

THIS PLAN HAS BEEN  
AMENDED. SEE INSERTION  
ON INSIDE COVER.

**CONDOMINIUM OFFERING PLAN**

***THE 50 ORCHARD STREET CONDOMINIUM***

48-52 ORCHARD STREET  
NEW YORK, NEW YORK 10002

---

---

|                                                     |                 |
|-----------------------------------------------------|-----------------|
| Number of Units: 25 Residential Apartments          | \$21,260,000.00 |
| 3 Commercial Units (Not Presently Offered for Sale) | \$ -0-          |
| Total Purchase Price                                | \$21,260,000.00 |

---

---

**SPONSOR**

**50 ORCHARD ASSOCIATES LLC**

307 Fifth Avenue, 8<sup>th</sup> Floor  
New York, New York 10016

**SELLING AGENT**

**DOUGLAS ELLIMAN**

575 Madison Avenue  
New York, New York 10022  
(212) 891-7072

The approximate date of the First Offering to the Public is September 30, 2004. This Plan may not be used after September 29, 2005, unless extended by an amendment to the Plan.

**SEE PAGE 1 FOR SPECIAL RISKS TO PURCHASERS.**

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

## **FIFTH AMENDMENT**

**48-52 ORCHARD STREET  
NEW YORK, NEW YORK**

**DATED: December 15, 2004**

The Offering Plan - a Plan to convert to Condominium Ownership premises at 48-52 Orchard Street, New York, New York (hereinafter referred to as the "Plan") accepted for filing on September 30, 2004, is amended as follows:

1. Declaration of Effectiveness. The Sponsor has accepted Purchase Agreements from five (5) purchasers, representing 25% of the units offered for sale. Accordingly, the Plan was declared effective by notice dated November 15, 2004, sent to all Purchasers via first class mail, in accordance with its terms (see Exhibit A annexed). Annexed hereto as Exhibit B is a copy of the affidavit of the Sponsor in support of the Declaration of Effectiveness.

2. Closing Date. The Closing of title to the Units will not be scheduled until such time as the temporary certificate of occupancy has been issued for the building. Accordingly, the Plan will be further amended at such time to disclose the issuance of a temporary (or permanent) Certificate of Occupancy as well as the scheduled closing date for the First Unit Closing.

3. No Other Changes. There are no material changes in the terms of the Offering Plan, except as set forth in amendments One through Four this Fifth Amendment.

**50 ORCHARD ASSOCIATES LLC, Sponsor**

**EXHIBIT A**

**50 ORCHARD ASSOCIATES LLC  
307 Fifth Avenue  
New York, New York 10016**

**NOTICE OF DECLARATION OF EFFECTIVENESS**

**VIA FIRST CLASS MAIL**

To: All Purchasers  
48-52 Orchard Street  
New York, New York 10002

PLEASE TAKE NOTICE that the Condominium Offering Plan for The 50 Orchard Street Condominium – A Plan to convert to Condominium Ownership premises at 48-52 Orchard Street, New York, New York, accepted for filing on September 30, 2004, as amended is hereby declared effective in accordance with its terms. Please note that in accordance with the terms of the Offering Plan, Sponsor will submit its proposed Fifth Amendment to the Offering Plan, within five (5) days hereof.

Purchase Agreements have been executed and accepted for five (5) of the twenty-five (25) Units (representing 25%) offered for sale.

Dated: New York, New York  
November 15, 2004

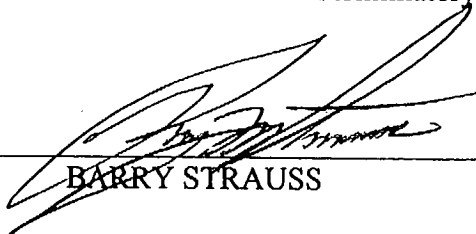
50 ORCHARD ASSOCIATES LLC, Sponsor

## EXHIBIT B

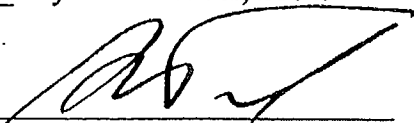
STATE OF NEW YORK     )  
                                      : ss.:  
COUNTY OF NEW YORK    )

BARRY STRAUSS, being duly sworn, deposes and says:

1. I am the sole shareholder and officer of Barry M. Strauss Assoc., Ltd., the sole member of Voyager Development Co., LLC, the manager of 50 Orchard Associates, LLC, the Sponsor of the Condominium Offering Plan for premises 48-52 Orchard Street, New York, New York -- The 50 Orchard Street Condominium (the "Plan").
2. The Plan was accepted for filing by the Department of Law on September 30, 2004.
3. All purchasers counted for the purposes of declaring the Plan effective are bona fide purchasers, are not purchasing for or as an accommodation to or for the account or benefit of the Sponsor and have duly executed Purchase Agreements and have paid the full downpayment as required in the Procedure to Purchase section of the Plan.
4. No purchaser is a principal, employee, shareholder, partner or business associate or related by blood, marriage or adoption to the Sponsor or to any principal of the Selling Agent.
5. Annexed hereto is a list of purchasers who executed Purchase Agreements, which are being counted toward effectiveness.
6. The purchasers who are counted for the purpose of declaring the Plan effective have signed Purchase Agreements without force or duress and with no discriminatory re-purchase agreement or other discriminatory inducement.

  
BARRY STRAUSS

Sworn to before me this  
15 day of November, 2004.

  
Notary Public

ALLEN M. TUREK  
Notary Public, State of New York  
No. 4613441  
Qualified in New York County  
Commission Expires July 31, 2005

**PURCHASERS**  
**48-52 ORCHARD STREET, NEW YORK, NY**

| <u>Apartment</u> | <u>Purchaser</u>                                                                  | <u>Date of<br/>Purchase Agreement</u> |
|------------------|-----------------------------------------------------------------------------------|---------------------------------------|
| 2A               |  | October 26, 2004                      |
| 2B               |                                                                                   | November 3, 2004                      |
| 3B               |                                                                                   | November 4, 2004                      |
| 4A               |                                                                                   | November 9, 2004                      |
| 7A               |                                                                                   | November 10, 2004                     |

## **FOURTH AMENDMENT**

**48-52 ORCHARD STREET  
NEW YORK, NEW YORK**

**DATED: November 23, 2004**

The Offering Plan - a Plan to convert to Condominium Ownership premises at 48-52 Orchard Street, New York, New York (hereinafter referred to as the "Plan") accepted for filing on September 30, 2004, is amended as follows:

1. Common Area Roof Terrace. In order to avoid any unsafe condition, no portion on either the South Section or the North Section shall be available as a Common Area Roof Terrace, at any time from the completion of the South Section until such time as the North Section has been completed. The Sponsor shall notify all Building residents when the North Section has been completed, which notice shall also advise Unit Owners of the availability of the Common Area Roof Terrace to be situate upon a portion of the roof of the North Section, for use by all Building residents.

2. Material Changes. There are no other material changes to the terms of the Offering Plan, except as set forth in the First, Second, Third and this Fourth Amendment.

**50 ORCHARD ASSOCIATES LLC, Sponsor**

### THIRD AMENDMENT

48-52 ORCHARD STREET  
NEW YORK, NEW YORK

DATED: November 3, 2004

The Offering Plan - a Plan to convert to Condominium Ownership premises at 48-52 Orchard Street, New York, New York (hereinafter referred to as the "Plan") accepted for filing on September 30, 2004, is amended as follows:

1. Price Change. The purchase price for the following Units have been increased, as follows:

| <u>Unit</u> | <u>Purchase Price</u> |
|-------------|-----------------------|
| 3A          | \$ 700,000.00         |
| 4A          | \$ 750,000.00         |
| 5A          | \$1,425,000.00        |
| 6A          | \$1,300,000.00        |
| 7A          | \$1,550,000.00        |
| 3B          | \$ 925,000.00         |
| 4B          | \$ 975,000.00         |

2. Material Changes. There are no other material changes to the terms of the Offering Plan, except as set forth in the First, Second and this Third Amendment.

50 ORCHARD ASSOCIATES LLC, Sponsor

## SECOND AMENDMENT

**48-52 ORCHARD STREET  
NEW YORK, NEW YORK**

DATED: October 26, 2004

The Offering Plan - a Plan to convert to Condominium Ownership premises at 48-52 Orchard Street, New York, New York (hereinafter referred to as the "Plan") accepted for filing on September 30, 2004, is amended as follows:

1. Price Change. The purchase price for the Units have been increased, as follows:

| <u>Unit</u> | <u>Purchase Price</u> |
|-------------|-----------------------|
| 2A          | \$ 575,000.00         |
| 3A          | \$ 625,000.00         |
| 4A          | \$ 675,000.00         |
| 5A          | \$1,375,000.00        |
| 6A          | \$1,250,000.00        |
| 7A          | \$1,475,000.00        |
| 2B          | \$ 830,000.00         |
| 3B          | \$ 880,000.00         |
| 4B          | \$ 940,000.00         |
| 2C          | \$ 845,000.00         |
| 3C          | \$ 875,000.00         |
| 4C          | \$ 900,000.00         |
| 5C          | \$ 925,000.00         |
| 6C          | \$ 950,000.00         |
| 7C          | \$ 990,000.00         |
| 8C          | \$1,650,000.00        |
| 2D          | \$ 775,000.00         |
| 3D          | \$ 800,000.00         |
| 4D          | \$ 825,000.00         |
| 5D          | \$ 845,000.00         |
| 6D          | \$ 875,000.00         |
| 7D          | \$ 900,000.00         |
| 8D          | \$1,025,000.00        |
| 9D          | \$1,150,000.00        |
| 10D         | \$1,350,000.00        |

2. Material Changes. There are no other material changes to the terms of the Offering Plan, except as set forth in the First and this Second Amendment.

50 ORCHARD ASSOCIATES LLC, Sponsor

s:\7597\offeringplan\2ndAmendment

## FIRST AMENDMENT

48-52 ORCHARD STREET  
NEW YORK, NEW YORK

DATED: October 13, 2004

The Offering Plan - a Plan to convert to Condominium Ownership premises at 48-52 Orchard Street, New York, New York (hereinafter referred to as the "Plan") accepted for filing on September 30, 2004, is amended as follows:

1. Price Change. The purchase price for the Units have been increased, as follows:

| <u>Unit</u> | <u>Purchase Price</u> |
|-------------|-----------------------|
| 2A          | \$ 550,000.00         |
| 3A          | \$ 575,000.00         |
| 4A          | \$ 600,000.00         |
| 5A          | \$1,225,000.00        |
| 6A          | \$1,100,000.00        |
| 7A          | \$1,425,000.00        |
| 2B          | \$ 795,000.00         |
| 3B          | \$ 835,000.00         |
| 4B          | \$ 860,000.00         |
| 2C          | \$ 795,000.00         |
| 3C          | \$ 825,000.00         |
| 4C          | \$ 850,000.00         |
| 5C          | \$ 875,000.00         |
| 6C          | \$ 900,000.00         |
| 7C          | \$ 940,000.00         |
| 8C          | \$1,600,000.00        |
| 2D          | \$ 725,000.00         |
| 3D          | \$ 750,000.00         |
| 4D          | \$ 775,000.00         |
| 5D          | \$ 795,000.00         |
| 6D          | \$ 825,000.00         |
| 7D          | \$ 850,000.00         |
| 8D          | \$ 975,000.00         |
| 9D          | \$1,100,000.00        |
| 10D         | \$1,300,000.00        |

2. Material Changes. There are no other material changes to the terms of the Offering Plan, except as set forth in this First Amendment.

