21. Captions.

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

22. No Representations.

Purchaser has not relied on any statements made by you or any other person, except those which are contained in this Agreement or in the Plan. Purchaser agrees that you will have no liability to Purchaser if there is a nonmaterial error or inaccuracy in the layout or dimensions of the Unit or of the Common Elements of the Condominium as shown on the floor plans certified by the Sponsor's architect, available for review at your office and to be filed in the Register's Office and the Building Inspector of the City of New York, so long as the layout and dimensions conform substantially to the Unit which Purchaser has been given the opportunity to examine.

23. Entire Agreement.

This Agreement and the Plan constitute the entire agreement between us and contain the only representations made to me. Purchaser has not relied on any other representations, statements or warranties, and acknowledge that no one has authority to make any representation or warranty not set forth in the Plan. Purchaser has had full opportunity to examine all documents and investigate all facts referred to in the Plan and will not bind you to any oral representations and/or agreements. Purchaser understands that this Agreement is binding upon Purchaser and Purchaser's heirs, executors, administrators and/or assigns. No rule, inference, canon or presumption shall arise on account of the identity of the drafter of this Agreement. In no event will this Agreement be amended to abrogate your responsibilities or my rights under Article 23-A of the New York General Business Law.

24. Prohibition Against Assignment.

Purchaser will not record or assign this Agreement or any of Purchaser's rights under this Agreement without your written consent, which consent may be withheld for any reason or for no reason.

25. Conflicts with the Plan.

Conflicts between any provisions of this Agreement and the Plan shall be resolved in favor of the Plan.

Date: 200_

_____

Purchaser

_____

Purchaser

Accepted.

554 Owner LLC, 554 R&D LLC and 554 FWR LLC

By:_____

Date:_____, 200_

The Aurora Condominium
Credit Check Authorization
This letter must be signed and returned to the
Selling Agent with your completed Purchase Agreement.
- -

554 Owner LLC, 554 R&D LLC and 554 FWR LLC
70 East 55th Street
New York, New York 10022-3222

RE: The Aurora Condominium, Unit PH_____

Dear Sirs:

In order for you to comply with the provisions of Section 606 of the Fair Credit Reporting Act, the undersigned authorize you to retain a credit reporting agency at our expense, which agency may obtain, prepare and furnish credit reports concerning me/us, and may obtain and furnish information on my/our character, general reputation, personal characteristics and mode of living.

I understand that, upon request, I am entitled to a disclosure of the nature and scope of the investigation to be requested by you of said credit reporting agency.

I hereby certify that I am not a person, nor the representative of any entity, which has the rights granted by, but has not expressly waived such rights with respect to the referenced Unit, the Foreign Sovereign Immunity Act of 1976, 28 U.S.C. §1602 et seq., as amended.

Signed: _____

Signed: _____

DATED: _____

Power of Attorney

POWER OF ATTORNEY

THE AURORA CONDOMINIUM
554-556 Third Avenue, New York, New York

The undersigned, the Owner(s) of Unit No. in the building known as THE AURORA CONDOMINIUM (the "Condominium") , 554-556 Third Avenue, New York, New York, as designated and described in the Declaration establishing a Plan for Condominium Ownership of Premises Located in the City of New York, New York County, New York, pursuant to Article 9-B of the Real Property Law of the State of New York (the "Condominium Act") , dated and recorded in the Office of the Register of the City of New York New York County, on _____, 199 , in , page , as the same may be amended from time to time (the "Declaration") do hereby irrevocably nominate, constitute and appoint the Board of Managers of the Condominium, and their successors, jointly, true and lawful attorneys-in-fact of the undersigned, with a power coupled with an interest, with power of substitution (i) to acquire, in their own names as members of the Board of Managers or in the name of their designee, corporate or otherwise, by deed, on behalf of all owners of units in said Condominium property (the "Units") , in accordance with their respective Percentage Interests (as defined in the Declaration), and on such terms and at such price as said attorneys-in-fact shall, in their own discretion, determine, (a) any Unit whose owner desires to abandon or sell the same, the undivided interest in the Common Elements (as defined in the Declaration) appurtenant thereto, the interest of such owner in any other Units theretofore acquired by the Board of Managers, or its designee, on behalf of all Unit owners, or in the proceeds of sale or lease thereof, if any, and the interest of such owner in all other assets of the Condominium (hereinafter collectively called the "Appurtenant Interests"), or (b) any Unit together with the Appurtenant Interests, which shall be the subject of a foreclosure or other judicial sale, or (ii) to lease any Unit whose owner desires to rent the same, at such rental and on such other terms and conditions as said attorneys-in-fact shall, in their sole discretion, deem proper, and (iii) thereafter to convey, sell, mortgage, vote the votes appurtenant thereto (otherwise than for election of members of the Board of Managers), or otherwise deal with any such Unit so acquired or leased by them, on such terms and conditions as said attorneys-in-fact, in their sole discretion, 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, and (iv) to execute, acknowledge and deliver, (a) any declaration or other instrument affecting the Condominium which the Board of Managers of the Condominium deems necessary or appropriate to comply with any law, ordinance or regulation, or zoning resolution, applicable to maintenance, demolition, construction, alteration repair or restoration of the Condominium or (b) any consent, covenant, restriction, easement or declaration, or any amendment thereto affecting the Condominium or the Common Elements, that the Board of Managers deems necessary or appropriate, provided such change is consistent with the Condominium Act.

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

This Power of Attorney is irrevocable and shall not be affected by the subsequent disability or incompetence or the undersigned.

IN WITNESS WHEREOF, the undersigned has (have) executed this Power of Attorney this_____day of _____ 200___.

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

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

_____
NOTARY PUBLIC
STATE OF NEW YORK

Form of Unit Deed

BARGAIN AND SALE DEED

THIS INDENTURE, made the day of 2002, BY AND BETWEEN 554 Owner LLC, 554 R&D LLC and 554 FWR LLC, all Delaware Limited Liability Companies and all having an office at 70 East 55th Street, New York, New York 10022 ("Grantor") and , residing at
("Grantee").

W I T N E S S E T H:

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

The Condominium Unit known as Unit No. (hereinafter called "the Unit") in the building known as THE AURORA CONDOMINIUM, 554-556 Third Avenue, New York, New York (the "Building") designated and described in the Declaration establishing a plan for condominium ownership of the Building and the land upon which the Building is situated, (said Building and land are referred to collectively herein as the "Property"), dated , made by the Grantor under the Condominium Act of the State of New York (Article 9-B of the Real Property Law of the State of New York), and recorded in the office of the Register of New York City, New York County, on the day of 199_, on Reel Page , as the same has been amended from time to time (hereinafter called the "Declaration"). The Unit is also designated as Tax Lot No. in Block 892 on the Tax Map of the Assessor of the City of New York .

The land on which the Building is located is described as follows:

ALL that certain plot, piece or parcel of land, with the buildings and improvements thereon erected, situate, lying and being in the County and City of New York, State of New York, more particularly bounded and described as set forth on Schedule A annexed hereto and by this reference incorporated herein as if set forth at length,

TOGETHER with an undivided interest in the Common Elements (as such term is defined in the Declaration) appurtenant to the Unit;

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

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

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

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

SUBJECT also to an easement in common with all other Unit Owners to use, install, operate, maintain, repair, alter, rebuild, restore and replace the Common Elements, and any pipes, wires, ducts, vents, cables, conduits, or other lines, equipment or facilities forming a part of or related to such Common Elements located in, over, through, under or upon the Unit, other Units, the Common Elements, or other parts of the Property, 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 lawful use thereof;

SUBJECT also to the rights, obligations, easements, restrictions and all other terms, covenants, conditions and provisions of the Declaration and By-Laws of the Condominium (the "By-Laws") and floor plans filed therewith, as the same may be amended from time to time by instruments recorded or filed in the Office of the Register of New York City, New York County, all of which, together with any amendments thereto, shall constitute covenants running with the land and shall bind any person having at any time any interest or estate in the Unit, as though recited and stipulated at length herein;

SUBJECT also to easements in favor of other Units and in favor of the Common Elements for the continuance of all encroachments of such other Units or Common Elements, now or hereafter existing as a result of construction of the Building, or the settling or shifting of the Building, or the alteration or repair to the Common Elements made by or with the consent of the Board of Managers or by the Grantor, or its designee or successor, or the repair or restoration of the Building (or any portions thereof) or of any other Unit or of the Common Elements, after damage or destruction by fire or casualty or after taking in condemnation or eminent domain proceedings, so that any such encroachments may remain so long as the Building shall stand;

SUBJECT also to existing easements and the right reserved in the Declaration to establish, grant and create additional utility easements, in favor of any utility company for construction, use, maintenance, repair and replacements of all utility lines, wires, terminal boxes, mains, pipes, cables, conduits and other equipment and facilities in, under, over and across the Property;

SUBJECT also to a right of access to the Common Elements, the Unit and other Units by the Grantor or its designee, and its respective successors and assigns, their contractors, subcontractors, agents and employees, for the purposes of completing alterations to the Building in accordance with the plans and specifications therefor and to fulfill Grantor's obligations as set forth in the Offering Plan covering THE AURORA CONDOMINIUM, provided that access thereto is exercised in such a manner as will not unreasonably interfere with the reasonable use of the Units for lawful purposes;

SUBJECT also to such other liens, agreements, covenants, easements, restrictions and other matters of record as pertain to the Unit and/or the Property;

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

Grantor has examined the Unit and is purchasing the same "as is" and in its existing condition.

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

The Grantee accepts and ratifies the provisions of the Declaration and the By-Laws and agrees to comply with all the terms and provisions thereof, as the same may be amended from time to time by instruments recorded in the office of the Register of New York City, New York County, and to comply with the rules and regulations of the Condominium.

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

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

Grantor:

554 Owner LLC, 554 R&D LLC and 554 FWR LLC

By:_____
Grantor

Grantee:

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

On the _____ day of _____, 20____, before me, a Notary Public in and for said State, personally appeared_____, personally known to me or proved to me on the basis of

satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacit(y)(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person on whose behalf the individual(s) acted, executed the instrument.

_____

NOTARY PUBLIC
STATE OF NEW YORK

ATTORNEY OF THE STATE OF NEW YORK
ESCROW AGREEMENT (Model Form)

AGREEMENT made this ____ day of 20___, between 554 Owner LLC, 554 R&D LLC and 554 FWR LLC, all Delaware Limited Liability Companies and all having an office at 70 East 55th Street, New York, New York 10022 ("SPONSOR") as sponsor of the offering plan for the Aurora Condominium, 554-556 Third Avenue, New York, New York 10016, and A. EDWARD MAJOR, Counsellors-At-Law, 135 East 38th Street, New York, New York 10016 ("ESCROW AGENT") as escrow agent,

WHEREAS, SPONSOR is the sponsor of a condominium offering plan for the premises located at 554-6 Third Avenue, New York, N.Y., which premises are known as THE AURORA CONDOMINIUM; and

WHEREAS, ESCROW AGENT 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 ESCROW ACCOUNT.

1.1 SPONSOR and ESCROW AGENT hereby establish an escrow account with ESCROW AGENT for the purpose of holding deposits or payments made by purchasers or subscribers. The escrow account has been opened with North Fork Bank at its depository bank branch located at 350 Park Avenue, New York, New York. The master account number is _____. There will be individual interest-bearing subaccounts in the name of each purchaser.

1.2 The name of the account is A. Edward Major 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.

1.5 The escrow account is an IOLA established pursuant to Judiciary Law Section 497.

2. DEPOSITS INTO THE ESCROW ACCOUNT.

2.1 All funds received from prospective purchasers or subscribers prior to closing, whether in the form of checks, drafts, money orders, wire transfers, or other instruments which identify the payor,

shall be deposited in the escrow account. All instruments to be deposited into the escrow account shall be made payable to, or endorsed by the purchaser or subscriber to the order of A. Edward Major, Counsellors-At-Law as escrow agent for THE AURORA CONDOMINIUM offering plan. Any instrument payable or endorsed other than as required hereby, and which cannot be deposited into such escrow account, shall be returned to the prospective purchaser or subscriber promptly, but in no event more than five business days following receipt of such instrument by ESCROW AGENT. In the event of such return of funds, the instrument shall be deemed not to have been delivered to ESCROW AGENT pursuant to the terms of this Agreement.

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

3. RELEASE OF FUNDS.

3.1 ESCROW AGENT shall not release the escrowed funds of a defaulting purchaser until after consummation of the plan as defined in the Attorney General's regulations. Consummation of the plan shall not relieve SPONSOR of its fiduciary obligations pursuant to GBL Section 352-h.

3.2 ESCROW AGENT shall continue to hold the funds in escrow until otherwise directed in (a) a writing signed by both sponsor and purchaser or (b) a determination of the Attorney General or (c) a judgment or order of a court of competent jurisdiction or until released pursuant to the regulations of the Attorney General pertaining to release of 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 recission 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 proprietor, partners or members of the firm, as the case may be, shall make appropriate arrangements for the maintenance of these records by one of the partners or members of the firm or by the successor firm and shall notify the Department of Law of such transfer.

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

5. GENERAL OBLIGATIONS OF ESCROW AGENT.

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

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

6. RESPONSIBILITIES OF SPONSOR.

6.1 SPONSOR agrees that SPONSOR and its agents, including any selling agents, shall immediately deliver all deposits and payments received by them prior to closing of an 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 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 thisAgreement as of the day and year first written above.

ESCROW AGENT

A. EDWARD MAJOR, COUNSELLORS-AT-LAW

By:_____

SPONSOR

554 Owner LLC, 554 R&D LLC and 554 FWR LLC

By:_____

APPLICATION TO THE ATTORNEY GENERAL FOR A DETERMINATION ON THE DISPOSITION OF DOWNPAYMENTS

[Send this application to the reviewing attorney assigned to the subject plan.]

Re:_____
Address of Building or Name of Project

File Number:_____

Application is made to the Attorney General to consider and determine the disposition of down payments held pursuant to GBL Sections 352-e(2-b) and 352-h. The following information is submitted in support of this application:

1. Name of Applicant _____

2. Address of Applicant _____

3. Name, Address, and Telephone Number of Applicant's Attorney (if any)
_____
_____

4. This is an application for

[ ] return of downpayment.
[ ] forfeiture of downpayment.
[ ] other:_____

5. The project is
[ ] a conversion of occupied premises.
[ ] newly constructed or rehabilitated.
[ ] vacant (as is).

6. The project is structured as
[ ] cooperative.
[ ] condominium.
[ ] homeowners association.
[ ] timeshare.
[ ] other_____:

7. Name and Address of Sponsor:_____
_____

8. Name and Address of Escrow Agent:

_____

_____

9. if downpayments are maintained in an escrow account:

(a) Name of account _____

(b) Name and address of bank_____

(c) Account number (if known)_____

(d) Initial interest rate (if known) _____

10. If downpayments have been secured by bonds:

(a)Name and address of bond issuer or surety: _____

(b) Copy of bond included in this application. (DO NOT SEND ORIGINAL BOND.) If not included, explain: _____

_____

_____

_____

11. if downpayments have been secured by a letter of credit:

(a) Name and address of bank which issued the letter of credit:

_____

_____

(b)Date of expiration of the letter of credit, if known:_____

12. Plan information:

(a) Date of filing of plan:

(b) Plan [ ] has been declared effective. Approximate date: _____

[ ] has not been declared effective.

(c) If effective, the plan

[ ] has closed or the first **unit** has closed. Approximate date: _____

[ ] has not closed.

[ ] don't know.

(d) Downpayments are secured by
[ ] escrow account.
[ ] bonds.
[ ] letter of credit.

13. Contract information:

(a) Copy of contract and of all riders or modification letters are attached. (DO NOT SEND ORIGINALS.)

(b) Date on which subscription or purchase agreement was signed:

(c) Date (s) of downpayment (s)

(d) Total amount of downpayment(s):

(e) Names and addresses of subscribers or purchasers affected by this application:

14. State the basis for your claim. Please be as specific as possible. You may add additional sheets. Attach copies of any relevant documents.

15. I am contemporaneously sending a copy of this application to the following persons:

Note: You are required to mail a copy of this Application to all other affected parties.

In filing this application, I understand that the Attorney General is not my private attorney, but represents the public in enforcing laws designed to protect the public from unlawful business practices. I also understand that if I have any questions concerning my legal rights or responsibilities I may contact a private attorney. The above application is true and accurate to the best of my knowledge. False statements made herein are punishable as a Class A Misdemeanor under Section 175.30 and/or Section 210.45 of the Penal Law.

Signature:_____ Date:_____

Name (Printed):

Telephone: (Home)

Mailing Address:

DECLARATION

Establishing a Plan for Condominium
Ownership of Premises Located in
City of New York
New York County, New York
Pursuant to Article 9-B of the Real Property
Law of the State of New York

Name —-Aurora Condominium
554-556 Third Avenue
New York, New York 10016

Sponsor —-554 Owner LLC, 554 R&D LLC and 554 FWR LLC
70 East 55th Street
New York, New York 10022

Date of Declaration: August, __ 2003

RECORD AND RETURN TO:
A. EDWARD MAJOR, Counsellors-At-Law
Attorneys for Sponsor
135 East 38th Street
New York, New York 10016
Attn: Lewis C. Taishoff, Esq.

THE LAND AND AIR RIGHTS PARCELS AFFECTED BY THE WITHIN INSTRUMENT LIES IN SECTION 3, BLOCK 892, Lots Nos. 45, 9044, 9047 and 9048 ON THE TAX MAP OF THE BOROUGH OF MANHATTAN, CITY, COUNTY AND STATE OF NEW YORK.

554 Owner LLC, 554 R&D LLC and 554 FWR LLC, all Delaware limited liability companies, and all having offices at 70 East 55th Street, New York, NY 10022 (collectively the "Sponsor") do hereby declare:

ARTICLE 1.

Submission of Property

The Sponsor hereby submits the land hereinafter described (the "Land), together with the building and improvements thereon erected (the "Building"), owned by the Sponsor in fee simple absolute (the land and the Building are hereinafter referred to collectively as the "Property"), to the provisions of Article 9-B of the Real Property Law of the State of New York (the "Condominium Act"). However, nothing contained in this Declaration shall be deemed or construed to adversely affect the rights of the Tenant under the Lease (hereinafter described in Article 5, Section 12 hereof).

ARTICLE 2.

Area and Location of the Land

The Land has an area of approximately 13,145 square feet and is located in the City of New York, New York County, State of New York.

ARTICLE 3.

Description of the Building

The Building is a concrete and steel, sprinklered, fireproof structure, consisting of thirty-one (31) floors and a cellar, constructed in 2002. The gross area of the cellar is approximately 3680 square feet, and the gross area of each of the floors one through six is approximately 3600 square feet; each of floors 6 through 24 is 4016 square feet; and each of floors 25 to 31 is 3551 square feet. The entire Building, including the cellar, encloses approximately 125,000 square feet of space.

The Building contains two automatic passenger elevators. Adjacent to the elevator is an interior fire stair. A public lobby is located at street level on the easterly side of the Building.

ARTICLE 4.

Name of Condominium

This Condominium shall be known as "Aurora Condominium.

ARTICLE 5.

Definitions

The following are definitions of capitalized terms commonly used in this Declaration:

1. Board of Managers: The governing body of the Condominium, which will conduct the business affairs of the Condominium and supervise the operation of the Property. It is elected by vote of the Unit Owners pursuant to the By-laws.

2. By-laws: The By-laws governing the operation of the Condominium, to be recorded simultaneously herewith, as the same may hereafter be amended.

3. Common Charges: Each Unit Owner's proportionate share of common expenses, allocated as set forth in the Declaration and By-laws.

4. Common Elements: All portions of the Property other than Units, owned and used in common by all Unit Owners, subject to easements.

5. Common Expenses: Expenses of operation of the Property and incurred in or arising from the conduct of the Condominium's affairs.

6. Condominium: The Property subsequent to its submission to the provisions of Article 9-B of the Real Property Law (the New York Condominium Act).

7. Condominium Act: Article 9-B of the New York Real Property Law, as the same may have been heretofore or may be hereafter amended.

8. Declaration: The written document which subjects the Property to the provisions of the Condominium Act and which creates the Condominium regime.

9. Designated Successor. A person, persons or business entities who or which the Sponsor has designated by a writing delivered to the Board of Managers to succeed to the rights of the Sponsor with respect to some or all of the Units.

10. General Common Elements: All Common Elements that may be used in common by all Unit Owners.

11. Land and Building: All that parcel of land with the building and improvements thereon located at and commonly known as 554-556 Third Avenue, City, County and State of New York.

12. Lease. That certain unrecorded Master Lease Agreement dated August 8, 2000, between 554-556 Third Avenue, LLC (as Landlord) and EXECUSTAY CORPORATION (as Tenant).

13. Limited Common Element: A Common Element the use or enjoyment of, or access to which, is limited to one or more, but fewer than all, of the Unit Owners.

14. Percentage Interest: Also known as Common Interest, the proportionate undivided interest in the Common Elements appurtenant to each Unit, as set forth in the Declaration, based upon which are computed, among other things, (a) liability for Common Charges (b) votes to be cast by any Unit Owner, and (b) share of any distribution upon termination of condominium ownership.

15. Plan: This Offering Plan, as it may subsequently be amended.

16. Property: Collectively, the Land and the Building.

17. Recording Date: The date on which the Declaration is recorded in the Register's office, submitting the Property to the Condominium Act.

18. Sponsor: 554 Owner LLC, 554 R&D LLC and 554 FWR LLC, all Delaware Limited Liability Companies, which now own the Property. Use of the term "Sponsor" includes any Sponsor's designee or Designated Successor, as the case may be.

19. Sponsor's designee: (alternatively referred to as "designee of Sponsor", "Designated Successor" or "successor to Sponsor"). Any affiliate of Sponsor or any person or entity appointed or designated by Sponsor to act for or on behalf of Sponsor in connection with the Condominium and/or the Board of Managers of the Condominium including any committee of said Board of Managers, and shall also include any successor to the rights of the Sponsor as Landlord under the Lease.

20. Unit: A portion of the Property designated as a "Unit" in the Declaration, together with its appurtenant Percentage Interest. The following Unit types are discussed in the Plan:

a) Extended Stay Unit ("EU"): A Unit which is used as set forth in the Lease and as permitted by applicable law.

b) Residential Unit ("RU"): A Unit used for residential use.

21. Unit Owner: The owner of the EU (the "EUO") or a Residential Unit (a "RUO") in fee simple absolute. After the Lease is no longer in effect, there may be owners of Units created by the subdivision or recombination of the EU or portions thereof.

22. Unsold Unit: A Unit prior to its conveyance by the Sponsor, other than to Sponsor's designee. its conveyance by the Sponsor.

ARTICLE 6.

Units

(a) Exhibit A annexed hereto and made part hereof sets forth the following information with respect to each Unit necessary for the proper identification thereof: (i) its designation number; (ii) its tax lot number; (iii) its approximate location in the Building; (iv) its approximate area in square footage; (v) the portions of the Common Elements to which each Unit has immediate access; and (vi) the Common

Interest appurtenant to each Unit. The precise location of each Residential Unit within the Building and the precise location of the Commercial Unit is shown on the floor plans of the Building (the "Floor Plans"), certified by H. Thomas O'Hara, A.I.A., Architect, intended to be filed in the Office of the Register of New York City, New York County simultaneously with the recording of this Declaration.

(b) The boundaries of each Residential Unit are measured (i) horizontally, from (A) the exterior face of the brick, masonry, glass or concrete exterior walls enclosing such Unit (but no Residential Unit Owner shall be responsible for maintenance, repair or replacement of exterior walls or risers, conduits or installations behind the interior wall of said Unit, maintenance, repair and replacement of all of which shall be the responsibility of the Board of Managers and the expense of all thereof shall be a Common Expense) and (B)(1) the centerline of the sheetrock or concrete block walls which divide each such Unit from the Unit immediately adjacent to it or to the centerline of the sheetrock Unit walls and the sheetrock public corridors adjoining said Residential Unit, or (2) to the exterior face of the brick, masonry, glass or concrete exterior walls opposite the same, if the Unit occupies an entire floor; and (ii) vertically from the top of the concrete slab beneath the floor to the underside of the concrete slab above the ceiling, including without limitation any dropped or recessed ceiling. All electrical connections, wiring and conduits from the individual electric meter located in the mechanical space to the Unit itself are a part of the Unit that it serves.

(c) The boundaries of the Extended Stay Unit are measured:

(i) horizontally from the exterior face of the brick, masonry, glass or concrete exterior walls enclosing such Unit (but no Extended Stay Unit Owner shall be responsible for maintenance, repair or replacement of exterior walls or risers, conduits or installations behind the interior wall of said Unit, maintenance, repair and replacement of all of which shall be the responsibility of the Board of Managers and the expense of all thereof shall be a Common Expense) to the exterior face of the brick, masonry, glass or concrete exterior walls opposite the same, except that the fire stairs leading from the 31st floor to the ground floor and the exterior walls partially enclosing same, but not the interior walls enclosing said fire stairs and separating same from the interior of the Building at any point, and the first floor service corridor leading to and giving access to the public street at the Third Avenue side of the Building shall all be common elements; and

(ii) vertically from the top of the concrete slab beneath the floor of the ground floor or lobby to the underside of the concrete slab above the ceiling at the second floor, and from the top of the concrete slab beneath the fifth floor to the underside of the concrete slab above the ceiling at the 24th floor, and from the top of the concrete slab above the 31st floor to and including the roof of the Building and all structures on said roof. Reference to floors in this Article 6(c)(ii) shall mean floors as actually constructed, irrespective of how denominated on directories, floor or stair landings, elevator controls, or otherwise.

Any General Common Elements located within a Unit will not be considered part of the Unit. Doors and windows that open from a Unit are part of the Unit.

The Extended Stay Unit includes all elevators, shafts, machinery, cabs, cables and equipment. The Extended Stay Unit includes all mechanical equipment and all conduits, cables, chases and other

facilities providing utilities to the Building, except for the chutes leading from each floor to the compactor room..

The Extended Stay Unit will also include approximately 3500 square feet of the cellar, exclusive of the Common Elements.

It shall be a continuing obligation on the part of the Extended Stay Unit Owner, so long as any equipment or facilities necessary to provide essential services to all Unit Owners are located within the Extended Stay Unit, to provide such services to all Unit Owners on a non-discriminatory basis. It shall be a continuing obligation on the part of each Residential Unit Owner to reimburse the Extended Stay Unit Owner for the cost of providing such services. The Extended Stay Unit Owner shall render bills for such reimbursement to the Board of Managers at reasonable intervals. The Board of Managers shall cause each Residential Unit Owner to be billed for their proportionate share, based upon the Percentage Interest of each Such Residential Unit Owner, as Common Charges. The Extended Stay Unit Owner may enforce the obligations of the Board of Managers in this regard by appropriate legal proceedings

ARTICLE 7.

Use of Units

Each Residential Unit may be used for a residence and for ancillary home occupations as permitted by applicable governmental regulations. The Extended Stay Unit may be used for any lawful permitted by applicable law. Notwithstanding the foregoing, the Sponsor may, in each of the following cases, without the permission of the Board of Managers (a) 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, and (b) change the use of any Unit it owns, provided only that any such change of use complies with law. No Unit may be used for any purpose which would adversely affect the rights of Tenant under the Lease or compete with Tenant's business.

ARTICLE 8.

Common Elements

The Common Elements consist of the entire Property, including all parts of the Building and improvements thereon, other than the Units, including, without limitation, the following:

a) The Land, including, without limitation, the portions of the Land on which the Building is erected, and all other improved or unimproved areas forming a part of the Land and not within the Units, together with all easements, rights and privileges appurtenant thereto;

b) All foundations, columns, girders, beams, supports, concrete slabs, masonry walls, and the structural

frame of the Building,

c) All installations outside the Extended Stay Unit for services such as heat, power, light, television, telephone and water (including pipes, ducts, wires, cables and conduits used in connection therewith);

d) All sewer and drainage pipes and facilities;

e) All storage areas, mechanical equipment spaces, and meter rooms located on the third and fourth floors of the Building;

f) Each balcony and terrace shall be a Limited Common Element whose use shall be limited to the Unit Owner or Owners whose Unit or Units give direct access to each such balcony or terrace;

g) the fire stairs from the 31st floor leading to the service corridor at the ground floor level, and the service corridor itself;

h) chutes leading from each floor to the compactor room; and

i) 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 be owned by all of the Unit Owners in common, and the cost of maintenance, repair, replacement and operation of the Common Elements will be borne by all Unit Owners in proportion to their respective Percentage Interests and will be included in their Common Charges.

ARTICLE 9.

Determination of Percentage Interest in Common Elements

The Percentage Interest in the Common Elements for each Unit was calculated according to the method set forth under Section 339-i (1) (iii) of the Condominium Act and is in equal percentages within separate classifications of units as of the date of filing the Declaration

ARTICLE 10.

Encroachments

If (a) any portion of the Common Elements now encroaches upon any Unit, or if any Unit now encroaches upon any other Unit or upon any portion of the Common Elements as a result of the construction or renovation of the Building, or (b) any such encroachment shall occur hereafter as a result of settling or shifting of the Building, or by reason of the repair and/or alteration to the Common Elements made by or with the consent of the Board of Managers or by the Sponsor or its designee, a valid easement for the encroachment and for the maintenance of the same so long as the Building stands, shall

exist. In the event the Building, a Unit, any adjoining Unit, or any adjoining Common Element, shall be partially or totally destroyed as a result of fire or other casualty or as a result of condemnation or eminent domain proceedings, and then rebuilt, encroachments of parts of the Common Elements upon any Unit or of any Unit upon any other Unit or upon any portion of the Common Elements, due to such rebuilding, shall be permitted, and valid easements for such encroachments and the maintenance thereof shall exist so long as the Building shall stand.

ARTICLE 11.

Easements

(a) No exercise or use of any easement by any person may be made in derogation of any right of Tenant under the Lease or may adversely affect the Tenant under the Lease.

(b) Each Unit Owner shall have an easement in common with the owners of all other Units to use, install, operate, maintain, alter, repair, rebuild, restore and replace all pipes, wires, ducts, vents, conduits, cables, public utility lines and other Common Elements located in any of the other Units (or elsewhere on the Property) , and serving his or her Unit, but not to interfere with other Unit Owners, and may only use, install, operate, maintain, alter, repair, rebuild, restore and replace any such pipes, wires, ducts, vents, conduits, cables, public utility lines and other Common Elements located in any of the other Units (or elsewhere on the Property) using trades reasonably acceptable to the Extended Stay Unit Owner. Each Unit shall be subject to an easement in favor of the owners of all other Units to use, install, operate, maintain, alter, repair, rebuild, restore and replace the pipes, ducts, cables, vents, wires, conduits, public utility lines and other Common Elements serving such other Units and located in such Unit (or elsewhere on the Property).

(c) Each Unit shall have a perpetual and non-exclusive easement for ingress and egress to such Unit in, upon, over, across and through the Common Elements, the lobby of the Building insofar as same is part of the Extended Stay Unit, and to the Property from the nearest public street.

(d) In addition to the above, an easement in favor of the Board of Managers, its agents, contractors, subcontractors and employees shall exist providing for a right of access to the Units and to the Common Elements to inspect, maintain or make repairs to the Units to remedy any condition which would result in damage to the Common Elements or any other Units or which would violate the provisions of any mortgage covering another Unit, to make repairs to the Common Elements, to any wires, pipes, conduits or cable television system servicing any of the Units or to make repairs to any other Unit or to remove conditions constituting violations under any applicable building law or regulation or to cure any default by a Unit Owner, or to comply with any laws, orders, rules or regulations of any governmental body having jurisdiction thereof; provided such right of access shall be exercised in such a manner as will not unreasonably interfere with the use of the Units for their permitted purposes, using trades reasonably acceptable to the Extended Stay Unit Owner. Such entry shall be permitted on not less than one day's notice, except that notice will not 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 the occupants of the Building or other persons, or required to avoid the suspension of any necessary service in the Building).

(e) Each Unit shall have an easement of support and of necessity and shall be subject to an easement of support and necessity in favor of all other Units and the Common Elements.

(f) Sponsor or its designee and their respective successors, assigns, contractors, subcontractors, agents and employees shall have any and all easements and rights of access in and to Units and Common Elements to complete alterations to the Common Elements and to the Unsold Units in a manner consistent with the purposes of the Condominium Offering Plan for the Property. The Sponsor's easements and rights shall include but not be limited to:

(i) the right to maintain general and lease office(s) and personnel on the premises, to post signs and to conduct other activities connected with promotion, sales or leasing, such as inspection and display of vacant or leased Units, as well as all Common Elements, to prospective purchasers or lessees; and

(ii) the right of access in and to Units and Common Elements for purposes of construction, repair, refurbishment, correction, alterations, finishing, servicing and similar work required to be performed by the Sponsor under the aforementioned Condominium Offering Plan.

(g) Sponsor or its designee and the Board of Managers shall have the right to grant such additional electric, gas, steam or other utility easements or relocate any existing utility easements in any portion of the Property as Sponsor or its designee, or the Board of Managers as the case may be, shall deem necessary or desirable for the proper operation and maintenance of the Building or any portion thereof, or for the general health or welfare of the owners, tenants and occupants of the appropriate Units, provided that such additional utilities or the relocation of existing utilities will not prevent or unreasonably interfere with the use of the 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 use of the Units for their permitted purposes.

The user of any easement granted by the above subparagraphs of this Article shall have the responsibility of repairing any damage resulting from that use.

ARTICLE 12.

Power of Attorney to Board of Managers

Each Unit Owner, except the Extended Stay Unit Owner, at the time of closing of title to his, hers, its or their Unit, shall grant to the persons who shall from time to time constitute the Board of Managers, an irrevocable power of attorney, coupled with an interest (in such form and content as the Board of Managers-shall determine), to, following due authorization of the Unit Owners, (a) acquire title to or lease any Unit together with its Appurtenant Interests (as more particularly described in Article 13 hereof), whose owner desires to surrender, sell, lease, assign, transfer, or otherwise convey the same, or which may be the subject of a foreclosure or other judicial sale, upon such terms and conditions as shall be approved by a majority of the Unit Owners, in the name of the Board of Managers or its designee, corporate or otherwise, on behalf of all Unit Owners, and to convey, sell, lease, sublease, mortgage, vote the votes appurtenant thereto (other than for the election of the Board of Managers) or otherwise deal with any such Unit so acquired by the Board of Managers, and (b) execute, acknowledge and deliver (i) any declaration or other instrument affecting the Condominium which the Board deems necessary or appropriate to comply with any law, ordinance, regulation, zoning resolution or requirement of any public authority applicable to the maintenance, demolition, construction, alteration, repair or restoration of the Condominium or (ii) any consent, covenant, restriction, easement or declaration, or any amendment thereto, affecting the Condominium which the Board of Managers deems necessary or appropriate. The Board of Managers shall cause this power of attorney to be recorded in the office of the Register of New York City, New York County at the expense of the Unit Owner, immediately upon the Board of Managers' receipt thereof, but the expense of any such recordation shall be borne by the Unit Owner granting the same. The power of attorney to be given to the Board of Managers by the Extended Stay Unit Owner shall grant the Board of Managers only the right to take title to units acquired by virtue of a foreclosure of the lien for unpaid common charges, and for no other purpose.

ARTICLE 13.

Acquisition of Units by Board of Managers

In the event any Unit Owner shall surrender his her 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 acquired by the Board of Managers or its designee on behalf of all Unit Owners or the proceeds of the sale or lease thereof, if any; and (iii) the interest of such Unit Owner in any other assets of the Condominium (hereinafter collectively called the "Appurtenant Interests") pursuant to the provisions of Section 339-x of the Condominium Act, or in the event the Board of Managers shall purchase or lease from any Unit Owner who has elected to sell or lease the same, a Unit, together with the Appurtenant Interests, pursuant to Section 1 of Article VII of the By-Laws, or in the event the Board of Managers shall purchase at a foreclosure or other judicial sale, a Unit, together with the Appurtenant Interests, title to any such Unit, together with the Appurtenant Interests, shall be held by the Board of Managers or its designee, corporate or otherwise, on behalf of all Unit Owners, in proportion to their respective Percentage Interests. The lease or sublease covering any Unit leased by the Board of Managers, or its designee, corporate or otherwise, shall be held by the Board of Managers, or its designee, on behalf of all Unit Owners, in proportion to their respective Percentage Interests.

ARTICLE 14.

Person to Receive Service

Mitchel Maidman, and after him, any person holding the office of president of the Condominium, is hereby designated to receive service of process in any action which may be brought against the Condominium.

ARTICLE 15.