50 ORCHARD ASSOCIATES LLC, Sponsor

s:\7597\offeringplan\1stAmendment

# TABLE OF CONTENTS

## PART I

|                                                                         |    |
|-------------------------------------------------------------------------|----|
| SPECIAL RISKS.....                                                      | 1  |
| INTRODUCTION.....                                                       | 12 |
| DESCRIPTION OF PROPERTY AND IMPROVEMENTS.....                           | 21 |
| LOCATION AND AREA INFORMATION.....                                      | 30 |
| OFFERING PRICES & RELATED INFORMATION (SCHEDULE A).....                 | 33 |
| BUDGET FOR FIRST YEAR OF CONDOMINIUM OPERATION<br>(SCHEDULE B).....     | 40 |
| NOTES TO BUDGET, SCHEDULE B .....                                       | 41 |
| PROJECTED ELECTRICAL USE FOR EACH RESIDENTIAL UNIT (SCHEDULE B-1) ..... | 46 |
| COMPLIANCE WITH REAL PROPERTY LAW 339(i) .....                          | 49 |
| COMMERCIAL UNITS' .....                                                 | 50 |
| CHANGES IN PRICES AND UNITS.....                                        | 52 |
| INTERIM LEASES .....                                                    | 53 |
| PROCEDURE TO PURCHASE .....                                             | 55 |
| ASSIGNMENT OF PURCHASE AGREEMENTS .....                                 | 65 |
| EFFECTIVE DATE .....                                                    | 65 |
| TERMS OF SALE.....                                                      | 66 |
| UNIT CLOSING COSTS AND ADJUSTMENTS.....                                 | 69 |
| RIGHTS AND OBLIGATIONS OF SPONSOR .....                                 | 74 |
| CONTROL BY SPONSOR .....                                                | 79 |

|                                                                                 |     |
|---------------------------------------------------------------------------------|-----|
| BOARD OF MANAGERS .....                                                         | 81  |
| RIGHTS AND OBLIGATIONS OF UNIT OWNERS AND THE BOARD OF<br>MANAGERS .....        | 84  |
| REAL ESTATE TAXES .....                                                         | 94  |
| REAL ESTATE ASSESSMENT OPINION .....                                            | 97  |
| INCOME TAX DEDUCTIONS TO UNIT OWNERS AND TAX STATUS OF THE<br>CONDOMINIUM ..... | 109 |
| COUNSEL'S INCOME TAX OPINION .....                                              | 112 |
| COUNSEL'S OPINION ON COMPLIANCE WITH REAL PROPERTY LAW §339-(i) .....           | 117 |
| WORKING CAPITAL FUND .....                                                      | 118 |
| MANAGEMENT AGREEMENT, CONTRACTS AND LEASES .....                                | 119 |
| IDENTITY OF PARTIES .....                                                       | 121 |
| REPORTS TO UNIT OWNERS .....                                                    | 122 |
| DOCUMENTS ON FILE .....                                                         | 122 |
| GENERAL .....                                                                   | 123 |
| LEAD PAINT DISCLOSURE .....                                                     | 125 |
| SPONSOR'S STATEMENT OF BUILDING CONDITION .....                                 | 126 |

## PART II

|                                                               |     |
|---------------------------------------------------------------|-----|
| PURCHASE AGREEMENT .....                                      | 128 |
| EXHIBIT A .....                                               | 142 |
| LEAD PAINT DISCLOSURE .....                                   | 144 |
| FORM W-9 (If Applicable) .....                                | 153 |
| FORM W-8 (If Applicable) .....                                | 155 |
| COMBINED NEW YORK STATE REAL ESTATE TRANSFER TAX RETURN ..... | 156 |
| POWER OF ATTORNEY .....                                       | 158 |
| FORM OF UNIT DEED .....                                       | 161 |
| SCHEDULE A .....                                              | 164 |

|                                                      |     |
|------------------------------------------------------|-----|
| DESCRIPTION OF PROPERTY AND SPECIFICATIONS .....     | 165 |
| FLOOR PLANS.....                                     | 181 |
| DECLARATION OF CONDOMINIUM .....                     | 191 |
| CONDOMINIUM BY-LAWS.....                             | 213 |
| CONDOMINIUM RULES AND REGULATIONS .....              | 247 |
| ESCROW AGREEMENT .....                               | 251 |
| CERTIFICATIONS                                       |     |
| SPONSOR AND SPONSOR'S PRINCIPALS .....               | 261 |
| SPONSOR'S ENGINEER .....                             | 263 |
| SPONSOR'S EXPERT CONCERNING ADEQUACY OF BUDGET ..... | 265 |

## **SPECIAL RISKS**

1. THE PURCHASE AGREEMENT MAY BE MADE SUBJECT TO THE PURCHASER OBTAINING A LOAN COMMITMENT FOR AN AMOUNT NO GREATER THAN SEVENTY- FIVE (75%) PERCENT OF THE PURCHASE PRICE FOR THE UNIT (UNIT OWNERS MAY FINANCE MORE THAN SEVENTY-FIVE [75%] PERCENT OF THE PURCHASE PRICE HOWEVER THE PURCHASE AGREEMENT MAY NOT BE MADE CONTINGENT UPON THE PURCHASER OBTAINING A MORTGAGE LOAN IN AN AMOUNT GREATER THAN SEVENTY-FIVE [75%] PERCENT). THE TERMS AND CONDITIONS FOR MAKING THE PURCHASE AGREEMENT CONTINGENT UPON PURCHASER OBTAINING A LOAN COMMITMENT ARE SET FORTH IN THE SECTION OF THE PLAN ENTITLED "PROCEDURE TO PURCHASE". PURCHASERS MAY FIND IT NECESSARY TO EXTEND AN EXPIRING LOAN COMMITMENT IN THE EVENT THE PLAN IS NOT YET DECLARED EFFECTIVE OR THE SPONSOR IS OTHERWISE UNABLE TO CLOSE ON THE UNIT FOR ANY REASON WHATSOEVER. IN SUCH EVENT IT SHALL BE THE PURCHASER'S OBLIGATION TO TAKE ALL NECESSARY STEPS TO EXTEND THE LOAN COMMITMENT, INCLUDING, IF APPLICABLE, THE PAYMENT OF AN EXTENSION OR OTHER FEE. FURTHERMORE, PURCHASER'S LENDING INSTITUTION MAY DECIDE TO RENEW OR EXTEND THE LOAN COMMITMENT AT INTEREST RATES HIGHER THAN ORIGINALLY PROVIDED. IF A PURCHASER'S COMMITMENT IS MADE CONTINGENT ON FINANCING AND THE COMMITMENT LETTER LAPSES OR EXPIRES DESPITE THE PURCHASER'S GOOD FAITH EFFORTS TO EXTEND THE COMMITMENT, SPONSOR SHALL GRANT THE PURCHASER A RIGHT OF RECISSION AND A REASONABLE PERIOD OF TIME TO EXERCISE SUCH RIGHT.

2. IF A PURCHASER MAKES A DOWN PAYMENT IN EXCESS OF \$100,000 FOR THE PURCHASE OF A UNIT, SUCH DOWN PAYMENT WILL NOT BE FEDERALLY INSURED IN EXCESS OF \$100,000. (SEE "PROCEDURE TO PURCHASE" BELOW.)

3. A PURCHASER HAS THIRTY (30) DAYS TO CURE A DEFAULT UNDER THE PURCHASE AGREEMENT AFTER BEING SENT WRITTEN NOTICE OF SUCH DEFAULT. "TIME IS OF THE ESSENCE" AS TO PURCHASER'S OBLIGATION TO CURE SUCH DEFAULT WITHIN SUCH THIRTY (30) DAY PERIOD. IF THE PURCHASER FAILS TO CURE SUCH DEFAULT ON A TIMELY BASIS, THE SPONSOR MAY ELECT TO CANCEL THE PURCHASE AGREEMENT AS A RESULT OF PURCHASER'S DEFAULT, IN WHICH EVENT THE SPONSOR SHALL BE ENTITLED TO RETAIN, AS LIQUIDATED DAMAGES, ALL PAYMENTS MADE UNDER THE PURCHASE AGREEMENT (BUT IN NO EVENT AN AMOUNT IN EXCESS OF 10% OF THE PURCHASE PRICE) (SEE "PROCEDURE TO PURCHASE" BELOW.)

4. A PURCHASER OF A UNIT IS OBLIGATED TO PAY NEW YORK STATE DOCUMENTARY STAMP TAXES AND NEW YORK CITY REAL PROPERTY TRANSFER

TAXES, ALTHOUGH THESE CHARGES ARE CUSTOMARILY PAID BY THE SELLER IN CONVENTIONAL REAL ESTATE TRANSACTIONS. WHEN SUCH COSTS ARE PAID BY PURCHASERS, THE EFFECTIVE RATE OF THE NEW YORK CITY REAL PROPERTY TRANSFER TAX FOR UNITS IS EQUAL TO APPROXIMATELY 1.01% OF THE PURCHASE PRICE (IF THE PURCHASE PRICE IS \$500,000 OR LESS; OTHERWISE THE RATE IS 1.425% OF THE PURCHASE PRICE, AND THE NEW YORK STATE DEED DOCUMENTARY STAMPS IS EQUAL TO \$2.00 FOR EACH \$500 (OR PART THEREOF) OF THE PURCHASE PRICE. (SEE "PROCEDURE TO PURCHASE" BELOW.)

5. SPONSOR AND ITS DESIGNEES MAY EXERCISE VETO POWER OVER SOME ACTIONS OF THE CONDOMINIUM BOARD. UNTIL SPONSOR AND ITS DESIGNEES HAVE CONVEYED TITLE TO SEVENTY-FIVE (75%) PERCENT OF ALL RESIDENTIAL UNITS, BUT IN NO EVENT LATER THAN FIVE (5) YEARS AFTER THE CLOSING OF THE FIRST RESIDENTIAL UNIT, THE CONDOMINIUM BOARD MAY NOT TAKE ANY OF THE FOLLOWING ACTIONS WITHOUT SPONSOR'S PRIOR WRITTEN CONSENT: (A) MAKE ANY ADDITION, ALTERATION OR IMPROVEMENT TO THE COMMON ELEMENTS, OR (B) ASSESS ANY COMMON CHARGES FOR THE CREATION OF, ADDITION TO OR REPLACEMENT OF ALL OR PART OF A WORKING CAPITAL, RESERVE, CONTINGENCY OR SURPLUS FUND, OR (C) INCREASE OR DECREASE THE NUMBER, OR CHANGE THE KIND OF EMPLOYEES REFERRED TO IN THE PLAN, OR (D) ENTER INTO ANY SERVICE OR MAINTENANCE CONTRACT FOR WORK NOT COVERED BY CONTRACTS IN EXISTENCE ON THE DATE OF THE FIRST CLOSING OR OTHERWISE PROVIDE SERVICES IN EXCESS OF THOSE REFERRED TO IN THE PLAN, OR (E) BORROW MONEY ON BEHALF OF THE CONDOMINIUM, PROVIDED, HOWEVER, THAT SPONSOR'S WRITTEN CONSENT IS NOT NECESSARY TO PERFORM ANY FUNCTION OR TAKE ANY ACTION DESCRIBED IN CLAUSES (A) THROUGH (F) ABOVE, IF, AND ONLY IF, THE PERFORMANCE OF SUCH FUNCTION OR THE CARRYING OUT OF SUCH AN ACTION IS NECESSARY (AND NO OTHER ALTERNATIVE IS AVAILABLE) TO ENABLE THE CONDOMINIUM BOARD TO COMPLY WITH LAWS, RULES OR REGULATIONS OF ANY GOVERNMENTAL AUTHORITY HAVING JURISDICTION OVER THE CONDOMINIUM OR TO REMEDY ANY WORK ORDER BY AN INSURER. (SEE, "CONTROL BY SPONSOR" BELOW).

6. SO LONG AS THE SPONSOR OR ITS SUCCESSOR OWNS EVEN ONE (1) UNIT, NO AMENDMENT, MODIFICATION, ADDITION OR DELETION OF THE DECLARATION, BY-LAWS OR RULES AND REGULATIONS OF THE CONDOMINIUM SHALL BE EFFECTIVE IN ANY WAY WITHOUT THE PRIOR WRITTEN CONSENT OF SPONSOR OR ITS DESIGNEE OR THE OWNER OF ANY UNSOLD RESIDENTIAL UNIT, AS THE CASE MAY BE, WITH RESPECT TO ANY AMENDMENT, MODIFICATION, ADDITION OR DELETION OF OR TO THE BY-LAWS, THE DECLARATION OR THE RULES AND REGULATIONS MODIFYING THE PERMITTED USE OF THE BUILDING OR ANY PORTION THEREOF OR AFFECTING THE RIGHTS, PRIVILEGES, EASEMENTS,

LICENSES OR EXEMPTIONS GRANTED TO SPONSOR OR ITS DESIGNEE OR THE OWNER OF ANY UNSOLD RESIDENTIAL UNIT, AS THE CASE MAY BE OR OTHERWISE ADVERSELY AFFECTING (I.E., ECONOMICALLY OR IN ANY WAY RESTRICTING ANY OF THE RIGHTS OF) SPONSOR OR ITS DESIGNEE OR THE OWNER OF ANY UNSOLD RESIDENTIAL UNIT, AS THE CASE MAY BE. (SEE "RIGHTS AND OBLIGATIONS OF UNIT OWNERS AND THE BOARD OF MANAGERS" BELOW.)

7. CONSTRUCTION IS A COMPLICATED PROCESS REQUIRING THE COORDINATION OF NUMEROUS TASKS AND THE BALANCING OF COMPLEX MECHANICAL AND ARCHITECTURAL SYSTEMS. NO ASSURANCE(S) ARE OR CAN BE GIVEN WITH REGARD TO THE ACCURACY OF ANY PROJECTED COMPLETION DATES SET FORTH HEREIN. ONCE PLANS AND SPECIFICATIONS FOR THE BUILDING HAVE BEEN FILED WITH AND APPROVED BY THE DEPARTMENT OF BUILDINGS, SPONSOR WILL THEREAFTER COMMENCE CONSTRUCTION PURSUANT THERETO. DURING THE FIRST YEAR OF CONDOMINIUM OPERATIONS (SEE, SPECIAL RISK # 12 BELOW), CONSTRUCTION WORKERS AND RELATED PERSONNEL WILL BE AT THE PROPERTY FROM TIME TO TIME MAKING ADJUSTMENTS AND PERFORMING VARIOUS TASKS RELATED TO THE COMPLETION OF CONSTRUCTION. VARIOUS BUILDING-WIDE SYSTEMS, INCLUDING BUT NOT LIMITED TO WATER SUPPLY, AIR CONDITIONING, HEATING, COOLING, VENTILATING AND ELEVATOR, MIGHT BE SHUT DOWN TEMPORARILY IN ORDER TO MAKE APPROPRIATE ADJUSTMENTS. ALL REASONABLE STEPS WILL BE TAKEN BY SPONSOR TO MINIMIZE ANY NECESSARY INTERRUPTION IN BUILDING SERVICES WHILE MAKING SUCH ADJUSTMENTS. SPONSOR WILL PROMPTLY REPAIR ANY DAMAGE TO ANY SOLD UNIT OR COMMON AREA WHICH MAY BE DAMAGED DURING THE COURSE OF SPONSOR COMPLETING THE RENOVATIONS OF THE PROPERTY. SPONSOR MAY NOT COMPLETE THE DECORATION OF THE CORRIDORS IN THE BUILDING, INCLUDING BUT NOT LIMITED TO INSTALLING LIGHT FIXTURES, HANGING WALL COVERINGS OR LAYING FLOORING, UNTIL THAT PARTICULAR FLOOR IS FULLY OCCUPIED BY RESIDENTIAL UNIT OWNERS. (SEE "DESCRIPTION OF PROPERTY AND IMPROVEMENTS" BELOW.)

8. THE SPONSOR INTENDS TO COMPLETE THE BUILDING IN TWO SECTIONS: THE SOUTH SECTION CONSISTING OF NINE (9) RESIDENTIAL UNITS AND ONE (1) COMMERCIAL STORE AND THE NORTH SECTION, CONSISTING OF AN ADDITIONAL SIXTEEN (16) RESIDENTIAL APARTMENTS AND TWO (2) COMMERCIAL STORES. THE SOUTH SECTION WILL BE COMPLETED PRIOR TO THE NORTH SECTION. THE TWO SECTIONS (NORTH AND SOUTH) WILL BE SEPARATED FROM EACH OTHER EXCEPT THAT THEY WILL SHARE A COMMON HEATING SYSTEM, STAIRWAY, BUILDING ENTRANCE, CHIMNEY, FIRE PUMP, UTILITY ROOM, UTILITY (GAS, ELECTRIC AND WATER) MAINS AND A PORTION OF THE ROOF ABOVE THE SEVENTH FLOOR OF THE SOUTH SECTION WILL BECOME A ROOF TERRACE WHICH WILL BE A LIMITED

COMMON ELEMENT APPURTENANT TO ONE OF THE RESIDENTIAL UNITS IN THE NORTH SECTION. IN ADDITION, SOME MECHANICAL SYSTEMS SERVICING THE NORTH SECTION WILL BE LOCATED WITHIN THE SOUTH SECTION. RESIDENTS OF THE SOUTH SECTION IN POSSESSION PRIOR TO THE COMPLETION OF THE NORTH SECTION SHOULD ANTICIPATE SOME INCONVENIENCE DURING THE CONSTRUCTION OF THE NORTH SECTION. (SEE "DESCRIPTION OF PROPERTY AND IMPROVEMENTS" BELOW.)

9. SPONSOR WILL PAY ALL COMMON CHARGES, SPECIAL ASSESSMENTS AND REAL ESTATE TAXES WITH RESPECT TO ANY UNSOLD UNITS. HOWEVER, NO BOND OR OTHER SECURITY HAS BEEN POSTED BY SPONSOR TO SECURE ITS OBLIGATION TO PAY COMMON CHARGES, SPECIAL ASSESSMENTS AND REAL ESTATE TAXES WITH RESPECT TO THE UNSOLD RESIDENTIAL UNITS. SPONSOR REPRESENTS THAT IT HAS THE FINANCIAL RESOURCES TO MEET SUCH OBLIGATIONS WITH RESPECT TO THE UNSOLD RESIDENTIAL UNITS. SPONSOR WILL PAY THE COMMON CHARGES FOR ANY UNSOLD RESIDENTIAL UNITS SO LONG AS SUCH UNIT(S) IS OWNED BY SPONSOR. (SEE "RIGHTS AND OBLIGATIONS OF SPONSOR" BELOW.)

10. SPONSOR WILL ENDEAVOR, IN GOOD FAITH, TO SELL IN A REASONABLY TIMELY MANNER, ALL RESIDENTIAL UNITS TO PURCHASERS FOR THE PERSONAL OCCUPANCY OF PURCHASERS OR THEIR IMMEDIATE FAMILIES IN A REASONABLY TIMELY MANNER. HOWEVER, IN THE EVENT THAT THERE IS A SIGNIFICANT DECLINE IN MARKET VALUES OF A LEAST 15% FROM THE OFFERING PRICES SET FORTH IN THE CONTRACTS COUNTED TOWARD EFFECTIVENESS, SPONSOR RESERVES THE RIGHT TO RENT, RATHER THAN SELL, UNITS UNTIL THERE IS AN UPTURN IN THE MARKET. SPONSOR'S GOOD FAITH EFFORTS TO SELL TO PURCHASERS WILL INCLUDE LISTING UNSOLD UNITS WITH BROKERS, SHOWING UNSOLD UNITS TO BROKERS AND PROSPECTIVE PURCHASERS OR THEIR REPRESENTATIVES, FILING UPDATE AMENDMENTS TO THE PLAN AND OTHERWISE ENGAGING IN CUSTOMARY SALES ACTIVITIES.

TO FURTHER ASSURE THAT THIS PLAN WILL CREATE A FULLY VIABLE CONDOMINIUM, THE BY-LAWS CONTAIN A RESIDENCY REQUIREMENT PURSUANT TO WHICH A MAJORITY OF THE CONDOMINIUM BOARD MUST BE OWNER-OCCUPANTS OF THE BUILDING WHO ARE UNRELATED TO SPONSOR OR ITS PRINCIPALS, AFTER THE END OF THE SPONSOR BOARD CONTROL PERIOD.

NOTWITHSTANDING THE FOREGOING, THE SPONSOR RESERVES THE RIGHT TO ENTER INTO AN INTERIM LEASE WITH ANY PERSONS WHO HAVE ENTERED INTO A PURCHASE AGREEMENT WITH THE SPONSOR FOR A PARTICULAR APARTMENT. ANY INTERIM LEASE FOR A RESIDENTIAL UNIT ENTERED INTO WITH

A PURCHASER WILL PROVIDE, HOWEVER, AMONG OTHER THINGS, THAT AN UNCURED DEFAULT BY THE PURCHASER UNDER THE PURCHASE AGREEMENT WITH RESPECT TO THE UNIT WHICH IS THE SUBJECT OF THE INTERIM LEASE WILL CONSTITUTE A DEFAULT UNDER THE INTERIM LEASE ENTITLING SPONSOR, AT ITS SOLE OPTION, TO TERMINATE SUCH INTERIM LEASE IN ACCORDANCE WITH APPLICABLE LAW. IN ADDITION, EACH PURCHASE AGREEMENT MAY PROVIDE THAT AN UNCURED DEFAULT BY THE PURCHASER UNDER ANY INTERIM LEASE WITH RESPECT TO THE UNIT WHICH IS THE SUBJECT OF THE PURCHASE AGREEMENT WILL CONSTITUTE A DEFAULT UNDER THE PURCHASE AGREEMENT ENTITLING SPONSOR, AT ITS SOLE OPTION, TO TERMINATE SUCH PURCHASE AGREEMENT AND TO EXERCISE ANY RIGHTS AND/OR REMEDIES PROVIDED THEREIN.

PURCHASERS OR ANY OTHER PERSONS ENTERING INTO AN INTERIM LEASE FOR A RESIDENTIAL UNIT SHALL BE REQUIRED TO PAY THE SUM OF \$500 TO SPONSOR'S COUNSEL FOR LEGAL FEES IN CONNECTION THEREWITH, UPON EXECUTION OF THE INTERIM LEASE. ALL OTHER CHARGES OR OTHER FEES DUE UNDER AN INTERIM LEASE SHALL BE ADJUSTED AS OF THE CLOSING TO THE UNIT. NOTWITHSTANDING ANY OF THE FOREGOING, SPONSOR SHALL BE UNDER NO OBLIGATION TO ENTER INTO ANY INTERIM LEASE(S). (SEE "RIGHTS AND OBLIGATIONS OF SPONSOR" AND "INTERIM LEASES" BELOW.)

11. THE COMMERCIAL UNITS ARE NOT PRESENTLY OFFERED FOR SALE. SPONSOR EXPRESSLY RESERVES THE RIGHT TO RETAIN THE COMMERCIAL UNITS, EITHER IN ITS OWN NAME OR IN THE NAME OF AN AFFILIATE OR RELATED COMPANY, INDEFINATELY. MOREOVER, THE COMMERCIAL UNITS MAY BE SUBDIVIDED AS WELL AS UTILIZED BY THEIR OWNER(S) FOR ANY LEGAL PURPOSE OR PERMITTED USE, WITHOUT THE CONSENT OR APPROVAL OF THE CONDOMINIUM'S BOARD OF MANAGERS, OR ITS UNIT OWNERS.

12. ALL LEGAL COSTS, FEES AND EXPENSES CHARGED BY THE PURCHASER'S ATTORNEY SHALL BE THE SOLE RESPONSIBILITY OF EACH PURCHASER. IN ADDITION, PURCHASER SHALL ALSO BE RESPONSIBLE FOR PAYMENT OF THE FOLLOWING FEES TO SPONSOR'S ATTORNEY, TUREK ROTH LLP, IN CONNECTION WITH THE CLOSING OF TITLE TO PURCHASER'S UNIT: (i) \$1,500.00 REPRESENTING SPONSOR'S LEGAL COSTS IN CONNECTION WITH SUCH CLOSING TRANSACTION; (ii) IF THE PURCHASER REQUESTS THE CLOSING TO OCCUR OTHER THAN AT THE LAW OFFICES OF TUREK ROTH LLP OR SUCH OTHER PLACE AS SPONSOR MAY DESIGNATE IN ITS CLOSING NOTICE AND SPONSOR CONSENTS TO SUCH REQUEST, AN ATTENDANCE FEE OF \$500 FOR EACH UNIT CLOSING HELD WITHIN MANHATTAN AND \$700 FOR EACH UNIT CLOSING HELD IN ANY BOROUGH OF NEW YORK CITY OUTSIDE MANHATTAN; (iii) IF SPONSOR, IN ITS SOLE DISCRETION,

CONSENTS TO A PURCHASER'S REQUEST FOR AN ASSIGNMENT OF THE PURCHASE AGREEMENT, A FEE OF \$1,000, PAYABLE IN ADVANCE, FOR THE PREPARATION OF AN ASSIGNMENT AGREEMENT AND (iv) IF PURCHASER OBTAINS TITLE INSURANCE FROM A TITLE INSURANCE COMPANY OTHER THAN ROYAL ABSTRACT CO. AND SPONSOR INCURS ADDITIONAL LEGAL FEES AND EXPENSES AS A RESULT OF THE REQUIREMENTS OF SUCH TITLE INSURANCE COMPANY, THE PURCHASER WILL REIMBURSE SPONSOR AT CLOSING FOR THE AMOUNT OF SUCH ADDITIONAL LEGAL FEES AND EXPENSES SO INCURRED. (SEE "CLOSING COSTS AND ADJUSTMENTS" BELOW.)