Units Subject to Declaration,
By-Laws and Rules and Regulations

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 of the Condominium, as they may be amended from time to time. The acceptance of a deed or conveyance, or the entering into of a lease or the entering into occupancy of any Unit shall constitute an agreement that the provisions of this Declaration, the By-Laws and such 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.

The administration of the Condominium shall be in accordance with the provisions of this Declaration. and the provisions of the By-Laws, which are made a part of this Declaration and are attached hereto, and in accordance with the rules and regulations of the Condominium.

ARTICLE 16.

Amendment to Declaration

(a) Except as set forth in Article 17, this Declaration may be amended by the vote of not less than 66 2/3%, both in number and in Percentage Interest, of all Unit Owners, cast in person or by proxy at a meeting duly held in accordance with the provisions of the By-Laws, provided, however, that the Percentage Interest appurtenant to each Unit as expressed in this Declaration shall not be altered without the consent of all Unit owners affected, and except as provided in this Article, no amendment may be made without the written consent of the holders of Unit mortgages, if required by the terms of such

mortgage, subject to Sponsor's right to amend this Declaration as set forth in this Article and in Article 17. No amendment to this Declaration shall be effective until recorded in the office of the Register of New York City, New York County.

(b) No amendment shall change a Unit Owner's Percentage Interest, unless all Unit Owners affected agree to such amendment by recorded instrument.

(c) Sponsor or its designee shall have the right without vote or consent of other Unit Owners, the Board of Managers or the holders of Unit mortgages, to execute or (on its request) to require the Board of Managers to execute, and record in the Office of the Register of New York City, New York County, and elsewhere if required by law, any amendments) to this Declaration (together with such other documents, plans and maps as may be required to effectuate same), to reflect any changes in Units and the re-apportionment in Percentage Interest resulting therefrom, made by Sponsor (or its designee), in accordance with paragraph (a) of Article 17 of this Declaration.

(d) Subject to the Sponsor's rights to amend this Declaration in accordance with this Article and Article 17, this Declaration may not be amended without the written consent of Sponsor if it is affected by such amendment or of any Unit Owner if its rights are directly restricted by such amendment. The provisions of this Article or of Article 17 may not be added to, amended or deleted, in whole or in part, without the consent of Sponsor or its designees) so long as Sponsor or its designees) owns any Unit.

ARTICLE 17.

Changes in the Condominium

(a) Except to the extent prohibited by law, the Extended Stay Unit Owner, the Sponsor or its designee shall have the right, without the vote or consent of the Board of Managers or other Unit Owners, to: (i) make alterations, additions or improvements, whether structural or nonstructural, interior or exterior, ordinary or extraordinary, in, to and upon (A) any Unsold Unit, or (B) any Unit owned by the Extended Stay Unit Owner, the Sponsor or any designee of the Sponsor; (ii) change the size, layout or location of the Extended Stay Unit or any Unsold Units from time to time; (iii) change the size and/or number of (A) any Unsold Unit, or (B) the Extended Stay Unit, or (C) any Unit owned by the Sponsor or any designee of the Sponsor by subdividing, combining, resubdividing or recombining one or more such Units into two or more separate Units, combining or recombining separate Units (including those resulting from the present or any previous subdivision or otherwise) into one or more Units (or into two or more Units, as the case may be) by altering the boundary walls between any such Units or otherwise, provided that any such change complies with law; and (iv) if appropriate, reapportion among the Units affected by such change in size or number pursuant to the preceding clause (iii) their Percentage Interests in the Common Elements; provided, however, that the Percentage Interest in the Common Elements of any Unit shall not changed without the consent of all Unit Owners affected thereby, and provided further that Sponsor or its designee shall comply with all applicable laws, ordinances and regulations of all

governmental authorities having jurisdiction and shall agree to hold the Board of Managers and all other Unit Owners harmless from any liability arising therefrom. In combining separate Units pursuant to clause (iii), Sponsor may incorporate into any Unit resulting from such combination or recombination any portion of the Common Elements adjacent to such Unit. From and upon any such incorporation, the affected portion of the Common Elements will be deemed to be a Limited Common Element, use of which shall be exclusive to that Unit resulting from such combination.

(b) Sponsor hereby reserves the right to amend, or cause the Board of Managers to amend, this Declaration and/or the By-Laws to reflect any changes made pursuant to paragraph (a) of this Article.

(c) A Unit Owner shall have the right, at his, her, its or their sole cost and expense, to subdivide his, hers, its or their Unit into two or more Units or combine two or more Units, conditioned upon compliance with density restrictions determined by the New York City Zoning Resolution and the performance of necessary alterations in accordance with applicable law or ordinances, and provided further that the Unit owner intending to make any such changes supplies the Board of Managers with evidence reasonably satisfactory to the Board of Managers that the above-described alterations will be performed in accordance with such applicable law, at which time the Board of Managers shall, at such Unit Owner's sole cost and expense, amend the Declaration to reflect the requested revisions thereto, and execute and deliver any documentation reasonably necessary to effectuate the same. Any cost or expense in connection with and such amendment, execution and delivery shall, however, be borne by the Unit Owner seeking the same.

(d) Notwithstanding any other provision of this Article, no reapportionment of the Percentage Interest appurtenant to any Unit shall be made unless there is first delivered to the Board of Managers a written certification stating that the Percentage Interest of the respective Unit, immediately after such reapportionment, will be calculated according to the method set forth under Section 339-i(1)(ii) of the Condominium Act.

ARTICLE 18.

Definition of "Sponsor-Designee"

The term "Sponsor or its designee", (alternatively referred to as "designee of Sponsor") as used in this Declaration shall mean Sponsor or any affiliate of Sponsor or any person or entity appointed or designated by Sponsor to act for or on behalf of Sponsor in connection with the Condominium and/or the Board of Managers of the Condominium including any committee of said Board of Managers. The term "Sponsor or its designee", (alternatively referred to as "designee of Sponsor") shall also include any successor to the rights of the Sponsor as Landlord under the Lease. A designee of Sponsor shall have the right to designate a person or entity to succeed to its rights and any such designee shall also be deemed a designee of Sponsor. Any such designation must be in writing, signed by an officer, partner, or manager

of any entity comprising the Sponsor, and delivered to each member of the Board of Managers. However, while and so long as the Lease remains in effect, only the Sponsor or an affiliate of the Sponsor (that is, a person or entity holding a legal or beneficial interest in the Sponsor at the date of recording of this Declaration) may be a designee of Sponsor.

ARTICLE 19.

Common Charges

All sums assessed as Common Charges by the Board of Managers of the Condominium but unpaid, together with interest at the maximum legal rate thereon chargeable to a Unit Owner, shall constitute a lien on his or her Unit prior to all other liens except: (a) tax or assessment liens on the Unit imposed by the taxing subdivision of any governmental authority and (b) all sums unpaid on any first mortgage of record encumbering the Unit. A lien for Common Charges may be filed against a delinquent Unit and foreclosed by the Condominium when Common Charges are past due in accordance with the laws of the State of New York, in like manner as a mortgage on real property, and the Condominium shall also have a right to recover all costs and expenses incurred including without limitation reasonable attorneys' fees. In the event the proceeds of the foreclosure sale are not sufficient to pay such unpaid Common Charges, the unpaid balance shall be charged to all Unit Owners as a Common Expense. However, where the holder of a first mortgage of record, or other purchaser of a Unit at a foreclosure sale of a mortgage, obtains title to a Unit as a result of foreclosure, or the mortgage holder obtains title in lieu of foreclosure, such acquirer of title, his or her successors or assigns, shall not be liable and the Unit shall not be subject to a lien for the payment of Common Charges chargeable to such Unit which were assessed and became due prior to the acquisition of title to such Unit by such acquirer. In such event, the unpaid balance of Common Charges shall be charged to all Unit Owners as a Common Expense.

Every Unit Owner shall pay the Common Charges assessed against him or her or the Unit when due and no Unit Owner may exempt himself or herself or the Unit from liability for the payment of Common Charges assessed against him or her or the Unit by waiver of the use of any of the Common Elements or by abandonment of the Unit. However, no Unit Owner shall be liable for the payment of any Common Charges accruing subsequent to a sale, transfer or other conveyance by him or her of such Unit made in accordance with Section 339-x of the Condominium Act or in accordance with the provisions of the Declaration and the By-Laws.

ARTICLE 20.

Borrowing by Board of Managers

To the extent permitted by §339-jj of the New York Real Property Law, or any similar or successor legislation, in connection with a debt incurred by it, the Board of Managers, on behalf of the unit owners, may (a) assign the rights in and to receive future income and common charges, (b) create a security interest in, assign, pledge, mortgage or otherwise encumber funds or other real or personal property that it holds, (c) agree that, to the extent of any amounts due under any of the provisions of the

agreements under which the debt was incurred and subject to the provisions of subdivision two of section three hundred thirty-nine-l of the New York Real Property Law, all common charges received and to be received by it, and the right to receive such funds, shall constitute trust funds for the purpose of paying such debt and the same shall be expended for such purpose before expending any part of the same for any other purpose, and (d) agree that at the lender's direction it will increase common charges to the extent necessary to pay any amount when due under any of the provisions of the agreements under which the debt was incurred. The preceding sentence shall not be construed to authorize the Board of Managers to create a lien on the Common Elements. Any such assignment may provide that, in the event of a default, the lender shall have the right of the Board of Managers to file liens in the lender's name on units for unpaid common charges pursuant to sections three hundred thirty-nine-z and three hundred thirty-nine-aa of the New York Real Property Law and the right to foreclose such liens pursuant to section three hundred thirty-nine-aa of the New York Real Property Law.
Provided, however, nothing in this Article 20 shall impair rights under any loan or other agreement existing prior to the effective date of this section or limit any right or power that a Board of Managers would otherwise have.

ARTICLE 21.

Conveyance of a Unit

In any conveyance of a Unit in accordance with this Declaration and By-Laws, the grantee of the Unit shall be jointly and severally liable with the grantor for any unpaid Common Charges for the Unit up to the time of the grant or conveyance, without prejudice to the grantee's right to recover from the grantor the amounts paid by the grantee therefor. Any such grantee shall be entitled to a written statement from the Board of Managers or its authorized agent setting forth the amount of Common Charges then unpaid for the Unit and such grantee shall not be liable for any unpaid Common Charges against that Unit in excess of the amount set forth in such statement. "Grantee" as used in this paragraph shall not include either the holder of a mortgage of record or other purchaser of a Unit at a foreclosure sale of an institutional mortgage.

ARTICLE 22.

Invalidity

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

ARTICLE 23.

Waiver

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

ARTICLE 24.

Captions

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

ARTICLE 25.

References

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

ARTICLE 26

Construction

This Declaration, and the By-laws and Rules and Regulations adopted in pursuance thereof, shall be construed without reference to any rule, canon, presumption or inference respecting the identity of the drafter of any thereof.

IN WITNESS WHEREOF, the Sponsor has caused this Declaration to be executed this day of _____, 2003.

554 Owner LLC

By:_____
Gregory Maidman, *Vice President*

554 R&D LLC
By: R & D MAIDMAN FAMILY LIMITED PARTNERSHIP, SOLE MEMBER

BY:_____
Richard Maidman,
Managing General Partner

554 FWR LLC
By: Fashion Wear Realty Co., Sole Member

By:_____
Gregory Maidman, *Vice President*

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

On the _____ day of _____, 20____, before me, a Notary Public in and for said State, personally appeared GREGORY MAIDMAN and RICHARD MAIDMAN, personally known to me or proved to me on the basis of satisfactory evidence to be the individuals whose names are subscribed to the within instrument and acknowledged to me that they executed the same in their capacities, and that by their signatures on the instrument, the individuals, or the persons on whose behalf the individual acted, executed the instrument.

_____
NOTARY PUBLIC
STATE OF NEW YORK

SCHEDULE A

UNIT DESIGNATIONS, COMMON INTEREST AND RELATED INFORMATION

UNIT NO.	TAX LOT NO.	APPROXIMATE UNIT AREA (SF)	% INTEREST IN COMMON ELEMENTS	COMMON ELEMENTS TO WHICH UNIT HAS ACCESS
PHA		3,549.00	3.8449%	Exit Stairs, Service Corridor
PHB		3,549.00	3.8449%	Exit Stairs, Service Corridor
PHC		3,549.00	3.8449%	Exit Stairs, Service Corridor
PHD		3,549.00	3.8449%	Exit Stairs, Service Corridor
PHE		3,549.00	3.8449%	Exit Stairs, Service Corridor
PHF		3,549.00	3.8449%	Exit Stairs, Service Corridor
PHG		3,549.00	3.8449%	Exit Stairs, Service Corridor
Extended Stay Unit		98,769.00	73.0857%	Corridor, Exit Stairs, Elevators
TOTAL		123,612.00	100.0000%	

Condominium By-Laws

BY-LAWS

OF

AURORA CONDOMINIUM

Definitions

Definitions of capitalized terms used most commonly in these By-laws, the Declaration to which they are annexed, and in the Condominium Offering Plan are set forth in below.

1. Board of Managers: The governing body of the Condominium, which will conduct the business affairs of the Condominium and supervise the operation of the Property. It is elected by vote of the Unit Owners pursuant to the By-laws.

2. By-laws: The By-laws governing the operation of the Condominium, to be recorded simultaneously herewith, as the same may hereafter be amended.

3. Common Charges: Each Unit Owner's proportionate share of common expenses, allocated as set forth in the Declaration and By-laws.

4. Common Elements: All portions of the Property other than Units, owned and used in common by all Unit Owners, subject to easements.

5. Common Expenses: Expenses of operation of the Property and incurred in or arising from the conduct of the Condominium's affairs.

6. Condominium: The Property subsequent to its submission to the provisions of Article 9-B of the Real Property Law (the New York Condominium Act).

7. Condominium Act: Article 9-B of the New York Real Property Law, as the same may have been heretofore or may be hereafter amended.

8. Declaration: The written document which subjects the Property to the provisions of the Condominium Act and which creates the Condominium regime.

9. Designated Successor. A person, persons or business entities who or which the Sponsor has designated by a writing delivered to the Board of Managers to succeed to the rights of the Sponsor with respect to some or all of the Units.

10. Land and Building: All that parcel of land with the building and improvements thereon located at and commonly known as 554-556 Third Avenue, City, County and State of New York.

11. Limited Common Element: A Common Element the use or enjoyment of, or access to which, is limited to one or more, but fewer than all, of the Unit Owners.

12. Percentage Interest: Also known as Common Interest, the proportionate undivided interest in the Common Elements appurtenant to each Unit, as set forth in the Declaration, based upon which are computed, among other things, (a) liability for Common Charges (b) votes to be cast by any Unit Owner, and (b) share of any distribution upon termination of condominium ownership.

13. Plan: This Offering Plan, as it may subsequently be amended.

14. Property: Collectively, the Land and the Building.

15. Recording Date: The date on which the Declaration is recorded in the Register's office, submitting the Property to the Condominium Act.

16. Sponsor: 554 Owner LLC, 554 R&D LLC and 554 FWR LLC, all Delaware Limited Liability Companies, which now own the Property. Use of the term "Sponsor" includes any Sponsor's designee or Designated Successor, as the case may be.

17. Sponsor's designee: (alternatively referred to as "designee of Sponsor", "Designated Successor" or "successor to Sponsor"). Any affiliate of Sponsor or any person or entity appointed or designated by Sponsor to act for or on behalf of Sponsor in connection with the Condominium and/or the Board of Managers of the Condominium including any committee of said Board of Managers, and shall also include any successor to the rights of the Sponsor as Landlord under the Lease.

18. Unit: A portion of the Property designated as a "Unit" in the Declaration, together with its appurtenant Percentage Interest. The following Unit types are discussed in the Plan:

a) Extended Stay Unit ("EU"): A Unit which is used as set forth in the Lease and as permitted by applicable law.

b) Residential Unit ("RU"): A Unit used for residential use.

19. Unit Owner: The owner of the EU (the "EUO") or a Residential Unit (a "RUO") in fee simple absolute. After the Lease is no longer in effect, there may be owners of Units created by the subdivision or recombination of the EU or portions thereof.

20. Unsold Unit: A Unit prior to its conveyance by the Sponsor, other than to Sponsor's designee.

ARTICLE I

General

Section 1. Purpose. The purpose of these By-Laws is to set forth the rules and procedures governing the operation and conduct of Aurora Condominium (the "Condominium"). The Condominium Property consists of approximately 13,145 square feet of land located at 554-556 Third Avenue, City of New York, New York County, New York 10016 (as more particularly described in the Declaration recorded in the Office of the Register of New York City, New York County simultaneously herewith), and the building

constructed on said land (the land and building hereinafter are collectively called the "Property"). 554 Owner LLC, 554 R&D LLC and 554 FWR LLC (all being hereinafter referred to as the "Sponsor" have submitted the Property to the provisions of Article 9-B of the Real Property Law of the State of New York (the "Condominium Act") by the Declaration. Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Declaration.

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 in addition to the land, the Building and all other improvements thereon (including the Units and the Common Elements, both General Common Elements and Limited Common Elements), all easements, rights and appurtenances belonging thereto, and all other property, personal or otherwise intended for use in connection therewith, all of which are intended to be submitted to the provisions of said Condominium Act. These By-Laws shall be deemed and construed to be covenants touching upon and concerning the Land, and shall run with the Land. However, nothing contained in these By-Laws, or in any rule or regulation promulgated hereunder, shall be deemed or construed to adversely affect the rights of the Tenant under that certain unrecorded Master Lease Agreement dated August 8, 2000, between 554-556 Third Avenue, LLC (as Landlord) and EXECUSTAY CORPORATION (as Tenant) (hereinafter the "Lease").

Section 3. Application. a. All present and future owners, mortgagees, lessees and occupants of Units and their employees, agents and/or licensees, 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 of the Condominium, each as amended from time to time.

b. The acceptance of a deed or conveyance or the entering into of a lease or the act of occupancy of a Unit shall constitute an agreement that these By-Laws, the 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

Board of Managers

Section 1. Number and Qualification. A Board of Managers the "Board of Managers" or the "Board" shall govern the affairs of the Condominium . The initial Board of Managers shall consist of two persons designated by the Sponsor until their successors are elected by the Unit Owners at the first meeting of Unit Owners held pursuant to Section 1 of Article III of these By-Laws, at which time a new two-member Board of Managers will be installed in accordance with these By-Laws.

No member of the Board of Managers need be a Unit Owner.

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

(a) Operation, care, upkeep and maintenance of the Common Elements;

(b) Determination of the Common Charges required to pay for the Common Expenses of the Condominium;

(c) Collection of Common Charges from the Unit Owners;

(d) Adoption and amendment of rules and regulations covering the details of the operation and use of the Property but not the Extended Stay Unit;

(e) Opening and maintaining bank accounts on behalf of the Condominium and designating the signatories required therefore

(f) 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;

(g) Purchasing of Units at foreclosure or other judicial sale in the name of the Board of Managers, or its designee, corporate or otherwise, on behalf of all Unit Owners;

(h) Selling, leasing, mortgaging, voting the votes appurtenant to (other than for the election of members of the Board of Managers), or otherwise dealing with Units acquired by, and subleasing Units leased by the Board of Managers or its designee, corporate or otherwise, on behalf of all Unit Owners;

(i) Organizing corporations to act as designees of the Board of Managers in acquiring title to or leasing of Units or rights and interests in real and personal property;

(j) Obtaining of insurance for the Property, including the Units, pursuant to the provisions of Article V, Section 2, hereof;

(k) Making of repairs, additions and improvements to or alterations of the Common Elements and making of 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 using trade contractors reasonably acceptable to the Extended Stay Unit Owner;

(l) Borrowing in conformance with law and the Declaration, and expending money (obtained

by borrowing as aforesaid, or otherwise), on behalf of the Condominium in connection with the operation, care, upkeep and maintenance of the Common Elements, provided, however, that (i) the consent of at least 66-2/3% in number and in Percentage Interest of all Unit Owners, obtained at a meeting duly called and held for such purpose in accordance with the provisions of these By-Laws, shall be required for the borrowing of any sum in excess of $25,000 and (ii) no lien to secure repayment of any sum borrowed may be created otherwise than in accordance with the Declaration and applicable law;

(m) Enforcing obligations of the Unit Owners, allocating profits and expenses and doing anything and everything else necessary and proper for the sound management of the Condominium, and in this regard, either member of the Board of Managers may take all steps to enforce the payment of Common Charges, including but not limited to filing liens for nonpayment of Common Charges and taking legal action to collect same;

(n) Levying fines against the Unit Owners for violations of the rules and regulations of the Condominium established by it to govern the conduct of the Unit Owners; provided, however, that no fine may be levied for more than $100 for any one violation, but for each day a violation continues after notice it shall be considered a separate violation, and such fines may be collected as if they were Common Charges owned by the Unit Owner(s) against whom such fines were levied; provided further, that if the aforesaid maximum fine shall be declared illegal or unenforceable by any court or governmental agency of competent jurisdiction, then the maximum fine shall be deemed to be such maximum as is allowed by law;

(o) Commencing proceedings for review of the real estate tax assessments of Units on behalf of all Unit Owners who give written authorization to the Board of Managers, upon such terms and conditions as the Board of Managers may deem appropriate, and, in connection therewith, retaining legal counsel and charging all such Unit Owners a pro rata share of expenses, disbursements and legal fees;

(p) Granting consents and executing, acknowledging and delivering any documentation necessary to effectuate the terms of the Declaration, whether by way of amendment thereto or otherwise; and

(q) Amending the Declaration in the manner and for the purposes set forth in Section 19 of Article V hereof and in the Declaration.

Notwithstanding anything to the contrary contained in these By-Laws, so long as the Sponsor or its designees shall continue to own not less than 25% of the Percentage Interests in the Common Elements and five years have not elapsed since the first closing of title to a Unit, the Board of Managers may not, without the Sponsor's prior written consent, (i) make any addition, alteration or improvement to the Common Elements or (ii) assess any Common Charges for the creation of, addition to or replacement of all or part of a reserve, contingency or surplus fund (however, the Sponsor will not unreasonably withhold consent to additions to the contingency fund provided in the estimate of receipts and expenses for the first year of operation set forth in Schedule B of the Condominium Offering Plan for the Property (the "Plan") to the extent assessments are for expenditures required by law) or (iii) borrow money on behalf of the Condominium or (iv) hire any employee in addition to the employees referred to in Schedule B of the Plan or (v) enter into any service or maintenance contract for work not covered by contracts in existence on the date of the first closing of title to a Unit. Notwithstanding the

foregoing, the Sponsor may not exercise any veto power over expenses described in Schedule B of the Plan or over expenses required (i) to comply with applicable laws or regulations, or (ii) to remedy any notice of violation, or (ii) remedy any work order by any insurer.

It shall be a continuing obligation on the part of the Extended Stay Unit Owner, so long as any equipment or facilities necessary to provide essential services to all Unit Owners are located within the Extended Stay Unit, to provide such services to all Unit Owners on a non-discriminatory basis. It shall be a continuing obligation on the part of each Residential Unit Owner to reimburse the Extended Stay Unit Owner for the cost of providing such services. The Extended Stay Unit Owner shall render bills for such reimbursement to the Board of Managers at reasonable intervals. The Board of Managers shall cause each Residential Unit Owner to be billed for their proportionate share, based upon the Percentage Interest of each Such Residential Unit Owner, as Common Charges. The Extended Stay Unit Owner may enforce the obligations of the Board of Managers in this regard by appropriate legal proceedings

Section 3. Managing Agent and Manager. The Board of Managers may not employ for the Condominium a managing agent and/or a manager without the consent of the Extended Stay Unit Owner.

Section 4. Election and Term of office.
The term of office of each member of the Board of Managers shall be one year or until his or her successor is elected or appointed. Members may serve for more than one term.

Section 5. Removal of Members of the Board of Managers. At any regular or special meeting of Unit Owners, any member of the Board of Managers (other than a member appointed or elected by the Sponsor or its designee) , may be removed with or without cause by an affirmative vote of a majority of the Unit Owners and a successor may then and there or thereafter be elected to fill the vacancy thus created, provided notice of such proposed removal was given to the Board member and in the notice of the meeting. Any member of the Board appointed either (a) by the Sponsor or its designee or (b) the Extended Stay Unit Owner may be removed by the party who appointed that Board member without cause, and by a majority of the Unit Owners for cause. Any member of the Board of Managers whose removal has been proposed shall be given an opportunity to be heard at the meeting. Whether or not a Sponsor or Extended Stay Unit Owner appointee to the Board is removed by the Sponsor or Extended Stay Unit Owner, Sponsor's designee or all Unit Owners, only the Sponsor or its designee or the Extended Stay Unit Owner who appointed that Board member shall have the right to appoint a replacement.

Section 6. Vacancies. The remaining member shall fill vacancies in the Board of Managers caused by any reason other than the removal of a member thereof by a vote of the Unit Owners, promptly after the occurrence of any such vacancy. Each person so elected shall be a member of the Board of Managers for the remainder of the term of the predecessor member and until a successor shall be elected. Notwithstanding the foregoing, vacancies on the Board caused by death, resignation or otherwise by members appointed by the Extended Stay Unit Owner, the Sponsor or its designee, shall be filled only by appointment by the Extended Stay Unit Owner, the Sponsor or its designee who appointed that Board member.

Section 7. Organization Meeting. The first meeting of the members of the Board of Managers following the annual meeting of the Unit Owners shall be held within ten (10) days thereafter, at such time and place as shall be fixed by both members of the Board of Managers and no notice shall be necessary to the newly elected members of the Board of Managers in order legally to constitute such meeting, providing the whole Board of Managers shall be present thereat.

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

Section 9. Special Meetings. Special meetings of the Board of Managers may be called by the President on three business days' notice to each member of the Board of Managers, given personally or by mail, telephone or e-mail, which notice shall state the time, place and purpose of the meeting. The President shall call special meetings of the Board of Managers or Secretary in like manner and on like notice on the written request of one member of the Board of Managers.

Section 10. Waiver of Notice. Either member of the Board of Managers may at any time waive notice of any meeting of the Board of Managers in writing, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a member of the Board of Managers at any meeting of the Board shall constitute a waiver of notice by him or her of the time and place thereof. If both the members of the Board of Managers are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 11. Quorum of Board of Managers. Except as otherwise set forth in these By-Laws, all determinations of the Board of Managers shall be made at a meeting of the Board at which, during all times that business is transacted thereat, a quorum shall be present. At all meetings of the Board of Managers, both the members thereof shall constitute a quorum for the transaction of business, and the votes of a majority of the members of the Board of Managers present at a meeting at which a quorum is present shall constitute the decision of the Board of Managers. If at any meeting of the Board of Managers there shall be less than a quorum present, the meeting shall be adjourned from time to time. At any such adjourned meeting at which a quorum is present, any business that might have been transacted at the meeting originally called, may be transacted without further notice.

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 and Officers. The members of the Board of Managers and officers of the Condominium shall not be liable to the Unit Owners for any errors of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith. The Unit Owners shall severally indemnify and hold harmless each of the members of the Board of Managers and each officer against any liability or claims arising out of contracts made or actions taken by the Board of Managers or such officers on behalf of the Condominium except for contracts made or actions taken in bad faith or as a result of willful misconduct. It is intended, however, that the liability of any Unit Owner arising out of any contract or action made or taken by the Board of Managers or out of the

aforesaid indemnity in favor of the members of the Board of Managers or officers of the Condominium shall be limited to such proportion of the total liability thereunder as the Unit Owner's Percentage Interest in the Common Elements bears to the Percentage Interests of all the Unit Owners in the Common Elements. Every agreement made by the Board of Managers or if a managing agent be employed, by the managing agent or by the manager on behalf of the Condominium shall provide that the members of the Board of Managers, or the managing agent, or the manager, as the case may be, are acting only as agents for the Unit Owners and shall have no personal liability thereunder (except as Unit Owners), and that each Unit Owner's liability thereunder shall be limited to such proportion of the total liability thereunder as his or her Percentage Interest in the Common Elements bears to the Percentage Interests of all Unit Owners in the Common Elements. Members of the Board of Managers need not be bonded.

Section 14. Written Action. Any action required or permitted to be taken by the Board may be taken without a meeting if both of the members of the Board consent in writing to the adoption of a resolution authorizing the action.

ARTICLE III

Unit Owners

Section 1. Annual Meetings. Within 180 days following the conveyance of title to the first Unit, the Sponsor will call an annual meeting of Unit Owners. At this meeting, and at every subsequent annual meeting, new members of the Board of Managers will be elected by the Unit Owners, including the Sponsor, as follows: the EUO shall designate one (1) member, and the RUOs, including the Sponsor or Sponsor's designees to the extent they are then an RUOs, shall elect one (1) member from their number. Thereafter, annual meetings shall be held within 60 days of the anniversary date of the first meeting.

At all annual meetings the Board of Managers shall be elected by designation of one (1) member elected by ballot of a majority in Percentage Interest in the Common Elements of the Residential Unit Owners in accordance with the requirements of Section 1 of Article II, and the other member by designation of the Extended Stay Unit Owner. Until (i) conveyance of title to Units (including the Extended Stay Unit) to which appertain in the aggregate not less 50% percent of the Percentage Interests in the Common Elements, or (ii) five years following the date of the first closing of a Unit, whichever occurs first, the Sponsor or its designee shall have the right to designate the member to be elected by the Residential Unit Owners. Within 30 days after the occurrence of an event described in clause (i) or (ii) in the preceding sentence, a special meeting of the Unit Owners shall be called and held to elect new members of the Board of Managers. At and after such meeting, the Sponsor and its designees shall not be entitled to appoint a majority of the members of the Board of Managers, provided that so long as the Sponsor or its designees owns at least one Unit, the Sponsor and its designees shall have the right to appoint at least one member. All other members of the Board of Managers shall be elected by the Unit Owners including the Sponsor or its designee, in accordance with Article II, Section 1 of these By-Laws, and shall serve for the term prescribed in these By-Laws. The Unit Owners may transact such other business at such meetings as may properly come before them.

Section 2. Place of Meetings. Meetings of the Unit Owners shall be held at the principal office of the Condominium or at such other suitable place convenient to the Unit Owners as may be designated

by the Board of Managers in the Borough of Manhattan.

Section 3. Special Meetings. It shall be the duty of the President to call a special meeting of the Unit Owners if so directed by resolution of the Board of Managers or upon a petition signed and presented to the Secretary by Unit Owners representing not less than 33 1/3% of the Percentage Interests. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

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

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

Section 6. Order of Business. The order of business at all meetings of the Unit Owners, regular and special, shall be as follows:

(a) Roll Call.
(b) Proof of notice of meeting.
(c) Reading of minutes of previous meeting.
(d) Reports of Officers.
(e) Report of Board of Managers.
(f) Reports of committees.
(g) Appointment of Inspectors of Election (if required).
(h) Election of members of the Board of Managers (if required).
(i) Unfinished business.
(j) New business.

Section 7. Title to Units. Title to Units may be taken and held in the name of any person, or in the name of two or more persons, as tenants-in-common or as joint tenants or as tenants by the entirety, or in the name of a corporation or partnership (limited or general), or any limited liability company or limited liability partnership, or in the name of a fiduciary.

Section 8. Voting. a. Members of the Board of Managers shall be elected as follows. The Extended Stay Unit Owner shall appoint one person to the Board of Managers, and the Residential Unit Owners shall elect one person to the Board of Managers. Each Residential Unit Owner (including the Sponsor and its designee and the Board of Managers, if and so far as any thereof shall then hold title to one or more Residential Units) shall be entitled to cast a number of votes equal to the Percentage Interest

in the Common Elements appurtenant to each Unit owned by such Residential Unit Owner. Voting shall be in person or by proxy. The Board of Managers shall not, however, in person or by proxy, be entitled to cast any votes appurtenant to any Unit to which the Board or its designee holds title in any election of members of the Board of Managers. Any designation of a proxy shall be made in writing to the Secretary, and shall be revocable at any time by written notice to the Secretary signed by the Owner or Owners so designating. Any or all such Unit Owners may be present at any meeting of Unit Owners and may vote or take any other action as a Unit Owner either in person or by proxy (but in the case of any Unit where title is held jointly, all joint titleholders must act unanimously). A fiduciary shall be the voting member with respect to any Unit owned in a fiduciary capacity. If title to a Unit be held by a corporation, partnership, or limited liability company, any officer designated by the corporation or limited liability company, or any partner designated by the partnership shall be entitled to cast the votes appurtenant to such Unit. Where any vote of the Unit Owners as a body is to be taken, each Unit Owner, whether the Unit Owner is Extended Stay Unit Owner or is a Residential Unit Owner, shall be shall be entitled to cast a number of votes equal to the Percentage Interest in the Common Elements appurtenant to each Unit owned by such Unit Owner.

(b) All elections of members of the Board shall be by plurality vote.

Section 9. Majority of Unit Owners. As used in these By-Laws the term "Majority of Unit Owners" shall mean those Unit Owners having more than 50% of the total authorized votes of all Unit Owners. In all cases such majority must be present in person or by proxy and voting in favor of one position at any meeting of the Unit Owners, determined in accordance with the provisions of Section 8 of this Article III, in order to constitute a valid vote of a majority of the Unit Owners, where such vote is required.

Section 10. Quorum. Except as otherwise provided in these By-Laws, the presence in person or by proxy of a majority of Unit Owners in Common Interest shall constitute a quorum at all meetings of the Unit Owners.

Section 11. Majority Vote. Except where otherwise provided by law, the Declaration or these By-Laws, the vote of a majority of authorized votes of Unit Owners present in person or by proxy at a meeting at which a quorum shall be present, shall be binding upon all Unit Owners for all purposes.

ARTICLE IV

Officers

Section 1. Designation. The principal officers of the Condominium shall be the President and the Secretary, both of whom shall be elected by the Board of Managers. In addition, the Board of Managers may appoint one or more Vice Presidents, a Treasurer, an assistant treasurer, an assistant secretary, and such other officers as in its judgment may be necessary. The President and Secretary must be members of the Board of Managers. All officers must be Unit Owners or appointees of the Extended Stay Unit Owner, the Sponsor or its designee.

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.

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, provided notice of the proposed removal was given to the officer and in the notice of the meeting. Any officer whose removal has been proposed shall be given an opportunity to be heard at the meeting.

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 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. If one be appointed. 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 the Board or Managers. He or she shall have charge of such books and papers as the Board may direct and shall, in general, perform all the duties incident to the office of secretary of a corporation organized under the Business Corporation Law of the State of New York.

Section 7. Treasurer. If one be appointed, 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, in such depositories as may from time to time be designated by the Board of Managers. He or she shall, in general, perform all the duties incident to the office of treasurer of a corporation organized under the Business Corporation Law of the State of New York.

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

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

ARTICLE V

Operation of the Property

Section 1. Determination of Common Expenses and Fixing of Common Charges.

The Board of Managers shall from time to time, and at least annually, prepare a budget for the 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 and Expenses among the Unit Owners according to their respective Percentage Interests. The Common Expenses shall include, among other things, the cost of all insurance premiums on all policies of insurance required to be or which have been obtained by the Board of Managers pursuant to the provisions of Section 2 of this Article V. The Common Expenses may also include such amounts as the Board of Managers may deem proper for the operation and maintenance of the Property, including, without limitation, an amount for working capital of the Condominium, a general operating reserve, a reserve fund for replacements, and a reserve 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. The Board of Managers may not employ any person without the consent of the Extended Stay Unit Owner. The Board of Managers shall deliver to all Unit Owners copies of the proposed annual budget for the Condominium at least 30 days prior to the date set for adoption thereof by the Board of Managers and shall advise all Unit Owners, promptly after adoption of such budget, in writing, of the amount of Common Charges payable by each of them. From and after the date of the filing of the Declaration, the Sponsor shall be responsible for Common Charges assessed against any Unit it owns.

Section 2. Insurance. a. 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 (including all of the Units, but not including upgraded fixtures, furniture, furnishings or other personal property supplied or installed by Unit Owners or tenants of Unit Owners and not considered part of the Unit), together with all service machinery contained therein and covering the interests of the Condominium, the Board of Managers and all Unit Owners and their mortgagees, as their interests may appear, in an amount equal to the agreed amount replacement value of the Building (exclusive of the cost of excavation and foundations) or such other amount as is adequate to prevent the Condominium from becoming a co-insurer in the event of casualty loss, without deduction for depreciation; each of said policies shall contain a New York standard mortgagee clause in favor of each mortgagee of a Unit which shall provide that the loss, if any, thereunder shall be payable to such mortgagee as its interest may appear, subject, however, to the loss payment provisions in favor of the Board of Managers hereinafter set forth; (2) general liability insurance; (3) officers and directors liability insurance; (4) water damage legal liability insurance; and (5) such other insurance as the Board of Managers may determine. All such policies shall provide that adjustment of loss shall be made by the Board of Managers and that the net proceeds thereof shall be payable to the Board of Managers.

b. Until the conveyance of title to Units to which appertain in the aggregate not less than 75% of the

Percentage Interest in the Common Elements, the amount of fire insurance to be maintained on the Building, the Common Elements and other improvements on the Land will be in an amount not less than an agreed amount of insurance whereby neither the Unit Owners nor the Board of Managers shall be co-insurers as the portions of the Property to be covered thereby, excluding the cost of footings, foundations, underground improvements and land development.

c. All policies of physical damage insurance shall contain waivers of subrogation and waivers of any defense based on co-insurance or of pro-rata reduction of liability or of invalidity arising from any acts of the insured and shall provide that such, policies may not be canceled or substantially modified without at least 10 days' prior written notice to all of the insureds, including but not limited to the Board of Managers and 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 who have requested of the Board in writing to be sent such policies. Prior to obtaining any policy of fire insurance or any renewal thereof, the Board of Managers shall obtain an appraisal from a fire insurance company or otherwise of the full replacement value of the Buildings, including all of the Units and all of the Common Elements therein, without deduction for depreciation, for the purpose of determining the amount of fire insurance to be effected pursuant to this Section.

d. 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 and covering all claims for bodily injury or property damage arising out of any occurrence in the Common Elements and cross-liability claims of one insured against another. The Board of Managers shall review such limits once each year. Until the first meeting of the Board of Managers following the first annual meeting of the Unit Owners, such public liability insurance shall be in a single limit of $25,000,000 covering all claims for bodily injury or property damage arising out of one occurrence.

e. Unit Owners are permitted and encouraged to carry liability and casualty insurance covering occurrences in their Units for their own benefit and at their own expense, provided that all such policies contain waivers of subrogation and further provided that the liability of the carriers issuing insurance obtained by the Board of Managers shall not be affected or diminished by reason of any such additional insurance carried by any Unit Owner.

Section 3. Repair or Reconstruction After Fire or Other Casualty. In the event of damage to or destruction of the Building, or any part thereof, as a result of fire or other casualty, the Board of Managers shall, using the proceeds of insurance, if any (except as set forth below) arrange for the prompt repair and restoration of the Building including any damaged Units, but not including any wall, ceiling or floor decorations or coverings or other furniture, furnishings, fixtures, equipment or other personal property not constituting part of the Unit. 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 Expenses. In no event will the insurance proceeds be paid to the holder of any mortgage on a Unit, unless at least 75% of the Building is destroyed and 75% in number and in Percentage Interest of the Unit Owners determine not to repair, restore or rebuild the Building.

If, as a result of damage to or destruction of the Building by fire or other casualty the Property becomes subject to an action for partition at the suit of any Unit Owner or lienor as if owned in common

in accordance with the provisions of the Condominium Act, the property will not be repaired and the net proceeds of sale, together with the net proceeds of insurance policies (or if there shall have been a repair or restoration pursuant to the first paragraph of this Section 3, and the amount of insurance proceeds shall have exceeded the cost of such repair or restoration, then the excess of such insurance proceeds) shall be divided by the Board of managers, among all the Unit Owners in proportion to their respective Percentage Interests, after first paying out of the share belonging to each Unit Owner the amount of any unpaid liens in their order of priority.

Section 4. Payment of Common Charges. All Unit Owners shall be obligated to pay Common Charges assessed by the Board of Managers pursuant to the provisions of Section 1 of this Article V at such time or times as the Board of Managers shall determine. Unless otherwise determined, all Common Charges shall be paid monthly in advance on the first day of each calendar month.

No Unit Owners shall be liable for the payment of any part of the Common Charges assessed against his, her or its Unit subsequent to a sale, transfer or other conveyance by him, her or it (made in accordance with Section 1 of Article VII of these By-Laws) of such Unit, together with the Appurtenant Interests as defined in Section 1 of Article VII hereof. In addition, any Unit Owner may, subject to the terms and conditions specified in these By-Laws, provided that his, her or its Unit is then free and clear of liens and encumbrances other than a Permitted Mortgage and the statutory lien for unpaid Common Charges and that said Unit Owner pay any and all transfer taxes in connection therewith, convey the Unit, together with the Appurtenant Interests, to the Board of Managers on behalf of all other Unit Owners, and in such event be exempt from Common Charges thereafter assessed. A purchaser of a Unit shall be liable for the payment of Common Charges assessed against such Unit prior to such purchaser's acquisition of such Unit, except that a mortgagee or other purchaser of a Unit at a foreclosure sale shall not be liable for, and such Unit shall not be subject to, any lien for payment of Common Charges assessed prior to such foreclosure sale.

Section 5. Collection of Assessments. The Board of Managers shall assess Common Charges against the Unit Owners from time to time and at least annually and shall take diligent action to collect any Common Charges due from any unit owner which remain unpaid for more than 30 days from the due date for payment thereof.

Section 6. Default in Payment of Common Charges. In the event of default by any Unit Owner in paying to the Board of Managers the Common Charges as determined by the Board of Managers, such Unit Owner shall be obligated to pay interest at the legal rate on such Common Charges from the due date thereof, together with all expenses, including attorneys' fees, incurred by the Board of Managers in any proceeding brought to collect such unpaid Common Charges. The Board of Managers shall have the right and duty to attempt to recover such Common Charges, 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 Condominium Act, in the manner provided in Section 339-aa thereof.

Section 7. 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 or her Unit and the plaintiff in such foreclosure action shall be entitled to the appointment of a receiver to collect the same. The Board of Managers, acting on

behalf of all Unit Owners, shall have power to purchase such Unit at the foreclosure sale and to acquire, hold, lease, mortgage, vote the vote appurtenant to (except that such vote shall not be cast by the Board of Managers for the election of any members of the Board of Managers) , convey or otherwise deal with the 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 8. Statement of Common Charges. The Board of Managers (or a managing agent on its behalf), shall promptly provide any Unit Owner so requesting the same in writing, with a written statement of all unpaid Common Charges due from such Unit Owner, no more often than once in each calendar month.

Section 9. 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 rights set forth in these By-Laws (a) upon reasonable notice to the Unit Owner, to enter the Unit in which, or as to which, such violation or breach exists and to summarily abate and remove, at the expense of the defaulting Unit Owner, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions hereof (provided, however, that no prior notice shall be required in the event that the Board of Managers shall determine that action is immediately necessary for the preservation or safety of the residents of the Condominium or other persons, or required to avoid the suspension of any necessary service to the Condominium), and the Board of Managers shall not thereby be deemed guilty in any manner of trespass; or (b) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach.

Section 10. Maintenance and Repair

(a) All maintenance, repairs and replacements to the Common Elements of the Property, shall be made by the Board of Managers and the cost thereof shall be a Common Expense, except to the extent that same are necessitated by the negligence, misuse or neglect of the Unit Owner, in which case such cost and expense shall be charged to such Unit Owner. All painting, decorating, maintenance, repairs and replacements, whether structural or nonstructural, ordinary or extraordinary, to any Unit (including the windows thereof) , to the electrical, plumbing and heating systems therein, and to machinery, fixtures and appliances within the Unit and belonging to the Unit Owner, shall be made by the Unit Owner at his or her expense.

(b) The Extended Stay Unit Owner shall be responsible for all repairs and maintenance to the roof, unless such repairs and maintenance are necessitated by the negligence or abuse of the Residential Unit Owner whose Unit includes any roof space (which Unit Owner shall have the exclusive right to use any such roof space, subject to such reasonable regulations as comport with the rights of such Unit Owner and are prescribed from time to time by the Extended Stay Unit Owner). The Extended Stay Unit Owner, its contractors, subcontractors and agents shall be entitled to gain access to the roof to perform any necessary repairs or maintenance and, in connection therewith, may remove any plantings or other structures placed upon the roof by the Unit Owner of the penthouse space, at such Unit Owner's expense. The Extended Stay Unit Owner shall be responsible, at its sole cost and expense, for repairs and maintenance to the cellar included therein, other than Common Elements located therein, unless repairs and maintenance to such Common Elements are necessitated by the negligence or abuse of another Unit

Owner. The Extended Stay Unit Owner shall not be responsible for the removal of snow from the sidewalk in front of the entire Building, but any such snow removal, or sidewalk repairs and maintenance shall all be the responsibility of the Condominium and paid for as Common Expenses.

(c) Notwithstanding the above, any repairs or replacements to the Property required as a result of the negligence or abuse of a Unit Owner shall be performed by the Unit owner at his or her own cost and expense.

Section 11. Restrictions on Use of Units. In order to provide for congenial occupancy of the Building and for protection of the value of the Property, and the Units, the Property shall shall be used in accordance with the provisions of the Declaration, and, to the extent the following do not conflict therewith, to the following provisions:

(a) The Units shall be used in accordance with the provisions of all laws, ordinances and regulations of all governmental authorities having jurisdiction over the Property or the use and occupancy thereof and with the provisions of the Declaration.

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

(c) No business or activity may be conducted in a Unit which creates a high hazard or produces excessive noise, vibration, smoke, dust or other particulate matter, odorous matter, heat, humidity, glare, or other objectionable effects.

(d) No 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 cured by and at the sole expense of the respective Unit Owners or by the Board of Managers, whichever shall have the obligation to maintain or repair such portion of the Property.

(e) Except upon the written consent of the Board of Managers, occupants of a Residential Unit shall be limited to the Unit Owner, members of the family of the Unit Owner, a lessee of the Unit (which may consist of one entity or one person and a member of the family of such person), members of the family of a lessee, or, if the Unit Owner or lessee is a partnership, a corporation or fiduciary, members of the family of a partner or of an officer, director, shareholder or employee of the corporation, or of the beneficiary of the trust. "Members of the family" as used herein shall be deemed to mean spouse, "significant other", parents-in-law, brothers, sisters, children and grandchildren. No such restrictions shall apply in any event to the Extended Stay Unit.

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

Section 12. Additions, Alterations or Improvements by the Board of Managers.

Whenever in the judgment of the Board of Managers the Common Elements shall require additions, alterations or improvements costing in excess of $25,000 and the making of such additions, alterations or improvements shall have been approved by 50% in number and in Percentage Interest of the Unit owners, including the Extended Stay Unit Owner, Sponsor or its designee, present in person or by proxy and voting at a meeting duly held in accordance with these By-Laws, the Board of Managers shall proceed with such additions, alterations or improvements and shall assess all Unit Owners their proportionate share of the Cost. Any additions, alterations or improvements costing $25,000 or less may be made by the Board of Managers without approval of the Unit Owners, and shall constitute part of the Common Expenses, although it may be paid from any working capital fund of the Condominium.

Section 13. Additions, Alterations or Improvements by Unit Owners.

(a) Each Residential Unit Owner who purchases a Unit from the Sponsor shall substantially complete, or cause to be completed within one year following closing of title to his her, its or their Unit, alterations and improvements of such Unit in compliance with the approved building plans and under the supervision of the Board of Managers. Upon failure of a Unit Owner timely to complete such alterations and improvements, the Board of Managers will have the right, at the Unit Owner's sole cost and expense, to cause to be completed all items of work remaining uncompleted in the Unit conveyed to such purchaser and, in addition, to charge the Unit Owner a fee equal to twenty (20%) percent of the cost thereof.

(b) Each Residential Unit Owner shall also obtain, in an expeditious manner, a permanent residential Certificate of Occupancy for his or her Unit or, if not possible, an interim temporary Certificate of Occupancy until such time as a permanent Certificate of Occupancy may be obtained. Any Residential Unit Owner, whose Residential Unit shall not have theretofore received an appropriate Certificate of Occupancy for residential use, shall substantially complete any alterations and improvements in compliance with approved building plans and under the supervision of the Board of Managers necessary to obtain such a Certificate of Occupancy, and shall obtain such a Certificate of Occupancy at that Unit Owner's sole cost and expense, all within one year following closing of title to that Unit. Upon failure of such a Unit Owner timely to complete such alterations and improvements, the Board of Managers will have the right but not the obligation, at that Unit Owner's sole cost and expense, to cause to be completed all items of work remaining uncompleted in that Unit and, in addition, to charge that Unit Owner a fee equal to twenty (20%) percent of the cost thereof, and any sums so expended by the Board of Managers, together with any such fee, shall be conclusively deemed in all respects to be additional Common Charges.

(c) The Extended Stay Unit Owner who performs alterations and improvements in a Extended Stay Unit shall be required to comply with all applicable requirements relating to the submission of filings with the New York City Department of Buildings and the performance of such work. If such work is inconsistent with the approved building plans, such Extended Stay Unit Owner shall be required to engage an architect designated by the Sponsor or Sponsor's designee to file an amendment to such building plans at such Unit Owner's sole cost and expense. The Sponsor or the Extended Stay Unit Owner shall have the right to convert any Extended Stay Unit or portion thereof into a Residential Unit, subject only to compliance with applicable law and regulations and without the need for consent by the Board of Managers or any other person.

(d) (i) No Residential Unit Owner shall make any structural addition, alteration or improvement in his or her Unit at any time, without the prior written approval of the Board of Managers (which consent, subject to the reasonable requirements of the Board of Managers with respect to proper performance of the work, bonding, and the plans and/or certifications of architects and/or engineers, will not be unreasonably withheld), as well as all municipal approvals, if required by any governmental authority having jurisdiction thereof. In addition, no such additions, alterations or improvements may be made unless the consent of the holder of a mortgage on such Unit is obtained, if such consent is required under the terms of the mortgage. No application shall be filed with any governmental authority for a permit covering an addition, alteration or improvement to be made in a Residential Unit unless approved and executed by the Board of Managers. Such execution shall not subject the Board or any of its members to any liability to any contractor, subcontractor, materialman, architect or engineer by reason of such addition, alteration or improvement or to any person having any claim for injury to person or damage to property arising therefrom. If requested by the Board, a Residential Unit Owner shall indemnify the Board for loss, damage or liability resulting in any way from execution of said documents or the Residential Unit Owner's alteration work.,

(ii) The Extended Stay Unit Owner may make any alteration, addition or improvement, structural or nonstructural, interior or exterior, ordinary or extraordinary, in or to the Extended Stay Unit, and may execute any documentation required for that purpose for, on behalf of, and as the act of the Board of Managers. In addition to the foregoing, either the Sponsor, the Sponsor's designee or the Extended Stay Unit Owner shall be entitled to construct a roof garden or covered terrace containing plumbing, heating, electrical and other fixtures on the portion of the roof space which such Unit Owner has the exclusive right to use, without the written consent of the Board of Managers, provided such Unit Owner obtains all necessary permits covering the construction and operation thereof. Prior to constructing any alteration or improvement on such portion of the roof, such Unit Owner shall take into consideration the structural stability of the entire roof of the Building.

(e) In connection with the preceding subsection (d)(ii), neither the Board of Managers nor the Unit Owners other than the Sponsor, Sponsor's designees or the Unit Owner of Extended Stay Unit (as the case may be) shall be subjected to any expense or liability by virtue of the execution of any application or similar document.

(f) All construction work performed by Unit Owners will be subject to the following restrictions set forth in the balance of this paragraph. work will be permitted only between the hours of 8 A.M. and 5 P.M. on Mondays through Fridays, excluding holidays. The Unit Owner performing construction work will be responsible for removing any construction debris, and such removal may only be performed by a licensed construction carter. Such Unit Owner must give prior notice to the Board of Managers before commencing any construction, and such construction must not unduly interfere with any services provided to other Unit Owners. The Board of Managers and the Sponsor reserve the right to restrict access to the freight entrance for any construction worker. Additionally, such Unit Owner shall be obligated to obtain liability insurance with limits of liability of not less than $2, 000, 000 covering all contractors hired during the construction period.

(g) All contractors and subcontractors employed by or for the account of any Unit Owner (other than the EUO, the Sponsor or any Sponsor's designee) must be approved both by the Board of Managers

and the EUO prior to their entering upon the Property. The right of any such contractor or subcontractor to enter upon or work in the Property may be revoked, and the contractor or subcontractor summarily ejected from the Property, either by the Board of Managers or the EUO acting separately, for breach of law or interference with the EUO or the Tenant.

Section 14. Use of Common Elements and Facilities.

(a) A Unit Owner shall not place or cause to be placed in the common areas or common facilities, other than the areas designated as storage areas, any furniture, packages or objects of any kind.

(b) The Common Elements and facilities shall be used only for those purposes for which they are reasonably suited and capable. No Unit Owner (other than the Sponsor or any designee of the Sponsor) shall make any addition, alteration, improvement or change in or to any Common Element without the prior written consent of the Board of Managers.

(c) While the Sponsor or its designee owns any Unit, it shall have the right to maintain general and sales offices on or about the Property, to have its employees present on the Property, to use the Common Elements and to do all things necessary or appropriate to sell Units, to complete renovation of the Building and to comply with its obligations under the Plan, including, but without being limited to, the right to erect and maintain signs on the Common Elements, but the Sponsor shall be obligated to repair and maintain the portions of the Property used by it for such purposes so long as such use by the Sponsor shall continue.

Section 15. Right of Access. A Unit Owner shall grant a right of access to his or her Unit to the Board of Managers, the manager and/or the managing agent and/or any other person authorized by the Board of Managers, to inspect, maintain or make repairs to the Units, to remedy any condition which would result in damage to the Common Elements or any other Units or which would violate the provisions of any mortgage covering another Unit, to make repairs to the Common Elements, to any wires, pipes, conduits or cable television system servicing any of the Units or to make repairs to any other Unit or to remove conditions constituting violations under any applicable building law or regulation or to cure any default by a Unit Owner, or to comply with any laws, orders, rules or regulations of any governmental body having jurisdiction thereof; provided such right of access shall be exercised in such a manner as will not unreasonably interfere with the use of the Units for their permitted purposes. Such entry shall be permitted on not less than one day's notice, except that notice will not 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 the occupants of the Building or other persons, or required to avoid the suspension of any necessary service in the Building).

Section 16. Electricity, Heat, Water Charges and Sewer Rents. Electricity shall be supplied by the public utility company serving the area directly to each Unit through a separate meter and each Unit Owner shall be required to pay the bills for electricity consumed or used in his her, its or their Unit directly to the utility company. The cost of electricity for the public spaces outside the Units, as measured by one or more building meters, will be borne by the Units Owners as a Common Expense. Unit Owners desiring any change in electric supply or wiring shall have the right to make such change, subject to applicable law, regulations and filed utility tariff, but at such Unit Owner's sole cost and expense. Water shall be supplied to Common Elements at all times, through one or more common meters and the Board

of Managers shall pay, as a Common Expense, all charges for water consumed on the Property (excluding the Units) and all sewer rents promptly after the bills for same shall have been rendered. As to all Units, there will be installed and maintained individual water meters for each Unit; Unit Owners shall, at their own individual cost and expense, maintain such meters and each Unit Owner shall pay the cost of water and any concomitant sewer rent or like charge, however denominated, with respect to his, her or its respective unit. Heat shall also be supplied to all Units and the Common Elements and paid for by the Board of Managers as a Common Expense. The Board of Managers shall have the right to install emergency electrical generating machinery as a Common Expense, provided that any such installation complies with law and the consent of any Unit Owner in whose Unit, or adjacent to whose Unit, any such installation is to be made, shall have first consented in writing thereto.

Section 17. Rules and Regulations. Annexed hereto as Schedule A and made a part hereof are the rules and regulations, which concern the use of the Units and of the Common Elements. The Board of Managers may from time to time modify, amend or add to such rules and regulations, provided that such modifications, amendments or additions do not impair any rights specifically granted to any Unit Owner hereunder or under the Declaration. Copies of such modified, amended or additional rules and regulations shall be furnished by the Board of Managers to each Unit Owner not less than 30 days prior to the effective date thereof.

Section 18. Extended StayUnit. The Unit Owner of the Extended Stay Unit shall have the right in connection with the business conducted thereat to (a) install in front of the Extended Stay Unit or attach to the facade of the Building canopies, flags and/or signs (including illuminated or blinking signs, if permitted by law) ,(b) make improvements to the existing sidewalk, and (c) make such other improvements and/or alterations to the exterior of the Building as may be reasonably necessary in the sole judgment of the Extended Stay Unit Owner. The Extended Stay Unit Owner shall make reasonable efforts to minimize the adverse impact, if any, on other Unit Owners of its exercise of the rights reserved under the preceding sentence, and the Board of Managers shall fully cooperate therein. In addition, neither the Board of Managers nor any other Unit Owners may impede, restrict or block access from or to the Extended Stay Unit and (i) the lobby of the Building (which may be used as emergency exits), (ii) the Building stairwells at the first floor and cellar levels, or (iii) the main entrance to the Extended Stay Unit wherever same may be located in the Building.

The rights reserved in this Section with respect to the Extended Stay Unit shall be exercisable without the consent of the Board of Managers and shall inure to the benefit of the Unit Owner of the Extended Stay Unit, and his, her, its or their successors and assigns. This Section 18 may not be amended without the prior written consent of the Unit Owner of the Extended Stay Unit.

Section 19. Division or Combination of Units.

(a) Except to the extent prohibited by law, Sponsor or its designee shall have the right, without the vote or consent of the Board of Managers or other Unit Owners, to: (i) make alterations, additions or improvements, whether structural or nonstructural, interior or exterior, ordinary or extraordinary, in, to and upon (A) any Unsold Unit, or (B) any Unit owned by the Sponsor or any designee of the Sponsor; (ii) change the size, layout or location of any Unsold Units from time to time; (iii) change the size and/or number of (A) any Unsold Unit, or (B) any Unit owned by the Sponsor or any designee of the Sponsor by subdividing, combining, resubdividing or recombining one or more such Units into two or more

separate Units, combining or recombining separate Units (including those resulting from the present or any previous subdivision or otherwise) into one or more Units (or into two or more Units, as the case may be) by altering the boundary walls between any such Units or otherwise, provided that any such change complies with law; and (iv) if appropriate, reapportion among the Units affected by such change in size or number pursuant to the preceding clause (iii) their Percentage Interests in the Common Elements; provided, however, that the Percentage Interest in the Common Elements of any Unit shall not changed without the consent of all Unit Owners affected thereby, and provided further that Sponsor or its designee shall comply with all applicable laws, ordinances and regulations of all governmental authorities having jurisdiction and shall agree to hold the Board of Managers and all other Unit Owners harmless from any liability arising therefrom. In combining separate Units pursuant to clause (iii), Sponsor may incorporate into any Unit resulting from such combination or recombination any portion of the Common Elements adjacent to such Unit. From and upon any such incorporation, the affected portion of the Common Elements will be deemed to be a Limited Common Element, use of which shall be exclusive to that Unit resulting from such combination.

(b) Sponsor or its designee hereby reserves the right, for itself and any Sponsor's designee, to amend, or cause the Board of Managers to amend, this Declaration and/or the By-Laws to reflect any changes made pursuant to paragraph (a) of this Article.

(c) A Unit Owner shall have the right, at his, her, its or their sole cost and expense, to subdivide his, hers, its or their Unit into two or more Units or combine two or more Units, conditioned upon compliance with density restrictions determined by the New York City Zoning Resolution and the performance of necessary alterations in accordance with applicable law or ordinances, and provided further that the Unit owner intending to make any such changes supplies the Board of Managers with evidence reasonably satisfactory to the Board of Managers that the above-described alterations will be performed in accordance with such applicable law, at which time the Board of Managers shall, at such Unit Owner's sole cost and expense, amend the Declaration to reflect the requested revisions thereto, and execute and deliver any documentation reasonably necessary to effectuate the same. Any cost or expense in connection with and such amendment, execution and delivery shall, however, be borne by the Unit Owner seeking the same.

(d) Notwithstanding any other provision of this Article, no reapportionment of the Percentage Interest appurtenant to any Unit shall be made unless there is first delivered to the Board of Managers a written certification stating that the Percentage Interest of the respective Unit, immediately after such reapportionment, will be calculated according to the method set forth under Section 339-i(1)(iii) of the Condominium Act.

ARTICLE VI

Mortgages

Section 1. Notice to Board of Managers. A Unit Owner who mortgages his or her Unit shall notify

the Board of Managers of the name and address of his or her mortgagee and shall file a conformed copy of the note and mortgage with the Board of Managers; the Board of Managers shall maintain such information in a book entitled "Mortgages of Units".

Section 2. Notice of Unpaid Common Charges or Other Default. The Board of Managers, whenever so requested in writing by a mortgagee of a Unit, shall promptly report any then unpaid Common Charges due from, or any other default by, the owner of the mortgaged Unit.

Section 3. Notice of Default. The Board of Managers, when giving notice to a Unit Owner of a default in paying Common Charges or other default, shall send a copy of such notice to each holder of a mortgage covering such Unit whose name and address has theretofore been furnished to the Board of Managers, provided that the mortgagee has so requested of the Board in writing that it be notified of such default(s).

Section 4. Examination of Books. Each Unit Owner and each mortgagee of a Unit shall be permitted to examine the books of account of the Condominium at reasonable times, on business days, but not more often than twice in any calendar year.

ARTICLE VII

Sale, Leases and Mortgages of Units

Section 1. Sales and Leases. The Residential Unit Owners shall elect from their number a Residential Unit Owners' Council, each member of which must be either a Residential Unit Owner, or the spouse of such an Owner, or an officer, director, trustee, general partner, member or manager of such an Owner. Any Residential Unit Owner, other than the Sponsor or a designee of the Sponsor, desiring to sell or lease a Unit must first offer in writing the same for sale or lease, as the case may be, on the same terms, to the Residential Unit Owners Council. Such offer shall be in writing and on such forms as the Residential Unit Owners' Council shall promulgate from time to time, and shall have attached thereto (i) a true copy of the contract of sale or lease, as the case may be, and (ii) such other documentation as the Residential Unit Owners' Council shall from time to time prescribe. The Residential Unit Owners' Council need not consider any offer that is incomplete. The Residential Unit Owners' Council shall, upon receipt of a complete offer, have a ninety-day period within which to elect to purchase or lease the Unit on behalf of all the other Residential Unit Owners, upon the same terms as is set forth in the contract of sale or the lease, as the case may be. Any exercise, or waiver, of the rights granted to the Residential Unit Owners' Council must in all cases be in writing. The Residential Unit Owners Council shall have the right to assess the Residential Unit Owners to raise funds for the purpose of exercising its rights hereunder. If the Residential Unit Owners' Council shall fail or refuse to exercise its right to accept the offer and close the purchase (or enter into the lease, as the case may be) in accordance with the terms thereof, the Extended Stay Unit Owner shall have the right to accept for its own account and not for the benefit of any RUO and shall have an automatic thirty (30) day extension of any closing date (or entry into possession under any lease, as the case may be) in order to permit the Extended Stay Unit Owner so to accept and close (or enter into possession under any lease, as the case may be). If, however, prior to the actual closing (or entry into possession under any lease, as the case may be) by the Extended Stay Unit Owner, the Residential Unit Owners' Council gives irrevocable written notice both to the seller (or lessor,

as the case may be) and to the Extended Stay Unit Owner that the Residential Unit Owners' Council now desires so to close (or enter into possession, as the case may be), the Residential Unit Owners Council shall do so no later than the date fixed for such closing (or entry into possession, as the case may be) on the same terms and conditions as set forth in the offer, except only that any extension granted to the EUO hereunder shall also apply to the Residential Unit Owners' Council in such event. Default by the Residential Unit Owners' Council in such latter event shall subject all members thereof to joint and several personal liability.

No restriction may be imposed upon any sale, renting, leasing, subleasing, occupancy (whether permanent or transient), mortgaging, other encumbering, or disposition of the Extended Stay Unit. All deeds, mortgages or conveyances in respect of all Units must include therein: (a) the undivided Percentage Interest appurtenant thereto; (b) 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 of such Units; and (c) the interest of such Unit, Owner's in any other assets of the Condominium (hereinafter collectively called the "Appurtenant Interests"). 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, conveyed or otherwise disposed of, except as part of a sale, conveyance or other disposition of the Unit to which such interests are appurtenant or as part of a sale, conveyance or other disposition of such part of the Appurtenant Interests of all Units. No Appurtenant Interest shall be divided, nor shall any right of partition, separate and apart from the Unit, exist in respect thereof.

Section 2. Financing of Purchase of Units by Board of Managers. The purchase of any Unit by the Board of Managers or its designee, on behalf of all Unit Owners, may be made from the funds deposited in the capital and/or expense accounts of the Condominium. If the funds in such accounts are insufficient to effectuate any such purchase, the Board of Managers may levy an assessment against each Unit Owner in proportion to his or her Percentage Interest, as a Common Charge, which assessment shall be enforceable in the same manner as provided in Sections 6 and 7 of Article V, or the Board of Managers may, in its discretion, finance the acquisition of such Unit; provided, however, that no such financing may be secured by an encumbrance or hypothecation of any portion of the Property other than the Unit to be purchased together with the Appurtenant Interests.

Section 3. 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, provided that there has been compliance with the provisions of Section 1 of this Article VI.

Section 4. Waiver of Right of Partition with Respect to Such Units as Are Acquired by the Board of Managers, or Its Designee, on Behalf of All Unit Owners as Tenants in Common. In the event that a Unit shall be acquired by the Board of Managers or its designee, on behalf of all Unit Owners as tenants in common, all such Unit Owners shall be deemed to have waived all rights of partition with respect to such Unit.

Section 5. Payment of Assessments. No Unit Owner shall be permitted to convey, mortgage, pledge, hypothecate, sell or lease his, her, its or their Unit unless and until he, she, it or they shall have paid in full to the Board of Managers all unpaid Common Charges and expenses theretofore assessed by

the Board of Managers against him or her or against his or her unit and until he she, it or they shall have satisfied all unpaid liens against such Unit, except permitted mortgages as defined in Section 6 hereof.

Section 6. Mortgage of Units. Each Unit Owner shall have the right to mortgage his or her Unit without restriction provided that any (i) such mortgage expressly provides that it is subject and subordinate to the provisions of the Declaration and these by-laws and Unit Owner first pays all unpaid Common Charges and assessments in accordance with Section 5 of this Article VII. Mortgages complying with the provisions of this Section 6 are "permitted mortgages".

Section 7. Rights of Tenant under the Lease. Nothing herein contained shall be applied, deemed or construed to adversely affect the rights of the Tenant under the Lease.

ARTICLE VIII

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. Damage to or destruction of the Property caused by such taking shall be promptly repaired and reconstructed by the Board of Managers using the proceeds of such award for such purpose. Any deficiency shall be considered a Common Expense. Notwithstanding the foregoing, if as a result of such taking, the Property becomes subject to an action for partition at the suit of any Unit Owner or lienor as of owned in common, in accordance with the provisions of the Condominium Act, the Property will not be repaired and restored and the Board of Managers shall disburse the net proceeds of such award in the same manner as insurance proceeds where there is no repair or restoration of damage, as provided in Section 3 of Article V of these By-Laws.

ARTICLE IX

Records

The Board of Managers or the managing agent shall keep detailed records of the actions of the Board of Managers and the managing agent, minutes of the meetings of the Board of Managers, minutes of the meetings of the Unit Owners, and financial records and books of account of the Condominium, including a chronological listing of receipts and expenditures, as well as a separate account for each Unit which, among other things, shall contain the amount of each assessment of Common Charges against such Unit, the date when due, the amounts paid thereon, and the balance remaining unpaid.

An annual report of the receipts and expenditures of the Condominium, prepared by an independent public accountant, shall be rendered by the Board of Managers to all Unit Owners and to all mortgagees of Units who have requested the same in writing to the Board of Managers, within four months of the end of each fiscal year. The cost of such report shall be paid by the Unit Owners as a Common Expense.

ARTICLE X

Miscellaneous

Section 1. Notices. All notices or other communications (collectively hereinafter "Notices") required to be given pursuant to these By-Laws or the Rules and Regulations made in pursuance hereof shall be in writing, and shall be given by any one of (a) Airborne Express, (b) Federal Express, or (c) United States Postal Service Express Mail Overnight Service. Notices to the Board of Managers shall be directed in care of the managing agent or manager, or if there be neither, to the office of the Board of Managers or to such other address as the Board of Managers may hereafter designate from time to time. Notices to any Unit Owners shall be sent to the Unit or to such other address as may have been designated by him, her, it or them from time to time, in writing, to the Board of Managers. Notices shall be deemed given the next business day following the date shown on a receipt issued by an authorized representative of (x) Airborne Express, (y) Federal Express, or (z) United States Postal Service, as the case may be, for the Notices in question. Notices once given shall be deemed to be irrevocable. Either the Board of Managers or any Unit Owner may, by notice given as aforesaid, change his, her its or their address to which any Notice shall be given in the manner hereinbefore set forth.

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

Section 3. Captions. The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of these By-Laws, or the intent of any provision thereof.

Section 4. References. The use of any gender in these By-Laws shall be deemed to include both of the others, and the use of the singular shall be deemed to include the plural, whenever the context so requires.

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

Section 6. Construction. These By-laws and Rules and Regulations adopted in pursuance thereof, shall be construed without reference to any rule, canon, presumption or inference respecting the identity of the drafter of any thereof.

ARTICLE XI

Amendments to By-Laws

Except as hereinafter provided otherwise, these By-Laws may be modified or amended by the vote of 66-2/3% in number and in Percentage Interest of all Unit Owners at a meeting of Unit Owners duly held for such purpose, but only with the written approval of the holders of mortgages constituting first liens on Units, if their approval is required. The Board of Managers shall have the right to amend the By-Laws at any time, subject to the rights of Unit Owners to void such amendment (i) within 60 days after notice thereof, by the vote to oppose such amendment of 33-1/3% or more in number and Percentage Interest

of all Unit Owners at a special meeting called for such purpose, and (ii) at any time upon the vote of 66-2/3% in number and Percentage Interest of all Unit Owners.

Notwithstanding the foregoing, for as long as the Sponsor or Sponsor's designee owns any Unit, these By-Laws may not be amended so as to affect adversely the Sponsor or Sponsor's designee without the Sponsor's or Sponsor's designee's prior written consent, or to adversely affect the rights of the Tenant under the Lease without such Tenant's prior written consent. Likewise, provisions relating to the Extended Stay Unit expressly stated not to be amended may not be amended without said Unit Owner's consent.

ARTICLE XII

Conflicts

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

SCHEDULE A

to

BY-LAWS

RULES AND REGULATIONS FOR CONDOMINIUM

1. No part of the Property shall be used for any purpose except as permitted under applicable laws and zoning ordinances.

2. There shall be no obstruction of the Common Elements nor shall anything be stored in the Common Elements without the prior consent of the Board of Managers except as hereinafter expressly provided. The Common Elements shall not be obstructed, littered, defaced or misused in any manner. Each Unit owner shall be obligated to maintain and keep in good order and repair his or her own Unit in accordance with the provisions of the By-Laws.

3. Nothing shall be done or kept in any Unit or to any other portion of the Building appertaining to any Units which will increase the rate of insurance of the Building or the contents thereof without the prior written consent of the Board of Managers. No Unit Owner shall permit anything to be done or kept in his or her Unit or in the Common Elements which will result in the cancellation of insurance on the Building or the contents thereof or which would be in violation of any law. No waste

shall be committed in the Common Elements.

4. Residential Unit Owners shall not cause or permit anything to be hung or displayed on the outside of windows or placed on the outside walls or doors of the Building, and no sign, awning, canopy or shutter shall be affixed to or placed upon the exterior walls or doors, roof or any part thereof or exposed on or at any window, without the prior written consent of the Board of Managers.

5. No noxious or offensive activity shall be carried on in any Unit or in the Common Elements, nor shall anything be done therein, either willfully or negligently, which may be or become an annoyance or nuisance to the other Unit Owners or occupants.

6. No playing or loitering shall be permitted in any of the Common Elements except the designated area, if any.

7. Nothing shall be done in any Unit or in, on or to the Common Elements which will impair the structural integrity of the Building or which would structurally change the Building.

8. No clothes, sheets, blankets, laundry or any kind of other articles shall be hung out of a Unit or exposed on any part of the Common Elements. The Common Elements shall be kept free and clear of rubbish, debris and other unsightly materials.

9. Except in storage areas designated as such by the Board of Managers, there shall be no parking of baby carriages or playpens, bicycles, wagons, toys, vehicles, benches or chairs on any part of the Common Elements. Storage by Unit Owners in areas designated by the Board of Managers shall be at the Unit Owner's risk. The Board of Managers will confiscate any items left by Unit Owners in areas other than the storage areas.