13. SPONSOR SHALL PERFORM ALL WORK REQUIRED TO OBTAIN A PERMANENT CERTIFICATE OF OCCUPANCY IN THE COMMON AREAS OF THE BUILDING ("COMMON AREA WORK") AND SHALL PERFORM ALL WORK REQUIRED TO OBTAIN A PERMANENT AND/OR TEMPORARY CERTIFICATE OF OCCUPANCY FOR ALL UNITS. IN THE EVENT THAT ALL COMMON AREA WORK IS NOT COMPLETED BY THE TIME THE TEMPORARY CERTIFICATES OF OCCUPANCY EXPIRE, CONTINUED OCCUPANCY OF THE BUILDING WILL BE ILLEGAL SUBJECTING THE UNIT OWNERS AND BOARD OF MANAGERS TO PENALTIES UNDER THE MULTIPLE DWELLING LAW, INCLUDING EVICTION OF RESIDENTIAL OCCUPANTS. NOTWITHSTANDING THE FOREGOING, THE SPONSOR SHALL ALSO BE HELD RESPONSIBLE FOR ANY VIOLATIONS OF FINES DUE TO SPONSOR'S FAILURE TO OBTAIN A PERMANENT CERTIFICATE OF OCCUPANCY, TO THE EXTENT THAT SUCH PERMANENT CERTIFICATE OF OCCUPANCY IS NOT OBTAINED OR IS DELAYED DIRECTLY AS A RESULT OF THE SPONSOR'S FAILURE TO PROPERLY COMPLETE THE WORK TO THE BUILDING OR SPONSOR'S OR ITS AGENT'S FAILURE TO PROPERLY FILE THE REQUISITE DOCUMENTATION WITH THE DEPARTMENT OF BUILDINGS. SPONSOR MAKES NO REPRESENTATION OR GUARANTEE THAT THE DEPARTMENT OF BUILDINGS WILL ISSUE A PERMANENT CERTIFICATE OF OCCUPANCY WITHIN TWO (2) YEARS AFTER ISSUANCE OF THE FIRST TEMPORARY CERTIFICATE OF OCCUPANCY. IN THE EVENT THE FIRST UNIT CLOSING OCCURS PRIOR TO THE ISSUANCE OF A PERMANENT CERTIFICATE OF OCCUPANCY FOR THE BUILDING, SPONSOR SHALL OBTAIN A WRITTEN OPINION FROM ITS ARCHITECT OR ENGINEER, CERTIFYING THE AMOUNT REASONABLY NECESSARY TO COMPLETE ALL ALTERATIONS AND IMPROVEMENTS TO THE PUBLIC PORTIONS AND COMMON AREAS OF THE BUILDING, WHICH AMOUNT SO CERTIFIED WILL BE RETAINED IN A SPECIAL ESCROW ACCOUNT AS REQUIRED BY GBL §352-E(2-B) UNTIL SUCH PERMANENT CERTIFICATE OF OCCUPANCY IS OBTAINED. SPONSOR RESERVES THE RIGHT TO GET WRITTEN AMENDED CERTIFICATIONS FROM ITS ARCHITECT OR ENGINEER FROM TIME-TO-TIME UP-DATING THE AMOUNT OF MONEY REQUIRED TO COMPLETE THOSE ALTERATIONS AND IMPROVEMENTS AND TO WITHDRAW FROM THE SPECIAL ESCROW ACCOUNT, ANY SUMS IN EXCESS OF THE AMOUNT

CERTIFIED AT SUCH TIME AS NECESSARY. (SEE "RIGHTS AND OBLIGATIONS OF SPONSOR" BELOW.)

SPONSOR ANTICIPATES THAT THE FIRST UNIT CLOSING WILL OCCUR ON OR ABOUT NOVEMBER 1, 2004. IF SUCH DATE IS DELAYED BY TWELVE (12) MONTHS OR MORE, ALL PURCHASERS WILL BE OFFERED THE RIGHT OF RECISSION BY FILED AMENDMENT TO THIS OFFERING PLAN.

14. IN ACCORDANCE WITH GENERAL BUSINESS LAW §352-ee, SPONSOR HAS THE RIGHT TO DECLARE THE PLAN EFFECTIVE AND CONVEY TITLE TO UNITS PRIOR TO OBTAINING A TEMPORARY CERTIFICATE OF OCCUPANCY FOR THE ENTIRE BUILDING SO LONG AS SPONSOR OBTAINS TEMPORARY CERTIFICATES OF OCCUPANCY FOR ANY UNIT BEING SOLD AND OBTAINS A PERMANENT CERTIFICATE OF OCCUPANCY, BEFORE THE TEMPORARY CERTIFICATE OF OCCUPANCY OR ANY RENEWAL THEREOF, EXPIRES. ACCORDINGLY, PURCHASERS MAY BE REQUIRED TO CLOSE TITLE TO THEIR RESPECTIVE RESIDENTIAL UNITS WITHOUT A TEMPORARY OR PERMANENT CERTIFICATE OF OCCUPANCY FOR THE ENTIRE BUILDING, BUT ONLY SO LONG AS PURCHASER'S LENDER IS PREPARED TO CLOSE THE LOAN WITHOUT A TEMPORARY CERTIFICATE OF OCCUPANCY FOR THE ENTIRE BUILDING. (SEE "RIGHTS AND OBLIGATIONS OF SPONSOR" BELOW.)

15. THE ROOF OF THE BUILDING MAY INCLUDE CERTAIN MECHANICAL EQUIPMENT NECESSARY (E.G., ELEVATOR MACHINE ROOM, ETC.) FOR THE MAINTENANCE AND OPERATION OF THE BUILDING AND THE UNITS. THE CONDOMINIUM BOARD WILL BE RESPONSIBLE FOR ENSURING THAT THE MECHANICAL EQUIPMENT IS OPERATED IN ACCORDANCE WITH LAW, INCLUDING REQUIREMENTS GOVERNING ACCEPTABLE LEVELS OF NOISE AND ODOR EMISSIONS. SPONSOR IS NOT RESPONSIBLE FOR AND CAN MAKE NO GUARANTEES REGARDING THE LEVEL OR NOISE OR ODORS RESULTING FROM THE OPERATION OF THE BUILDING OR THE UNITS, AFTER CONTROL OF THE BOARD OF MANAGERS IS SURRENDERED TO UNIT OWNERS.

PORTIONS OF THE ROOFS (UPPER AND LOWER ROOFS) OF THE SOUTH SECTION HAVE BEEN DESIGNATED AS LIMITED COMMON ELEMENTS APPURTENANT TO UNITS 2-D, 5A, 7A, 8C, 9C, 10C, 9D AND 10D. SUCH PORTIONS OF THE ROOFS, WHICH WILL BE AVAILABLE FOR THE EXCLUSIVE USE OF THE OWNERS AND OCCUPANTS OF UNITS 5A, 7A AND 8C WILL BE FINISHED BY SPONSOR, WITH PAVERS. THE UPPER ROOF THE SOUTH SECTION WILL ALSO HAVE A PARTITION SETTING OFF THOSE PORTIONS OF SUCH ROOF WHICH WILL BE USED BY THE TWO DIFFERENT UNIT OWNERS. THE OWNERS OF THESE UNITS WITH AN APPURTENANT ROOF DECK WILL BE RESPONSIBLE FOR MAINTAINING, AND WHEN NECESSARY, REPLACING THE PAVERS AND FENCING, AT HIS/HER SOLE COST AND

EXPENSE. PURCHASERS ARE REFERRED TO THE ARCHITECT'S REPORT IN PART II OF THE PLAN FOR FURTHER DETAILS. (SEE "RESERVATION OF DEVELOPMENT RIGHTS".)

A PORTION OF THE ROOF OF THE NORTH SECTION WILL BE SIMILARLY FINISHED BY SPONSOR WITH PAVERS FOR USE BY ALL RESIDENTS OF THE BUILDING, AS A COMMON AREA. AS SUCH ROOF IMPROVEMENTS ARE BEING MADE AS PART OF THE BUILDING PERMIT FOR THE RENOVATION OF THE ENTIRE PROPERTY, NO SEPARATE PERMIT IS NECESSARY FOR THE DEVELOPMENT OF THE ROOF.

THE CONDOMINIUM'S BOARD OF MANAGERS WILL HAVE UNLIMITED ACCESS (ON REASONABLE NOTICE) TO ALL ROOF AREAS FOR THE PURPOSE OF MAKING INSPECTIONS AND/OR REPAIRS.

16. IN ORDER TO MEET THE POSSIBLE VARYING DEMAND FOR NUMBER AND TYPE OF RESIDENTIAL UNITS, OR TO MEET PARTICULAR REQUIREMENTS OF PROSPECTIVE PURCHASERS, OR FOR ANY OTHER REASON, SPONSOR RESERVES THE RIGHT (EXCEPT TO THE EXTENT PROHIBITED BY LAW) AT ANY TIME AND FROM TIME TO TIME, BEFORE AND AFTER THE RECORDING OF THE DECLARATION, WITHOUT GIVING PRIOR NOTICE AND WITHOUT THE CONSENT OF THE BOARD, UNIT OWNER OR MORTGAGEE TO (A) CHANGE THE LAYOUT OF, OR NUMBER OF ROOMS IN, ANY UNSOLD RESIDENTIAL UNIT, (B) CHANGE THE SIZE AND/OR NUMBER OF UNSOLD RESIDENTIAL UNITS BY DIVIDING ONE OR MORE SUCH UNITS INTO TWO OR MORE SEPARATE UNSOLD RESIDENTIAL UNITS, COMBINING, SEPARATE UNSOLD RESIDENTIAL (INCLUDING THOSE RESULTING FROM SUCH SUBDIVISION OR OTHERWISE) INTO ONE OR MORE UNSOLD RESIDENTIAL UNITS, ALTERING ANY BOUNDARY WALLS BETWEEN ONE OR MORE UNSOLD RESIDENTIAL UNITS, OR OTHERWISE, INCLUDING INCORPORATING COMMON ELEMENTS (SUCH AS A PORTION OF A HALLWAY), WHICH EXCLUSIVELY BENEFIT AN UNSOLD RESIDENTIAL UNIT INTO SUCH UNSOLD RESIDENTIAL UNIT, (C) DESIGNATE A RESIDENTIAL COMMON ELEMENT AS PART OF A NEWLY CREATED RESIDENTIAL UNIT AND (D) IF APPROPRIATE AND IN ACCORDANCE WITH GBL §339(i), REAPPORTION AMONG THE UNSOLD RESIDENTIAL UNITS AFFECTED BY ANY SUCH CHANGE, THEIR AGGREGATE COMMON INTERESTS. NOTWITHSTANDING THE FOREGOING, NO CHANGE WILL BE MADE IN THE SIZE OR NUMBER OF SOLD UNITS AND/OR THEIR RESPECTIVE PERCENTAGES OF COMMON INTEREST, AND NO MATERIAL CHANGE WILL BE MADE IN THE SIZE OR QUALITY OF THE COMMON ELEMENTS, EXCEPT BY AMENDMENT TO THIS OFFERING PLAN, AND IF APPLICABLE TO THE DECLARATION. MOREOVER, NO MATERIAL CHANGES WILL BE MADE IN THE SIZE AND QUALITY OF THE COMMON ELEMENTS WITHOUT

THE CONSENT FROM ALL PURCHASERS. (SEE "CHANGES IN PRICES AND UNITS" BELOW.)

17. ALL PURCHASERS OF UNITS WILL BE REQUIRED TO EXECUTE A POWER OF ATTORNEY (A) APPOINTING THE BOARD OF MANAGERS AS THEIR ATTORNEY-IN-FACT TO ACQUIRE OR LEASE UNITS ON BEHALF OF ALL UNIT OWNERS, AND (B) APPOINTING THE SPONSOR AS THEIR ATTORNEY-IN-FACT TO AMEND THE CONDOMINIUM DOCUMENTS UNDER LIMITED SPECIFIC CONDITIONS. (SEE "POWER OF ATTORNEY" BELOW.)

18. PURSUANT TO EXISTING LAW AND REGULATION, THE SPONSOR MAY DECLARE THE PLAN EFFECTIVE BY SELLING A MINIMUM OF FIFTEEN PERCENT OF THE RESIDENTIAL APARTMENTS IN THE BUILDING. EVEN IF THE PLAN IS DECLARED EFFECTIVE WITH A MINIMUM NUMBER OF SALES, IT IS POSSIBLE THAT THE SPONSOR MAY BE ABLE TO CONVERT THE BUILDING WITH FEWER THAN THE MINIMUM NUMBER OF SALES, IF PURCHASERS COUNTED TOWARD EFFECTIVENESS DO NOT ULTIMATELY PURCHASE AN APARTMENT.

PURCHASERS SHOULD NOTE THAT IN THE CURRENT REAL ESTATE MARKET, BANKS AND OTHER LENDERS ARE IMPOSING VARIOUS RESTRICTIONS ON LOANS. SUCH RESTRICTIONS INCLUDE REQUIRING THAT A CERTAIN PERCENTAGE (SUCH AS 50%) OF THE APARTMENTS IN A BUILDING BE SOLD BEFORE THE LENDER WILL CONSIDER MAKING A LOAN. THUS IT MAY BE POSSIBLE FOR A PURCHASER TO EXPERIENCE DIFFICULTY OBTAINING A LOAN IN A BUILDING WHERE THE PERCENTAGE OF UNITS PURCHASED IS LOWER THAN A LENDER'S PARTICULAR SALES MINIMUM.

EVEN ONCE A BUILDING UNDERGOES CONVERSION, LENDERS MAY STILL IMPOSE MINIMUM SALES REQUIREMENTS BEFORE GRANTING A LOAN. IT THEN MAY BE DIFFICULT FOR A PURCHASER TO RESELL AN APARTMENT IF PROSPECTIVE BUYERS ARE UNABLE TO OBTAIN A LOAN DUE TO SUCH MINIMUM SALES REQUIREMENTS. NO REPRESENTATIONS ARE MADE OR IMPLIED BY SPONSOR OR ITS SELLING AGENT, THAT FINANCING WILL BE AVAILABLE TO PURCHASERS OF THE UNITS.