10. No "For Sale", "For Rent" or "For Lease" signs or other window displays or advertising shall be maintained or permitted on any part of the Property or in any Unit therein other than the Extended Stay Units, nor shall any Unit be used or rented for transient, hotel or motel purposes. The right is reserved by the Sponsor and the Board of Managers to place "For Sale", "For Rent" or "For Lease" signs on any, unsold or unoccupied Units and the right is hereby given to any mortgagee, who may become the owner of any Unit, to place such signs on any Unit owned by such mortgagee, but in no event will any such sign be larger than one (1') foot by two (2') feet.

11. Nothing shall be altered or constructed in or removed from the Common Elements except upon the prior written consent of the Board of Managers.

12. No public hall of the Building shall be decorated or furnished by any Unit Owner in any manner without prior written consent of the Board of Managers.

13. Each Unit Owner shall keep his or her Unit in a good state of preservation and cleanliness and shall not sweep or throw or permit to be swept or thrown therefrom, or from the doors, windows, patios or balconies thereof, any dirt or other substance.

14. 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. No radio, television or other aerial shall be attached to or hung from the roof of the Building except such as may be approved by the Board of Managers.

15. The agents of the Board of Managers or the managing agent, and any contractor or workman authorized by the Board of Managers or the managing agent, may enter any room or Unit in the Building at any reasonable hour of the day after notification (except in case of emergency) for the purpose of inspecting such Unit for the presence of any vermin, insects or other pests and the purpose of taking such measures as may be necessary to control or exterminate any such vermin, insects or other pests.

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

17. No garbage cans shall be placed in the halls or on the staircase landings, nor shall anything be hung from the outside of the windows or terraces or placed upon the window sills, nor shall any rugs or mops be shaken or hung from or on any of the windows, doors or terraces.

18. No Residential Unit Owner or occupant or any of his, her, its or their agents, servants, employees, licensees or visitors shall, at any time, bring into or keep in his Unit any flammable, combustible or explosive fluid, material, chemical or substance.

19. If any key or keys are entrusted by a Unit Owner or occupant or by any member of his or her family or by his or her agent, servant, employee, licensee or visitor to an employee of the Board of Managers, whether for such Unit or an automobile, trunk or other item of personal property, the acceptance of the key shall be at the sole risk of such Unit Owner or occupant, and the Board of Managers shall not be liable for injury, loss or damage of any nature whatsoever directly or indirectly resulting therefrom or connected therewith.

20. Draperies, blinds, shades or curtains must be installed by each Residential Unit Owner, at the Unit Owner's expense, on all windows of his or her Unit and must be maintained in said windows at all times.

21. No Unit Owner shall, or permit any other person to, install, maintain or use a washer and/or dryer in such Unit Owner's Unit without (i) the prior written permission of the Board of Managers and (ii) complying with all laws, rules, regulations and ordinances applicable thereto.

22. Dogs will be permitted only upon the following conditions:

In no event shall any dog be permitted in any portion of the Common Elements unless carried or on a leash.

23. Cats shall not be allowed outside the Unit except when carried in an enclosed carrier.

Lease with Execustay Corporation

MASTER LEASE AGREEMENT

between

554-556 Third Avenue, LLC

(as Landlord)

and

EXECUSTAY CORPORATION
(as Tenant)

Dated: August 8, 2000

MASTER LEASE AGREEMENT

THIS MASTER LEASE AGREEMENT is made as of the 8th day of August, 2000, between **554-556 THIRD AVENUE, LLC**, a New York limited liability company (hereinafter referred to as "***Landlord***"), and (ii) **EXECUSTAY CORPORATION**, a Delaware corporation (hereinafter referred to as "***Tenant***").

ARTICLE I
Definitions

Section 1.1 General Interpretive Principles. For purposes of this Lease, except as otherwise expressly provided or unless the context otherwise requires, (i) the terms defined in this Section have the meanings assigned to them in this Section and include the plural as well as the singular, and the use of any gender herein shall be deemed to include the other genders; (ii) accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles; (iii) references herein to "Articles," "Sections," "subsections," "paragraphs" and other subdivisions without reference to a document are to designated Articles, Sections, subsections, paragraphs and other subdivisions of this Lease; (iv) a reference to a subsection without further reference to a Section is a reference to such subsection as contained in the same Section in which the reference appears, and this rule shall also apply to paragraphs and other subdivisions; (v) a reference to an Exhibit without a further reference to the document to which the Exhibit is attached is a reference to an Exhibit to this Lease; (vi) the words "herein," "hereof," "hereunder" and other words of similar import refer to this Lease as a whole and not to any particular provision; (vii) a reference to a specified number of days means calendar days; and (viii) the word "including" means "including, but not limited to."

Section 1.2 Defined Terms. As used in this Lease the following words and phrases shall have the meanings indicated:

Additional Charges: All amounts payable by Tenant to Landlord under this Lease other than Basic Monthly Rent. All Additional Charges shall be deemed to be additional rent and all remedies applicable to the non-payment of Basic Monthly Rent shall be applicable thereto.

Additional Insureds: Any of the following Persons whose names and addresses have been provided to Tenant by Landlord by notice given pursuant to this Lease: any Mortgagee of the Building, Landlord's managing agent for the Building and, if Landlord is a lessee of the Building, the fee owner.

Affiliate: When used with respect to a Person, any corporation, partnership, limited liability company, joint venture, trust or individual controlled by, under common control with, or which controls such Person (the term "control" for these purposes shall mean the ability, whether by the ownership of shares or other equity interests, by contract or otherwise, to elect a majority of the directors of a corporation, to make management decisions on behalf of, or independently to

select the managing partner of, a partnership or limited liability company, or otherwise to have the power independently to remove and then select a majority of those individuals exercising managerial authority over an entity, and control shall be conclusively presumed in the case of the ownership of fifty percent (50%) or more of the equity interests).

Anticipated Completion Date: The date which is thirty (30) months after the date of this Lease.

Apartments: The residential apartment units in the Building. It is anticipated that there will be between 140 and 160 units in the Building which shall be comprised of two bedroom, one bedroom and studio units. The number, mix and size of the units will be subject to final determination upon approval of the Plans and Specifications. The parties agree that there will be not more than 18 two bedroom units in the Building, and that the two bedroom units will all be contained on the top floors of the Building, and will not be disbursed throughout the balance of the Building.

Appliances: The refrigerator, dishwasher, oven/stove, microwave oven and clothes washer and dryer which are installed in the Apartments pursuant to the approved Plans and Specifications.

Architect: The licensed architect selected by Landlord, subject to the reasonable approval of Tenant, and charged with responsibility for the design of the Building.

Basic Monthly Rent: The amount per month payable pursuant to Section 4.1(a).

Building: The Luxury Apartment Building to be constructed in accordance with the Plans and Specifications on the Land which, when completed, will contain the Apartments. The Building will have a mailing address of 554 Third Avenue, New York, New York, and which will be known by a building name approved by the parties hereto.

Building Amenities: The Fitness Facilities, Business Center, lobby and common area facilities, and the furnishings and decorations to be installed in the Common Areas of the Building, subject to final determination upon approval of the Plans and Specifications.

Business Center: An area of the Building not to exceed 500 square feet, which shall contain 5 computers, 1 photocopying machine and 1 fax machine and appropriate furnishings.

Business Days: All days except Saturdays, Sundays and days on which

commercial banks in New York, New York or Washington, D.C., or both, are authorized by law to close for the regular conduct of banking business.

Common Areas: All areas, spaces and improvements within the Building and on the Land which are not within the Apartments and which are provided by Landlord, without a separate charge, for the non-exclusive convenience and use of the tenants of the Building and their invitees, including building areas which are part of the Building Amenities, public elevators, lobbies, corridors, stairways and stairwells and entrances and exits designated by Landlord for ingress and egress.

Condominium: As defined in Section 27.18.

Construction Commencement Date: The date on which Landlord shall have (i) obtained all necessary permits for construction of the Improvements, (ii) closed on adequate construction financing for the Improvements, and (iii) actually commenced construction of the Improvements.

Default Interest Rate: A fluctuating rate per annum equal to the lesser of (i) the sum of (x) the prime rate of interest charged by U.S. money center commercial banks as published in *The Wall Street Journal*, said prime rate to change from time to time as and when the change is announced as being effective, and (y) three percent (3%), or (ii) the maximum rate of interest allowable under applicable law, if any, with respect to the applicable payment. If *The Wall Street Journal* ceases to publish the prime rate of interest charged by U.S. money center commercial banks, Landlord shall have the right to substitute the prime rate of interest published by another financial newspaper.

Engineer: The licensed engineer selected by Landlord, subject to the reasonable approval of Tenant, and charged with responsibility for engineering work for the Building.

Environmental Law: Any federal, state or local law, ordinance, rule, regulation, requirement, guideline, code, resolution, order or decree (including consent decrees and administrative orders) from time to time in effect which regulates the use, generation, handling, storage, treatment, transportation, decontamination, clean-up, removal, encapsulation, enclosure, abatement or disposal of any Hazardous Material, including the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 9601, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Sections 6901, et seq., the Toxic Substance Control Act, 15 U.S.C. Sections 2601, et seq., the Clean Water Act, 33 U.S.C. Sections 1251 et seq., the Hazardous Materials Transportation Act, 49 U.S.C., Section 5101, their state analogs, and any other federal, state or local statute, law, ordinance, resolution, code, rule, regulations, order or decree regulating, relating to, or imposing liability or standards of conduct concerning any Hazardous Materials.

Environmental Report: As defined in Section 26.1(d).

Event of Default: Any of the events set forth in Section 16.1 as an event of default.

Fitness Facilities: An area of the Building not to exceed 600 square feet, which shall contain the equipment specified on Exhibit A.

Fixtures: All light fixtures, sinks, toilets, bidets, cabinets, bathtubs and showers and other attached items installed in each Apartment.

General Contractor: The licensed general contractor selected by Landlord, subject to the reasonable approval of Tenant, and charged with responsibility for construction of the Improvements.

Governmental Authority: As defined in Section 2.5.

Hazardous Materials: Any flammable, explosive, radioactive or reactive materials, any asbestos (whether friable or non-friable), any pollutants, contaminants or other hazardous, dangerous or toxic chemicals, materials or substances, any petroleum products or substances or compounds containing petroleum products, including gasoline, diesel fuel and oil, any polychlorinated biphenyls or substances or compounds containing polychlorinated biphenyls, and any other materials or substance defined as a "hazardous substance," "hazardous material," "hazardous waste," "toxic materials," "contamination," and/or "pollution" within the meaning of any Environmental Law.

Improvements: The Building, the Building Amenities, the Apartments, the Common Areas and the contents thereof as required hereunder, including the Fixtures, the Appliances, and the Unit Property and Furniture.

Interior Designer: The interior designer selected by Landlord, subject to the reasonable approval of Tenant, and charged with responsibility for the interior design and decoration of the Building.

Land: The parcel of real property described in Exhibit B.

Landlord: The landlord named herein and any subsequent owner or lessee, from time to time, of Landlord's interest in the Land and/or the Building during the period of such owner's or lessee's ownership.

Landlord's Notice Address: 350 Fifth Avenue, Suite 7505, New York, New York 10118.

Lease: This Master Lease Agreement, as amended from time to time, and all Exhibits, Riders and Addenda attached hereto.

Lease Commencement Date: As defined in Section 2.10.

Lease Year: The period commencing on the Lease Commencement Date and ending on the last day of the month which completes 12 full calendar months thereafter, and each 12 month period thereafter commencing on the first day after the end of the immediately preceding Lease Year, except that the last Lease Year shall end on the last day of the Term.

Leased Apartment: Each Apartment which is being or has been subleased by Tenant to a Tenant Associate.

Leasehold Estate: Tenant's interest in the Apartments pursuant to this Lease.

Legal Requirements: All laws, statutes, ordinances, orders, rules, regulations and requirements, of all federal, state and municipal governments, and any and all agencies thereof, whether now or hereafter in force, applicable to the Property, or any part thereof, including the Americans with Disabilities Act, as amended from time to time; including all applicable Environmental Laws; all other covenants, conditions and restrictions of record affecting the use and occupancy of the Building, and all rules and regulations issued by the Association of Fire Underwriters or similar body that now or hereafter may be applicable to the Property.

Luxury Apartment Building: An apartment building comparable in quality and standard to the buildings set forth on Exhibit C attached hereto in their current condition.

Mortgage: Any mortgage, deed of trust or other security instrument of record creating an interest in or affecting title to the Land and the Building, or any part thereof, and any and all renewals, modifications, consolidations or extensions of any such instrument; ***Mortgagee*** shall mean the holder or beneficiary of a Mortgage.

Outside Completion Date: The date which is thirty-two (32) months after the date of this Lease, which date shall be extended (i) for up to, but not exceeding, one hundred eighty (180) days, for Unavoidable Delays, and (ii) for Tenant Delays.

Outside Construction Date: The date which is twelve (12) months after the Date of this Lease, which date shall be extended (i) for up to, but not exceeding, one hundred eighty (180) days, for Unavoidable Delays, and (ii) for

Tenant Delays.

Person: A natural person, an estate, a trust, a partnership, a corporation, a limited liability company or any other form of business or legal association or entity.

Plans and Specifications: As defined in Section 2.3.

Property: The Building and the Land.

Punchlist Items: As defined in Section 2.11.

Real Estate Taxes: All taxes, assessments, vault rentals, and other charges, if any, general, special or otherwise, including all assessments for schools, public betterments and general or local improvements, levied or assessed upon or with respect to the ownership of and/or all other taxable interests in the Property imposed by any public or quasi-public authority having jurisdiction and personal property taxes levied or assessed on Landlord's personal property used in connection with the management, operation, maintenance, repair, cleaning, safety and administration of the Building.

Rules and Regulations: The rules and regulations adopted for the Building from time to time pursuant to Section 7.4.

Substantially Completed: As defined in Section 2.11.

Taking: A taking of property, or any interest therein or right appurtenant or accruing thereto, by condemnation or eminent domain or by action or proceedings, or agreement in lieu thereof, pursuant to governmental authority.

Tenant: The tenant named herein and any permitted assignee under Article XV.

Tenant's Associates: Tenant's subtenants and their guests and invitees.

Tenant Delays: Any delay in the completion of the Improvements resulting from any or all of the following: (i) Tenant's failure to timely perform any of its obligations under this Lease, (ii) Tenant's requested modifications to the Design Development Drawings or Plans and Specifications previously approved by Tenant in accordance with the provisions of Section 2.3, (iii) Tenant's request for materials, finishes, or installations which are not readily available after having been so advised in writing by Landlord, or (iv) unreasonable interference by Tenant or its agents, contractors or consultants with the processing of the work of the General Contractor whether in the course of its inspections of the work or otherwise.

Tenant's Notice Address: 7601 Rickenbacker Drive, Gaithersburg, Maryland 20879, Attention: Gregory L. Laubach, with a copy to Marriott International, Inc., One Marriott Drive, Law Department, Washington, D.C. 20058.

Tenant's Personal Property: All furniture, furnishings and other moveable property installed by Tenant or Tenant's Associates in the Apartments.

Tenant's Standards: As defined in Section 2.3.

Term: As defined in Section 3.1.

Unavoidable Delays: Delays caused by strikes, acts of God, lockouts, labor difficulties, riots, explosions, sabotage, accidents, shortages or inability to obtain labor or materials, Legal Requirements, governmental restrictions, enemy action, civil commotion, fire or other casualty or similar causes beyond the reasonable control of Landlord.

Unit Amenities: The linen, flatware, artwork, and electronics, including television, VCR and stereo equipment, to be provided to the Apartments by the Landlord and which are described on Exhibit D.

Unit Furniture: The furniture to be installed and maintained in the apartments by Landlord and which are described on Exhibit E, subject to final determination upon approval of the Plans and Specifications, or substitution therefor mutually agreed upon by Landlord and Tenant.

Unit Property and Furnishings: The Fixtures, Appliances, Unit Furniture and Unit Amenities.

ARTICLE II
Lease

Section 2.1 Delivery of Apartments. Landlord agrees to lease to Tenant, and Tenant agrees to lease from Landlord, the Apartments, exclusive, however of any Apartments which are two bedroom units, unless and to the extent that any two bedroom units have been made subject to this Lease pursuant to Section 2.13. Each Apartment shall be in first-class condition and broom clean and shall contain the Appliances and the Unit Property and Furniture, all of which shall be brand new and in good functional condition.

Section 2.2 Completion of Design, Development, Construction, Fitting and Furnishing of the Improvements. Landlord, at its sole cost and expense, shall proceed with due diligence

and continuity to complete the design, development, construction, fitting and furnishings of the Improvements and to cause the completion of the Improvements to occur on or prior to the Anticipated Completion Date.

Section 2.3. Plans and Specifications. Landlord and Tenant shall agree on the Plans and Specifications (as defined below) for the Improvements in accordance with the schedule below. For purposes of this Lease, "Plans and Specifications" mean the definitive and complete plans and specifications for the construction, fitting and furnishing of the Improvements, including the Appliances, the Unit Property and Furnishings and fittings and furnishings of the Common Areas and the Building Amenities, including the design of all exterior walls, roofs, foundations and structural elements and all interior areas, floors, ceilings, plumbing, electrical, heating, ventilating, air-conditioning and other systems of the Building, and related site and design plans and specifications for the Building in detail sufficient to permit construction in full and fitting and furnishing of the Improvements. The Plans and Specifications shall show, among other things, the precise location, dimensions, floor heights, exterior treatment, exterior and interior lighting plans, interior design, sidewalks, signs, landscaping treatments, and loading areas of the Building, as well as detailed descriptions of the Appliances, the Building Amenities and the Common Areas and the specific contents and layout thereof, and the Unit Property and Furnishings. The Plans and Specifications shall be consistent with the criteria for a Luxury Apartment Building and with the approved Design Development Drawings (hereafter defined).

Following the date of this Lease, Landlord shall proceed with commercially reasonable diligence to produce and submit to Tenant for Tenant's approval the design development drawings and specifications for the Improvements (the "Design Development Drawings"). The Design Development Drawings shall include (i) a detailed listing of each operating function of the Building and the area requirements therefor, and any other documents required to describe the size (at a minimum scale of 1" equals 30'), layout and quality of the Building (collectively, the "Criteria"), (ii) a site plan showing all site elements and proposed landscaping, (iii) floor plans, showing all spaces in the Building (at a scale of 1/8" equals 1'), (iv) Apartment layouts, indicating all bath fixtures, kitchen equipment, closets, and other major features at a scale of 1/4" equals 1', (v) layouts for the Common Areas and the Building Amenities, (vi) building elevations and sections, showing exterior materials, details and colors, and all building signage, (vii) a rendered perspective drawing (in color) of the Building, and (viii) a sample board showing the proposed exterior materials with a large scale colored partial elevation. Tenant shall either approve or disapprove in writing the Design Development Drawings within fifteen (15) business days after receipt thereof. If Tenant disapproves such submissions, it shall identify in writing the areas of disapproval and Landlord shall elect in writing within fifteen (15) business days following Landlord's receipt of such disapproval notice, to (i) revise promptly the submissions to take into account Tenant's comments (provided that Landlord agrees to incorporate any of such comments if they are based upon Landlord's material deviation from Tenant's Standards), or (ii) decline to incorporate Tenant's comments. If Landlord elects not to incorporate Tenant's comments, then within fifteen (15) business days following Tenant's receipt of Landlord's notice, Tenant shall elect in writing to (i) waive its comments, in which case this Lease shall remain in full force and effect, or (ii) terminate this Lease, in which case the Tenant and Landlord shall be released from all further liability

hereunder, except as expressly provided herein. If Tenant fails within fifteen (15) business days after receipt, to either approve or disapprove any submission hereunder, Tenant shall be deemed to have approved the submission. If Tenant fails to respond within fifteen (15) business days following receipt of Landlord's notice to either incorporate, or decline to incorporate Tenant's comments, Tenant shall be deemed to have waived its comments in which case this Lease shall remain in full force and effect. Tenant agrees that it will not withhold its approval of the design development drawings unless the design development drawings, in Tenant's reasonable judgment, are materially inconsistent with the construction of a Luxury Apartment Building and are otherwise reasonably satisfactory to Tenant as providing residential apartment units which are well suited for the purpose of attracting the executive-level business traveler for interim level (30 to 180 days) occupancy ("Tenant's Standards"). Tenant agrees that Tenant's Standards will not require furnishings or finishes which are substantially greater than those contained in the Luxury Apartment Buildings set forth on Exhibit C. Tenant shall notify Landlord to the extent the Design Development Drawings are materially inconsistent with Tenant's Standards.

Following the date of Tenant's final approval of the Design Development Drawings, Landlord shall proceed with commercially reasonable diligence to produce and submit to Tenant for Tenant's approval the final Plans and Specifications and complete construction drawings for the Improvements, including but not limited to architectural, electrical, plumbing, HVAC, structural, civil engineering and landscape drawings for the Building, which shall be properly sealed by the Architect. The Plans and Specifications shall be consistent with the approved Design Development Drawings and the criteria for a Luxury Apartment Building and shall comply with all applicable Legal Requirements, and shall incorporate Tenant's fire and life safety standards and other system standards provided by Tenant to Landlord. Prior to Tenant's review of the Plans and Specifications, Landlord's Architect and Engineer shall compile and deliver to Tenant an itemized list of all material deviations and changes in the Plans and Specifications from the approved Design Development Drawings. Tenant shall either approve or disapprove in writing the Plans and Specifications within fifteen (15) business days after receipt thereof, in the exercise of its reasonable discretion as long as such Plans and Specifications are consistent with the Design Development Drawings, but if the Plans and Specifications are materially inconsistent with the Design Development Drawings, Tenant's approval or disapproval shall be in the exercise of its sole discretion. If Tenant disapproves such submissions, it shall identify in writing the areas of disapproval and Landlord shall elect in writing within fifteen (15) business days following Landlord's receipt of such disapproval notice, to (i) revise promptly the submissions to take into account Tenant's comments, or (ii) decline to incorporate Tenant's comments (provided that Landlord agrees to incorporate any of such comments if they are based upon Landlord's material deviation from the Design Development Drawings). If Landlord elects not to incorporate Tenant's comments, then within fifteen (15) business days following Tenant's receipt of Landlord's notice, Tenant shall elect in writing to (i) waive its comments, in which case this Lease shall remain in full force and effect, or (ii) terminate this Lease, in which case the Tenant and Landlord shall be released from all further liability hereunder, except as expressly provided herein. After Tenant has given its final approval, no changes in the Plans and Specifications that have a material adverse effect on construction, operation, quality, aesthetics or cost shall be made without the prior written approval of the Tenant, which approval shall not be unreasonably withheld. If changes in the Plans and Specifications are required because of

Landlord's failure, in any material respect. to follow properly the approved Design Development Drawings, Landlord shall be responsible for the costs of such changes to the Plans and Specifications. If revisions to the Plans and Specifications are required and such revisions are attributable to changes requested by Tenant in the approved Design Development Drawings, then the cost of such changes to the Plans and Specifications shall be the responsibility of the Tenant. If Tenant fails within fifteen (15) business days after receipt, to either approve or disapprove any submission hereunder, Tenant shall be deemed to have approved the submission. If Tenant fails to respond within fifteen (15) business days following receipt of Landlord's notice to either incorporate, or decline to incorporate Tenant's comments, Tenant shall be deemed to have waived its comments in which case this Lease shall remain in full force and effect.

Following the date of Tenant's final approval of the Plans and Specifications, Landlord shall proceed with commercially reasonable diligence to produce and submit to Tenant for Tenant's approval the interior design plans for the Improvements, which shall include (i) color-rendered floor plans, reflected ceiling plans, elevations, sections and renderings necessary, in Tenant's reasonable judgement to adequately explain the design intent of the Building's interior space, and (ii) display boards, in a format acceptable to Tenant, of fabrics, carpets, furnishings, finishes, paints, lighting design guidelines (i.e. fixtures, chandeliers, sconces, etc.) and other materials for each space (the "Interior Design Plans"). Tenant shall either approve or disapprove in writing the Interior Design Plans within fifteen (15) business days after receipt thereof in the exercise of its reasonable discretion as long as the Interior Design Plans are materially consistent with the Tenant's Standards and the Plans and Specifications, but if the Initial Design Plans are materially inconsistent with the Tenant's Standards or the Plans and Specifications, Tenant's approval or disapproval shall be in the exercise of its sole discretion. If Tenant disapproves such submissions, it shall identify in writing the areas of disapproval and Landlord shall elect in writing within fifteen (15) business days following Landlord's receipt of such disapproval notice, to (i) revise promptly the submissions to take into account Tenant's comments, or (ii) decline to incorporate Tenant's comments (provided that Landlord agrees to incorporate any of such comments if they are based upon Landlord's material deviation from Tenant's Standards). If Landlord elects not to incorporate Tenant's comments, then within fifteen (15) business days following Tenant's receipt of Landlord's notice, Tenant shall elect in writing to (i) waive its comments, in which case this Lease shall remain in full force and effect, or (ii) terminate this Lease, in which case the Tenant and Landlord shall be released from all further liability hereunder, except as expressly provided herein. Following Tenant's final approval of the Interior Design Plans, no changes in such Interior Design Plans that have a material adverse effect on installation, operation, quality, aesthetics or cost shall be made without the prior written approval of the Tenant, in its sole discretion. Upon Tenant's final approval of the Interior Design Plans, such Interior Design Plans shall be deemed to be included as part of the Plans and Specifications for purposes of this Contract. If Tenant fails within fifteen (15) business days after receipt, to either approve or disapprove any submission hereunder, Tenant shall be deemed to have approved the submission. If Tenant fails to respond within fifteen (15) business days following receipt of Landlord's notice to either incorporate, or decline to incorporate Tenant's comments, Tenant shall be deemed to have waived its comments in which case this Lease shall remain in full force and effect.

In the event that during the course of the design, development, construction or fitting and furnishing of the Building, Landlord desires to deviate from the Tenant's Standards or the approved Plans and Specifications, Landlord shall notify Tenant in writing of such proposed deviation. In the event that such proposed deviation would have a material adverse effect on the construction, function, marketability, operation or cost of the Building, Tenant must specifically approve such deviation in writing prior to its implementation by Landlord.

Any dispute between Landlord and Tenant with respect to the approval of the Plans and Specifications or any other matter contained in this Section 2.3 shall be resolved by arbitration in accordance with the provisions of Article 24 of this Lease, but subject to the expedited arbitration proceedings of the American Arbitration Association.

Section 2.4. Construction. Landlord shall, at its sole cost and expense, erect on the Land, the Improvements, in strict compliance with the Plans and Specifications and the provisions of this Lease and in full compliance with all Legal Requirements and shall cause the Improvements to be constructed, fitted and furnished, using new materials, so that the quality of the Building and the Apartments shall be consistent with the standards applicable to Luxury Apartment Buildings. Without limiting the foregoing, in prosecuting demolition work, Landlord shall follow all recommendations contained in the Environmental Report.

Section 2.5. Approval of Plans and Specifications; Permits. As soon as is practicable after Tenant's approval of the final Plans and Specifications, Landlord shall, at its sole cost and expense, obtain (a) the approval of the Plans and Specifications by all federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality having jurisdiction thereof (individually, the "Governmental Authority" and collectively, the "Governmental Authorities") and any architectural review committee or like body having approval controls over any improvements constructed on the Land and the use thereof, and (b) all necessary permits and authorizations from the Governmental Authorities for the construction, fittings and furnishings as contemplated under this Lease. If the Governmental Authority requires any changes to the Plans and Specifications, Landlord shall first submit such changes to Tenant for its review and approval. Tenant shall respond to Landlord within fifteen (15) business days after the date of Tenant's receipt of such proposed changes. If Tenant determines in its reasonable discretion that the proposed changes are unacceptable and the Governmental Authority is unwilling to waive such proposed changes, the Tenant shall have the right to terminate this Lease in writing, in which event the Tenant and Landlord shall be released from all further liability hereunder except as expressly provided herein, and except that Landlord and Tenant shall split the cost incurred in preparing the Plans and Specifications.

In order to expedite construction of the building, the Landlord shall have the right to "fast track" construction by commencing demolition, construction on the subsurface, foundation and superstructure and ordering major building system components while final Plans and Specifications are being completed by its architects and engineers. Any such decision shall be at Landlord`s sole risk and shall not in any way limit any of Tenant`s rights hereunder, including, without limitation, any rights of approval or termination.

Section 2.6. Inspection Rights; Pre-Opening. At all reasonable times between the date of this Lease and the Lease Commencement Date (the "Construction Period"), Tenant and its agents, employees, consultants, and contractors shall have the right to enter and inspect the Property. If Tenant shall determine in its reasonable discretion that Landlord's work is not in accordance with the Plans and Specifications, or the Legal Requirements in all material respects, Tenant shall give written notice to Landlord specifying the particular deviation, deficiency or omission. Landlord shall promptly take or cause to be taken such steps as shall be necessary to correct any such material deviation, deficiency or omission, at no cost to Tenant. The Landlord's failure to correct promptly any such deviation, deficiency or omission shall constitute a default under this Lease. Landlord acknowledges that Tenant will require access to the Building prior to the Lease Commencement Date to perform engineering tests and conduct other activities necessary to prepare the Apartments for opening. Tenant and Landlord agree to use their best efforts to cooperate in scheduling access for the Tenant to the Building prior to the Lease Commencement Date in a manner such that Tenant shall not interfere with or delay Landlord's work, but Tenant will be provided necessary access to the Building and adequate space within the Building to conduct pre-opening activities. Tenant agrees that its inspections and other activities shall not materially interfere with the construction of the Building by the General Contractor, and Tenant agrees to provide reasonable prior notice to the General Contractor prior to any inspections or other activities in the Property. Tenant further agrees it will not disclose the results of any such inspections to the General Contractor, but only to the Landlord or Landlord's Architect. Any entry onto the Property prior to the Lease Commencement Date by the Tenant, its employees, inspectors, contractors or agents shall be subject to the indemnification provisions set forth in Section 12.1.

Section 2.7. Progress Meetings and Reports. At least once every thirty (30) days following commencement of construction of the Improvements, (a) Landlord and Tenant shall meet at the Property for the purpose of discussing and inspecting the progress of the work and to respond to any questions raised by Tenant relating thereto, and (b) Landlord shall provide to Tenant a written summary report on the progress of the work, including, but not limited to, an estimate of percentage completion, whether the construction is on schedule and, if not, the reasons therefor, and such additional information as the Tenant may reasonably request.

Section 2.8. Critical Dates. Upon commencement of construction Landlord shall promptly and diligently prosecute the construction of the Improvements to completion in accordance with the terms and conditions of this Lease to cause the Improvements to be Substantially Completed by the Anticipated Completion Date at Landlord's sole cost and expense.

Section 2.9. Installation of Unit Property and Furnishings and Fitting and Furnishing of Common Areas and Building Amenities. Landlord shall install at the Property all of the Unit Property and Furnishings and complete all Building Amenities. The Landlord shall employ appropriate security measures it deems reasonably necessary to protect such property following installation, and as of the Lease Commencement Date, all such property, subject to Punchlist Items, shall be fully installed and operational, shall be new and in first class condition, shall comply with the Plans and Specifications, and shall be free from defects. All Unit Amenities

shall be purchased by Landlord from Tenant at Tenant's actual costs, not to exceed open-market competitive rates.

Section 2.10 Lease Commencement Date. The Lease Commencement Date shall be the earlier to occur of (i) the first Business Day that is at least 30 calendar days after the Improvements are Substantially Completed (provided Landlord shall have given Tenant 30 days advance written notice of the anticipated date of Substantial Completion), or (ii) the date on which any Apartment is occupied by Tenant or Tenant's Associates for residential purposes. At any time after the Lease Commencement Date has been established, Landlord or Tenant shall, within 15 days after request by the other party, join with the requesting party in executing and delivering an amendment to this Lease which sets forth (i) the Lease Commencement Date, (ii) a confirmation of the final number and mix of the Apartment units, (iii) a confirmation of the final Basic Monthly Rent as provided in Section 4.1, and (iv) a confirmation that this Lease is in full force and effect, as amended, and certifying that Tenant is in possession and has no claims, defenses, offsets or counterclaims against Landlord, or specifying each such claim, defense, offset or counterclaim.

Section 2.11 Substantial Completion. The Improvements will be deemed to be "Substantially Completed" on the first Business Day which is at least ten (10) calendar days after Landlord has caused the Improvements to be constructed, fitted and furnished, including the installation of the Appliances and the Unit Property and Furnishings, in accordance with the Plans and Specifications, except for Punchlist Items, and the terms and conditions of this Lease and the Seller has received certificates from the Architect, the Engineer, the General Contractor and the Interior Designer as described below and a certificate of occupancy authorizing occupancy and use of the Building and the Apartments for the purposes contemplated herein. If the certificate of occupancy referred to above is not final, Landlord shall use diligent efforts to obtain a permanent certificate of occupancy for the Improvements promptly following the issuance of the temporary certificate of occupancy. "**Punchlist Items**" means only those items of construction of the Improvements or installation of fittings or furnishings that are minor and insubstantial details consisting of mechanical adjustments, finishing touches, or incomplete items that do not, either individually or in the aggregate, interfere with or detract from Tenant's opening and use and occupancy of the Building and the Apartments for the purposes contemplated herein. Landlord shall notify Tenant at least thirty (30) days prior to the anticipated Substantial Completion and the parties shall mutually agree upon a time to conduct the review and inspection of the Improvements to compile the list of the Punchlist Items, as determined by the Tenant in its reasonable discretion. Landlord shall proceed with due diligence to cause all Punchlist Items to be completed promptly following the Lease Commencement Date. The certificates required hereunder shall consist of certificates duly executed by the Architect, the Engineer and the General Contractor attesting to the fact that the Improvements have been completed substantially in accordance with the Plans and Specifications, that the Plans and Specifications comply with all applicable building codes and Legal Requirements, that all mechanical, electrical, and other systems are operational as designed and scheduled, that all designated inspections and certifications by any governmental agencies or authorities having jurisdiction which are required for use and occupancy have been made and posted, and that all final finishes are in place, and a certificate duly executed by the Interior Designer attesting to the

fact that the interior design and decorations in the Building have been completed, in accordance with the Plans and Specifications and all applicable Legal Requirements. Tenant agrees that each of the Architect, the Engineer and the General Contractor may not be required to certify as to all of the matters set forth above to the extent that any of the specified matters are outside of the scope of responsibility of the certifying party and that the certification requirements set forth above may be satisfied nevertheless, provided that all of the specified matters are adequately covered by certifying parties having the relevant responsibilities.

Section 2.12 Termination by Tenant.

(a) Late Commencement of Construction. In the event that the Construction Commencement Date shall not have occurred on or prior to the Outside Construction Date, Tenant shall have the right to deliver a termination notice (the "Termination Notice") to Landlord, and in the event the Construction Commencement Date shall not have occurred on or before the date which is sixty (60) days following the delivery of the termination notice, this Lease shall terminate and the Tenant and Landlord shall be released from any further liability hereunder, except as expressly provided herein.

(b) Late Completion. In the event that the Improvements have not been Substantially Completed on or prior to the Outside Completion Date, Tenant shall thereafter receive a credit against Basic Rent ("Delay Credit") in an amount which is equal to forty-five percent (45%) of the Basic Rent which would have been payable hereunder with respect to the Apartments (exclusive of two-bedroom units) during the period commencing on the Outside Completion Date and ending on the date on which the Improvements are Substantially Completed. The Delay Credit shall be applied against Basic Rent coming due hereunder following the date on which the Improvements are Substantially Completed; however, if this Lease is terminated as hereinafter provided in this Section 2.12, the amount of the Delay Credit for the period commencing on the Outside Completion Date and ending on the date which is thirty-six (36) months following the date of this Lease ("Final Date") shall be paid by Landlord to Tenant, in cash, immediately following such termination. In the event that the Improvements have not been Substantially Completed on or prior to the Final Date, Tenant shall have the right to terminate this Lease at any time thereafter prior to the Improvements being Substantially Completed by giving written notice of such termination to be effective upon the date of such notice, whereupon Tenant and Landlord shall be released from any further liability hereunder, except as provided above with respect to payment by Landlord of the amount of the Delay Credit and otherwise expressly provided herein.

Section 2.13 Inclusion of Two Bedroom Units. Tenant shall have the right during the Term to elect, by written notice to Landlord, to include all or any selected two bedroom units among the Apartments leased hereunder. The inclusion of any such two bedroom units shall be effective upon completion of the installation of Unit Property and Furnishings therein by Landlord. Upon receipt of the notice by Tenant to include any two bedroom units as provided above, Landlord shall complete the installation of Unit Property and Furnishings therein within Thirty (30) days after the later of (i) receipt of such notice, or (ii) vacancy of the unit or units in question if subject to lease to any third party at the time of Tenant's notice. If any two bedroom

unit selected by Tenant is subject to a lease to a third party at the time of Tenant's notice of election, Landlord shall proceed to recover occupancy of such two bedroom unit promptly upon termination of the third party lease and will not extend any such third party lease. In the event that Landlord elects to establish the Condominium as provided in Section 27.18, any two bedroom unit which is a condominium unit and which has been sold to a third party pursuant to a bonafide contract of sale, shall be exempt from Tenant's election right under this Section 2.13 on and after the date of execution and delivery of such contract of sale. Landlord is free to lease or sell any two-bedroom unit until such time as Landlord receives a notice from Tenant electing to include such unit in this Lease. Upon delivery of any such notice by Tenant, such unit shall become part of this Lease for all purposes, and Tenant may not thereafter remove such unit from the Lease except as otherwise specifically provided herein.

Section 2.14 Partial Occupancy By Tenant. In the event that, prior to the date on which the Improvements as a whole are Substantially Completed as provided above, portions of the Building have been completed and are ready for occupancy, Landlord will notify Tenant and the Apartments specified in such notice will be accepted for occupancy by Tenant subject to the terms of this Lease. In such event, the parties shall enter into a supplement to this Lease which shall specify the accepted Apartments and confirming the date of such acceptance as the Commencement Date under this Lease. It is understood that Tenant shall have no obligation to accept early occupancy as provided above unless, in its good faith judgment, the Apartments tendered for early occupancy can be utilized by Tenant for the purposes contemplated hereunder without material deficiency in quality or benefit from that which Tenant would enjoy if the Improvements were Substantially Completed as a whole. Without limiting the foregoing, Tenant will have no obligation to consider such early occupancy unless the following conditions shall have been met at the time:

(a) All of the requirements under Section 2.11 shall have been met with respect to the Apartments tendered for early occupancy, all Building Amenities shall have been completed to Tenant's reasonable satisfaction, and all services to be provided by Landlord under this Lease shall be available and functioning;

(b) The Apartments initially tendered for early occupancy shall consist of all Apartments located on a group of floors of the building, contiguous to the lobby floor, which comprise not less than one-third (1/3) of the floors of the Building, exclusive of floors on which two-bedroom units are to be located, and Apartments tendered thereafter shall be all Apartments on one or more floors contiguous to those previously accepted;

(c) Work remaining to be completed on upper floors of the Building shall be of such limited nature that, in Tenant's reasonable judgment, such work can be carried out without material disturbance to the occupants of the Apartments tendered for early occupancy; and

(d) Acceptance of early occupancy as contemplated hereunder shall not in any way constitute a waiver of any of Tenant's other rights under this Lease, including, without limitation, its rights under Section 2.12.

ARTICLE III
Term

Section 3.1 Term. The Term shall begin on the Lease Commencement Date and shall continue until the last day of the calendar month in which the fifteenth anniversary of the Lease Commencement Date occurs, but in any event the Term shall end on any date when this Lease is sooner terminated in accordance with its terms.

Section 3.2 Tenant's Option to Terminate. Tenant shall have and is hereby granted the option to terminate this Lease on the terms set forth in this Section (the "**Termination Option**"). The Termination Option shall be exercisable by Tenant by written notice given to Landlord specifying a termination date which is the last day of a calendar month and is not less than sixty (60) days after the giving of such notice. If Tenant exercises the Termination Option (i) the Term shall expire on the last day of the calendar month specified by Tenant in its notice as fully and completely as if such date were the date originally fixed for the expiration of the Term, and (ii) Tenant shall pay to Landlord, on, or within ten (10) Business Days after, the expiration of the Term a termination fee ("Termination Fee") in an amount equal to the Basic Monthly Rent that would have been payable by Tenant under this Lease (but for Tenant's exercise of the Termination Option) for the period of twenty-four (24) months after the termination date specified in Tenant's notice, based on the number and mix of Apartments subject to this Lease on the date of termination, unless the Termination Option is effective as of a date after the tenth (10th) anniversary of the Lease Commencement Date, in which event the Termination Fee shall be equal to the amount of Basic Monthly Rent that would have been payable by Tenant under this Lease (but for Tenant's exercise of the Termination Option) for the period of twelve (12) months after the Termination Date specified in Tenant's Notice.

Section 3.3 Tenant's Option to Terminate on Change of Ownership. Landlord shall notify Tenant within ten (10) Business Days of any change in the ownership of the Property or of the outstanding membership interests of Landlord. Subject to the provisions of Section 27.18(b), if Landlord ceases to be the one hundred percent (100%) owner of the Property, or affiliates of Oxford Capital Corp. or initial investors in Landlord shall cease to be the one hundred percent (100%) holders, beneficially and of record, of one hundred percent (100%) of the outstanding membership interests of Landlord, Tenant shall have the right by notice given to Landlord, within thirty (30) Business Days after receipt of notice of such change, to terminate this Lease as of the last day of a calendar month specified in Tenant's notice which is not less than thirty (30) days nor more than one hundred twenty (120) days after the date of the notice. If Tenant terminates this Lease pursuant to the preceding sentence, the Basic Monthly Rent shall be apportioned between Landlord and Tenant as of the date of termination, and neither Landlord nor Tenant shall have any further liability or obligation to the other party under this Lease, except as expressly provided herein.

Nothing contained in this Section 3.3 shall be deemed to give Tenant the right to terminate this Lease in the event that either (i) the Property, or any part thereof, or one hundred (100%) of the beneficial ownership of Landlord is transferred to a person or entity which is not a Disqualified Person (hereafter defined) and which owns one or more Luxury Apartment

Buildings or otherwise retains a management company to manage the Property, which management company has recognized experience in managing Luxury Apartment Buildings, and which person or entity and or management company is otherwise reasonably acceptable to Tenant, or (ii) less than a controlling interest in Landlord is transferred to a person or entity which is not a Disqualified Person with Oxford Capital Corp. or its affiliates retaining full management control of the business and affairs of Landlord with regard to all matters relating to this Lease. Tenant acknowledges that Landlord is a permitted and acceptable management company for purposes of this Lease. For purposes hereof a "Disqualified Person" shall mean a person or entity which either (i) is considered in the relevant business community to be engaged in criminal, dishonest or unethical conduct or has been convicted of a felony in any state or federal court, or is in control of or controlled by any such person(s) or entity(ies), or (ii) is actively engaged in the business of operating, franchising or managing a hotel brand or lodging system or any other business activity in competition with Marriott International, Inc. or any of its affiliates; provided however, that, for purposes of (ii) above, a passive investor which is not actively involved in the day to day operation or management a hotel or lodging system shall not be deemed to be a "Disqualified Person."

Section 3.4 [Intentionally Omitted].

Section 3.5 Tenant's Option to Terminate on Prohibition of Use. If Tenant is prohibited by Legal Requirements from using or operating one or more of the Apartments for the use permitted by Section 7.1 (the "**Affected Apartments**"), (a) Basic Monthly Rent shall be abated with respect to the Affected Apartments during the period from the date Tenant notifies Landlord of such prohibition to the date such prohibition shall end, and (b) Tenant shall have the right to terminate this Lease with respect to the Affected Apartments (or, if the Affected Apartments represent more than 50% of Apartments subject to this Lease at the time the prohibition becomes effective, Tenant shall have the right to terminate this Lease with respect to all Apartments) by notice given to Landlord at any time after the prohibition becomes effective and while such prohibition continues, and provided such prohibition continues in effect for a period of five (5) days following the delivery of notice to Landlord. If Tenant terminates this Lease with respect to all or a number of the Apartments pursuant to the preceding sentence, the Basic Monthly Rent shall be apportioned between Landlord and Tenant as of the date on which the prohibition becomes effective, and neither Landlord nor Tenant shall have any further liability or obligation to the other party under this Lease with respect to the Affected Apartments, except as expressly provided herein. The apportionment or abatement provided for in this Section 3.5 for each Apartment shall be based upon the Basic Monthly Rent allocated to such Apartment as specified in Section 4.1. Landlord will immediately notify Tenant of any ruling, order or other action of any Governmental Authority or other event affecting or which may affect the right of Tenant to use or operate any of the Apartments.

Section 3.6 Tenant's Option to Terminate for Failure to Maintain Building in First-Class Condition. If (i) Landlord fails to perform its obligations under Section 8.2 to manage, operate or maintain one or more of the Apartments (each, an "**Maintenance Deficient Apartment**") or the Common Areas as a Luxury Apartment Building (a "**Management Deficiency**"), and (ii) the Management Deficiency continues for more than forty-five (45) days

("Management Deficiency Cure Period") after Tenant gives written notice to Landlord describing the Management Deficiency in reasonable detail, Tenant shall have the right to terminate this Lease with respect to the Maintenance Deficient Apartments (or, if the Management Deficiency relates to the Common Areas or more than 50% of the Apartments subject to this Lease at the time of Tenant's notice, Tenant shall have the right to terminate this Lease with respect to all Apartments) by notice given to Landlord at any time within sixty (60) days after the expiration of the 45-day period referred to in clause (ii) and before the Management Deficiency is corrected. If Tenant terminates this Lease with respect to all or a number of the Apartments pursuant to the preceding sentence, the Basic Monthly Rent shall be apportioned between Landlord and Tenant as of the date on which the termination becomes effective, and, except as otherwise provided in Section 27.15, neither Landlord nor Tenant shall have any further liability or obligation to the other party under this Lease with respect to the Maintenance Deficient Apartments, except as expressly provided herein. Any dispute between Landlord and Tenant as to whether a Management Deficiency exists shall be submitted to arbitration pursuant to Section 24.1, and the Management Deficiency Cure Period shall not commence until the completion of any such arbitration proceeding.

ARTICLE IV
Rent

Section 4.1 Basic Monthly Rent.

(a) Amount of Basic Monthly Rent. The Basic Monthly Rent payable by Tenant hereunder shall be $5,000 for each two bedroom unit, $3,350 for each one-bedroom unit, and $2,900 for each studio unit subject to this Lease. There shall be a 2% compounded increase in the foregoing monthly rental amounts in each of the lease years 3 through 12.

The total Basic Monthly Rent shall be calculated from time to time based upon the per unit amount specified above applied to the number and mix of Apartments actually subject to this Lease at the time. For purposes of the foregoing, a month shall be a calendar month, except that the first month of the Term (and except with respect to subsection (b) below), shall be the first full calendar month plus the preceding partial calendar month, if any, of the Term, and the last month of the Term (if the term ends other than on the last date of a calendar month) shall be the last partial calendar month of the Term.

(b) Rent Credit. Tenant shall be given a credit against Basic Monthly Rent which shall be (i) two (2) full month's Basic Monthly Rent, in the aggregate, if the Lease Commencement Date occurs in any calendar month other than December, January, February or March , or (ii) three (3) full month's Basic Monthly Rent, in the aggregate, if the Lease Commencement Date occurs in any of the calendar months of December, January, February or March. Such credit shall apply, in the case of (i) above, in the first full calendar month of each of the first and second Lease Years, and in the case of (ii) above, in the first full calendar month of each of the first, second and third Lease Years.

(c) Payment of Basic Monthly Rent. Tenant shall pay the Basic Monthly Rent in advance on the Lease Commencement Date and on the first day of each month (or part of a month) during the Term.

(d) Form and Place of Payment. The Basic Monthly Rent shall be paid promptly when due, in lawful money of the United States, without notice or demand and without deduction, diminution, abatement, counterclaim or setoff of any amount for any reason whatsoever, except as otherwise provided in this Lease, to Landlord at Landlord's Notice Address or at such other address or to such other Person (including a successor to Landlord's interest in the Property) as Landlord may from time to time designate.

(e) Default Interest. If Tenant fails to pay the Basic Monthly Rent, or any other sum due under this Lease, on the dates such amounts are due, Tenant shall pay interest on the amount upon which it failed to pay at the Default Interest Rate, until paid in full.

Section 4.2 Accord and Satisfaction. No payment by Tenant or receipt by Landlord of any lesser amount than the amount stipulated to be paid hereunder shall be deemed other than on account of the earliest stipulated Basic Monthly Rent or Additional Charges nor shall any endorsement or statement on any check or letter be deemed an accord and satisfaction, and Landlord may accept any check or payment without prejudice to Landlord's right to recover the balance due or to pursue any other remedy available to Landlord.

ARTICLE V
Common Areas

Section 5.1 Maintenance of, and Changes in, Common Areas. Landlord, at its sole cost and expense, shall operate, manage, equip, light, repair and maintain, or cause to be operated, managed, equipped, lighted, repaired and maintained, the Common Areas for their intended purposes in a manner consistent with comparable facilities in Luxury Apartment Buildings. Among other duties, Landlord shall be responsible for (i) exterior maintenance, (ii) snow and ice removal and salting and sanding of all sidewalks, walkways and driveways, and (iii) otherwise keeping the Common Areas maintained in a neat, clean and attractive condition.

Section 5.2 Use of Common Areas. Tenant and Tenant's Associates shall have the

non-exclusive right, in common with Landlord, and other occupants of the Building, if any, but subject to the Rules and Regulations, to use the Common Areas for their intended purposes. Landlord reserves the right, at any time and from time to time, to close temporarily all or any portion of the Common Areas when in Landlord's reasonable judgment any such closing is necessary or desirable (i) to make repairs or changes or to effect construction within the Common Areas, and (ii) to protect or preserve persons or property, but Tenant and Tenant's Associates shall have access to the Building 24 hours a day, seven days a week. Landlord shall exercise due diligence in reopening as soon as possible all portions of the Common Areas temporarily closed pursuant to the preceding sentence. Except in the case of emergency, Landlord shall give reasonable advance notice (but not less than 24 hours) to Tenant and Tenant's Associates of any contemplated closing of the Common Areas and in such notice shall include an estimate of the time during which the Common Areas will be closed.

ARTICLE VI
Services and Utilities

Section 6.1 Building Services and Utilities. Throughout the Term, Landlord agrees to operate and maintain the Building as a Luxury Apartment Building and will furnish, or cause to be furnished, subject to Unavoidable Delays and Legal Requirements, the following services and utilities:

(a) Electricity in accordance with the capacity of the electrical conductors and equipment in the Building;

(b) Hot and cold running water in the kitchen and bathroom(s) in each Apartment;

(c) Natural gas in the kitchen in each Apartment;

(d) Refuse collection;

(e) Locally controlled or central heating, ventilating and air-conditioning for the Apartments;

(f) Automatically operated Building elevator service 24 hours a day, seven days a week;

(g) A Fitness Facility which need not have an attendant present;

(h) Secured access system for the Building, including a doorman on a 24 hour basis and security camera monitoring;

(i) Exterminating service for the Apartments and the Building;

(j) Wiring of each Apartment for two separate telephone lines;

(k) A Business Center which will not have an attendant present; and

(l) Separate wiring of each Apartment for cable television service and high speed Internet access.

Section 6.2 Utilities. Landlord shall not be liable in any way to Tenant or its subtenants for any failure or defect in the supply or character of electrical energy or other utilities furnished to the Building by reason of any requirement, act or omission of the public utility serving the Building.

Section 6.3 Landlord's Right to Maintain Pipes, Conduits, Etc. Landlord reserves the right to maintain and repair pipes, ducts, conduits, cables, plumbing, vents and wires in, to and through the Apartments as and to the extent that Landlord reasonably deems to be necessary or appropriate for the proper operation and maintenance of the Building, and the right at all times to transmit water, heat, air-conditioning and electric current through such pipes, conduits, cables, plumbing, vents and wires, but Landlord's exercise of its rights under this Section shall not result in a material reduction of the space available for use by Tenant in riser closets. Landlord further reserves the right to exclusive control of the roof area of the Building, provided that Landlord's use thereof shall not interfere with the use and enjoyment by Tenant and Tenant's Associates of the Apartments.

Section 6.4 Payment of Utilities. Landlord, at its sole cost and expense, shall pay directly to the applicable utility company or service provider the cost of electricity and gas for the Building (except to the extent electricity and gas, or either of them, are separately metered for each Apartment) and the cost of water, sewer, refuse collection and all other utilities provided for the Building. Tenant, at its sole cost and expense, shall pay directly to the applicable utility company or service provider the cost of telephone and cable television service and high speed Internet access for each Apartment and the cost of separately-metered electricity and gas for each Apartment. Landlord and Tenant acknowledge that the Plans and Specifications shall provide for high speed Internet Access which is comparable to that contained in Luxury Apartment Buildings as of the date the Plans and Specifications are approved. Landlord shall have no obligation to upgrade such high speed Internet Access during the term of this Lease.

Section 6.5 Abatement of Monthly Basic Rent. If, because of Landlord's failure to provide any of the services described in Section 6.1, one or more of the Apartments (each, a "**Service Deficient Apartment**") becomes untenantable and shall not, in fact, be used by Tenant or Tenant's Associates for residential purposes for a continuous period of five (5) Business Days following notice from Tenant to Landlord, Tenant shall be entitled to an abatement of the Basic Monthly Rent for each Service Deficient Apartment for the period of time, beginning on the first Business Day after the day on which the Service Deficient Apartment becomes untenantable until such time as such Apartment is no longer untenantable. For purposes of this Section, an Apartment shall be deemed to be "untenantable" if, because of a Service Deficiency, Tenant or Tenant's Associates are unable to use the Apartment (or Tenant is unable to lease the Apartment)

for residential purposes, and such Apartment is in fact not used by Tenant or Tenant's Associates.

Section 6.6 Termination of Lease. Subject to the provisions of Articles 13 and 14, if, pursuant to Section 6.5, Tenant is entitled to an abatement of the Basic Monthly Rent for one or more Service Deficient Apartments for a continuous period of more than 45 days following notice from Tenant to Landlord, Tenant shall have the right to terminate this Lease with respect to the Service Deficient Apartments (or, if the Service Deficient Apartments represent more than 50% of the Apartments subject to this Lease at the time Tenant first becomes entitled to such abatement, Tenant shall have the right to terminate this Lease) by notice given to Landlord , provided such Service Deficient Apartment(s) remains untenantable for a period of three (3) additional days following delivery of such notice to Landlord. If Tenant terminates this Lease with respect to all or a number of the Apartments pursuant to the preceding sentence, the Basic Monthly Rent for the Service Deficient Apartments (or all Apartments, if applicable) shall be apportioned between Landlord and Tenant as of the date on which the abatement becomes effective, and, except as otherwise provided in Section 27.15, neither Landlord nor Tenant shall have any further liability or obligation to the other party under this Lease with respect to the Service Deficient Apartments (or all Apartments, if applicable).

Any dispute pursuant to this Section shall be resolved by arbitration pursuant to Article 24.1.

ARTICLE VII
Use of, and Access to Apartments

Section 7.1 Permitted Use. Tenant shall have the right to use and operate the Apartments for the purpose of providing apartments to subtenants for periods of not less than 30 days. Tenant's Associates shall have the right to use the Apartments for residential purposes.

Section 7.2 Access to Apartments. Landlord shall provide access for Tenant and Tenant's Associates to the Apartments 24 hours per day, seven days a week.

Section 7.3 Payment of Taxes. Throughout the Term, Tenant covenants and agrees to pay before delinquency any and all taxes, assessments and public charges levied, assessed or imposed upon Tenant's Personal Property. Throughout the Term, Landlord covenants and agrees to pay before delinquency any and all taxes, assessments and public charges levied, assessed or imposed on the Building or the Land, or both.

Section 7.4 Rules and Regulations. Tenant shall, and shall use commercially reasonable efforts to cause Tenant's Associates to, comply with and observe all reasonable rules and regulations concerning the use, management, operation, safety and good order of the Apartments and the Building which may from time to time be promulgated by Landlord, provided that such rules and regulations are not inconsistent with the provisions of this Lease and do not unreasonably and materially interfere with Tenant's and Tenant's Associates' use of the

Apartments and the Common Areas and that Tenant receives a copy of such rules and regulations. Tenant shall be responsible for the payment of any customary charges for additional services requested by Tenant or Tenant's Associates which are included within the Rules and Regulations. Tenant shall be deemed to have received notice of the Rules and Regulations and any amendment thereof when a copy thereof has been delivered to Tenant in the manner prescribed for the giving of notices. If Tenant disputes the reasonableness of any additional rule or regulation hereafter made or adopted by Landlord, the parties agree to submit the question of the reasonableness of such rule or regulation to arbitration pursuant to Section 24.1. If there is a conflict between the Rules and Regulations and the provisions of this Lease, the provisions of this Lease shall control.

ARTICLE VIII
Care of Building

Section 8.1 Maintenance and Repairs by Tenant. Tenant shall, and shall cause Tenant's Associates to, act with care in its use and occupancy of the Apartments and the Fixtures and Appliances therein. Tenant, at its sole cost and expense, shall (i) except as otherwise provided in Section 11.8, make all repairs and replacements to the Apartments, including repairs to Fixtures and Appliances or Unit Property and Furnishings necessitated or caused by the willful or negligent acts or omissions of Tenant or Tenant's Associates, but not including ordinary wear and tear, (ii) perform all cleaning and provide maid service for the Apartments, excluding (unless caused by the negligent acts of Tenant or Tenant's Associates) maintenance, repairs or replacements of carpeting or other floor coverings in the Apartments, and (iii) repair all damage to the Improvements caused by negligent acts of Tenant.

Section 8.2 Landlord's Responsibility for Maintenance and Repairs. Except for the repairs to be made by Tenant pursuant to Section 8.1, Landlord, at its sole cost and expense, shall manage, operate and maintain the Building as a Luxury Apartment Building, shall cause the Building to be maintained in first-class condition in all material respects in compliance with applicable Legal Requirements and shall make all other repairs and replacements to the Building and the Apartments, including, as and when necessary: (i) structural repairs to the Building; (ii) repairs required in order to provide the elevator, plumbing, electrical, HVAC and other services to be furnished by Landlord pursuant to this Lease; (iii) maintenance and repairs to exterior portions of the Building, including the windows, and the roof; (iv) maintenance and repairs (including all necessary replacements) to the Common Areas and as required to provide the Building Amenities; (v) maintenance and repairs (including all necessary replacements) of carpeting and other floor coverings in the Apartments and the Common Areas, (vi) furnishing and replacing of electric bulbs and fluorescent tubes in all ceiling light fixtures in the Common Areas, and (vii) maintenance and repairs (including all necessary replacements) of the Fixtures and Appliances in each Apartment. Except for normal and routine preventive maintenance work, Landlord's obligations under this Section shall not accrue with respect to items of maintenance and repair not readily apparent from a routine inspection of the Building until after notice by Tenant to Landlord of the necessity for any specific repair. Landlord shall perform its obligations under this Section in accordance with accepted construction practices so as to minimize interference with Tenant's and Tenant's subtenant's occupancy of the Apartments.

Section 8.3 Repainting, Replacements, Etc. Landlord, at its sole cost and expense, shall cause the following items to be done at the intervals indicated below following the Lease Commencement Date, or more frequently if reasonably needed to maintain the condition and quality of the Property as required under Section 8.2:

(a) repainting of Apartments and Common Areas every three (3) years;

(b) replacement of carpeting, if any, in the Apartments and Common Areas every five (5) years;

(c) replacement of the Unit Furniture and Unit Amenities every five (5) years; and

(d) replacement of other components of Unit Property and Furnishings as reasonably needed.

As part of the property to be replaced under (c) above, Landlord shall have replaced, during each of the periods comprised of Lease Years 1 through 5, Lease Years 6 through 10 and Lease Years 11 through 15 (the "Five Year Periods"), all Unit Furniture and Unit Amenities in the Apartments. In connection with the replacement program described above, Landlord shall expend the following amounts ("Replacement Amounts") for such purposes during each of the Five Year Periods:

First Five Year Period - $5000 per Apartment.

Second and Third Five Year Periods – The Adjusted Amount per Apartment.

For purposes of the foregoing (a) "Adjusted Amount" shall mean the higher of (i) the Replacement Amount applicable during the next prior Five Year Period, or (ii) an amount computed by multiplying $5000 by a fraction, the numerator of which shall be the Price Index for the last calendar month of the fifth Lease Year (in the case of the Second Five Year Period) or the last calendar month of the tenth Lease Year (in the case of the Third Five Year Period), as applicable, and the denominator of which shall be the Base Price Index,(b) "Price Index" shall mean the Consumer Price Index for Urban Wage Earners and Clerical Workers (base reference: 1982-84+100) issued monthly by the Bureau of Labor Statistics of the United States Department of Labor, All Cities, or any successor index appropriately adjusted, and (c) "Base Price Index" shall mean the Price Index published for the nearest calendar month prior to the calendar month in which the Lease Commencement Date shall occur.

The replacement program described above shall be carried out in conformity with schedules, budgets and specifications as shall be agreed upon by Landlord and Tenant. Landlord shall provide Tenant, in such detail as Tenant shall reasonably request, appropriate evidence of the expenditure of the Replacement Amounts from time to time. In the event that Landlord shall have expended less than the required Replacement Amounts for any Five Year Period, Tenant

shall receive either (i) a credit against Base Monthly Rent in the amount of such deficiency applicable against the first Basic Monthly Rent coming due after the end of the First or Second Five Year Period, or (ii) if such deficiency related to the Third Five Year Period, a direct cash payment in the amount of such deficiency.

Nothing contained herein shall require Landlord to expend more than the Replacement Amounts set forth herein with respect to the Unit Furniture and Unit Amenities.

Section 8.4 Maintenance Staff. Landlord shall require at least one qualified maintenance staff person to be in the Building and available 24 hours per day for service calls to the Apartments.

Section 8.5 Fire, Casualty and Taking. If the Apartments are damaged by fire or other casualty or a Taking, the provisions of Article XIII or Article XIV, and not this Article, shall govern the repair of the damage.

ARTICLE IX
Alterations; Tenant's Personal Property

Section 9.1 Tenant's Alterations. Tenant shall not make or perform, or permit the making or performance of, any alterations, installations, improvements, additions, renovations or physical changes to the Apartments or any of them without Landlord's prior written consent. Tenant and Tenant's Associates must obtain Landlord's prior written consent to install any paneling, flooring, "built-in" decorations, partitions, railings or make non-structural alterations or to wallpaper any Apartment. If consent is given to any alteration, it shall become the property of Landlord when completed and paid for, and shall remain with and be a part of the Apartment at the end of the Term.

Section 9.2 Removal of Tenant's Personal Property. All of Tenant's Personal Property shall remain the property of Tenant and may, at its expense, be removed from the Apartments at any time during the Term. Tenant shall, at its expense, remove all of Tenant's Personal Property at the expiration of the Term. Tenant shall repair all damage to the Apartments and the Building caused by the removal of Tenant's Personal Property to the condition they were in before the installation of the item removed, reasonable wear and tear and damage by fire or other casualty excepted. Any of Tenant's Personal Property which is not removed from the Apartments at the expiration of the Term shall be deemed to have been abandoned by Tenant and may be disposed of by Landlord without thereby incurring liability to Tenant. Anything to the contrary herein notwithstanding, all Unit Property and Furnishings shall remain the property of Landlord.

Section 9.3 Mechanic's Lien. If a Mechanic's Lien is filed for Tenant's or Tenant's Associates' failure to pay for alterations or installations, Tenant must immediately pay or bond the amount stated in the lien. Landlord may pay or bond the lien immediately if Tenant fails to do so within twenty (20) days after Tenant is given notice of the lien. Landlord's reasonable costs shall be Additional Charges.

Section 9.4 Care of Unit Property and Furnishings. Tenant and Tenant's Associates must take reasonable care of the Apartments and the Unit Property and Furnishings allocated to each Apartment. Tenant must, at Tenant's cost, make all repairs and replacements to such Unit Property and Furnishings whenever the need results from the willful acts or negligence of Tenant or Tenant's Associates as distinguished from ordinary wear and tear. If Tenant fails to make such repair or replacement, Landlord may do so after providing written notice thereof to Tenant and the cost incurred by Landlord shall be Additional Charges.

Tenant shall comply, and shall cause Tenant's Associates to comply, with all laws, orders, rules, requests, and directions of all governmental authorities, board of fire underwriters or similar groups relating to the use of the Apartments. Notices received by Tenant from any such authority or group must be promptly delivered to Landlord. In the event that Tenant or Tenant's Associates shall do anything in violation of the Rules and Regulations which results in an increase in Landlord's insurance premiums, such increase shall be deemed Additional Charges.

ARTICLE X
Name of Building; Tenant's Signs

Section 10.1 Name. Landlord shall cause the Building to be given a name, subject to Tenant's approval and shall not change such name without Tenant's prior written consent. Tenant agrees not unreasonably to withhold or delay its consent to a change in the name of the Building, but Tenant shall have the right to condition its consent to a change in name on Landlord's agreement to reimburse Tenant for all reasonable costs and expenses incurred by Tenant as a direct result of such change of name.

Section 10.2 Signs. Throughout the Term, Landlord shall permit Tenant, at Tenant's expense, to install and maintain, subject to Legal Requirements, a suitable sign on the exterior of the Building, incorporating Tenant's name and logo. Landlord shall also permit Tenant to install interior signs within the Building. The location(s), size, color, shape, illumination and style of Tenant's sign(s), and the manner of attachment of Tenant's exterior sign(s) to the Building, shall be subject to Landlord's approval, but Landlord agrees that it will not unreasonably withhold, delay or condition its approval. Any change in the location(s), size, color, shape, illumination, style or manner of attachment of Tenant's sign(s) shall be subject to Landlord's approval, such approval not to be unreasonably withheld, delayed or conditioned. Tenant shall be required, at Tenant's sole cost, to obtain any permits required with respect to the foregoing signs.

ARTICLE XI
Insurance

Section 11.1 Landlord's Property Damage Insurance. Landlord, at its cost and expense, shall obtain and maintain throughout the Term the following policies of property damage insurance:

(a) all risk or Special Form insurance on the Building, with a replacement cost endorsement, in an amount not less than 90% of the full replacement cost of the Building exclusive of the cost of foundations, excavations, and footings below grade, and without any deduction being made for depreciation; and

(b) such other policies of insurance and in such amounts as may from time to time be reasonably required by Landlord or a first Mortgagee covering other insurable perils which at the time are customarily insured against in the case of comparable buildings in New York City, due regard being, or to be, given to the height and type of building, and its construction, use and occupancy, but this Section shall not be deemed to require Landlord to carry insurance against earthquake or flood.

Landlord shall not be required to carry insurance of any kind on Tenant's Personal Property, and shall not be obligated to repair or replace that property should damage occur.

Section 11.2 Landlord's Liability. Landlord, at Landlord's cost and expense, shall obtain and maintain in effect throughout the Term a policy or policies of Commercial General Liability Insurance (ISO form or equivalent) naming Landlord as the insured and Tenant and the Additional Insureds, as additional insureds, protecting Landlord, Tenant and the Additional Insureds against liability for bodily injury, death and property damage occurring upon or in the Building (excluding the Apartments) with such policy to afford protection to the limit of not less than $10,000,000 combined single limit annual aggregate for bodily injury, death and property damage.

Section 11.3 Tenant's Property Damage Insurance. Tenant, at its sole cost and expense, shall obtain and maintain in effect throughout the Term a policy or policies of all risk or Special Form insurance on Tenant's Personal Property, in an amount not less than 90% of the full replacement cost of Tenant's Personal Property, without deduction being made for depreciation.

Section 11.4 Tenant's Liability Insurance. Tenant, at its sole cost and expense, shall obtain and maintain in effect throughout the Term a policy or policies of Commercial General Liability Insurance (ISO form or equivalent) naming Tenant as the insured and Landlord and the Additional Insureds, as additional insureds, protecting Landlord, Tenant and the Additional Insureds, against liability for bodily injury, death and property damage occurring upon or in the Apartments, with such policy to afford protection to the limit of not less than $10,000,000 combined single limit annual aggregate for bodily injury, death and property damage.

Section 11.5 Policy Requirements. The insurance policies required by this Article to be obtained by Landlord and Tenant shall be issued by insurance companies of recognized responsibility licensed to do business in the jurisdiction in which the Building is located which are rated A or better (and are in a Financial Size Category of Class VIII or higher) by Best's Key Rating Guide or which have an equivalent financial rating from a comparable insurance rating organization. All policies of liability insurance required by this Article shall be issued on an "occurrence" basis and shall be written as primary policy coverage. Neither the issuance of any

insurance policy required under this Lease nor the minimum limits of liability specified in this Lease shall be deemed to limit or restrict in any way the insuring party's liability under this Lease.

Section 11.6 Evidence of Insurance. With respect to each liability insurance policy required by Section 11.2 and Section 11.4 to be obtained by Landlord or Tenant (the "***Insuring Party***"), on or before the Lease Commencement Date, and prior to the expiration of the expiring certificate previously furnished, the Insuring Party shall deliver to the other party a certificate of insurance therefor (Acord 27-S or equivalent). Each liability insurance policy required to be carried hereunder by or on behalf of the Insuring Party shall provide (and any certificate evidencing the existence of each such liability insurance policy shall certify) that such insurance policy shall not be canceled or materially reduced in coverage unless the other party shall have received at least 30 days' prior written notice of such cancellation or reduction in coverage.

Section 11.7 Blanket Policy. Landlord and Tenant shall each have the right to comply with and to satisfy its obligations under this Article by means of any so-called blanket policy or policies of insurance covering this and other liabilities and locations of Landlord or Tenant and their respective Affiliates, provided that (i) Landlord's and Tenant's policy or policies of property damage insurance by the terms thereof shall allocate to the Building and Tenant's Personal Property, as the case may be, an amount not less than the amount of insurance required to be carried pursuant to Section 11.2 or Section 11.4, so that the proceeds from such insurance shall not be less than the amount of proceeds that would be available if Landlord or Tenant were insured under a unitary policy, and (ii) the policy or policies of liability insurance shall include a provision to the effect that the aggregate limit of $10,000,000 shall apply per location.

Section 11.8 Mutual Releases. Landlord and Tenant (each, a "***Waiving Party***") each hereby waives and releases all rights of recovery against the other party and the other party's agents and employees and, in the case of Tenant, Tenant's Associates (the "***Released Parties***") on account of loss or damage to the property of the Waiving Party to the extent that such loss or damage is required to be insured against under any property damage insurance policies required by this Lease. By this waiver it is the intent of the parties that the Released Parties shall not be liable to the Waiving Party or any insurance company (by way of subrogation or otherwise) insuring the Waiving Party for any loss or damage insured against (or that could have been insured against) under any property damage insurance policies required by this Article, even though such loss or damage might be caused by the negligence of one or more of the Released Parties.

Section 11.9 Waiver of Consequential Damages. Landlord and Tenant (the "***Waiving Party***") each hereby waives and releases all rights of recovery against the other and the other's employees and agents and, in the case of Tenant, Tenant's Associates, for consequential damages, including loss of income or profits, arising out of loss or damage to the property of the Waiving Party, even though such loss or damage might be occasioned by the negligence of the other party, or its agents or employees.

Section 11.10 Waiver of Subrogation. Landlord and Tenant shall each include in each of

its property damage insurance policies, including Landlord's policies of rental income insurance and Tenant's policies of rental income or business interruption insurance, if any, a waiver of the insurer's right of subrogation against the other party and the officers, directors, agents and employees of, and the partners in, the other party (and, in the case of Tenant, Tenant's Associates), or, if such waiver at any time becomes unobtainable (i) an express agreement that such policy shall not be invalidated if the insured waives or has waived before the loss the right of recovery against any party responsible for an insured casualty, or (ii) any other form of permission for the release of such responsible party, provided such waiver, agreement or permission is obtainable under normal commercial insurance practice at the time. If such waiver, agreement or permission is not, or ceases to be, obtainable without additional charge (other than a nominal administrative charge) or at all, the insuring party shall so notify the other party promptly after notice thereof. If the other party agrees in writing to pay the insurer's additional charge therefor, such waiver, agreement or permission shall (if obtainable) be included in the policy. Landlord and Tenant hereby acknowledge that such waiver is obtainable under normal commercial insurance practice on the date of this Lease at no additional charge (other than a nominal administrative charge).

Section 11.11 Worker's Compensation Insurance. Landlord, at its cost and expense, shall obtain and maintain throughout the Term worker's compensation and employer's liability insurance in the amounts required by applicable law covering all of Landlord's employees at the Property. Tenant, at its cost and expense, shall obtain and maintain throughout the Term worker's compensation and employer's liability insurance in the amounts required by applicable law covering all of Tenant's employees at the Property.