19. AFTER COMPLETION OF THE BUILDING CONSTRUCTION, THE SPONSOR WILL FILE FOR TAX EXEMPTION BENEFITS UNDER §421-a OF THE NEW YORK REAL PROPERTY TAX LAW. THE SPONSOR HAS RETAINED ANTHONY COMO ASSOCIATES TO FILE FOR THESE TAX BENEFITS. IF THE APPLICATION IS GRANTED, A PORTION OF THE REAL PROPERTY TAXES FOR THE RESIDENTIAL UNITS WILL BE EXEMPT FROM INCREASE AS A RESULT OF THE NEW CONSTRUCTION, FOR A SET PERIOD OF YEARS. IN THE EVENT AND TO THE EXTENT THE BUILDING IS DENIED 421-a

BENEFITS, THE RESIDENTIAL UNITS WILL BE SUBJECT TO REAL ESTATE TAX LIABILITY AS PROJECTED IN SCHEDULE A BELOW. THE SPONSOR DOES NOT ANTICIPATE OBTAINING 421-a BENEFITS PRIOR TO THE FIRST UNIT CLOSING. ACCORDINGLY, ANY UNIT SOLD PRIOR TO OBTAINING SUCH 421-a BENEFITS WILL BE SUBJECT TO THE REAL ESTATE TAXES NOTED IN SCHEDULE A. (SEE, "SCHEDULE A", "FOOTNOTES TO SCHEDULE A", "REAL ESTATE TAXES" AND THE OPINION OF ANTHONY COMO ASSOCIATES, REPRODUCED BELOW).

20. INASMUCH AS THE PROPERTY IS BEING BUILT BY SPONSOR WITH ALL NEW BUILDING SYSTEMS, THE SPONSOR DOES NOT FORESEE THE NEED FOR ANY REPLACEMENTS AND/OR IMPROVEMENTS TO THE PROPERTY WITHIN THE FIRST THREE (3) YEARS FOLLOWING THE FIRST UNIT CLOSING. ACCORDINGLY, NO PROVISION IS MADE FOR THE ESTABLISHMENT OF A RESERVE FUND.

21. THE SPONSOR IS CONSTRUCTING THE BUILDING IN TWO PARTS. ACCORDINGLY, THE SOUTH SECTION OF THE BUILDING WILL BE COMPLETED PRIOR TO THE NORTH SECTION. AS SUCH, SPONSOR INTENDS TO DELCARE ITS PLAN EFFECTIVE BEFORE THE NORTH SECTION IS COMPLETED, BASED UPON PURCHASE AGREEMENTS FOR NO LESS THEN FOUR (4) RESIDENTIAL UNITS. (SEE, "EFFECTIVE DATE" BELOW.) CONSTRUCTION ON THE SOUTH SECTION COMMENCED ON OR ABOUT APRIL 2002 AND IS SCHEDULED TO BE SUBSTANTIALLY COMPLETED ON OR ABOUT SEPTEMBER 15, 2004. CONSTRUCTION ON THE NORTH SECTION IS SCHEDULED TO COMMENCE ON OR ABOUT DECEMBER 2004 AND IS SCHEDULED TO BE SUBSTANTIALLY COMPLETED BY SEPTEMBER 2005; HOWEVER, GIVEN THE VAGARIES OF NEW CONSTRUCTION, THE FOREGOING PROJECTED DATES ARE SUBJECT TO CHANGE BY THE SPONSOR WITHOUT PRIOR NOTICE.

CONSTRUCTION ON THE NORTH SECTION WILL BE LIMITED TO WEEKDAYS (EXCLUDING NEW YORK BANK HOLIDAYS) DURING THE HOURS OF 8:00 AM TO 5:00 PM UNLESS SPECIAL CIRCUMSTANCES EXIST, IN WHICH EVENT THE SPONSOR OR ITS CONTRACTOR WILL GIVE REASONABLE ADVANCE NOTICE TO THE RESIDENTS OF THE BUILDING. NO WORK WILL BE PERFORMED ON WEEKENDS UNLESS THE SPONSOR OBTAINS "AFTER HOURS" PERMITS FROM THE DEPARTMENT OF BUILDINGS, IN WHICH EVENT, RESIDENTS OF THE SOUTH SECTION WILL BE GIVEN REASONABLE ADVANCE NOTICE. DEBRIS FROM THE CONSTRUCTION OF THE NORTH SECTION WILL BE REMOVED ON A DAILY BASIS AND EVERY REASONABLE EFFORT WILL BE TAKEN BY THE CONTRACTORS TO MINIMIZE THE ADVERSE IMPACT OF THE NORTH SECTION CONSTRUCTION UPON THE RESIDENTS OF THE SOUTH SECTION. HOWEVER, AS NOTED ABOVE, RESIDENTS OF THE SOUTH SECTION SHOULD ANTICIPATE SOME INCONVENIENCE (INCLUDING WITHOUT LIMITATION NOISE, DEBRIS, VIBRATIONS AND SPORADIC INTERRUPTION OF

BUILDING-WIDE SERVICES) DURING THE NORTH SECTION CONSTRUCTION PHASE.  
(SEE "RESERVATION OF DEVELOPMENT RIGHTS" BELOW.)

22. OWNERS OF THE THREE (3) COMMERCIAL UNITS MAY USE OR RENT THESE SPACES FOR ANY LEGAL PURPOSE AND SUCH OWNERS RESERVE THE RIGHT TO TO AMEND THE CERTIFICATE OF OCCUPANCY OF THE BUILDING AFTER CONSTRUCTION IS COMPLETED, TO CHANGE THE PERMITTED LEGAL USE OF ANY OR ALL OF THESE SPACES, SO LONG AS SUCH CHANGE IS PERMITTED BY THE ZONING RESOLUTION AND ANY REQUIRED VARIANCES ARE OBTAINED, AT SUCH COMMERCIAL UNIT OWNER'S SOLE COST AND EXPENSE. THE CONDOMINIUM WILL HAVE NO RIGHT TO RESTRICT OR LIMIT THE METHOD OF OPERATION OR ANY USE OR APPEARANCE OF ANY COMMERCIAL UNIT, WHICH ARE PERMITTED BY LAW AND/OR APPLICABLE ZONING ORDINANCE EXCEPT THAT NEITHER OF THE COMMERCIAL UNITS MAY BE USED AS AN OTB (OFF-TRACK BETTING) PARLOR, FUNERAL PARLOR, OR A CAFÉ, RESTAURANT OR BAR. (SEE, "DESCRIPTION OF PROPERTY AND IMPROVEMENTS" – "COMMERCIAL UNITS" BELOW.)

THE SPONSOR IS USING THE RIGHT FOR ITSELF OR ANY OWNER OF A COMMERCIAL UNIT, TO SUBDIVIDE EITHER OR BOTH OF THE COMMERCIAL UNITS. (SEE "DESCRIPTION OF PROPERTY AND IMPROVEMENTS" – "COMMERCIAL UNITS" BELOW.)

## **INTRODUCTION**

### **1. The Offering Plan ("Plan")**

The purpose of the Plan is to set forth all of the material terms of this offering. Copies of the Plan, all documents referred to in the Plan and all exhibits submitted to the Department of Law of New York State in connection with the filing of the Plan, are available for inspection without charge (and for copying at a reasonable charge) to prospective Purchasers and their attorneys at the office of the Selling Agent.

The Plan may be amended from time to time when an amendment is filed with the Department of Law of New York State. Any such amendment will be served on all Purchasers who have executed and delivered Purchase Agreements to the Selling Agent and are not in default, Unit Owners and any other persons entitled to receive such amendment pursuant to applicable law or regulation.

The Plan contains all the detailed terms of the transaction and is presented in two parts (in one volume) which together constitute the entire Plan. Part I sets forth a general description and the terms of the offer. Part II contains a copy of the basic documents necessary to create the Condominium together with a copy of the Purchase Agreement and other documents necessary to purchase a Unit under the Plan. Prospective Purchasers are advised to consult with their own attorneys and other advisors and to furnish them with a copy of the Plan.

### **2. Nature of the Transaction**

On November 30, 1999, 50 Orchard Associates LLC, the Sponsor, acquired fee simple title to the Land and the Building (sometimes referred to as the "Premises") having a street address of 48-52 Orchard Street, New York, New York. After renovations to be undertaken by the Sponsor (see, "Description of Property and Specifications", below), the Premises will include a 10 story, mixed use Building.

The Sponsor intends to endeavor in good faith to sell all of the Residential Units in a reasonably timely manner, to purchasers for personal occupancy by themselves or their families. If Sponsor makes a bulk sale of all or some of its Residential Unsold Units, the transferee successor shall be bound by Sponsor's representations herein regarding its commitment to sell the Residential Units.

It should be noted that Sponsor's construction mortgage does not provide for a minimum number of sales before the Plan can be declared effective; however, the loan documents do provide that upon the sale of each Unit, the greater of (a) 125% of the allocated loan share of such Unit based upon the percentage of Common Interest noted in Schedule A below, or (b) 100% of the net

sale proceeds of such Unit, must be paid to the holder of the mortgage to reduce the balance of the loan.

Sponsor will endeavor, in good faith, to sell in a reasonably timely manner, all residential units to purchasers for the personal occupancy of purchasers or their immediate families in a reasonably timely manner. However, in the event that there is a significant decline in market values of a least 15% from the offering prices set forth in the contracts counted toward effectiveness, sponsor reserves the right to rent, rather than sell, units until there is an upturn in the market. Sponsor's good faith efforts to sell to purchasers will include listing unsold units with brokers, showing unsold units to brokers and prospective purchasers or their representatives, filing update amendments to the plan and otherwise engaging in customary sales activities.

As presently contemplated the Building will be configured as follows:

| <u>FLOORS</u>                           | <u>USE</u>                                   |
|-----------------------------------------|----------------------------------------------|
| Grade (Including<br>Portions of Cellar) | 3 Commercial Units                           |
| 2 through 4                             | 12 Residential Apartments (4 per floor)      |
| 5 through 7                             | 9 Residential Apartments (3 per floor)       |
| 8                                       | 1 Residential Apartment                      |
| 9 & 10                                  | 3 Residential Apartments (Includes 1 Duplex) |

The Sponsor intends to complete the South Section of the Building before completing the North Section. As such, purchasers of Units within the south section (all A & B Units) should anticipate noise, debris and brief interruptions in building-wide services related to the construction of the north section of the Building (all C & D Units). (See "Description of Property and Improvements" below.)

Each residential apartment will be a separate Condominium Unit. All of the Residential Units are offered for sale in this Offering Plan. Sponsor also reserves the right to change the number and/or configuration of the Condominium Units. (See, "Changes in Prices and Units", below). Common Areas, such as hallways, lobbies and elevators, are not offered for sale.

The Sponsor presently contemplates that the South Section will be substantially completed (i.e. completed except for "punch list" items needing correction or the completion of finishes, none of which would materially adversely affect the habitability of the Unit) on or about September 15, 2004 and that Building-wide improvements will be substantially completed by September 30, 2005. The Plan will be amended prior to or at the time the Plan is declared effective, to disclose the status, and if necessary the time table for the completion of Common Area Work and individual Unit renovations.

The Sponsor presents the Plan for the conversion of the Property to condominium ownership pursuant to the Condominium Act of New York, (Article 9-B of the Real Property Law)

### **3. The Offer**

The Sponsor hereby offers for sale the twenty-five (25) individual Residential Units. None of the twenty-five (25) Residential Units were occupied as a residence immediately prior to the first submission of the Plan to the Department of Law. For each of the Units, the purchase price, number of rooms and baths, percentage of Common Interest, projected Common Charges, projected real estate taxes and projected carrying charges, are set forth hereafter in Schedule A "Offering Prices and Related Information." The Commercial Units are not presently offered for sale. The Sponsor must amend this Offering Plan before offering any of the Commercial Units for sale.

THE PURCHASE PRICES CONTAINED IN THE PLAN HAVE BEEN SET BY THE SPONSOR WITHOUT ARM'S LENGTH NEGOTIATIONS AND ARE NOT SUBJECT TO APPROVAL BY THE DEPARTMENT OF LAW OR ANY GOVERNMENTAL AGENCY.

For complete details concerning the purchase of the Unit, the Closing of title to a Unit and the costs and adjustments with respect thereto, see Sections "Procedure to Purchase", "Effective Date" and "Closing and Terms of Sale."

### **4. The Offerees**

This offering is made only to individuals eighteen (18) years of age or older, corporations, limited liability companies, partnerships, trusts and other business entities.

Sponsor has the right to reject a prospective Purchaser without cause or explanation, provided that such rejection is not based on race, creed, color, national origin, marital status, sex, ancestry, or any other ground prohibited by law.

### **5. Applicable Rent Laws**

Inasmuch as there are no residential tenants in the Building prior to or at the time of the submission of this Plan to the Department of Law, there are no rent laws which apply to the Building or this offering.

### **6. Features of Condominium Ownership**

The Condominium's Board of Managers does not have the right to approve of purchasers. The ownership of a condominium unit is similar, in many respects, to the ownership of a private home. Each Unit Owner will own fee title to his Unit outright and will be entitled to the exclusive

possession of such Unit, as well as the exclusive right to use any Limited Common Elements which may be appurtenant to their specific Unit. In addition, each Unit Owner will own in common with every other Unit Owner, an undivided percentage interest in the Common Elements. The Common Elements are comprised of: Portions of the Property serving and benefiting all Units, generally, including for example, the Land upon which the Building stands, exterior walls and foundations and supports of the Building, and generally, all Building-wide plumbing, heating, electrical, ventilating and air conditioning systems and equipment. See the Declaration (Part II of this Plan) for a detailed description of the Units and Common Elements.

In accordance with Sections 339(i) and (m) of the Condominium Act, the Board of Managers (sometimes referred to herein as the "Condominium Board" or "Board") will, from time to time, assess all Unit Owners in proportion to their respective percentage interests in the Common Elements, the Common Charges for the expenses associated with the Common Elements. Each Unit Owner will be solely responsible for the payment of all Common Charges assessed against his Unit. Each Unit will be assigned a separate tax lot designation by the City of New York. Accordingly, each Unit Owner will be responsible for paying the real estate charges attributable to their Unit. Unless and until separate water meters are installed for each Unit, water charges and sewer rents will not be separately assessed against Unit Owners and are included in the Common Charges. The Board is also empowered by the Declaration as well as its By-Laws to borrow money on behalf of all Unit Owners to cover the cost of certain permitted repairs and on certain conditions, after the fifth anniversary of the First Closing. See Section "Rights and Obligations of the Unit Owners and Board of Managers."

Each Unit Owner is obligated to comply with the Declaration, the By-laws, the rules and regulations and other requirements duly imposed by the Board of Managers.

A Unit Owner may occupy his Unit for any lawful purpose, as permitted by the Certificate of Occupancy for the Building, and applicable zoning as well as other government requirement.

With certain exceptions, any sale or lease of a Unit will be subject to a right of first refusal in favor of the Board of Managers to acquire or lease such Unit, or to produce a third party to do so, on the same terms as were offered by the owner of such Unit. However, the Board of Managers does not have the right to approve or disapprove purchasers.

Subject to certain conditions contained in the By-laws, each Unit Owner may freely mortgage his Unit with such lender and in such amount as he chooses. Each Unit is separate and is not subject to the lien of any mortgage placed by other Unit Owners on their respective Units.

There is no limit on the number of Unit Owners who may purchase their Unit for investment rather than for personal occupancy. As such, there may always be a substantial percentage of Unit Owners who are non-residents.

As a Unit Owner, a Purchaser will have the right to vote for the Board of Managers, which will supervise and manage the affairs of the Condominium pursuant to the By-laws of the Condominium.

As noted above, each Unit will be taxed as a separate tax lot for real estate tax and assessment purposes and no Unit Owner will be responsible for the payment of, nor will his Unit be subject to, any lien arising from the non-payment of taxes on any other unit. An estimate of the real estate taxes that will be payable for each Unit during the first year of condominium operation of the Property subsequently to the First Closing is set forth in Schedule A. The estimated real estate taxes for each Unit assumes that the New York City taxing authority will allocate real estate taxes among Units in proportion to their respective Common Interests.

Each Unit Owner may decorate the interior of his Unit in any way that he desires, subject to compliance with the By-laws and the Rules and Regulations and will be solely responsible for the cost and expenses of maintenance and interior paintings of his Unit and for the cost of repairs or replacement of any appliances and improvements thereto. Each Unit Owner will be responsible for the cost of his own liability insurance for occurrences within his Unit as well as for casualty insurance to cover losses to his personal possessions within his Unit.

In accordance with Real Property Law Section 339-jj and the Declaration as well as the By-Laws of the Condominium, the Board of Managers has the right (subject to certain restrictions) to incur debt on behalf of the Unit Owners, under certain circumstances. See section "Board of Managers".

Units may be owned by individuals, corporations, partnerships, limited liability companies, estates, associations, trusts or other legal entities capable of owning legal title to real property under the laws of the State of New York.

## **7. Certain Definitions**

General definition of certain terms used in the Plan are set forth below. In the event these definitions are otherwise defined in the Condominium Act, GBL, or the regulations of the New York State Department of Law, or in the Declaration and By-Laws of the Condominium, then such definitions shall prevail over any contrary definition contained herein.

1. **Appurtenant Interest:** With respect to any Unit, the undivided interest of the owner of such Unit in and to: (i) the Common Elements; (ii) any other assets of the Condominium.

2. **Board of Managers:** Sometimes "Condominium Board" or "Board". The governing board of the Condominium composed of representatives designated by the Sponsor or selected by Unit Owners voting to supervise and manage the affairs of the Condominium in accordance with the By-laws of the Condominium.

3. **Building**: The building known as 48-52 Orchard Street, New York, New York, New York, New York.

4. **Commercial Units**. Refers to the three (3) Commercial Units in the Condominium.

5. **Closing Date**: The date of the transfer of title to any specific Unit, as scheduled by Sponsor by written notice to any Purchaser (which notice may not be less than 30 days) and any adjournment of such date as may be agreed by Sponsor in writing.

6. **Common Area Work**: The improvements and renovations to the Common Areas of the Building necessary to obtain a final Certificate of Occupancy pursuant to the Construction Plans and Specifications.

7. **Common Charges**: Each Unit's proportionate share of the Common Expenses in accordance with its Common Interest.

8. **Common Elements**: All portions of the Property other than Units, including, but not limited to the land, the foundations, roofs and supports of the Building and all areas or facilities for the common use of the Units and Unit Owners.

9. **Common Expenses**: The aggregate of (a) expenses of the operation of the Property, and (b) all sums designated as Common Expenses by the Condominium Act, the Declaration or By-laws. The projected Common Expenses for the first year of operation are set forth in Schedule B.

10. **Common Interest**: The proportionate undivided interest of each Unit Owner in the Common Elements as determined in accordance with the Declaration. The total of all Common Interest percentages of all Unit Owners equals 100%. The Common Interest of a Unit is the basis for determining, among other things, a Unit Owner's undivided ownership interest in the Common Elements and share of Common Expenses and of any distributions upon termination of the Condominium.

11. **Condominium**: The Units and Common Elements constituting The 50 Orchard Street Condominium.

12. **Condominium Act**: Article 9-B of the Real property Law of the State of New York.

13. **Condominium Board**: The Board of Managers of the Condominium.

14. **Condominium Documents**: The Declaration, the By-laws, Rules and Regulations and Floor Plans, as same may be amended from time to time.

15. **Construction Plan and Specifications.** The Plans and Specifications for the Building which are filed with and approved by the New York City Department of Buildings as same may be amended from time to time, pursuant to which the Building will be converted to its intended use as described in this Plan.

16. **Declarant.** Shall mean 50 Orchard Associates LLC, a New York Limited Liability Corporation, having an address, 307 Fifth Avenue, 8th Fl., New York, New York 10016.

17. **Declaration or Declaration of Condominium:** The instrument, including the By-laws, by which the Property is submitted to the provisions of the Condominium Act.

18. **Escrow Agent:** Turek Roth LLP, 377 Fifth Avenue, 6<sup>th</sup> Floor, , New York, New York 10016, (212) 223-3562 or its successors, as per an amendment to this Plan.

19. **Family Members:** The spouse, children (natural and adopted), stepchildren, grandchildren, siblings, parents, parents-in-law, grandparents, great-grandparents and aunts and uncles of a Unit Owner who reside in such Unit Owner's Unit.

20. **First Closing:** The Closing of title for the first Unit to be conveyed pursuant to a Purchase Agreement and this Plan.

21. **Floor Plans:** The floor plans of the Units certified by Michael Muroff Architect LLC, or such architect designated by Sponsor, and filed with the City Register's Office simultaneously with the recording of the Declaration, together with any supplemental floor plans thereto.

22. **Land:** All that certain tract, plot, piece and parcel of land, situate, lying and being in the County of New York State of New York, as more particularly described in Exhibit A to the Declaration, and located at 48-52 Orchard Street, New York, New York.

23. **Limited Common Elements:** Portions of the Property which are owned as Common Elements, but the exclusive use of which is granted to a single Unit Owner or several Unit Owners, such as designated portions of the roof adjacent to the fifth floor apartment.

24. **Managing Agent:** Salon Realty Co., currently having its office at 338 East 92<sup>nd</sup> Street, New York, New York 10128.

25. **North Section:** That portion of the Building containing all C & D Units.

26. **Offering Plan:** This document, as may be amended from time to time, filed with the New York State Department of Law pursuant to which individual Units in the Condominium are offered for sale.

27. **Permitted Mortgage:** Any mortgage covering a Unit that is placed thereon in compliance with the terms of the By-laws.

28. **Permitted Mortgagee:** Any holder of a Permitted Mortgage.

29. **Person:** A natural person, corporation, partnership, limited liability company, association, trustee or other legal entity.

30. **Power of Attorney:** The document, signed by Unit Owners, which appoints: (a) the Board of Managers as attorney-in-fact to acquire or lease Units on behalf of all Unit Owners; and (b) the Sponsor as attorney-in-fact to amend the Condominium Documents under the conditions set forth in the Power of Attorney.

31. **Property:** Includes the Land, the Building and all other improvements thereon, owned in fee simple absolute, and all easements, rights and appurtenances belonging thereto, and all other property, personal or mixed, intended for use in connection therewith, which have been or are intended to be subject to the provisions of the Condominium Act.

32. **Purchaser:** Any Person who has entered into an agreement with Sponsor to purchase a Unit and who is not in default thereunder.

33. **Residential Unit:** Any of the 25 units to be used for residential and other ancillary uses as permitted by the Building's Certificate of Occupancy.

34. **Rules and Regulations:** The rules and regulations of the Condominium, which are annexed as an addendum to the By-laws, as they may be amended, from time to time.

35. **Selling Agent:** Douglas Elliman, 575 Madison Avenue, New York, New York 10022.

36. **South Section:** That portion of the Building containing all A & B Units.

37. **Special Assessments:** The charges allocated and assessed by the Board of Managers to the Unit Owners, pro rated in accordance with their respective percentage interest in the Common Elements (except as may be otherwise provided in the Declaration or in the By-laws).

38. **Sponsor:** 50 Orchard Associates LLC, a New York limited liability company.

39. **Sponsor Designee:** Any person designated by the Sponsor to hold title to any Unsold Unit. Sponsor-designee shall have the right to designate person(s) to succeed to its rights and any such designee shall also be deemed a "Sponsor-Designee".

40. **Substantial Completion:** When referring to construction, completed except for "punch list" items needing correction or the completion of finishes, none of which would materially adversely affect the habitability of the Unit.

41. **Unavoidable Delays:** Refers to delays due to strike, lockout, or other labor, civil or industrial disturbance, future order of any government, court or regulatory body, war, act of the public enemy, riot, sabotage, blockade, embargo, shortage of, failure or inability to secure materials or labor by reason of priority or similar regulation or order of any government or regulatory body or act of God or any cause similar to any of the foregoing; provided, however, that for purposes of this definition, lack of funds or inability to obtain financing, shall not be deemed to be a cause similar to the foregoing clauses.

42. **Unit:** Any one of the 25 Residential Units and/or the 3 Commercial Units in the Building together with such Units' Common Interest.

43. **Unit Deed:** The bargain and sale deed transferring title to a specified Unit from Sponsor to a Purchaser in fee simple absolute.

44. **Unit Designation:** The number, letter or combination thereof, or other official designation confirming the tax lot number of a Unit.

45. **Unit Owner:** The person owning a Unit in fee simple absolute. Collectively, the term "Unit Owners" means all of the owners of the Units.

46. **Unsold Unit:** Any Residential Unit owned by Sponsor or a Sponsor-Designee. Collectively, the term "Unsold Units" means all Units owned by Sponsor or a Sponsor-designee.

NOTE: A reference in the Plan to any one gender, masculine, or feminine, includes the other and the singular includes the plural and vice versa, unless the context otherwise requires and any such reference shall be deemed to include any duly formed partnership, corporation, trust, fiduciary, unincorporated association or any other entity permitted to own real property in the State of New York.

The Plan contains all of the material terms of the offering. 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, are available for inspection without charge and for copying at a reasonable charge to prospective Purchasers and their attorneys at the offices of the Sponsor and Selling Agent.

**THE PURCHASE OF A CONDOMINIUM UNIT HAS MANY SIGNIFICANT LEGAL AND FINANCIAL CONSEQUENCES. THE ATTORNEY GENERAL STRONGLY**

**URGES YOU TO READ THIS OFFERING PLAN CAREFULLY AND TO CONSULT WITH AN ATTORNEY BEFORE SIGNING A PURCHASE AGREEMENT TO PURCHASE ANY CONDOMINIUM UNIT.**

## **DESCRIPTION OF PROPERTY AND IMPROVEMENTS**

### The Building

The Building is located at 48-52 Orchard Street, New York, New York, on the east side of Orchard Street, between Grand and Hester Streets, in Manhattan's historic lower east side district. After the Sponsor's contemplated renovation, the Building will consist of 10 stories, constructed of steel and concrete. The Building has a distinctive decorative façade and lobby entrance. Originally constructed and occupied as a warehouse, the Sponsor intends to rehabilitate the Building in accordance with the approved Construction Plans and Specifications to create a mixed use Building with the lower portion (cellar and grade) utilized as retail and other commercial uses and floors 2 through 10 to be constructed into 25 residential apartments. Apartments 2B, 8/9/10C, 9D and 10D will include a designated terrace which shall be a Limited Common Area designated for the exclusive use by the owner of such Unit.