ARTICLE XII
Indemnification

Section 12.1 Tenant to Indemnify Landlord. Except as otherwise provided in this Section, Tenant agrees, to the fullest extent permitted by law, to indemnify, hold harmless and defend Landlord, Landlord's Mortgagee and Landlord's managing agent, if any, and the officers, directors, agents and employees of, and the members in, Landlord, Landlord's Mortgagee and Landlord's managing agent (collectively, "***Landlord's Indemnified Persons***"), from and against any and all claims, losses, actions, damages, liabilities and expenses (including reasonable attorneys' fees and disbursements) that (i) arise from or are in connection with Tenant's or Tenant's Associates' possession, use, occupancy, management, repair, maintenance or control of all or any part of the Building or the Apartments, (ii) arise from or are in connection with any willful or negligent act or omission of Tenant or Tenant's Associates in the Apartments or the Building, (iii) arise from injury or death to individuals or damage to property sustained within the Building or the Apartments, or (iv) arise from or are in connection with any default by Tenant in performing its obligations under this Lease. Landlord may, at its option, require Tenant to assume Landlord's defense in any action covered by this Section through counsel reasonably satisfactory to Landlord. Tenant shall not be obligated to indemnify Landlord's Indemnified Persons against loss, liability, damage, cost or expense arising out of a claim for which Tenant is released from liability pursuant to Section 11.8 or a claim arising out of the willful or negligent acts or omissions (where applicable law or this Lease imposes a duty to act) of Landlord or its agents, employees or contractors.

Section 12.2 Landlord to Indemnify Tenant. Except as otherwise provided in this Section, Landlord agrees, to the fullest extent permitted by law, to indemnify, hold harmless and defend Tenant, and the officers, directors, agents and employees of, and the members in, Tenant (collectively, "***Tenant's Indemnified Persons***"), from and against any and all claims, losses, actions, damages, liabilities and expenses (including reasonable attorneys' fees and disbursements) that (i) arise from or are in connection with Landlord's possession, use, occupancy, management, repair, maintenance or control of all or any part of the Building (exclusive of the Apartments), the making or removal of alterations or improvements to the Building and the performance of all related construction work or that relate in any manner to Landlord's use of or control over the Building (exclusive of the Apartments), (ii) arise from or are in connection with any willful or negligent act or omission of Landlord in the Apartments or in or on the Property, (iii) arise from injury or death to individuals or damage to property sustained on or about the Common Areas, or (iv) arise from or are in connection with any default by Landlord in performing its obligations under this Lease. Landlord shall not be obligated to indemnify Tenant's Indemnified Persons against loss, liability, damage, cost or expense arising out of a claim for which Landlord is released from liability pursuant to Section 11.8 or a claim arising out of the willful or negligent acts or omissions (where applicable law or this Lease imposes a duty to act) of Tenant or its agents, employees or contractors, or Tenant's Associates.

ARTICLE XIII
Damage by Fire or Other Casualty

Section 13.1 Repair of Damage. If the Apartments (including the Fixtures and Appliances therein), or any part thereof, shall be damaged by fire or other casualty, Tenant shall give prompt notice thereof to Landlord. Landlord, upon learning of the occurrence of the fire or other casualty, whether to the Apartments or the Property, shall proceed promptly and with reasonable diligence, subject to Unavoidable Delays, to repair, or cause to be repaired, such damage, but not damage to Tenant's Personal Property, in a manner reasonably designed to minimize interference with the occupancy of the Apartments by Tenant or Tenant's Associates.

Section 13.2 Abatement of Basic Monthly Rent and Additional Charges. If any Apartment shall be rendered untenantable by reason of damage caused by a fire or other casualty, and shall not in fact be used by Tenant or Tenant's Associates for residential purposes, the Basic Monthly Rent for such Apartment shall be abated for the period from the date of such damage to the date when the damage which Landlord is obligated to repair has been repaired or the date on which this Lease is terminated pursuant to Section 13.3 or Section 13.4. If Tenant or Tenant's Associates reoccupy an Apartment for residential purposes during the period of repair, the Basic Monthly Rent for such Apartment shall be payable by Tenant from the date of such occupancy. For purposes of this Section, an Apartment shall be deemed to be "untenantable" if, because of the fire or other casualty, Tenant or Tenant's Associates are unable to use the Apartment (or Tenant is unable to lease the Apartment) for residential purposes.

Section 13.3 Termination of Lease by Landlord. If (i) as a result of fire or other casualty more than one-half (1/2) of the Apartments are rendered untenantable or (ii) the fire or other casualty occurs during the last two Lease Years of the Term, Landlord within 90 days from the date of such fire or casualty may terminate this Lease by notice to Tenant, specifying a date, not less than 20 nor more than 40 days after the giving of such notice, on which the Term shall expire as fully and completely as if such date were the date herein originally fixed for the expiration of the Term. If Landlord terminates this Lease pursuant to this Section, the Basic Monthly Rent shall be apportioned as of the date of such termination, subject to any abatement provided for in Section 13.2. Any dispute between Landlord and Tenant concerning the number of residential apartment units in the Building rendered untenable shall be submitted to arbitration pursuant to Section 24.1. If Landlord does not terminate this Lease, Landlord shall proceed promptly and with reasonable diligence to repair the damage to the Property (but not the damage to Tenant's Personal Property, if any shall have occurred), and the Basic Monthly Rent for each Apartment shall meanwhile be apportioned and abated all as provided in Section 13.2.

Section 13.4 Termination of Lease by Tenant. If (i) a fire or other casualty causes physical damage to the Building (whether or not such physical damage occurs in the Apartments), and (ii) as a result of such fire or other casualty more than one-half (1/2) of the Apartments are rendered untenantable, and (iii) Landlord notifies Tenant, within 30 days after the occurrence of the fire or other casualty, that Landlord will be unable to repair the damage to the Building to the condition required by Section 13.6 within 210 days after the occurrence of the fire or other casualty, Tenant, within 20 days from the date of receipt of Landlord's notice, may

terminate this Lease by notice to Landlord, specifying a date, not less than 20 nor more than 40 days after the giving of such notice, on which the Term shall expire as fully and completely as if such date were the date herein originally fixed for the expiration of the Term. If, at any time after the occurrence of the fire or other casualty, Landlord determines that the actual time required to repair the damage to the Building will exceed 210 days from the date of the fire or other casualty, Landlord shall promptly so notify Tenant and, in such notice, such inform Tenant of the time period that will be required by Landlord to repair the damage. Tenant may, within 30 days after receipt of Landlord's notice, terminate this Lease by notice to Landlord, specifying a date, not less than 10 days nor more than 30 days after the giving of such notice, on which the Term shall expire as fully and completely as if such date were the date herein originally fixed for the expiration if the Term. If Tenant fails timely to elect to terminate this Lease pursuant to the preceding sentence, this Lease shall remain in full force and effect. If Landlord fails to substantially complete the repairs to the Apartments by the later of (i) 210 days after the occurrence of the fire or other casualty, or (ii) the most recent estimated repair completion date provided by Landlord to Tenant, then Tenant may, at any time thereafter, but prior to the completion of the repairs, deliver a notice (**"Termination Notice"**) to Landlord electing to terminate this Lease effective as of the date thirty (30) days after the delivery of the Termination Notice. If Landlord shall fail to substantially complete the repairs to the Apartments by the date which is thirty (30) days after Landlord's receipt of the Termination Notice, this Lease shall terminate as of the date which is thirty (30) days after the receipt of the Termination Notice, and, the Basic Monthly Rent for each Apartment shall be apportioned as of the date of such termination, subject to any abatement provided for in Section 13.2. Any dispute between Landlord and Tenant concerning the part of the Building rendered untenantable or whether Landlord will be able to repair the damage to the Building within 210 days shall be submitted to arbitration pursuant to Section 24.1. If Tenant does not terminate this Lease, Landlord shall proceed promptly and with reasonable diligence to repair the damage to the Building (but not the damage to Tenant's Personal Property, if any shall have occurred), and the Basic Monthly Rent shall meanwhile be apportioned and abated all as provided in Section 13.2.

Section 13.5 Insurance Proceeds The proceeds payable under all property damage insurance policies maintained by Landlord on the Property shall belong to and be the property of Landlord, and Tenant shall not have any interest in such proceeds. Tenant agrees to look solely to its own property damage insurance policies, if any, in the event of damage to Tenant's Personal Property.

Section 13.6 Limitation on Landlord's Duty to Repair. Landlord shall not be required to repair or replace any of Tenant's Personal Property, but Landlord's only obligation under Section 13.1 shall be to repair or replace damage to the Property, including the Fixtures and Appliances in each Leased Apartment, to the condition it was in immediately before the occurrence of the fire or other casualty and, as long as Landlord acts with reasonable diligence, no damages or compensation shall be payable by Landlord for inconvenience, loss of business or annoyance arising from any damage to or repair or restoration of any portion of the Property.

ARTICLE XIV
Condemnation

Section 14.1 Effect of Taking. In the event of a Taking of the Building, this Lease shall terminate as of the date of such Taking. In the event of a Taking or one or more, but less than all, of the Apartments, this Lease shall terminate as of the date of such Taking with respect to the Apartments affected by the Taking, but, except as otherwise provided in this Section, this Lease shall continue in force and effect with respect to the remaining Apartments, but from and after the date of the Taking the Basic Monthly Rent for the affected Apartments shall be apportioned as of the date of the Taking. If a part of the Building shall be taken, and if the part of the Building so taken contains more than one-half (1/2) of the residential apartment units in the Building immediately before such Taking, Landlord, at Landlord's option, may give to Tenant within 60 days after the date upon which Landlord shall have received notice of the Taking, a notice of termination of this Lease. If a part of the Property shall be taken, and if (x) the part of the Property so taken contains more than one-half (1/2) of the Apartments, (y) by reason of such Taking all or substantially all of the Apartments become untenantable (within the meaning of Section 13.2), or (z) by reason of the Taking Tenant or Tenant's Associates are unable to use all or any substantial part of the Building Amenities, then, in any such event, Tenant, at Tenant's option, may give to Landlord within 60 days after the date upon which Tenant shall have received notice of such Taking, a notice of termination of this Lease. If a notice of termination is given by Landlord or Tenant, this Lease shall terminate on the date on which title to the part of the Property (or the part thereof taken) vests in the condemning authority. If this Lease is terminated pursuant to the foregoing provisions of this Section, then, to the extent permitted by applicable law and such Taking, Tenant shall have access to the Apartments in order to remove Tenant's Personal Property, but not to exceed 30 days. If a Taking occurs which does not result in the termination of this Lease, Landlord shall proceed promptly and with reasonable diligence to repair, alter and restore the remaining portions of the Property, including the Fixtures and Appliances in each Apartment, to their former condition to the extent that the same may be feasible.

Section 14.2 Award. Landlord shall have the exclusive right to receive any and all awards made with respect to the Property accruing by reason of a Taking or by reason of anything lawfully done in pursuance of public or other authority. Tenant hereby releases and assigns to Landlord all of Tenant's rights to such awards and covenants to deliver such further assignments and assurances thereof as Landlord may from time to time request. Tenant shall not have the right to claim any award for the value of the Leasehold Estate, but Tenant shall have the right to make its own claim against the condemning authority for a separate award for the value of any of Tenant's Personal Property, for moving and relocation expenses, as may be allowed by law which do not constitute part of the compensation for the Property.

ARTICLE XV
Assignment and Subletting

Section 15.1 Assignment and Subletting Prohibited. Except as otherwise provided in Section 15.2 and Section 15.3, Tenant shall not mortgage, pledge, encumber, sell, assign, sublease or transfer this Lease or the Leasehold Estate, in whole or in part, by operation of law or otherwise, without Landlord's prior written consent. Landlord shall not unreasonably withhold, delay or condition its consent to an assignment of this Lease. In connection with any request by Tenant for such consent to assign, Tenant shall submit to Landlord, in writing, at least 30 days before the proposed effective date, a statement containing the name of the proposed assignee and such information as to its financial responsibility and standing as Landlord may reasonably request, including the instruments referred to in clause (i) of Section 15.5. Any attempted transfer, assignment, mortgaging or encumbering of this Lease or the Leasehold Estate in violation of the provisions of this Section shall be void and confer no rights upon any Person. No permitted assignment shall relieve Tenant of any of its obligations under this Lease, including the obligation of the Tenant to obtain Landlord's consent to any further assignment of this Lease or the Leasehold Estate.

Section 15.2 Permitted Assignments. Unless an Event of Default has occurred and is continuing, Tenant shall have the privilege, without the consent of Landlord but subject to the requirements of Section 15.5, to assign the Leasehold Estate to any Person (a "***Permitted Assignee***") who is either an Affiliate of Tenant or who (i) acquires all, or substantially all, of Tenant's assets, either by merger, consolidation or otherwise, and (ii) has a Net Worth immediately after the assignment which is at least as great as the Net Worth of Tenant immediately before the assignment.

Section 15.3 Subletting. Tenant shall have the privilege, without the consent of Landlord, to sublet each Apartment for short-term use, i.e., for a period of not less than 30 days, for residential occupancy to Tenant's Associates. Each sublease entered into between Tenant and a subtenant shall obligate the subtenant or other occupant(s) of the Apartment to comply with all of the terms and provisions of this Lease applicable to the occupancy of the residential unit by such subtenant or other occupant. Tenant's Associates shall not be permitted to further sublease any of the Apartments.

Section 15.4 Change of Control. If Tenant is a corporation, any transfer of any of Tenant's issued and outstanding capital stock or any issuance of additional capital stock, as a result of which the majority of the issued and outstanding capital stock of Tenant is held by a Person or Persons who do not hold all or a majority of the issued and outstanding capital stock of Tenant on the date of this Lease, in the case of the original Tenant named on page 1 of this Lease, or on the date on which Tenant acquires the Leasehold Estate, in the case of a direct or indirect assignee of the original Tenant, shall be deemed an assignment under Section 15.1; provided, however, that this sentence shall not apply to a corporation if all of the outstanding voting stock of such corporation is registered under Sections 12(b) or 12(g) of the Securities Exchange Act of 1934, as amended. If Tenant is a partnership or a limited liability company, any transfer of any partnership or ownership interest in the partnership or the limited liability

company or any other change in the composition of the partnership or the limited liability company which results in a change in the control of Tenant from the Person or Persons controlling the partnership or the limited liability company on the date on which Tenant acquires the Leasehold Estate, in the case of a direct or indirect assignee of the original Tenant, shall be deemed an assignment under Section 15.1.

Section 15.5 Documentation. No permitted assignment shall be valid unless, within 10 Business Days after the consummation thereof, Tenant shall deliver to Landlord (i) a duplicate original instrument of assignment in form reasonably satisfactory to Landlord, duly executed by Tenant, and (ii) an instrument in form and substance reasonably satisfactory to Landlord, duly executed by the assignee, in which such assignee shall agree to observe and perform, and to be personally bound by, all of the terms, covenants and conditions of this Lease on Tenant's part to be observed and performed, whether or not accruing before or after the date of such assignment and whether or not relating to matters arising before or after such assignment.

ARTICLE XVI
Default Provisions

Section 16.1 Events of Default. Each of the following events shall be deemed to be, and is referred to in this Lease as, an "***Event of Default***":

(a) A default by Tenant in paying the Basic Monthly Rent on the day such payment is due and payable which continues for more than five days after Landlord shall have given Tenant a written notice specifying such default;

(b) If, within any period of 12 consecutive months, Landlord shall have given two written notices of default to Tenant pursuant to Section 16.1(a), a further default by Tenant, within the 12-month period after the giving of the second such notice, in paying the Basic Monthly Rent on the date such payment is due and payable which continues for more than five days; or

(c) The neglect or failure of Tenant to perform or observe any of the terms, covenants or conditions contained in this Lease on Tenant's part to be performed or observed (other than those referred to in Section 16.1(a), Section 16.1(d) and Section 16.1(e)) which is not remedied by Tenant (i) within 30 days after Landlord shall have given to Tenant notice specifying such neglect or failure, or (ii) in the case of any such neglect or failure which is capable of being cured, but which cannot with due diligence and in good faith be cured within 30 days, within such additional period, if any, as may be reasonably required to cure such default with due diligence and in good faith provided that Tenant commences the curing of the same within the 30-day period (it being intended that, in connection with any such default which is capable of being cured, but which is not capable of being cured with due diligence and in good faith within 30 days, the time within which the Tenant is required to cure such default shall be extended for such additional period as may be necessary for the curing thereof with due diligence and in

good faith); or

(d) The assignment, transfer, mortgaging or encumbering of this Lease or the subletting of the Apartments in a manner not permitted by Article XV; or

(e) The taking of this Lease or the Apartments, or any part thereof, upon execution or by other process of law directed against Tenant, or upon or subject to any attachment at the instance of any creditor of or claimant against Tenant, which execution or attachment shall not be discharged or disposed of within 30 days after the levy thereof.

Section 16.2 Landlord's Rights upon Event of Default. Upon the occurrence of an Event of Default, Landlord shall have the right, at its election, then or at any time thereafter, either:

(a) To give notice to Tenant that this Lease will terminate on a date to be specified in such notice, which date shall not be less than three days after such notice, and on the date specified in such notice Tenant's right to possession of the Apartments shall cease and this Lease shall thereupon be terminated, but Tenant shall remain liable as provided in Section 16.3; or

(b) Without demand or notice, to reenter and take possession of the Apartments, or any part thereof, and repossess the same as of Landlord's former estate and expel Tenant and those claiming through or under Tenant and remove the effects of both or either, either by summary proceedings or by action at law or in equity, or by force (if necessary) or otherwise, without being deemed guilty of any manner of trespass and without prejudice to any remedies for arrears of rent or preceding breach of covenant.

If Landlord elects to reenter under Section 16.2(b), Landlord may terminate this Lease, or, from time to time, without terminating this Lease, may relet the Apartments, or any part thereof, as agent for Tenant for such term or terms and at such rental or rentals and upon such other terms and conditions as Landlord may deem advisable, with the right to make alterations and repairs to the Apartments. No such reentry or taking of possession of the Apartments by Landlord shall be construed as an election on Landlord's part to terminate this Lease unless a written notice of such intention is given to Tenant under Section 16.2(a) or unless the termination thereof is decreed by a court of competent jurisdiction. Tenant waives any right to the service of any notice of Landlord's intention to reenter provided for by any present or future law. In addition to the foregoing, Tenant shall pay to, or reimburse Landlord for, all attorneys' fees and other costs and expenses incurred by Landlord to enforce the provisions of this Lease.

Section 16.3 Tenant's Liability for Damages. If Landlord terminates this Lease pursuant to Section 16.2, or if this Lease is terminated pursuant to Section 16.5, Tenant shall remain liable (in addition to accrued liabilities) to the extent legally permissible for damages in an amount equal to (i) the sum of (A) the Basic Monthly Rent provided for in this Lease until the date this Lease would have expired had such termination not occurred, and (B) any and all reasonable expenses incurred by Landlord in reentering the Apartments, repossessing the same,

making good any default of Tenant, painting, putting the same in proper repair, reletting the same (including any and all reasonable attorneys' fees and disbursements and reasonable brokerage fees incurred in so doing), and any and all expenses which Landlord may incur during the occupancy of any new tenant (other than expenses of a type that are Landlord's responsibility under the terms of this Lease); less (ii) the net proceeds of any reletting actually received by Landlord. Tenant agrees to pay to Landlord the difference between items (i) and (ii) above with respect to each month during the Term, at the end of such month. Any suit brought by Landlord to enforce collection of such difference for any one month shall not prejudice Landlord's right to enforce the collection of any difference for any subsequent month. In addition to the foregoing, Tenant shall pay to Landlord such sums as the court which has jurisdiction thereover may adjudge reasonable as attorneys' fees with respect to any successful legal proceeding or action instituted by Landlord to enforce the provisions of this Lease. Landlord shall have the right, at its sole option, to relet the whole or any part of the Apartments for the whole of the unexpired Term, or longer, or from time to time for shorter periods, for any rental then obtainable, giving such concessions of rent and making such special repairs, alterations, decorations and paintings for any new tenant as Landlord, in its sole and absolute discretion, may deem advisable. Tenant's liability under this Section shall survive the institution of summary proceedings and the issuance of any warrant thereunder.

Section 16.4 Liquidated Damages. If Landlord terminates this Lease pursuant to Section 16.2, or if this Lease is terminated pursuant to Section 16.5, Landlord shall have the right, at any time, at its option, to require Tenant to pay to Landlord, on demand, as liquidated and agreed final damages in lieu of Tenant's liability under Section 16.3, an amount equal to the difference, discounted to the date of such demand at an annual rate of interest equal to the then-current yield on actively traded U.S. Treasury bonds with 5-year maturities, as published in the Federal Reserve Statistical Release for the week before the date of such termination, between (i) the Basic Monthly Rent for all Apartments, computed on the basis of the then-current annual rate of Basic Monthly Rent for the Apartments and all fixed and determinable increases in such Basic Monthly Rent, which would have been payable from the date of such demand to the date when this Lease would have expired, if it had not been terminated, and (ii) the then fair rental value of the Apartments for the same period. Upon payment of such liquidated and agreed final damages, Tenant shall be released from all further liability under this Lease with respect to the period after the date of such demand.

Section 16.5 Bankruptcy Termination Provision. This Lease shall automatically terminate and expire, without the performance of any act or the giving of any notice by Landlord, upon the occurrence of any of the following events: (1) Tenant's admitting in writing its inability to pay its debts generally as they become due, or (2) the commencement by Tenant of a voluntary case under the federal bankruptcy laws, as now constituted or hereafter amended, or any other applicable federal or state bankruptcy, insolvency or other similar law, or (3) the entry of a decree or order for relief by a court having jurisdiction in the premises in respect of Tenant in an involuntary case under the federal bankruptcy laws, as now constituted or hereafter amended, or any other applicable federal or state bankruptcy, insolvency or other similar law, and the continuance of any such decree or order unstayed and in effect for a period of 90 consecutive days, or (4) Tenant's making an assignment of all or a substantial part of its property for the

benefit of its creditors, or (5) Tenant's seeking or consenting to or acquiescing in the appointment of, or the taking of possession by, a receiver, trustee or custodian for all or a substantial part of its property, or (6) the entry of a court order without Tenant's consent, which order shall not be vacated, set aside or stayed within 90 days from the date of entry, appointing a receiver, trustee or custodian for all or a substantial part of its property. The provisions of this Section shall be construed with due recognition for the provisions of the federal bankruptcy laws, where applicable, but shall be interpreted in a manner which results in a termination of this Lease in each and every instance, and to the fullest extent, that such termination is permitted under the federal bankruptcy laws, it being of prime importance to the Landlord to deal only with tenants who have, and continue to have, a strong degree of financial strength and financial stability.

Section 16.6 Landlord May Perform Tenant's Obligations. Without limiting any other rights or remedies of Landlord, if Tenant shall fail to keep or perform any of its obligations as provided in this Lease with respect to (a) maintenance of insurance, (b) repairs and maintenance of the Apartments, or (c) the making of any other payment or performance of any other obligation, then Landlord may (but shall not be obligated to do so) upon the continuance of such failure on Tenant's part for 10 days after notice to Tenant (or after such additional period, if any, as Tenant may reasonably require to cure the failure if the failure is of such a nature that it cannot be cured within the 10-day period), or without notice in the case of an emergency which creates a risk of imminent injury to person or damage to property, and without waiving or releasing Tenant from any obligation, and as an additional but not exclusive remedy, make any such payment or perform any such obligation. All sums so paid by Landlord and all necessary incidental costs and expenses, including attorneys' fees and disbursements, incurred by Landlord in making such payment or performing such obligation, together with interest thereon from the date of payment at the Default Interest Rate, shall be deemed additional rent and shall be paid to Landlord on demand or, at Landlord's option, may be added to any installment of Basic Monthly Rent thereafter falling due, and if not so paid by Tenant, Landlord shall have the same rights and remedies as in the case of a default by Tenant in the payment of Basic Monthly Rent.

Section 16.7 Tenant May Perform Landlord's Obligations. Without limiting any other rights or remedies of Tenant, if Landlord shall fail to keep or perform any of its obligations as provided in this Lease with respect to (a) maintenance of insurance, (b) repairs, maintenance and replacements, (c) the providing of required services, or (d) the performance of any other obligation, then Tenant may (but shall not be obligated to do so) upon the continuance of such failure on Landlord's part for 10 days after notice to Landlord (or after such additional period, if any, as Landlord may reasonably require to cure the failure if the failure is of such a nature that it cannot be cured within the 10-day period), or without notice in the case of an emergency which creates a risk of imminent injury to person or damage to property, and without waiving or releasing Landlord from any obligation, and as an additional but not exclusive remedy, perform any such obligation. All necessary incidental costs and expenses, including attorneys' fees and disbursements, incurred by Tenant in performing such obligation, together with interest thereon from the date of payment at the Default Interest Rate, shall be immediately payable by Landlord to Tenant, and, if not so paid, may be set-off by Tenant against installments of Basic Monthly Rent coming due thereafter.

ARTICLE XVII
Appreciation Payment by Landlord

Section 17.1 Appreciation Payment. Subject to the terms of this Article XVII, Landlord shall pay to Tenant an amount (the "Appreciation Payment") equal to five percent (5%) of the Appreciation Amount, if any, which amount shall be payable upon a Property Sale or upon a Lease Termination or Payment Demand and shall be due (a) on the date of the closing of a Property Sale, or (b) if a Lease Termination or a Payment Demand shall occur without a Property Sale having occurred prior to the date of a Lease Termination or a Payment Demand, thereafter within thirty (30) days following the final determination of Appraised Value as hereafter provided. For purposes hereof:

(i) "Appreciation Amount" means the amount by which Net Proceeds exceeds Landlord's Cost;

(ii) "Net Proceeds" means (A) if there is a Property Sale prior to the date of Lease Termination or Payment Demand, the proceeds of the Property Sale, after deducting therefrom the Mortgage Amount together with all reasonable costs relative to such sale, based upon allocation of such costs between buyer and seller in accordance with customary practices in the New York, New York area ("Closing Costs") and as approved by the Tenant in its reasonable discretion, or (B) if there is no Property Sale prior to the date of Lease Termination or Payment Demand, the Net Proceeds which would have been received by Landlord had the Property been sold for the Appraised Value;

(iii) "Property Sale" means a sale or other disposition by Landlord, during the Term, of the Property, or any portion thereof, to any Person, or any sale, transfer or other disposition of one hundred percent (100%) of the ownership interests in Landlord by the holders thereof (including any transfer by merger, consolidation or other form of reorganization) including any such disposition resulting from the exercise of the power of eminent domain, and including any such sale or of a part of the Property, either as an undivided interest or as a Condominium unit or units; provided, however, that any sale or other disposition as contemplated above which may occur and which Tenant, in its reasonable judgment, shall determine not to be an arm's length, good-faith transaction, for fair consideration, shall not be deemed a "Property Sale" for purposes hereof;

(iv) "Lease Termination" means the date on which the Term ends whether as the result of the expiration of the Term, or of an earlier termination as provided herein, provided, however, that neither (A) a termination by Landlord upon the exercise of its rights under Article XVI following an Event of Default or pursuant to Section 16.5, nor (B) a termination by Tenant pursuant to the provisions of Section 3.2 occurring prior to the end

of the seventh Lease Year, shall be a Lease Termination for purposes of this Section 17.1;

(v) "Payment Demand" means a written demand for the Appreciation Payment made by the Tenant to Landlord at any time after the close of the ninth (9th) Lease Year and prior to any subsequent Lease Termination.

(vi) "Appraised Value" means the "fair market value of the Property" determined as follows: (a) by agreement in writing between the Landlord and the Tenant; or (b) if the Landlord and the Tenant have not agreed in writing as provided above prior to the date of a Lease Termination or Payment Demand, then the fair market value of the Property shall be determined by an independent and qualified MAI appraiser with at least ten (10) years commercial real estate appraisal experience in the New York, New York area (a "Qualified Appraiser"). The Landlord and the Tenant shall agree on the appointment of a Qualified Appraiser within seven (7) days after the date of a Lease Termination or Payment Demand, and each party shall bear one-half (½) of the costs and expenses of the Qualified Appraiser. If the Landlord and the Tenant fail or are unable to agree on the appointment of a Qualified Appraiser within such seven (7) day period, the fair market value of the Property shall be determined by three (3) Qualified Appraisers, one selected by the Landlord and one selected by the Tenant (such Qualified Appraisers to be selected within seven (7) days after the expiration of the immediately preceding seven (7) day period specified in this sentence), and the third Qualified Appraiser shall be selected by the appointed Qualified Appraisers. If either the Landlord or the Tenant shall fail to appoint a Qualified Appraiser, the Qualified Appraiser appointed by the other of them shall select the second Qualified Appraiser within seven (7) days after such failure to appoint. If the two Qualified Appraisers so determined shall be unable to agree on the selection of a third Qualified Appraiser within seven (7) days after the two Qualified Appraisers are determined, then either Qualified Appraiser, on behalf of both, may request such appointment by the American Institute of Real Estate Appraisers (or any successor association or body of comparable standing if such institute is not then in existence). The fair market value of the Property shall be the average of the two closest valuations of the Property as determined by the Qualified Appraisers. However, if the difference between the average of the highest and lowest valuations and the middle valuation is an amount which is not more than fifteen percent (15%) of the difference between the highest and lowest valuations, then the middle valuation shall be the fair market value for purposes hereof. The costs, fees, and expenses of each Qualified Appraiser appointed separately by the Landlord and the Tenant, respectively, shall be borne by the party who appointed the Qualified Appraiser. The costs, fees and expenses of the third Qualified Appraiser

shall be shared equally between the Landlord and the Tenant. The fair market value of the Property determined by such Qualified Appraisers in accordance with these provisions, together with copies of their appraisal reports, shall be submitted to the Landlord and the Tenant within thirty (30) days after the panel of three Qualified Appraisers is constituted. The fair market value of the Property determined in accordance with these provisions shall be binding and conclusive on the Landlord and the Tenant;

(vii) "Mortgage Amount" means the original principal amount of the initial mortgage financing obtained by Landlord to fund a portion of Landlord's Cost (being Landlord's initial permanent mortgage financing, or original construction mortgage financing if no permanent mortgage financing has been obtained), but not any refinancing or substitution of or for such initial mortgage financing; and

(viii) "Landlord's Cost" means the total final costs incurred by Landlord in connection with the acquisition, development and construction of the Property, including normal and customary "soft costs" associated with the project, which amount shall be certified to Tenant (with supporting data as reasonably required by Tenant) within one hundred eighty (180) days following the Lease Commencement Date, plus subsequent capital expenditures made by Landlord in connection with the Property which are approved by Tenant, such approval not to be unreasonably withheld.

In the event that an Appreciation Payment becomes due as of the result of a disposition of a portion but not all of the Property, then the provisions of this Section 17.1 shall be applicable on a pro-rata basis with respect thereto and the provisions of this Section 17.1 shall thereafter remain in effect and apply to any subsequent dispositions.

Any dispute between Landlord and Tenant as to any matter arising under this Section 17.1 or the interpretation thereof (including any dispute as to whether a transaction is "arm's length, good-faith" and "for fair consideration" as provided in subsection (iii) above) shall be submitted to arbitration pursuant to Section 24.1.

Section 17.2 Offset. In the event Landlord shall fail to pay the Appreciation Payment, when due, without limiting any other remedy which Tenant may have, Tenant shall have the right to offset any amounts due with respect to the Appreciation Payment, and interest thereon at the Default Interest Rate, against subsequent installments of Basic Monthly Rent, or other sums due hereunder, including without limitation, the Termination Payment, which become due pursuant to the terms of this Lease.

Section 17.3 Survival. The provisions of Section 17.1 above shall survive any termination of this Lease.

ARTICLE XVIII
Subordination; Non-Disturbance and Attornment

Section 18.1 Priority Over Future Mortgages. This Lease and Tenant's Leasehold Estate shall have priority over, and be senior to, the lien of any Mortgage granted by Landlord after the date of this Lease. However, if at any time or from time to time during the Term, a Mortgagee or prospective Mortgagee requests that this Lease be subject and subordinate to its Mortgage, and if Landlord consents to such subordination, this Lease and Tenant's Leasehold Estate shall be subject and subordinate to the lien of such Mortgage and to all renewals, modifications, replacements, consolidations and extensions thereof and to any and all advances made thereunder and the interest thereon. Subject to the provisions of Section 18.4, Tenant agrees that, within 10 Business Days after receipt of a request therefor from Landlord, it will, from time to time, execute and deliver any reasonable instrument or other document required by any such Mortgagee to subordinate this Lease and its Leasehold Estate to the lien of such Mortgage. If, at any time or from time to time during the Term, a Mortgagee of a Mortgage made prior to the date of this Lease shall request that this Lease have priority over the lien of such Mortgage, and if Landlord consents thereto, this Lease and Tenant's Leasehold Estate shall have priority over the lien of such Mortgage and all renewals, modifications, replacements, consolidations and extensions thereof and all advances made thereunder and the interest thereon, and Tenant shall, within 10 Business Days after receipt of a request therefor from Landlord, execute, acknowledge and deliver any and all reasonable documents and instruments confirming the priority of this Lease and Tenant's Leasehold Estate. In any event, however, if this Lease shall have priority over the lien of a first Mortgage, this Lease shall not become subject or subordinate to the lien of any subordinate Mortgage, and Tenant shall not execute any subordination documents or instruments for any subordinate Mortgagee without the written consent of the first Mortgagee.

Section 18.2 Subordination to Future Ground Leases. This Lease and Tenant's Leasehold Estate shall be subject and subordinate to each and every ground or underlying lease hereafter made of the Building or the Land, or both, and to all renewals, modifications, replacements and extensions thereof. Tenant agrees that, within 10 Business Days after receipt of request therefor from Landlord, it will, from time to time, execute, acknowledge and deliver any reasonable instrument or other document required by any such lessor to subordinate this Lease and Tenant's Leasehold Estate to such ground or underlying lease.

Section 18.3 Mortgagee's Right to Cure. If (i) the Building or the Land, or both, is at any time subject to a Mortgage, (ii) this Lease, or the Basic Monthly Rent for any Leased Apartment payable under this Lease, is assigned to the Mortgagee, and (iii) the Tenant is given notice of such assignment, including the name and address of the assignee, then, in that event, Tenant shall not terminate this Lease or make any abatement in the Basic Monthly Rent for any Leased Apartment payable hereunder for any default on the part of the Landlord without first giving notice, in the manner provided elsewhere in this Lease for the giving of notices, to such Mortgagee, specifying the default in reasonable detail, and affording such Mortgagee a reasonable opportunity to make performance, at its election, for and on behalf of the Landlord, except that (x) the Mortgagee shall have at least 30 days to cure the default; (y) if such default

cannot be cured with reasonable diligence and continuity within 30 days, the Mortgagee shall have any additional time as may be reasonably necessary to cure the default with reasonable diligence and continuity; and (z) if the default cannot reasonably be cured without the Mortgagee having obtained possession of the Building, the Mortgagee shall have such additional time as may be reasonably necessary under the circumstances to obtain possession of the Building and thereafter to cure the default with reasonable diligence and continuity. If more than one Mortgagee makes a written request to Landlord to cure the default, the Mortgagee making the request whose lien is the most senior shall have such right.

Section 18.4 Non-Disturbance Agreement. Notwithstanding the provisions of Section 18.1, Section 18.2 or Section 18.5, neither this Lease nor the Leasehold Estate shall be subordinate to the lien of any ground or underlying lease or any Mortgage made or placed after the date of this Lease, and Tenant shall not be required to subordinate this Lease or the Leasehold Estate to any such ground or underlying lease or any such Mortgage or attorn to any lessor or Mortgagee, unless the lessor or the Mortgagee or other party secured by the Mortgage executes and delivers to Tenant a non-disturbance agreement to the effect that so long as this Lease has not been terminated by reason of the occurrence of an Event of Default, a default by the Landlord under such lease or by the mortgagor under such Mortgage shall not have any effect upon Tenant's right to occupy the Apartments in accordance with all of the terms and provisions of this Lease, and the term, estate and options of Tenant under this Lease shall not be terminated or otherwise affected by a termination of such ground or underlying lease or a foreclosure and sale or other action instituted under or in connection with such Mortgage, and following such foreclosure by a Mortgagee or termination of the Lease by any lessor, the lessor or the Mortgagee (or any party secured by the Mortgage), and its successors in interest, shall be bound by all of the terms and provisions of this Lease, except that the lessor or the Mortgagee (or other party secured by the Mortgage), or its successors in interest, shall not (i) be liable for any act or omission of, or default by, Landlord under this Lease occurring before the date on which the Mortgagee or lessor becomes the Landlord under this Lease, except to the extent such acts or omissions are continuing in nature (in which case the lessor's or Mortgagee's liability with respect to continuing acts or omissions shall be limited to damages arising on and after the date on which the lessor or Mortgagee becomes the Landlord under this Lease), (ii) be subject to any credits, claims, setoffs or defenses which Tenant might have against Landlord as a result of any acts or omissions of Landlord occurring before the date referred to in clause (i), (iii) be bound by Basic Monthly Rent or other amounts which Tenant may have paid to Landlord more than 30 days in advance of the month to which such payment relates, or (iv) be bound by any amendment of or modification to this Lease made without the Mortgagee's or lessor's written consent.