The Building will contain three (3) Commercial Units which are not offered for sale and which will be retained by the Sponsor. The Sponsor must amend this Offering Plan before offering any of the Commercial Units for sale.

The Residential Unit sizes range between 863 and 1,627 square feet. There will be two (2) self-service passage elevators within the Building servicing all of the Residential Units.

Each Unit Owner will be required to take their garbage and recyclables to the basement storage facility. Garbage and recyclables will be collected from the basement storage area and placed on street for collection by the City of New York Department of Sanitation, twice weekly by the Condominium's superintendent. The Commercial Unit Owners or their tenants must provide for private refuse pick-up at their cost and expense.

The Building will not contain any parking or recreational facilities or amenities other than storage rooms on the cellar level, as well as a partial roof terrace.

The Common Area Storage Rooms on the cellar floor will be for use by the Residential Unit Owners and/or tenants of Residential Unit Owners, at their sole and absolute risk, subject to local fire and other safety law, rule or regulation, or such restrictions as the Board of Managers may impose in its sole and absolute discretion. Neither the Condominium or the Sponsor or any of their agents shall assume any responsibility for any personal belongings stored in any storage space in the Building.

See Part II of this Plan for a detailed description and outline of specifications of the Building condition as well as a description of optional extra features which may be available to Purchasers of certain Units.

The Building will be renovated and the Units constructed in accordance with all applicable zoning and building codes and requirements.

### The Construction

The Sponsor is completing construction of the Building in two sections. As such, the South Section (all A & B Units) will be completed prior to the North Section (all C & D Units). As of the date of this Offering Plan, the Sponsor has obtained New York City Department of Building approval on its building plans filed with the Department of Buildings.

The two sections of the Building will share a common heating system, stairway, chimney, fire pump, utility room, utility (gas, electrical & water) mains and Building entrance, but will otherwise have separate plumbing and electrical and other building-wide systems, although some of the systems servicing the North Section will be located within the South Section. As such, residents who take possession of a Unit in the South Section before the North Section of the Building is completed, should anticipate that there will be considerable noise in connection with the completion of the Building as well as the usual and customary dust, debris and other inconveniences attendant to any construction site, for so long as it takes to build and outfit the North Section. Moreover, since there will be one common stairway for the Building, the walls of the landings on each floor of the Building will be opened at some point in order to merge the two sections. Residents of the South Section should anticipate minor interruptions of services to their Units during the construction of the North Section. The Sponsor or its general contractor will give residents of the South Section as much advance notice as possible for any and all scheduled interruptions of services.

Construction on the North Section will be limited to weekdays (excluding New York Bank holidays) during the hours of 8:00 AM to 5:00 PM unless special circumstances exist, in which event the Sponsor or its contractor will give reasonable advance notice to the residents of the Building. No work will be performed on weekends unless the Sponsor obtains "after hours" permits from the Department of Buildings, in which event, residents of the South Section will be given reasonable advance notice. Debris from the construction of the North Section will be removed on a daily basis and every reasonable effort will be taken by the contractors to minimize the adverse impact of such construction upon the residents of the Building. However, as noted above, RESIDENTS OF THE SOUTH SECTION SHOULD ANTICIPATE SOME INCONVENIENCE DURING THIS CONSTRUCTION OF THE NORTH SECTION.

Inasmuch as the two sections of the Building will be totally separated – except once the stairway is expanded to include the entire Building– there should be no need for any additional security for the Building. Moreover, since the North Section will have its own building-wide services other than heating, there is no reason to expect that the building-wide systems (e.g. electrical, plumbing, etc.) of the South Section will be interrupted during the construction of the North Section. However, there can be – and there expressly are – no guarantees that situations will not arise which would affect or otherwise temporarily interrupt such services within the South Section during the construction and completion of the North Section. Nonetheless, all reasonable precautions will be taken to avoid any such situations from occurring.

The Sponsor and/or its contractor will have liability insurance in effect during such construction.

The Sponsor anticipates that the work to the South Section will be substantially completed on or about September 15, 2004 and that the work on the North Section will commence on December 1, 2004 and will be substantially completed by September 30, 2005. However, given the vagaries of construction, these are merely anticipated dates without any warranty or guaranty given or intended. Should these dates no longer apply, the Sponsor will amend this Plan to disclose any updated and/or additional information as may be pertinent to the residents of the Building.

#### The Residential Units

Detailed descriptions of the Units including a finish schedule are set forth in the Declaration and in the “Description of Property” in Part II of the Plan. See also the section entitled “Changes in Prices and Units.”

Except as otherwise agreed by the parties, the Units will be delivered to Purchasers with a finish coat of paint. Each Purchaser will be obligated to do all other painting and decorating of his Unit at his own cost and expense. Any special work which a Purchaser desires for his Unit prior to Closing shall only be performed following Sponsor’s prior written consent thereto and Sponsor’s designation or approval of all contractors and suppliers in connection therewith, which consent and approval shall be within the sole discretion of Sponsor.

Included in the sale of each Unit are the following: Refrigerator/freezer, kitchen cabinets, gas range with oven, automatic dishwasher, electric washing machine and gas dryer and individual thru the wall air-conditioning units. Each bedroom and living room will have one air-conditioner unit. The Building will share one (1) central gas fired boiler to provide heat and hot water to the Building. Each Unit will have an individual thermostat to control the temperature within such Unit. At the closing on each Residential Unit, the Sponsor shall assign any unexpired appliance warranties to the Purchaser of such Unit. Each Purchaser of a Residential Unit shall be responsible for the maintenance, and if necessary, the replacement of any of the included appliances. The

manufacturer, model number and specifications for the foregoing appliances and equipment are set forth in the "Description of Property Specifications", which fixtures, appliances and equipment are subject to change by Sponsor with equipment of equal value. Sponsor may negotiate, to make modifications or changes in any Unit or to do special work therein or to provide different or additional appliances, equipment, furnishings or decorations or to deliver the Unit without any fixtures, appliances or equipment, provided that Sponsor shall not be bound to do so unless agreed to by Sponsor in a written instrument which is incorporated as an addendum to the Purchase Agreement.

Sponsor and its designee reserve the right, without prior notice or amendment to the Plan, to use Unsold Units on any floor of the Building as sales and leasing offices and model apartments. In the event Sponsor or its designee, thereafter, elects to sell such Unsold Units, Sponsor or its designee may require the purchaser thereof to purchase all or any of the furniture, furnishings, equipment or decorations therein and pay, in addition to the purchase price for such Unsold Unit, such amounts as Sponsor determines.

A Residential Unit Owner may only use his Residential Unit for a purpose consistent with the local zoning ordinance, as amended from time to time, any other applicable ordinance or statute, and any regulation of a governmental authority with jurisdiction over the Condominium, including, but not limited to, local building codes and the Multiple Dwelling Law, as such statutes, ordinances and regulations may be amended from time to time. In no event may a Residential Unit Owner use his Residential Unit for a use violative of the By-Laws.

### Balconies and Roof Terraces

As indicated in Schedule A, some Residential Units will have either a terrace or a balcony which are included in the purchase prices therefor. Each applicable Residential Unit Owner shall have the exclusive use of their terrace or balcony as a Limited Common Element, subject to the right of the Condominium Board to regulate its use, and shall be responsible for all normal maintenance, repairs and replacements thereto. However, the costs and expenses of any structural repairs or replacements to any terrace caused by the need for structural repairs, which are Limited Common Elements (unless caused by its Residential Unit Owner) shall be charged to all Unit Owners as a Common Expense. None of the terraces or balconies may be enclosed or otherwise improved by the Unit Owner without the prior written consent of the Board of Managers.

The Condominium Board shall have the right to require a Unit Owner to remove plantings and other installations which have been placed on the terraces or balconies if the Condominium Board determines, in its reasonable discretion, that such plantings or other installations adversely affect the integrity of the roof or any other Common Area or otherwise interfere with any other Unit or if access is needed for inspection and/or repairs in the Building. Sponsor will finish private terraces with wood decking or concrete pavers or ceramic tile.

Decking pavers or tiles shall be installed in such a manner so as to not damage the roof or any other portion of the Building. If concrete pavers are to be used they will be suspended on paver pedestals. Each individual Unit Owner with a private terrace will be responsible for maintaining their private terrace so that the roof's and/or Building's integrity are not impaired. Purchasers are referred to the Architect's Report in Part II of the Plan for further details.

Sponsor shall have, and the individual Units and Common Elements shall be subject to, an easement to use the exterior façade and roof of the Building other than those portions of the roof which comprise Common Elements or Limited Common Elements Terraces. That portion of the roof constituting a Common Element roof may be used for any lawful purposes including, but not limited to, the purposes of (a) installing, utilizing, operating, maintaining, repairing, altering, rebuilding, restoring and replacing satellite dishes and other communication equipment on the roof of the Building and the conduit and other facilities relating thereto, (b) maintaining any encroachment on any Unit, or any Common Elements or elsewhere on the Property resulting from the installation, operation, maintenance, repair, alteration, rebuilding, restoration or replacement thereof, and (c) installing, utilizing, operating, maintaining, repairing, altering, rebuilding, restoring and replacing ventilation and/or other exhaust or air-handling/cooling equipment provided that access to any Unit or Common Element in furtherance of such easements shall be exercised in a manner as will not unreasonably interfere with the normal conduct of business of the tenants and occupants of the Residential Units for their permitted purposes. The aforementioned easements may be used by Sponsor for its own account or the account of any licensee of Sponsor. The Condominium shall not be entitled to any portion of fees, compensation or other profits received by Sponsor for the use of the aforesaid easements or equipment. Any satellite dishes or other equipment or facilities placed upon the roof by Sponsor shall be the exclusive property of Sponsor and neither the Condominium nor any other Unit Owner shall have any rights with respect thereto.

Upon completion of Commercial Unit B, Unit 2B will have a terrace.

Pending completion of the North Section, all Residential Unit Owners, their lessees, guest and invitees, shall be able to utilize a portion of the roof of the South Section, as a Common Area roof terrace. Upon completion of the North Section, a portion of the roof of such section shall be utilized as a Common Area roof terrace for use by all Building residents upon such rules and regulations as may be adopted by the Condominium's Board of Managers after the First Unit Closing. The Sponsor will construct either parapet walls enclosing such roof terrace or in the alternative with metal railings. The roof terraces will be paved with concrete paving blocks. (See, "Architect's Report" below.)

### Storage Space

Sponsor will construct a series of 25 storage rooms on the cellar level of the Building for use by the Residential Unit Owners. Each storage room will consist of approximately 50-60 square feet. The locker/containers will be sheetrock and cage partitions, with individual access

doors which each Residential Unit will be able to secure with a padlock at their sole cost and expense and at their own risk. The rules and regulations concerning the use of the storage room will be determined by the Board of Managers shortly after the First Unit Closing. In no event however, will the Condominium Board permit the storage of any flammable, hazardous or dangerous materials or permit any use of the storage rooms which would constitute a violation of any applicable fire, health or safety regulation. The storage rooms will be available to Residential Unit Owners at their own risk and neither the Sponsor, Board of Managers, the Managing Agent, the Building staff or any other person or party shall have any liability in connection with the loss or damage to any property kept therein.

### Commercial Units

None of the Commercial Units are presently offered for sale. The Sponsor must amend this Offering Plan before offering any of the Commercial Units for sale. As more particularly described in the Section of the Plan entitled "Commercial Units", in the Declaration and the "Description of Property Specifications", the three (3) Commercial Units will be situated on portions of the First Floor and cellar of the Building. The Commercial Units will include space that may be utilized for a variety of legal commercial uses such as restaurants, banks, retail stores, storage or commercial and professional offices.

The Condominium Board will have no right to restrict or limit the method of operation, any uses or appearance of the Commercial Units which are permitted by law and/or applicable zoning ordinances. No rules affecting the operation of the Commercial Units may be adopted or modified by the Condominium Board without the unanimous consent of the owners of the Commercial Units. All or any part of the Commercial Units may be leased or subleased by the Commercial Units Owner, all as more fully set forth in the Declaration, except that neither Commercial Unit may be used as an OTB (Off-Track Betting) parlor, funeral parlor or café, bar or restaurant. Neither the Condominium nor the Residential Unit Owners, will have any interest in the rents, profits or revenues from the rental or use of any space in the Commercial Units. Moreover, the Sponsor reserves the right to subdivide any or all of the Commercial Units and/or to amend the certificate of occupancy and the permitted legal uses for any or all of the Commercial Units (so long as such change(s) is(are) permitted by the zoning resolution), without the consent of the Condominium's Board of Managers and/or its Residential Unit Owners.

No representation is made with respect to the continued ownership by Sponsor of all or any portion of the Commercial Units or as to who the tenants or occupants of any portion of the Commercial Units may be at any time or, as to the uses to which any portion of the either Commercial Unit may be put at any time (except that the Commercial Units may not be used for any unlawful purpose or as otherwise prohibited by the Plan), and no assurance is given that such tenants, occupants or uses of a Commercial Unit will not be objectionable to Residential Unit Owners or other parties.