Section 18.5 Attornment. In the event of (a) a transfer of Landlord's interest in the Building, (b) the termination of any ground or underlying lease of the Building or the Land, or both, or (c) the purchase or other acquisition of the Property or Landlord's interest therein in a foreclosure sale or by deed in lieu of foreclosure under any Mortgage or pursuant to a power of sale contained in any Mortgage, then in any of such events Tenant shall, at the request of Landlord or Landlord's successor in interest, attorn to and recognize the transferee or purchaser of Landlord's interest or the lessor under the terminated ground or underlying lease, as the case may be, as Landlord under this Lease for the balance then remaining of the Term, and thereafter

this Lease shall continue as a direct lease between such Person, as "***Landlord***," and Tenant, as "***Tenant***," except that such lessor, transferee or purchaser shall not be liable for any act or omission of Landlord before such lease termination or before such Person's succession to title, nor be subject to any offset, defense or counterclaim accruing before such lease termination or before such Person's succession to title, nor be bound by any payment of Basic Monthly Rent or Additional Charges before such lease termination or before such Person's succession to title for more than one month in advance. Tenant shall, within 10 Business Days after request by Landlord or the transferee or purchaser of Landlord's interest or the lessor under the terminated ground or underlying lease, as the case may be, execute and deliver an instrument or instruments confirming the foregoing provisions of this Section. Tenant hereby waives the provisions of any present or future law or regulation which gives or purports to give Tenant any right to terminate or otherwise adversely affect this Lease, or the obligations of Tenant hereunder, upon or as a result of the termination of any such ground or underlying lease or the completion of any such foreclosure and sale.

ARTICLE XIX
Quiet Enjoyment

Section 19.1 Covenant of Quiet Enjoyment. Landlord covenants that Tenant, upon paying the Basic Monthly Rent provided for in this Lease, and upon performing and observing all of the terms, covenants, conditions and provisions of this Lease on Tenant's part to be kept, observed and performed, shall quietly hold, occupy and enjoy the Apartments (as well as the Common Areas and Building Amenities) during the Term without hindrance, ejection or molestation by Landlord or any Person lawfully claiming through or under Landlord.

ARTICLE XX
Landlord's Right of Access to Apartments

Section 20.1 Landlord's Right of Entry. Landlord and its agents, employees and contractors and any Mortgagee shall have the following rights in and about the Apartments: (i) to enter the Apartments at all reasonable times to examine the Apartments or for any of the purposes set forth in this Section or for the purpose of performing any obligation of Landlord under this Lease or exercising any right or remedy reserved to Landlord in this Lease, and if, in the case of an emergency, Tenant's Associates shall not be personally present or shall not open and permit an entry into the Apartments at any time when such entry shall be necessary, forcibly to enter the Apartments; (ii) to exhibit the Apartments to others at reasonable times and for reasonable purposes; and (iii) to make such repairs, alterations, improvements or additions, or to perform such maintenance, including the maintenance of all HVAC, plumbing, electrical and other mechanical facilities installed by Landlord, as Landlord may deem necessary or desirable or as may be required from time to time by this Lease to be made or performed by Landlord. Landlord agrees to give reasonable advance notice before it exercises its rights under this Section, except that Landlord may enter the Apartments without notice in the case of an

emergency creating an imminent risk of injury to person or damage to property. Landlord shall also have the right at any time to permit any of the following properly authorized persons into the Apartments: (i) receiver, trustee, assignee for benefit of creditors; or (ii) sheriff, marshal or court officer; or (iii) an person from the fire, police, building, or sanitation departments or other state, city or federal government.

Section 20.2 Landlord's Reservation of Rights in Adjacent Areas. Landlord reserves the right to use, including access thereto through the Apartments, all parts (except surfaces facing the interior of the Apartments) of all exterior walls, windows and doors bounding the Apartments (including exterior Building walls, corridor walls, doors and entrances), all terraces and roofs adjacent to the Apartments, all space in or adjacent to the Apartments used for shafts, stacks, chutes, pipes, conduits, ducts, heating, air-conditioning, plumbing, electrical and other mechanical facilities installed by Landlord, service closets and other Building facilities. In exercising its rights under this Section, Landlord shall use reasonable efforts to minimize interference with the occupancy of, and access to, the Apartments by Tenant and Tenant's Associates.

Section 20.3 Effect of Landlord's Entry. The exercise by Landlord or its agents, employees or contractors of any right reserved to Landlord in this Section shall not constitute an actual or constructive eviction, in whole or in part, or entitle Tenant to any abatement or diminution of rent, or relieve Tenant from any of its obligations under this Lease, or impose any liability upon Landlord, or its agents, or upon any mortgagee or lessor under any ground or underlying lease, by reason of inconvenience or annoyance to Tenant, or injury to or interruption of Tenant's business, or otherwise. Landlord agrees to exercise its rights under this Section in a manner reasonably designed to minimize interference with the use by Tenant and Tenant's Associates of the Apartments for residential purposes.

ARTICLE XXI
Limitation on Landlord's Liability

Section 21.1 Accidents and Similar Occurrences. Except for damages resulting from the willful or negligent act or omission (where applicable law or this Lease imposes a duty to act) of Landlord, its agents, employees and contractors, Landlord shall not be liable to Tenant or Tenant's Associates for any damage or loss to the property of Tenant, Tenant's Associates or others located in the Apartments or the Building, or for any accident or injury, including death, to Persons or for any loss, compensation or claim, including claims for interruption or loss of Tenant's business, based on, arising out of or resulting from the necessity of maintaining or repairing any portion of the Building; the use or operation (by Tenant or any other Person or Persons whatsoever) of any elevators, or heating, cooling, electrical, plumbing or other equipment or apparatus; the termination of this Lease by reason of, or the occurrence of, damage or destruction of the Building or the Apartments; any fire, robbery, theft, and/or any other casualty; any unlawful breach of Landlord's security system for the Building; any leaking in any part or portion of the Apartments or the Building; any water, wind, rain, or snow that may leak into, or flow from, any part of the Apartments or the Building; any acts or omissions of any occupant of any space in the Building; any water, gas, steam, fire, explosion, electricity or falling plaster; the bursting, stoppage or leakage of any pipes, sewer pipes, drains, conduits, appliances, sprinkler system, plumbing or other works; or any other cause whatsoever whether similar or dissimilar to the foregoing.

Section 21.2 Transfer of Landlord's Interest. (a) If the original Landlord named in this Lease, or any successor to the original Landlord's interest in the Property, conveys or otherwise disposes of its interest in the Property, then upon such conveyance or other disposition all liabilities and obligations on the part of the original Landlord, or such successor Landlord, as Landlord under this Lease, which accrue after such conveyance or disposition shall cease and terminate and each successor Landlord shall, without further agreement, be bound by Landlord's covenants and obligations under this Lease, but only during the period of such successor Landlord's ownership of the Building. A copy of the recorded deed conveying the interest in the Building shall be satisfactory evidence of a successor Landlord's interest.

(b) The members of Landlord shall not be obligated for the performance of Landlord's obligations under this Lease. Tenant shall look solely to Landlord to enforce Landlord's obligations hereunder. The liability of Landlord for Landlord's obligations under this Lease shall be limited to Landlord's interest in the Property, and Tenant shall not look to any other property or assets of Landlord, or the property or assets of any member of Landlord, in seeking either to enforce Landlord's obligations under this Lease or to satisfy a judgment for Landlord's failure to perform such obligations. The foregoing provisions shall not limit any obligations of Landlord or persons affiliated with Landlord under any separate guarantees provided in connection with this Lease.

ARTICLE XXII
Estoppel Certificates

Section 22.1 By Tenant. Tenant agrees from time to time, within 15 Business Days after request therefor by Landlord, to execute, acknowledge and deliver to Landlord a statement in writing certifying to Landlord, any Mortgagee, any assignee of a Mortgagee, or any purchaser, of the Building or the Land, or both, or any other Person designated by Landlord, as of the date of such statement, (i) that Tenant or Tenant's Associates are in possession of the Apartments; (ii) that this Lease is unmodified and in full force and effect (or, if there have been modifications, that this Lease is in full force and effect as modified and setting forth such modifications); (iii) the dates, if any, to which Basic Monthly Rent has been paid in advance; (iv) that Tenant has not delivered a notice of default under this Lease (or, if Tenant has delivered a notice of default, specifying the same in detail); (v) that Tenant has no knowledge of any event having occurred that authorizes the termination of this Lease by Tenant (or, if Tenant has such knowledge, specifying the same in detail); and (vi) any additional facts reasonably requested by Landlord or any such Mortgagee, assignee of a Mortgagee or purchaser. Tenant shall also from time to time, within 15 Business Days after request therefor by Landlord, deliver to Landlord copy of any statement of financial position, as of the end of Tenant's most recent fiscal year for which such statement is available, which Tenant makes available to lenders and other Persons with whom it does business.

Section 22.2 By Landlord. Landlord agrees from time to time, within 15 Business Days after request therefor by Tenant, to execute, acknowledge and deliver to Tenant a statement in writing certifying to Tenant, any proposed assignee of this Lease or any other Person designated by Tenant, as of the date of such statement, (i) that this Lease is unmodified and in full force and effect (or, if there have been modifications, that this Lease is in full force and effect as modified and setting forth such modifications); (ii) the dates, if any, to which Basic Monthly Rent for any Apartment has been paid in advance; (iii) that Landlord has not delivered a notice of default under this Lease (or, if Landlord has delivered a notice of default, specifying the same in detail); (iv) that Landlord has no knowledge of any event having occurred that authorizes the termination of this Lease by Landlord (or, if Landlord has such knowledge, specifying the same in detail); and (v) any additional facts reasonably requested by Tenant or any such assignee or subtenant.

ARTICLE XXIII
Surrender of Apartments; Holding Over

Section 23.1 Possession of Apartments. Tenant shall, on or before the last day of the Term, except as otherwise expressly provided elsewhere in this Lease, remove all of its property and peaceably and quietly leave, surrender and yield up to the Landlord the Apartments, free of Tenants Associates and subtenancies, broom clean and in the condition required by Section 8.1 subject to ordinary wear and tear and except for damage by fire or other casualty.

Section 23.2 Inspection of Apartments. At the time Tenant surrenders the Apartments at the end of the Term, or within 5 Business Days thereafter, Landlord and Tenant, or their

respective agents, shall make an inspection of the Leased Apartment and shall prepare and sign an inspection form to describe the condition of the Leased Apartment at the time of surrender.

Section 23.3 Holding Over. If Tenant shall hold over possession of any one or more of the Apartments after the end of the Term, Tenant shall be deemed to be occupying the Apartment(s) as a Tenant from month to month, at a rental rate equal to one hundred fifty percent (150%) of the then-current Basic Monthly Rent allocable to such Apartment(s). Any holdover of possession of all or any of the Apartments after the end of the Term shall be subject to all other conditions, provisions and obligations of this Lease. Nothing herein contained shall be deemed to permit Tenant to retain possession of the Apartments after the end of the Term, or to limit in any manner Landlord's right to regain possession of the Apartments through summary proceedings or otherwise. Acceptance by Landlord of rent with respect to any holdover period shall not be deemed a waiver of any rights to exercise all remedies available to Landlord as a result of Tenant's default.

ARTICLE XXIV
Arbitration

Section 24.1 Arbitration of Disputes. In any case in which it is provided by the terms of this Lease that any matter shall be determined by arbitration, then such arbitration shall be in accordance with the Commercial Arbitration Rules then in effect of the American Arbitration Association. The arbitration proceeding shall be conducted in New York, New York, by one arbitrator selected in accordance with the Commercial Arbitration Rules. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. All direct and reasonable costs of the arbitration proceeding, including compensation of the arbitrator but excluding any compensation paid to counsel, agents, employees, and witnesses of either party, shall be borne equally by the parties or as the arbitrator shall determine.

ARTICLE XXV
Brokers

Section 25.1 Representations Concerning Brokers. Landlord and Tenant each represents and warrants to the other that, neither of them has employed or dealt with any broker or finder in carrying on the negotiations relative to this Lease. Landlord and Tenant shall each indemnify and hold harmless the other from and against any claim or claims for brokerage or other commission arising from or out of any breach of the foregoing representation and warranty.

ARTICLE XXVI
Representations and Warranties

Section 26.1 Landlord's Representations and Warranties. Landlord hereby represents and warrants to Tenant:

(a) Due Organization, Power and Authority. Landlord is a limited liability company duly organized and validly existing under the laws of the State of New York. Landlord has all requisite power to own, lease and operate its assets, and to carry on its business as now conducted. Landlord has full power to execute, deliver and carry out the terms and provisions of this Lease and all documents required on its part to be executed and has taken all necessary limited liability company action to authorize the execution, delivery and performance of this Lease and all other agreements and instruments executed in connection herewith and the performance of those provisions of this Lease required on its part to be carried out. The persons executing this Lease (and all other agreements and instruments entered into by Landlord in furtherance hereof) on behalf of Landlord have the authority to bind Landlord to the terms and conditions of this Lease (and all said agreements and instruments). Neither the execution and delivery of this Lease and said agreements and instruments to be executed by Landlord in connection herewith, nor the incurrence by Landlord of the obligations herein set forth, nor the consummation by Landlord of the transactions herein contemplated, nor compliance by Landlord with the terms of this Lease and said agreements and instruments, will conflict with or result in a breach of any of the terms, conditions or provisions of, or constitute a default under, the operating agreement of Landlord, or to the knowledge of Landlord, any bond, note or other evidence of indebtedness, contract, indenture, mortgage, deed of trust, loan agreement, lease or other agreement or instrument, to which Landlord is a party or by which any of its properties may be bound. This Lease constitutes, and all agreements and documents required to be executed by Landlord hereunder when so executed and delivered shall constitute, the legal, valid and binding obligations of Landlord enforceable against Landlord in accordance with their respective terms. Any order, permission, consent, approval, license, authorization, registration or filing with, or exemption by, any governmental agency which is required for the execution or delivery of this Lease, or said agreements and instruments by Landlord has been obtained or made.

(b) Title to Property. Landlord is the assignee of a certain Contract of Sale of Fee Rights and Air Rights (the **"Contract"**) dated April 12, 2000 between Third and 37th, LLC, as seller, and Oxford Capital Corp., as purchaser. Pursuant to the terms of the Contract, Landlord has the right to purchase the Property. Landlord shall exercise commercially reasonable efforts to complete closing under the Contract in a timely manner. Landlord and Tenant acknowledge that this Lease is subject to the occurrence of the closing under the Contract. If the closing under the Contract does not occur on or before August 31, 2000, either party shall have the right, by notice given to the other party, to terminate this Lease at any time thereafter, and prior to the closing under the Contract, in which case neither party shall have any further liability or obligations under

this Lease.

(c) Insolvency. Landlord (i) is not in receivership or dissolution, (ii) has not made an assignment for the benefit of creditors or admitted in writing its inability to pay its debts as they mature, (iii) has not been adjudicated a bankrupt or filed a petition in voluntary bankruptcy or a petition or answer seeking reorganization or an arrangement with creditors under the Federal bankruptcy law or any other similar law or statute of the United States or any jurisdiction and no such petition has been filed against Landlord, and (iv) to the best of its knowledge, none of the foregoing is pending or threatened.

(d) Environmental Matters. Except as may be disclosed in the report captioned "Phase I Environmental Site Assessment" prepared by Cosmos Environmental Services and dated April, 2000 (the "**Environmental Report**"), neither Landlord nor, to Landlord's knowledge, any other Person, has ever caused or permitted any Hazardous Material to be placed, held, located or disposed of on, under or at the Property, or any part thereof, and the Property has never been used (whether by Landlord or, to the actual knowledge of Landlord based on the Environmental Report, by any other Person) as a dump site or storage (whether permanent or temporary) site for any Hazardous Material. Landlord has delivered to Tenant a true, correct and complete copy of the Environmental Report.

Section 26.2 Tenant's Representations and Warranties. Tenant hereby represents and warrants to Landlord:

(a) Due Organization, Power and Authority. Tenant is a corporation duly organized and validly existing in good standing under the laws of the State of Delaware and is duly qualified in good standing to transact business in the State of New York. Tenant has all requisite power to own, lease and operate its assets, and to carry on its business as now conducted. Tenant has full power to execute, deliver and carry out the terms and provisions of this Lease and all documents required on its part to be executed and has taken all necessary corporate action to authorize the execution, delivery and performance of this Lease and all other agreements and instruments executed in connection herewith and the performance of those provisions of this Lease required on its part to be carried out. The persons executing this Lease (and all other agreements and instruments entered into by Tenant in furtherance hereof) on behalf of Tenant have the authority to bind Tenant to the terms and conditions of this Lease (and all said agreements and instruments). Neither the execution and delivery of this Lease and said agreements and instruments to be executed by Tenant in connection herewith, nor the incurrence by Tenant of the obligations herein set forth, nor the consummation by Tenant of the transactions herein contemplated, nor compliance by Tenant with the terms of this Lease and said agreements and instruments will conflict with or result in a breach of any of the terms, conditions or provisions of, or constitute a default under, the certificate of incorporation or other organizational documents of Tenant, or to the knowledge of Tenant, any bond, note or other evidence of indebtedness, contract, indenture, mortgage, deed of trust, loan agreement, lease or other agreement or instrument, to which Tenant is

a party or by which any of its properties may be bound. This Lease constitutes, and all agreements and documents required to be executed by Tenant hereunder when so executed and delivered shall constitute, the legal, valid and binding obligations of Tenant enforceable against Tenant in accordance with their respective terms. Any order, permission, consent, approval, license, authorization, registration or filing with, or exemption by, any governmental agency which is required for the execution or delivery of this Lease, or said agreements and instruments by Tenant has been obtained or made.

(b) Insolvency. Tenant (i) is not in receivership or dissolution, (ii) has not made an assignment for the benefit of creditors or admitted in writing its inability to pay its debts as they mature, (iii) has not been adjudicated a bankrupt or filed a petition in voluntary bankruptcy or a petition or answer seeking reorganization or an arrangement with creditors under the Federal bankruptcy law or any other similar law or statute of the United States or any jurisdiction and no such petition has been filed against Tenant, and (iv) to the best of its knowledge, none of the foregoing is pending or threatened.

ARTICLE XXVII
General Provisions

Section 27.1 Binding Effect. The terms contained in this Lease shall be binding upon, and shall inure to the benefit of, the parties hereto and, subject to the provisions of Section 15, each of their respective legal representatives, successors and assigns.

Section 27.2 Governing Law. It is the intention of the parties hereto that this Lease shall be construed and enforced in accordance with the laws of the jurisdiction in which the Property is located.

Section 27.3 Waivers. No failure by Landlord or Tenant to insist upon the strict performance of any term of this Lease or to exercise any right or remedy consequent upon a breach thereof, and no acceptance by Landlord of full or partial rent during the continuance of any such breach, shall constitute a waiver of any such breach or of any such term. No term of this Lease to be kept, observed or performed by Landlord or by Tenant, and no breach thereof, shall be waived, altered or modified except by a written instrument executed by Landlord or by Tenant, as the case may be. No waiver of any breach shall affect or alter this Lease, but each and every term of this Lease shall continue in full force and effect with respect to any other then existing or subsequent breach thereof.

Section 27.4 Approvals. In any circumstance in which approval of any matter or item by either party is required under this Lease, unless the applicable provisions specifically provide otherwise, such approval will not be unreasonably withheld. In such circumstances if a time period for approval is specified and the party whose approval is required does not respond to the approval request within such time period, the approval of the party shall be deemed to have been given as of the date of expiration of the response period.

Each party hereby waives any claim against the other which they may have based upon any assertion that such party has unreasonably withheld or unreasonably delayed any consent or approval requested and agrees that its sole remedy shall be an action or proceeding to enforce any related provision or for specific performance, injunction or declaratory judgment or an arbitration proceeding. In the event of a determination that such consent or approval has been unreasonably withheld or delayed, the requested consent or approval shall be deemed to have been granted; however, there shall be no liability for the refusal or failure to give such consent or approval in the first instance.

Section 27.5 Notices. Every notice, request, consent, approval or other communication (hereafter in this Section collectively referred to as "notices" and singly referred to as a "notice") which Landlord or Tenant is required or permitted to give to the other pursuant to this Lease shall be in writing and shall be delivered personally or by overnight courier service or shall be sent by certified or registered mail, return receipt requested, first-class postage prepaid, if to Landlord, at Landlord's Notice Address, or if to Tenant, at Tenant's Notice Address, or at any other address designated by either party by notice to the other party pursuant to this Section. Any notice delivered to a party's designated address by (a) personal delivery, (b) recognized overnight national courier service, or (c) registered or certified mail, return receipt requested, shall be deemed to have been given by such party at the time the notice is delivered to such party's designated address. Confirmation by the courier delivering any notice given pursuant to this Section shall be conclusive evidence of receipt of such notice. Landlord and Tenant each agrees that it will not refuse or reject delivery of any notice given hereunder, that it will acknowledge, in writing, receipt of the same upon request by the other party and that any notice rejected or refused by it shall be deemed for all purposes of this Lease to have been received by the rejecting party on the date so refused or rejected, as conclusively established by the records of the U.S. Postal Service or the courier service. Any notice required to be given within a stated period of time which is sent by certified or registered mail shall be considered timely if post-marked before midnight of the last day of such period.

Section 27.6 Entire Agreement. This Lease contains the final and entire agreement between said parties, and they shall not be bound by any terms, statements, conditions or representations, oral or written, express or implied, not contained in this Lease.

Section 27.7 Jury Trial. Landlord and Tenant each hereby waives all right to trial by jury in any claim, action, proceeding or counterclaim by either Landlord or Tenant against the other on any matters arising out of or in any way connected with this Lease, the relationship of Landlord and Tenant and/or Tenant's use or occupancy of the Apartments.

Section 27.8 Venue. Tenant hereby waives any objection to the venue of any action filed by Landlord against Tenant in any state or federal court in the jurisdiction in which the Property is located, and Tenant further waives any right, claim or power, under the doctrine of forum non conveniens or otherwise, to transfer any such action filed by Landlord to any other court.

Section 27.9 Time of the Essence. Time is of the essence in the performance of all

Tenant's obligations under this Lease.

Section 27.10 Invalidity. If any provision of this Lease shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not be affected thereby.

Section 27.11 Captions. The captions in this Lease are for convenience only and shall not affect the interpretation of the provisions hereof.

Section 27.12 No Partnership. This Lease is not intended to create a partnership or joint venture between Landlord and Tenant in the conduct of their respective businesses.

Section 27.13 Counterparts. This Lease may be executed in several counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

Section 27.14 Confidentiality. Landlord and Tenant shall each obtain the prior written approval of the other party concerning the contents and timing of news releases, articles, brochures, advertisements, prepared speeches, and any and all other public information releases concerning the parties hereto with respect to this Lease transaction and the relationship of the parties hereunder. This Section shall not apply to information which is in the public domain or to information which is required to be disclosed by law.

Section 27.15 Survival. Tenant's obligations (if any) under Sections 3.2, 12.1, 14.2, 16.3, 16.4, 16.6, and 23.3, and Landlord's obligations (if any) under Sections 8.3 and 12.2 shall survive the expiration of the Term or the earlier termination of this Lease. In addition, notwithstanding any provisions herein to the contrary, no termination of this Lease shall relieve either Landlord or Tenant from liability for any breach in the performance of its obligations hereunder prior to such termination.

Section 27.16 Tenant Right Relating to Purchase. Tenant shall have the following rights with respect to a purchase of the Improvements:

(a) If Landlord shall determine that it intends to sell the Improvements (including, for purposes hereof, a sale of 100% of the ownership interest in Landlord), it shall notify Tenant and provide Tenant with a memorandum or term sheet setting forth the principal terms upon which it would be willing to sell, including a proposed purchase price determined in good faith ("Offer Notice").

(b) Within thirty (30) days of receipt of an Offer Notice, Tenant shall have the right to advise Landlord that Tenant desires to purchase the Improvements in accordance with the terms specified in the Offer Notice.

(c) If Tenant advises Landlord that Tenant desires to purchase the Improvements as provided above, Landlord and Tenant shall proceed, in good faith, to prepare and enter into a

contract of sale for the Improvements based on the terms in the Offer Notice. The contract of sale shall provide, *inter alia*, (i) for a deposit of ten percent (10%) of the purchase price, (ii) for a closing within two hundred ten (210) days of the Offer Notice, and (iii) that this Lease shall terminate as of the date of settlement of the contract of sale, with the Basic Monthly Rent to be adjusted as of such date.

(d) If Tenant advises Landlord that Tenant does not desire to purchase the Improvements, or if Tenant does not advise Landlord within thirty (30) days of receipt of the Offer Notice that Tenant desires to purchase the Improvements, or if Tenant and Landlord, acting in good faith, have not entered into a binding contract of sale for the Improvements within ninety (90) days after the date of the Offer Notice, then Landlord shall be free to enter into a contract of sale with a third party on the terms substantially equivalent to those contained in the Offer Notice as long as settlement thereunder occurs within two hundred ten (210) days of Landlord's sending Tenant the Offer Notice.

(e) If Landlord does not consummate the sale of the Improvements within two hundred ten (210) days of Landlord's giving Tenant an Offer Notice, Landlord may not sell, convey, or transfer the Improvements thereafter without reoffering the same to Tenant in accordance with the provisions of this Section.

(f) If Tenant does not exercise its right to purchase the Improvements in accordance with the provisions of this Section and Landlord sells, conveys, or transfers the Improvements to another person or entity, such sale, conveyance, or transfer shall be subject to the terms, covenants, and conditions of this Lease, including, without limitation, the rights of Tenant set forth in this Section.

Section 27.17 Recording. Tenant shall not record this Lease without the prior written consent of Landlord. If Tenant does not terminate this Lease pursuant to Section 27.16. Landlord or Tenant shall, within 15 days after request by the other party, join with the requesting party in executing and delivering a " memorandum" of this Lease, in recordable form, containing such information as the requesting party may reasonably request, for recording among the applicable land records at the requesting party's expense.

Section 27.18 Condominium Regime. Tenant acknowledges and agrees that the Building may, in Landlord's sole discretion, be subjected to condominium ownership (the **"Condominium"**), in which event the Apartments may either be part of one condominium unit or may each be separate condominium units.

In the event the Building is subjected to condominium ownership, this Lease will be subject and subordinate to the Declaration Establishing a Plan of Condominium Ownership for the Property (the **"Declaration"**) and to any rules and regulations which are promulgated by the Board of Managers of the Condominium (the **"Condominium Rules"**), as the same may be amended from time to time, provided that this Lease shall remain in full force and effect and the rights of Tenant under this Lease shall not be disturbed or limited in any respect by any provisions of the Declaration or Condominium Rules or otherwise. Landlord acknowledges that

the terms of the Declaration and the Condominium Rules and all amendments thereto will be subject to Tenant's approval during the Term of this Lease, which approval shall not be unreasonably withheld or delayed and shall be given within fifteen (15) days following submission of same to Tenant for approval.

Without limiting the foregoing, it is understood and agreed that if a condominium regime is created for the Building the following limitations shall apply and shall be incorporated into the Declaration and instruments of conveyance of Condominium units in a manner sufficient, in Tenant's reasonable judgment, to be binding and enforceable against all subsequent owners of Condominium units:

(a) The Landlord named herein and the Association of Condominium Unit Owners shall thereafter be jointly and severally responsible for the performance of Landlord's obligations hereunder and Tenant shall not be responsible for the payment of any condominium fees or charges that would not have been payable by Tenant under the terms of this Lease without the condominium regime.

(b) Landlord shall maintain common ownership or management control of all units in the Condominium at all times during the Term, and any transfer of any units shall be subject to the provisions of Section 3.3 hereof, except that, Landlord shall be permitted to transfer ownership of individual units, provided that (i) any owner of an individual unit may not be a "Disqualified Person;" (ii) any such transfer shall be subject to the terms and conditions of this Lease; and (iii) it shall be a condition precedent to any such transfer that the owner of the unit agree that the transferred unit be subject to the terms of a management agreement for the balance of the term of this Lease, which shall include all other units subject to this Lease, with a management company which is either the Landlord, or a management company otherwise reasonably acceptable to Tenant.

(c) The creation of the Condominium shall not result in any division or severance of this Lease which shall continue, unaffected, as a lease of all of the Apartments as a single group.

(d) Tenant shall not at any time be required to obtain the approval of the Association of Condominium Owners or any Person other than Landlord or its permitted assigns hereunder and any waiver, lease amendment, consent or other action taken or entered into by Landlord or its permitted assigns shall be binding for all purposes, and any performance (including the payment of Basic Monthly Rent and Additional Charges) by Tenant made or tendered to Landlord or its permitted assigns shall be full and complete performance by Tenant.

(e) The Association of Condominium Owners, without limiting any other obligations that it may have hereunder, shall continue professional management of the Building conforming and subject to the terms of this Lease.

(f) Landlord shall reimburse Tenant for the reasonable costs and expenses of its

outside counsel in reviewing any proposed Declaration and Condominium Rules, and any amendments thereto.

Subject to the foregoing provisions by this Section 27.18, (A) neither Tenant nor Tenant's Associates shall perform any act in violation of the Declaration or the Condominium Rules; (B) Tenant shall be responsible for the payment of any charges or fees which are assessed against Landlord by the Board of Managers of the Condominium as a result of the act of Tenant or Tenant's Associates in violation of the Declaration or Condominium Rules; and (C) if Tenant shall fail to pay such charges, Landlord may pay same and Tenant shall, within ten (10) days of demand, reimburse Landlord as an Additional Charge.

Section 27.19. Management Company. In the event that Tenant believes that the management company for the Building is not operating the Building in accordance with the standards applicable to a Luxury Apartment Building, Landlord, on Tenant's request, shall meet with Tenant and, if necessary, representatives of the management company, to attempt to resolve the causes of Tenant's dissatisfaction. In the event that the parties are unable to resolve the causes of Tenant's dissatisfaction, Landlord agrees, upon request of Tenant, to change the management company to a management company which is reasonably acceptable to Tenant. Tenant agrees to act in good faith and in the reasonable exercise of its judgment in exercising its rights pursuant to this Section.

IN WITNESS WHEREOF, Landlord and Tenant have caused this Lease to be signed by their duly authorized partners or officers as of the day and year first above written.

Landlord

554-556 Third Avenue, LLC
a New York limited liability company
By: Third Pine, LLC

By: _____
Title: Ofer Reseles, member

Tenant

EXECUSTAY CORPORATION,
a Delaware corporation

By: _____
Title: Sr. V.P.

EXHIBIT A

DESCRIPTION OF FITNESS FACILITY EQUIPMENT

SOP #6
RECREATION
Revised 6/97

MINIMUM STANDARDS:

Hours of Operation

* Availability to the Health Club should be between the hours of 6:00 AM to 11:00 PM.
* Those clubs that have the ability to secure the pool area from the Health Club are strongly encouraged to offer 24-hour availability.
* For information on the maintenance of the exercise equipment, see the Marriott Fitness Facilities Inspection Manual.
* Mirrored Walls - preferably, the two longest connecting walls without doors or windows.
* Television - cable, to be seen from cardio equipment (VCR is recommended for aerobics room).
* Music - AM / FM stereo cassette and or CD player with music library.
* Clock - large, with very readable numbers and a second hand.
* Scale - doctors commercial version, one for both locker rooms.
* Water Fountain - with filtering system for safer water.
* Towels - large for showers and small for workouts, heavy duty commercial all cotton.
* Magazine/Newspaper Stand - filled with assorted literature.

VALUE ADDED POINTS:

* Steam Room
* Sauna
* Additional Showers
* Additional Lockers
* Hair Dryers
* Tanning Beds
* Massage Therapy
* Juice Bar or Vending Machine
* Aerobics Area and Aerobics Videos
* Trained Staff and or Personal Trainers

SOP #6
RECREATION
Revised 6/97

MARRIOTT LODGING LAYOUT & EQUIPMENT SPECS
600 Square Foot Room

MINIMUM STANDARD

ITEM #	EQUIPMENT DESCRIPTION	MODEL #	QUANTITY
	Weight Stack Exercise Machines: steel weight enclosures with attached exercise placards.		
HOIST FITNESS, for equipment brochures and ordering contact - Tom Cirucci Work: (800)355-7150 * Fax: (914)355-2131 - P.O. Box 368, Jogee Road * Slate Hill, NY 10973			
1	35° Bench Press	HNA-304	1
2	35° Shoulder Press	HNA-503	1
3	Rigid Arm Lat Pulldown	HNA-202	1
4	Leg Extension	HNA-401	1
5	Kneeling Leg Curl	HNA-411	1
6	Multi Abdominal Bench	HNA-F261	1
7	Super Flat / Incline Bench	HNA-F160	1
8	Beauty Bells - 8 pairs (3 to 25 lbs.)	HNA-BB	1
9	Beauty Bell Rack - holds 8 pairs	HNA-F462	1
10	Dumbbells - 5 pairs (30 to 50 lbs.)	HNA-DB3050	1
11	Dumbbell Rack - holds 5 pairs	HNA-F450	1
	Cardiovascular Equipment: computerized and fully programmable.		
STAR TRAC, for equipment brochures and ordering contact - Tina Pauley Work: (800)745-3815 * Fax: (714)508-3303 - 14352 Chambers Road * Tustin, CA 92780			
12	Upright Heart Rate Bike - no electrical required.	UB-4310	2
13	Heart Rate Stair Climber - no electrical required.	SC-4110	2
14	Treadmill - requires a 110 volt, 20 amp, NEMA 5-20 cord.	ST-4000	2
ALL MARRIOTT PRICES INCLUDE DELIVERY AND INSTALLATION IN THE US			

MINIMUM STANDARDS:

Hours of Operation

* Availability to the Health Club should be between the hours of 6:00 AM to 11:00 PM.
* Those clubs that have the ability to secure the pool area from the Health Club are strongly encouraged to offer 24-hour availability.
* For information on the maintenance of the exercise equipment, see the Marriott Fitness Facilities Inspection Manual.
* Mirrored Walls - preferably, the two longest connecting walls without doors or windows.
* Television - cable, to be seen from cardio equipment (VCR is recommended for aerobics room).
* Music - AM / FM stereo cassette and or CD player with music library.
* Clock - large, with very readable numbers and a second hand.
* Scale - doctors commercial version, one for both locker rooms.
* Water Fountain - with filtering system for safer water.
* Towels - large for showers and small for workouts, heavy duty commercial all cotton.
* Magazine/Newspaper Stand - filled with assorted literature.

VALUE ADDED POINTS:

* Steam Room
* Sauna
* Additional Showers
* Additional Lockers
* Hair Dryers
* Tanning Beds
* Massage Therapy
* Juice Bar or Vending Machine
* Aerobics Area and Aerobics Videos
* Trained Staff and or Personal Trainers

SOP #6
RECREATION
Revised 6/97

MARRIOTT LODGING LAYOUT & EQUIPMENT SPECS
600 Square Foot Room

MINIMUM STANDARD

ITEM #	EQUIPMENT DESCRIPTION	MODEL #	QUANTITY
	Weight Stack Exercise Machines: steel weight enclosures with attached exercise placards.		
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1	35° Bench Press	HNA-304	1
2	35° Shoulder Press	HNA-503	1
3	Rigid Arm Lat Pulldown	HNA-202	1
4	Leg Extension	HNA-401	1
5	Kneeling Leg Curl	HNA-411	1
6	Multi Abdominal Bench	HNA-F261	1
7	Super Flat / Incline Bench	HNA-F160	1
8	Beauty Bells - 8 pairs (3 to 25 lbs.)	HNA-BB	1
9	Beauty Bell Rack - holds 8 pairs	HNA-F462	1
10	Dumbbells - 5 pairs (30 to 50 lbs.)	HNA-DB3050	1
11	Dumbbell Rack - holds 5 pairs	HNA-F450	1
	Cardiovascular Equipment: computerized and fully programmable.		
STAR TRAC, for equipment brochures and ordering contact - Tina Pauley Work: (800)745-3815 * Fax: (714)508-3303 - 14352 Chambers Road * Tustin, CA 92780			
12	Upright Heart Rate Bike - no electrical required.	UB-4310	2
13	Heart Rate Stair Climber - no electrical required.	SC-4110	2
14	Treadmill - requires a 110 volt, 20 amp, NEMA 5-20 cord.	ST-4000	2
ALL MARRIOTT PRICES INCLUDE DELIVERY AND INSTALLATION IN THE US			

MARRIOTT LODGING LAYOUT & EQUIPMENT SPECS

600 Square Foot Room - Scale: 1/4" = 1'

Drawn by: Dan McGlasson, Jr.

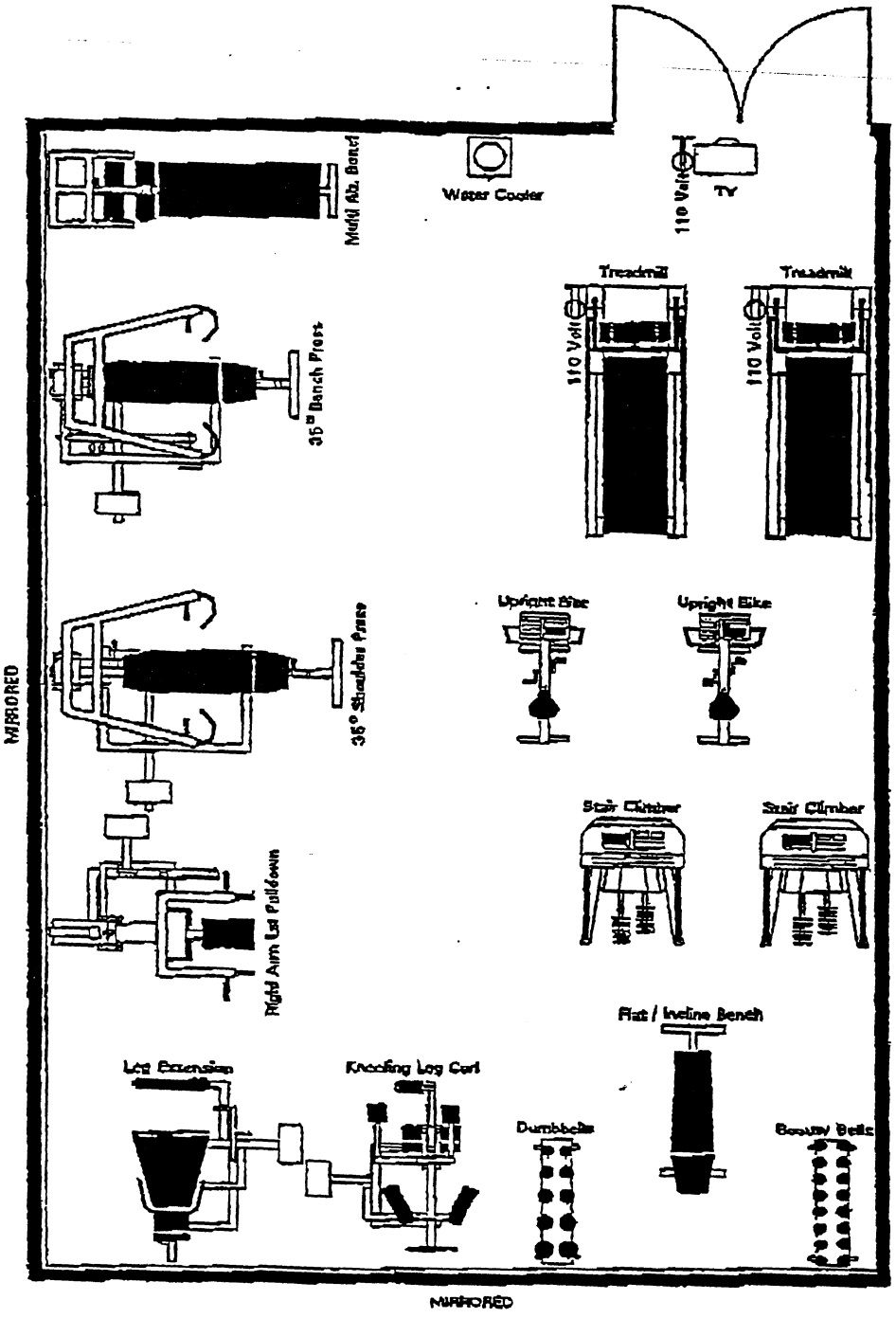


EXHIBIT B

DESCRIPTION OF THE LAND

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

BEGINNING at a point on the westerly side of 3rd Avenue, distant 128 feet 6 inches northerly from the corner formed by the intersection of the westerly side of 3rd Avenue and the northerly side of 36th Street; and

RUNNING THENCE Westerly parallel with 36th Street and part of the way through a party wall, 80 feet;

RUNNING THENCE Northerly with 3rd Avenue, 46 feet;

RUNNING THENCE Easterly parallel with 36th Street and part of the way through another party wall, 80 feet to the westerly side of 3rd Avenue; and

RUNNING THENCE Southerly along the westerly side of 3rd Avenue, 46 feet to the point or place of BEGINNING.

EXHIBIT C

LUXURY APARTMENT BUILDING SET

1. 300 Albany Street, Manhattan
2. 300 Rector Street, Manhattan
3. 250 South End Avenue, Manhattan

EXHIBIT D

UNIT AMENITIES

Housewares Package

Housewares Package			
Kitchen:			
4	Wine Glasses (6)	4	Placemats
12	*Drinking Glasses (8)	4	Napkins
4	*Coffee Cups (8)	1	Electric Can Opener
4	*Saucers (8)	1	Measuring Cup Set
4	*Dinner Plates (8)	1	Sugar Dispenser
4	*Soup/Cereal Bowls (8)	1	Salt & Pepper Shaker
4	*Salad Plates (8)	1	Water Pitcher
1	Serving Bowl	1	7pc. Cookware Set
1	Knife Block Set	1	Drip Coffee Maker
4	*5pc. Place Settings of Silverware (8)	1	Toaster
1	Cutlery Tray	2	Dish Towels
2	Potholders	1	Trash Can
1	Colander	1	2 qt. Casserole Dish
1	Cookie Sheet	1	Tea Kettle
1	2pc Mixing Bowl Set	1	5pc. Storage Container
1	Corkscrew	1	Spatula
1	Cutting Board	1	Vegetable Peeler
1	Ladle	1	Manual Can Opener
1	Wooden Spoon	1	Tongs
1	Serving Fork	1	Wire Wisk
1	Large Spoon	1	Cheese Grater
Bathroom:			
4	Bath Towels	1	Starter Toiletries
4	Hand Towels	1	Toothbrush Holder
4	Wash Cloths	1	Tissue Holder
1	Bath Mat	1	Soap Dish
1	Vanity Waste Basket	1	Bathroom Rug
1	Toilet Brush	1	Shower Curtain, Liner & Hooks
Bedroom:			
1	Blanket	2	Sham Pillows
1	Comforter Set/Pillow Shams	4	Pillow Cases
1	Matching Dust Ruffle	2	Fitted Sheets
1	Mattress Pad	2	Flat Sheets
2	Hypo-allergenic Queen Pillows		

Housewares Package (Cont.)

Starter Package:

1	Custom Welcome Basket	5	Trash Can Liners
1	Bottle of Water	1	Sugar & Creamer
1	Roll of Paper Towels	1	Bar of Soap (2)
1	Cleanser	1	Box of Tissues
1	Laundry Detergent	1	Sponge
2	Coffee Packages	1	Dishwashing Liquid
1	Roll of Toilet Paper (2)		

Misc. Furnishings:

1	*25" Remote Color Television	1	Ashtray
1	Clock Radio (per bedroom)	2	*Telephones
1	Iron	1	Microwave
1	Ironing Board	1	Vacuum
10	Plastic Coat Hangers (20)	1	*Answering Machine
1	*VCR	1	Dust Pan
1	*Laundry Basket	1	*Mop
1	*Broom	4	Light Bulbs

Designer Package :

2	Silk Arrangements	2	Decorative Accessories

EXHIBIT E

UNIT FURNITURE

ExecuStay Furniture Package

LIVING ROOM

1 Sofa
1 LS or Chair
2 End Tables
2 Table Lamps
1 Cocktail Table
1 Television Stand
1 Writing Desk
1 Desk Chair
1 Desk Lamp
1 Picture

DINING ROOM

1 Dining Table
4 Upholstered Chairs
1 Picture

MASTER BEDROOM

1 Dresser
1 Mirror
2 Night Stands
2 Table Lamps
1 Queen Headboard
1 Queen Mattress/Box Spring/Frame **
1 Picture

ADDITIONAL BEDROOM

1 Chest
1 Night Stand
1 Table Lamp
1 Queen or (2) Twin Headboard(s)
1 Queen or (2) Twin Mattress(es)/Box Spring(s)

AMENDMENT TO MASTER LEASE AGREEMENT

THIS AMENDMENT TO MASTER LEASE AGREEMENT is made as of February __, 2001 with respect to that certain Master Lease Agreement ("Lease") dated August 8, 2000 between **554-556 THIRD AVENUE, LLC** ("Landlord") and **EXECUSTAY CORPORATION** ("Tenant") relating to the Building to be constructed at 554 Third Avenue, New York, New York.

For good and valuable consideration, receipt of which is hereby acknowledged, the parties hereby agree as follows:

1) Subsection 17.1(ii) of the Lease is hereby deleted and the following inserted in lieu thereof:

> (ii) "Net Proceeds" means (A) if there is a Property Sale prior to the date of Lease Termination or Payment Demand, the proceeds of the Property Sale, after deducting therefrom all reasonable costs relative to such sale, based upon allocation of such costs between buyer and seller in accordance with customary practices in the New York, New York area, including, but not limited to, brokerage costs, marketing expenses, transfer taxes and legal fees ("Closing Costs") and as approved by the Tenant in its reasonable discretion, as well as any mortgage prepayment costs or (B) if there is no Property Sale prior to the date of Lease Termination or Payment Demand, the Net Proceeds which would have been received by Landlord had the Property been sold for the Appraised Value.

2) Subsection 17.1(iii) of the Lease is hereby deleted and the following inserted in lieu thereof:

> (iii) "Property Sale" means a sale or other disposition by Landlord, during the Term, of the Property, or any portion thereof, to any Person, or any sale, transfer or other disposition of one hundred percent (100%) of the ownership interests in Landlord (in one or a series of related transactions) by the holders thereof (including any transfer by merger, consolidation or other form of reorganization) including any such disposition resulting from the exercise of the power of eminent domain, and including any such sale of a part of the Property, either as an undivided interest or as a Condominium unit or units; provided, however, that any sale or other disposition as contemplated above which may occur and which Tenant, in its reasonable judgment, shall determine not to be an arm's length,

good-faith transaction, for fair consideration, shall not be deemed a "Property Sale" for purposes hereof.

3) Subsection 17.1(iv) of the Lease is hereby deleted and the following inserted in lieu thereof:

(iv) "Lease Termination" means the date on which the Term ends whether as the result of the expiration of the Term, or of an earlier termination as provided herein, provided, however, that neither (A) a termination by Landlord upon the exercise of its rights under Article XVI following an Event of Default or pursuant to Section 16.5, nor (B) a termination by Tenant pursuant to the provisions of Section 3.2 occurring prior to the end of the seventh Lease Year, shall be a Lease Termination for purposes of this Section 17.1, and no Application Payment shall be made upon a termination described in subsections (A) and/or (B) above.

4) Subsection 17.1(vii) of the Lease is hereby deleted and the following inserted in lieu thereof:

(vii) Intentionally Omitted.

5) Except as amended by the terms hereof, the Lease shall remain in full force and effect without modification.

IN WITNESS WHEREOF, the parties have executed and delivered this Amendment to Master Lease Agreement as of the date first written above.

LANDLORD

554-556 Third Avenue, LLC

By: 554-556 Manager LLC, Member

By: _____
Title: Brian Maitland, Manager

TENANT

EXECUSTAY CORPORATION

By: _____
Title: SR VP

MARRIOTT GUARANTY

This MARRIOTT GUARANTY ("Guaranty") is made by MARRIOTT INTERNATIONAL, INC. ("Guarantor") on the date of that Master Lease Agreement, dated as of August 8, 2000, between 554 – 556 Third Avenue, LLC, as landlord ("Landlord"), and ExecuStay Corporation, as Tenant ("Tenant") (as such may from time to time be amended or modified, the "Lease"). Guarantor acknowledges and agrees that Landlord would not enter into the Lease unless Guarantor executed this Guaranty. Guarantor hereby unconditionally and irrevocably guaranties to Landlord, its successors and assigns, when due, (i) the payment of any Termination Fee payable upon termination of the Lease at the option of Tenant pursuant to the provisions of Section 3.2 of the Lease ("Termination Fee"), and (ii) provided that Landlord shall have elected to terminate the Lease pursuant to Section 16.2 of the Lease following an Event of Default on the part of Tenant, or if the Lease shall have terminated pursuant to Section 16.5 of the Lease, then any amounts for which Tenant is liable pursuant to Section 16.3 or 16.4 of the Lease, provided, however, that any amount payable pursuant to this subdivision (ii) shall be limited to the amount of the Termination Fee which would be payable had Tenant terminated the Lease pursuant to Section 3.2 as of the date of the occurrence of the applicable Event of Default, or occurrence pursuant to Section 16.5, as the case may be, without withholding, deduction, counterclaim, set-off, or defense of any kind which Tenant or Guarantor may have or may assert including, without limitation, any lack of validity or enforceability of this Guaranty or the Lease or any other circumstance which might otherwise constitute a defense available to, or discharge of Tenant or Guarantor, and without abatement, suspension, deferment or diminution on account of any occurrence whatsoever.

The guaranty contained herein is an absolute, unconditional, continuing guaranty of payment and not merely of collectibility, and is in no way conditioned or contingent upon any attempt to collect from Tenant or from any other person obligated with respect to, or any other guarantor of, the Termination Fee, or, upon any other condition, contingency or limitation. The undersigned expressly agrees that the validity of this Guaranty and the obligations of the undersigned hereunder shall in no wise be terminated, modified, diminished, effected or impaired by reason of the assertion by Landlord against Tenant of any of the rights or remedies reserved to Landlord under the Lease. This Guaranty shall be enforceable against the Guarantor without the necessity of any suit or proceeding on the Landlord's part of any kind or nature whatsoever against the Tenant and without the necessity of any notice of nonpayment, nonperformance or nonobservance or of any notice of acceptance of this Guaranty or of any other notice or demand to which the Guarantor might otherwise be entitled, all of which Guarantor hereby expressly waives.

Guarantor hereby waives diligence, presentment, protest, demand for payment and notice of default or non-payment to or upon Tenant or Guarantor with respect to the Termination Fee or any other amount due hereunder. Guarantor hereby agrees that any Guarantor Notice (as defined below) shall constitute sufficient notice with respect to any claim for payment hereunder and hereby waives diligence, presentment, protest and demand for payment with respect thereto. Any notice sent to Guarantor hereunder ("Guarantor Notice") shall be sent to Guarantor at Marriott Drive, Department 52/923, Washington, DC 20058, Attn: General Counsel.

Guarantor agrees that this Guaranty may not be amended, modified or changed except pursuant to an instrument in writing executed by Guarantor and Landlord.

Guarantor further agrees that if any payment made by Tenant with respect to any obligation hereunder is subsequently directly or indirectly recovered from or repaid by Landlord, in whole or in part, in connection with any bankruptcy, reorganization, arrangement, insolvency, or similar proceeding instituted by, against or on behalf of Tenant or its estate or otherwise, the obligations of Guarantor set forth herein shall continue to be fully applicable to the same extent as though the payment so recovered or repaid had not been originally made.

This Guaranty shall be a continuing guaranty and shall remain in effect until all of the obligations and sums guaranteed hereunder have been fully discharged and paid, and, subject to the terms hereof, the liability of Guarantor hereunder shall in no way be affected, modified, terminated, impaired or diminished by reason of any event or circumstance which might otherwise constitute a legal or equitable discharge of Guarantor, including, without limitation: (i) any extension, renewal or modification of the Lease; (ii) any modification or waiver of or change or amendment in any of the terms, covenants, conditions or provisions of the Lease; (iii) any dealings or transactions or matter or thing of any kind or nature occurring between Landlord and Tenant; (iv) any failure to act, delay, forbearance, indulgence, or lack of diligence on the part of Landlord to enforce, assert or exercise any right, power or remedy conferred on Landlord under the Lease or this Guaranty; (v) any assignment(s) of the Lease; or (vi) any bankruptcy, insolvency, reorganization, arrangement, assignment for the benefit of creditors, receivership or trusteeship affecting Tenant or Tenant's successors or assigns; whether or not notice of any of the foregoing items in this paragraph set forth is given to Guarantor.

All of Landlord's rights and remedies under the Lease and/or under this Guaranty are intended to be distinct, separate and cumulative and no such right or remedy therein or herein mentioned is intended to be in exclusion of or a waiver of any of the others.

This Guaranty shall be governed by the laws of the State of New York and any claim arising out of this Guaranty shall be subject to the jurisdiction of the courts of the State of New York or The United States District Court located in the Borough of Manhattan in New York City. The Guarantor irrevocably submits for itself and its property to such jurisdiction and irrevocably waives any objection it may have at any time to the laying of venue of any suit, action or proceeding arising out of or relating to this Guaranty, in any such court, and further, irrevocably waives any claim that any such action or proceeding brought in any such court has been brought in an inconvenient forum.

As a further inducement to Landlord to enter into the Lease, and in consideration thereof, Guarantor hereby represents and warrants to, and for the benefit of, Landlord that: (i) Guarantor is the corporate parent of Tenant, and that by entering into the Lease, Landlord will be conferring a substantial benefit on Tenant, which will benefit Guarantor as Tenant's parent corporation; (ii) this Guaranty has been duly executed and delivered by Guarantor and constitutes the legal, valid and binding obligation of Guarantor, enforceable in accordance with its terms; and (iii) the execution, delivery and performance of this Guaranty does not violate or contravene, any laws

ordinances or governmental requirements affecting Guarantor or any agreement to which Guarantor is a party or by which Guarantor is bound.

Guarantor agrees that Guarantor will, at any time and from time to time, within ten (10) days following written request by Landlord and without charge therefor, execute, acknowledge and deliver to Landlord an estoppel statement, in form reasonably acceptable to Guarantor, certifying that this Guaranty is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as modified and stating such modification).

If Marriott International, Inc. (or, if applicable, the then current Successor Guarantor (as hereinafter defined; such Successor Guarantor being hereinafter referred to as the "Released Guarantor")) shall consolidate with or merge into, or convey or transfer its properties and assets substantially as an entirety to, a Successor Guarantor, then such Successor Guarantor shall expressly assume all obligations of Guarantor under this Guaranty accruing prior to, on or after the date of such transaction and shall thereafter be the "Guarantor" for all purposes under this Guaranty, and upon such assumption, Marriott International, Inc. (or, if applicable, the Released Guarantor) shall be relieved of all obligations under this Guaranty accruing prior to, on or after the date of such transaction. As used herein, "Successor Guarantor" means the entity (i) with which, or into which, Marriott International, Inc. (or, if applicable, the Released Guarantor) is consolidated or is merged or (ii) which acquires by conveyance or transfer the properties and assets of Marriott International, Inc. (or, if applicable, the Released Guarantor) substantially as an entirety.

MARRIOTT INTERNATIONAL, INC.

By: Joseph Ryan
Name: Joseph Ryan
Title: Executive Vice President

STATE OF MARYLAND)
ss.:
COUNTY OF MONTGOMERY)

On the 8th day of August in the year 2000, before me, the undersigned, personally appeared Joseph Ryan, 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 or entity upon behalf of which the individual acted, executed the instrument.

Suzanne M. Ricci
Notary Public

SUZANNE M. RICCI
NOTARY PUBLIC STATE OF MARYLAND
My Commission Expires July 1, 2002

Form of Escrow Agreement

ATTORNEY OF THE STATE OF NEW YORK
ESCROW AGREEMENT (Model Form)

AGREEMENT made this ____ day of 20___, between 554 Owner LLC, 554 R&D LLC and 554 FWR LLC, all Delaware Limited Liability Companies and all having an office at 70 East 55th Street, New York, New York 10022 ("SPONSOR") as sponsor of the offering plan for the Aurora Condominium, 554-556 Third Avenue, New York, New York 10016, and A. EDWARD MAJOR, Counsellors-At-Law, 135 East 38th Street, New York, New York 10016 ("ESCROW AGENT") as escrow agent,

WHEREAS, SPONSOR is the sponsor of a condominium offering plan for the premises located at 554-6 Third Avenue, New York, N.Y., which premises are known as THE AURORA CONDOMINIUM; and

WHEREAS, ESCROW AGENT 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 ESCROW ACCOUNT.

1.1 SPONSOR and ESCROW AGENT hereby establish an escrow account with ESCROW AGENT for the purpose of holding deposits or payments made by purchasers or subscribers. The escrow account has been opened with North Fork Bank at its depository bank branch located at 320 Park Avenue, New York, New York. The master account number is _____. There will be individual interest-bearing subaccounts in the name of each purchaser.

1.2 The name of the account is A. Edward Major 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.

1.5 The escrow account is an IOLA established pursuant to Judiciary Law Section 497.

2. DEPOSITS INTO THE ESCROW ACCOUNT.

2.1 All funds received from prospective purchasers or subscribers prior to closing, whether in the form of checks, drafts, money orders, wire transfers, or other instruments which identify the payor,

shall be deposited in the escrow account. All instruments to be deposited into the escrow account shall be made payable to, or endorsed by the purchaser or subscriber to the order of A. Edward Major, Counsellors-At-Law as escrow agent for THE AURORA CONDOMINIUM offering plan. Any instrument payable or endorsed other than as required hereby, and which cannot be deposited into such escrow account, shall be returned to the prospective purchaser or subscriber promptly, but in no event more than five business days following receipt of such instrument by ESCROW AGENT. In the event of such return of funds, the instrument shall be deemed not to have been delivered to ESCROW AGENT pursuant to the terms of this Agreement.

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

3. RELEASE OF FUNDS.

3.1 ESCROW AGENT shall not release the escrowed funds of a defaulting purchaser until after consummation of the plan as defined in the Attorney General's regulations. Consummation of the plan shall not relieve SPONSOR of its fiduciary obligations pursuant to GBL Section 352-h.

3.2 ESCROW AGENT shall continue to hold the funds in escrow until otherwise directed in (a) a writing signed by both sponsor and purchaser or (b) a determination of the Attorney General or (c) a judgment or order of a court of competent jurisdiction or until released pursuant to the regulations of the Attorney General pertaining to release of 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 recission 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 proprietor, partners or members of the firm, as the case may be, shall make appropriate arrangements for the maintenance of these records by one of the partners or members of the firm or by the successor firm and shall notify the Department of Law of such transfer.

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

5. GENERAL OBLIGATIONS OF ESCROW AGENT.

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

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

6. RESPONSIBILITIES OF SPONSOR.

6.1 SPONSOR agrees that SPONSOR and its agents, including any selling agents, shall immediately deliver all deposits and payments received by them prior to closing of an 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 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 thisAgreement as of the day and year first written above.

ESCROW AGENT

A. EDWARD MAJOR, COUNSELLORS-AT-LAW

By:_____

SPONSOR

554 Owner LLC, 554 R&D LLC and 554 FWR LLC

By:_____

Escrow Dispute Determination Application

APPLICATION TO THE ATTORNEY GENERAL FOR A DETERMINATION ON THE DISPOSITION OF DOWNPAYMENTS

[Send this application to the reviewing attorney assigned to the subject plan.]

Re:_____
Address of Building or Name of Project

File Number:_____

Application is made to the Attorney General to consider and determine the disposition of down payments held pursuant to GBL Sections 352-e(2-b) and 352-h. The following information is submitted in support of this application:

1. Name of Applicant _____

2. Address of Applicant _____

3. Name, Address, and Telephone Number of Applicant's Attorney (if any)
_____
_____

4. This is an application for

[ ] return of downpayment.
[ ] forfeiture of downpayment.
[ ] other:_____

5. The project is
[ ] a conversion of occupied premises.
[ ] newly constructed or rehabilitated.
[ ] vacant (as is).

6. The project is structured as
[ ] cooperative.
[ ] condominium.
[ ] homeowners association.
[ ] timeshare.
[ ] other_____:

7. Name and Address of Sponsor:_____
_____

8. Name and Address of Escrow Agent:

_____

_____

9. if downpayments are maintained in an escrow account:

(a) Name of account _____

(b) Name and address of bank_____

(c) Account number (if known)_____

(d) Initial interest rate (if known) _____

10. If downpayments have been secured by bonds:

(a)Name and address of bond issuer or surety: _____

(b) Copy of bond included in this application. (DO NOT SEND ORIGINAL BOND.) If not included, explain: _____

_____

_____

_____

11. if downpayments have been secured by a letter of credit:

(a) Name and address of bank which issued the letter of credit:

_____

_____

(b)Date of expiration of the letter of credit, if known:_____

12. Plan information:

(a) Date of filing of plan:

(b) Plan [ ] has been declared effective. Approximate date: _____

[ ] has not been declared effective.

(c) If effective, the plan

[ ] has closed or the first **unit** has closed. Approximate date: _____

[ ] has not closed.

[ ] don't know.

(d) Downpayments are secured by
[ ] escrow account.
[ ] bonds.
[ ] letter of credit.

13. Contract information:

(a) Copy of contract and of all riders or modification letters are attached. (DO NOT SEND ORIGINALS.)

(b) Date on which subscription or purchase agreement was signed:

(c) Date (s) of downpayment (s)

(d) Total amount of downpayment(s):

(e) Names and addresses of subscribers or purchasers affected by this application:

14. State the basis for your claim. Please be as specific as possible. You may add additional sheets. Attach copies of any relevant documents.

15. I am contemporaneously sending a copy of this application to the following persons:

Note: You are required to mail a copy of this Application to all other affected parties.

In filing this application, I understand that the Attorney General is not my private attorney, but represents the public in enforcing laws designed to protect the public from unlawful business practices. I also understand that if I have any questions concerning my legal rights or responsibilities I may contact a private attorney. The above application is true and accurate to the best of my knowledge. False statements made herein are punishable as a Class A Misdemeanor under Section 175.30 and/or Section 210.45 of the Penal Law.

Signature: _____ Date: _____

Name (Printed):

Telephone: (Home)

Mailing Address:

Certification of Sponsor and Principals

CERTIFICATION BY SPONSOR AND SPONSOR'S PRINCIPALS

The Aurora Condominium
554-556 Third Avenue
New York, NY 10016

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 Office of the Attorney General 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 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 representation 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.

Gregory L. Maidman

Richard H. Maidman

Mitchel Maidman

Sworn to before me this
19th day of May, 2003

NOTARY PUBLIC, State of New York

KAREN TOBEY
NOTARY PUBLIC, State of New York
No. 03-4854904
Qualified in Bronx County
Cert. Filed in New York County
Commission Expires May 19, 2006

Certification of Sponsor's Architect

ARCHITECT, PLLC 155 West 68th Street New York, NY 10023
212 595 5117 212 595 5118 fax

CERTIFICATION OF SPONSOR'S ARCHITECT

The sponsor of the offering plan to convert the captioned property to condominium ownership retained me/our firm to prepare a report describing the construction and/or renovation of the property (the "Report"). We prepared the building plans and specifications dated July 30, 2001, amended May 10, 2002 and prepared the Report dated May 5, 2003, a copy of which is intended to be incorporated into the offering plan so that prospective Purchasers may rely on the Report.

We are registered architects in the State in which the property is located.

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

We have read the entire Report and investigated the facts set forth in the Report and the facts underlying it with due diligence in order to form a basis for this certification. This certification is made for the benefit of all persons to whom this offer is made.

We certify that the Report:

(i) sets forth in narrative form the description and/or physical condition of the entire property as it will exist

upon completion of construction, provided that construction is in accordance with the plans and specifications that we prepared;

(ii) in our professional opinion affords potential investors, purchasers and participants an adequate basis upon which to found their judgment concerning the description of the property as it will exist upon completion of construction, provided that construction is in accordance with the plans and specifications that we prepared;

(iii) does not omit any material fact;

(iv) does not contain any untrue statement of a material fact;

(v) does not contain any fraud, deception, concealment, or suppression;

(vi) does not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;

(vii) does not contain any representation or statement which is false, where we:

(a) knew the truth;

(b) with reasonable effort could have known the truth;

(c) made no reasonable effort to ascertain the truth; or

(d) did not have knowledge concerning the representation or statement made.

We further certify that we are not owned or controlled by and have no beneficial interest in the sponsor and that our compensation for preparing this Report is not contingent on the conversion of the property to a condominium or on the profitability or price of the offering. This statement is not intended as a guarantee or warranty of the physical condition of the property.

H. Thomas O'Hara Architects, PLLC

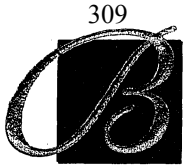
By: _____
H. Thomas O'Hara

Sworn to before me
this 11th day of July, 2003.

_____
Notary Public
State of New York

MICHELE M. JUDGE
Notary Public, State of New York
Qualified in Queens County
No. 6042176
My Commission Expires May 15, 20 06

Certification of Sponsor's Expert Concerning Adequacy of Budget



Bellmarc

Bellmarc Property Management

CERTIFICATION OF SPONSOR'S EXPERT CONCERNING ADEQUACY OF BUDGET (SCHEDULE B) PURSUANT TO SECTION 20.4(D) OF THE REGULATIONS ISSUED PURSUANT TO ARTICLE 23-A, GENERAL BUSINESS LAW

Re: The Aurora Condominium
554-556 Third Avenue
New York, New York

The sponsor of the condominium offering plan for the captioned property retained our firm to prepare Schedule B, and review Schedule B-1, containing projections of income and expenses for the first year of condominium operation. Our experience in this field includes management of residential real estate and the commercial component of such real estate for more than fifteen years. Currently our firm manages more than thirty-five buildings, and we are licensed Real Estate Brokers in the State of New York.

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

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

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

We certify that the Schedules:

(i) set forth in detail the projected income and expenses for the first year of condominium operation;

(ii) afford potential investors, purchasers and participants an adequate basis upon which to found their judgment concerning the first year of condominium operation;

(iii) do not omit any material fact;

(iv) do not contain any untrue statement of a material fact;

(v) do not contain any fraud, deception, concealment, or suppression;

(vi) do not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;

(vii) do not contain any representation or statement which is false, where we:

(a) knew the truth;
(b) with reasonable effort could have known the truth;
(c) made no reasonable effort to ascertain the truth; or
(d) did not have knowledge concerning the representation or statement made.

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

Bellmarc Property Management Services, Inc.

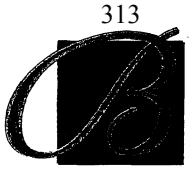
By: _____
JOHN R. JANANGELO
President

Sworn to before me this
11th day of July, 2003.

_____
NOTARY PUBLIC
STATE OF NEW YORK

JACKIE J. THERMIDOR
Notary Public, State of New York
No. 01TH600159
Qualified in Kings County
Commission Expires Dec. 8, 20 05

Certification of Sponsor's Expert Concerning Adequacy of of Common Charges Payable by the Commercial Unit Owner(s)



Bellmarc

Bellmarc Property Management

CERTIFICATION BY SPONSOR'S EXPERT CONCERNING ADEQUACY OF COMMON CHARGES PAYABLE BY EXTENDED STAY UNIT PURSUANT TO SECTION 20.4 (e) OF PART 20 OF THE REGULATIONS ISSUED PURSUANT TO GENERAL BUSINESS LAW ARTICLE 23-A, AS AMENDED

May 12, 2003

New York State Department of Law
120 Broadway
New York, NY 10271
Attn.: Real Estate Financing Bureau

Re: The Aurora Condominium
554 Third Avenue, New York, New York

The undersigned, Bellmarc Property Management Services, Inc. certifies as follows:

The sponsor of the condominium Offering Plan for the above captioned property retained our firm to prepare Schedule B to the Offering Plan which includes projections of common charges payable by the owner of the Extended Stay Unit.

Bellmarc Property Management Services, Inc. has been engaged in the management of residential and commercial real estate for more than fifteen years managing approximately thirty-five buildings, and is a licensed real estate broker in the State of New York.

We understand that we are responsible for complying with Article 23-A of the General Business Law and the regulations promulgated by the Department of Law in Part 20 insofar as they are applicable to the Extended Stay Unit listed in Schedule B.

We have reviewed the Schedule as it impacts upon the community facility units and investigated the facts underlying it with due diligence in order to form a basis for this certification. We also have relied on our experience in managing residential buildings.

We certify that the projections in the Schedule for the common charges payable by the owner of the community facility unit appear reasonable and adequate under existing circumstances to meet the anticipated operating expenses fairly attributable to such Extended Stay Unit for the projected first year of Condominium operation, and that the allocation of common charges attributable to the Extended Stay Unit also reflects any special or exclusive use or availability or exclusive control of particular common areas.

We certify that the estimates in Schedule B for the common charges payable by the owner of the Extended Stay Unit:

(i) set forth in detail the projected common charges for the Extended Stay Unit of Condominium for the projected first year of Condominium operation;

(ii) afford potential investors, purchasers and participants an adequate basis upon which to found their judgment concerning the common charges payable by the owner of the Extended Stay Unit;

(iii) do not omit any material fact;

(iv) do not contain any untrue statement of material fact;

(v) do not contain any fraud , deception, concealment, or suppression;

(vi) do not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;

(vii) do not contain any representation or statement which is false, where we: (a) knew the truth; (b) with reasonable effort could have known the truth; (c) made no reasonable effort to ascertain the truth ; or (d) did not have knowledge concerning the representations or statements made.

We further certify that we are not owned or controlled by the sponsor. We understand that a copy of this Certification is intended to be incorporated into the Offering Plan. This statement is not intended as a guarantee or warranty of the common charges fairly attributable to the Extended Stay Unit for the projected first year of Condominium operation.

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

BELLMARC PROPERTY MANAGEMENT SERVICES, INC.

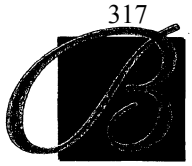
By: _____
Name: John R. Janangelo
Title: President

Sworn to before me this
12th of May, 2003

_____
Notary Public

JACKIE J. THERMIDOR
Notary Public, State of New York
No. 01TH600159
Qualified in Kings County
Commission Expires Dec. 8, 20 0_

Certification of Sponsor's Expert Concerning Adequacy of Projected Annual Electricity Charges



Bellmarc

Bellmarc Property Management

CERTIFICATION OF EXPERT CONCERNING THE ADEQUACY OF PROJECTED ANNUAL ELECTRICITY COST PURSUANT TO SECTION 20.4 (d) OF PART 20 OF THE REGULATIONS ISSUED PURSUANT TO GENERAL BUSINESS LAW, ARTICLE 23-A AS AMENDED

May 12, 2003

New York State Department of Law
120 Broadway
New York, NY 10271
Attn.: Real Estate Financing Bureau

Re: The Aurora Condominium
554 Third Avenue, New York, New York

The undersigned, Bellmarc Property Management Services, Inc. certifies as follows:

The sponsor of the Condominium Offering Plan for the above captioned property retained our firm to review Schedule B-1 to the Offering Plan containing projections of electricity costs payable by the owners of the residential units for the fiscal year October 1, 2003 through September 30, 2004.

Bellmarc Property Management Services, Inc. has been engaged in the management of residential and commercial real estate for the past fourteen years managing approximately twenty-five buildings, and is a licensed real estate broker in the State of New York.

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

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

We certify that the projections in Schedule B-1 appear reasonable and adequate under existing circumstances and appear to be sufficient to meet the anticipated electricity costs for the fiscal year October 1, 2003 through September 30, 2004.

We certify that the Schedule B-1:

(i) sets forth in detail the projected electrical usage and costs for the fiscal year October 1, 2003 through September 30, 2004;

(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 material fact;

(v) does not contain any fraud, deception, concealment, or suppression;

(vi) does not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;

(vii) does not contain any representation or statement which is false, where we: (a) knew the truth; (b) with reasonable effort could have known the truth; (c) made no reasonable effort to ascertain the truth; or (d) did not have knowledge concerning the representations or statements made.

We further certify that we are not owned or controlled by the Sponsor. We understand that a copy of this Certification is intended to be incorporated into the Offering Plan so that prospective purchasers may rely on it. This statement is not intended as a guarantee or warranty of the electricity costs to residential unit owners for fiscal year October 1, 2003 through September 30, 2004.

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.

BELLMARC PROPERTY MANAGEMENT SERVICES, INC.

By: _____
Name: John R. Janangelo
Title: President

Sworn to before me this
12th day of May, 2003

_____
Notary Public

JACKIE J. THERMIDOR
Notary Public, State of New York
No. 01TH600159
Qualified in Kings County
Commission Expires Dec. 8, 20 05