## General Common Elements

Generally, the Common Elements consist of all Common Elements other than the Limited Common Elements and include, among other things, the following: (a) the Land; (b) all foundations, footings, columns, girders, concrete floor slabs and ceilings, beams, supports, and interior load bearing walls, together with those portions of the exterior walls of the Building beyond the Unit side of the glass or concealed block work or concealed concrete structural members of those walls; (c) corridors and all fire staircases, landings and stairs which are not Limited Common Elements or part of any Unit; (d) the electrical rooms, gas meter room, pump room, and boiler room; (e) general illumination fixtures; (f) all passages, hallways, stairs, corridors, mechanical and other rooms, areas and spaces located in the Building which are not Limited Common Elements, or part of any Unit; (g) the roof over the Building, except for that portion of the roofs which are a Limited Common Element appurtenant to Units 5 and 7 as a private roof patio; (h) one (1) elevator (including the shaft, pit, machinery and appurtenant facilities); (i) the lobby and the entrances; (j) the refuse accumulation room located in the cellar; and (k) all other parts of the Building and the apparatus, installations, systems, equipment and facilities in the Building (including shafts, pipes, wires, ducts, vents, cables, conduits and lines) which serve or benefit or are necessary or convenient for the existence, maintenance or safety of any of the Units. A detailed description of the General Common Elements is set forth in the Declaration.

## Limited Common Elements

The Limited Common Elements include those portions of the Building available for the exclusive use of some but not all Residential Unit Owners including, but not limited to the roof terraces appurtenant to Units 2B, 2D, 5A, 7A, 8C, 8/9/10C, 9D and 10D and the balconies appurtenant to Units 3B, 4B, 2D, 3D, 4D, 5D, 6D, 7D, 8D, 9D and 10D, as noted in Schedule A.

## Services and Facilities

Under the present plans, all of the services and facilities described herein will initially be provided and made available to Residential Unit Owners immediately following the First Closing, except as otherwise indicated.

### **A. Elevator Service**

The Building contains two (2) automatic passenger elevators which will be in service twenty-four (24) hours a day, seven (7) days a week, for the exclusive use of Residential Unit Owners, their guests and invitees.

### **B. Cable Television Service**

Each Residential Unit will be pre-wired for cable television service and Broad Band internet access. The charges for primary connections and subsequent monthly fees related to the service will be determined by and payable directly to the cable company of Unit Owner's choice (subject to available service). Sponsor makes no representation that cable television service will be available to any Residential Unit Owner upon its initial occupancy of their Unit.

**C. Electrical Systems and Telephone Service**

Electrical service will be provided to Residential Unit Owners by Con Edison which will bill such Unit Owners directly for electricity utilized. Local and long distance telephone service will be provided by Verizon or other telephone service provider. Sponsor will enter into an agreement with an independent retailer of local, toll and related Broad Band telecommunication services (including voice mail and internet services) who will pre-wire each Residential Unit for two-way intercom service connecting the concierge with each Residential Unit as well as integrate all Residential Unit telephones into an intra-building communications system. Such retailer shall have an easement to all common areas for the purpose of running and maintaining cables, etc. Individual Unit Owners will be able to arrange various telecommunication services directly from such retailer at terms to be agreed upon between such Unit Owner and retailer.

**D. Mail**

All incoming mail addressed to the Residential Units will be delivered by the United States Postal Service to the mailboxes in the Building Lobby.

**E. Building Personnel**

The Building personnel will consist of a part-time, non-resident, non-union superintendent who will be supervised by the managing agent. All Building staff shall be assigned such hours of duty as are necessary for the comfortable occupancy of Unit Owners.

**F. Laundry**

Each Residential Unit will contain an electric washer and gas fired dryer.

**G. Refuse Disposal & Recycling**

Each Unit Owner will be required to take their garbage and recyclables to the basement storage facility. Garbage and recyclables will be collected from the basement storage area twice weekly by the Condominium's superintendent and placed on the street for collection by the City of New York Sanitation Department in accordance with the pick-up schedule for the Building. The Commercial Unit Owners or their tenants must provide for private refuse pick-up at their cost and expense.

#### **H. Roof Terraces**

Unit Owners and their invitees shall be permitted to use the Common Area Roof Terraces as passive recreation spaces. The Sponsor shall finish these Common Area Roof Terraces with concrete pavers. Cooking, ball playing, bicycle riding, rollerblading, skating, skate boarding and similar activities are not permitted on the Roof Terraces. The Condominium's Board of Managers shall have the right to amend and/or add to the rules and regulations governing the use of the Common Areas, including without limitation, the Roof Terraces.

#### General

All determinations with respect to the continuance of any of the foregoing services, if initially available, will be made by the Condominium Board, which will be controlled by the Sponsor for so long as the Units owned by Sponsor have appurtenant thereto a majority of the Common Interests of the Condominium. (See section entitled "Control by Sponsor".)

Neither Sponsor, Managing Agent nor the Condominium Board will in any event be liable for the availability, interruption, discontinuance or quality of any of the foregoing services, including, but not limited to, any services provided by any outside company or person other than Building personnel, or for any injury to person or damage to property resulting from any act or omission of such company or persons or their employees or agents, except to the extent that any such injury to person or damage to property occurs as a result of the negligence of Sponsor, the Managing Agent or the Condominium Board, as the case may be.

#### Security Procedures

The Condominium Board is vested with the responsibility of devising and carrying out security procedures with respect to the Condominium. Such procedures may be adopted and from time to time changed by the Condominium Board, as it, in its discretion, determines to be appropriate to secure the Condominium. It is anticipated that the security procedures will be as follows:

- a. Entrances and Elevators

Ingress into and egress from the Building will be through a lobby. Entrance doors will be locked at all times requiring entry either with a key or through the Building intercom.

b. Intercom System

All Residential Units will be wired for a video/audio intercom facility providing direct communication from the Residential Unit to front entrance.

c. Smoke Detector

Smoke detectors shall be provided in each Residential Unit in compliance with applicable codes. It will be the responsibility of each individual Residential Unit Owner to test and maintain the smoke detectors located in such Unit Owner's Unit.

NO REPRESENTATION OR WARRANTY IS MADE AND NO ASSURANCE IS GIVEN THAT THE SECURITY SYSTEMS AND PROCEDURES OF THE CONDOMINIUM WILL PREVENT PERSONAL INJURY OR DAMAGE TO OR LOSS OF PERSONAL PROPERTY. WHILE UNSOLD UNITS ARE BEING OFFERED FOR SALE OR LEASE BY SPONSOR OR ITS DESIGNEES THERE WILL BE A GREATER NUMBER OF VISITORS TO THE CONDOMINIUM THAN WOULD OTHERWISE BE THE CASE. NO REPRESENTATION OR WARRANTY IS MADE AND NO ASSURANCE IS GIVEN AS TO WHEN SUCH SELLING OR LEASING ACTIVITY WILL TERMINATE. NEITHER SPONSOR OR ITS DESIGNEE NOR THE MANAGING AGENT SHALL BE LIABLE OR RESPONSIBLE FOR ANY PERSONAL INJURY OR FOR ANY LOSS OR DAMAGE TO PERSONAL PROPERTY WHICH MAY RESULT FROM THE FAILURE OF THE CONDOMINIUM'S SECURITY SYSTEMS AND PROCEDURES, INCLUDING, WITHOUT LIMITATION, THOSE PROCEDURES WITH REGARD TO THE PACKAGE ROOM, PROVIDED THAT ANY SUCH FAILURE IS NOT CAUSED BY THE NEGLIGENCE OF SPONSOR OR ITS DESIGNEES, THE MANAGING AGENT OR THEIR RESPECTIVE AGENTS.

## **LOCATION AND AREA INFORMATION**

The Condominium is located in the historic Lower East Side district of the City of New York, with frontage on Orchard Street, north of Hester and south of Grand streets.

New York City has the largest population of any city in the United States, and is one of the principal urban centers of the world. Manhattan is the center of New York City, containing numerous business and financial centers, excellent regional transportation, cultural activities, recreational and open space park areas, educational facilities, superb medical centers and a vast array of restaurants.

New York is the nation's principal financial center. It is the home of the New York Stock Exchange, the American Stock Exchange and the National Over-the-Counter Stock Market; all of which are within walking distance of the Condominium. Manhattan is the corporate headquarters for six of the eight largest banks in the United States with combined assets of approximately four hundred billion dollars. Over seventy of the country's "Fortune 500" industrial corporations have their principal corporate headquarters in Manhattan; almost a quarter of the nation's 400 major law firms, and most of the "big eight" accounting firms maintain offices in Manhattan. Manhattan is also recognized as the national center of the advertising, communications, broadcasting, publishing and garment industries. In the last several years, there has been substantial growth in the number of foreign banks and corporations that have established offices in Manhattan.

The Condominium is served by a variety of transportation facilities. Taxi and limousine service is readily available throughout the city. Municipal bus service for the Condominium area is available on Allen Street. Entrances to subway service in the vicinity of the Condominium are located at Grand and Christie Streets. By automobile, the West Side Highway is connected to Interstate 95 and the Henry Hudson Parkway, both of which are major regional arteries. New York City is serviced by three major airports located within fifteen (15) miles of the Condominium. Kennedy International and LaGuardia Airports are located in New York City and Newark International is located in Newark, New Jersey.

Numerous museums and galleries are located within easy access to the Condominium. The Building is within walking distance of The World Trade Center, the World Financial Center, Battery Park City parks, City Hall and the South Street Seaport. A large variety of recreational facilities can be found in the area, such as tennis courts, running paths, bicycle routes and a marina.

Excellent educational facilities are located in New York City. Stuyvesant High School and the Humanities High School are located in the immediate vicinity. Private schools in the greater New York City area for the grade and high school levels include Trinity, Collegiate, Ethical Culture, Columbia Grammar, Dalton, St. Bernard's, Spence Girls' School and the Alan Stevenson School. The Juillard School is at Lincoln Center, New York University, located in the Village is one of the outstanding educational facilities in this country, featuring the New York University Law School. The Condominium is also within easy access to some of the best medical facilities in the New York area, including Beekman Downtown Hospital and St. Vincent's Hospital.

Police, fire, water, sanitation and snow removal are provided by the City of New York. The Property is located within the 7<sup>th</sup> Police Precinct with headquarters located at 191 Pitt Street, New York, New York, approximately 12 blocks from the Building. The nearest fire station is Engine Company 18 located at 25 Pitt Street, New York, New York, which is approximately 6 blocks from the Building.

### Zoning and Use

The Property is located in the Lower Manhattan Mixed Use District. The zoning is C6-2. The proposed use of the 2<sup>nd</sup> through 10<sup>th</sup> floors is Use Group 2 (residential) and is permitted as of right under the Zoning Resolution. The proposed use of the 1<sup>st</sup> floor and cellar are Use Group 6 (commercial) and is permitted as of right under the Zoning Resolution. In accordance with applicable code requirements, Residential Units may lawfully be used for joint living/working purposes so long as no more than 500 square feet or one-third of the total floor area of the Unit (whichever is less) is used as working space.

**SCHEDULE A**  
**OFFERING PRICES & RELATED INFORMATION (SCHEDULE A),**  
**PURCHASE PRICES, PERCENTAGE OF COMMON INTEREST,**  
**ESTIMATED COMMON CHARGES AND ESTIMATED REAL ESTATE TAXES**  
**FOR THE FIRST YEAR OF CONDOMINIUM OPERATION**  
**NOVEMBER 1, 2004 THROUGH OCTOBER 31, 2005**

| (1)                       | (2)                         | (3)               | (4)               | (5)                        | (6)                                       | (7)                                             |                                                       |                                                              |                                                                 |
|---------------------------|-----------------------------|-------------------|-------------------|----------------------------|-------------------------------------------|-------------------------------------------------|-------------------------------------------------------|--------------------------------------------------------------|-----------------------------------------------------------------|
| UNIT                      | BED-<br>ROOMS<br>&<br>BATHS | SQUARE<br>FOOTAGE | PURCHASE<br>PRICE | % OF<br>COMMON<br>INTEREST | ESTIMATED<br>MONTHLY<br>COMMON<br>CHARGES | ESTIMATED<br>MONTHLY<br>TAXES WITH<br>EXEMPTION | ESTIMATED<br>MONTHLY<br>TAXES<br>WITHOUT<br>EXEMPTION | TOTAL<br>MONTHLY<br>CARRYING<br>CHARGES<br>WITH<br>EXEMPTION | TOTAL<br>MONTHLY<br>CARRYING<br>CHARGES<br>WITHOUT<br>EXEMPTION |
| <i>RESIDENTIAL UNITS:</i> |                             |                   |                   |                            |                                           |                                                 |                                                       |                                                              |                                                                 |
| 2-A                       | 1+1                         | 863               | \$ 525,000        | 2.4251                     | \$343.56                                  | \$ 76.15                                        | \$166.27                                              | \$419.71                                                     | \$509.83                                                        |
| 2-B <sup>BT</sup>         | 2+2                         | 1,205             | \$ 750,000        | 3.3861                     | \$479.71                                  | \$105.01                                        | \$229.28                                              | \$584.72                                                     | \$708.99                                                        |
| 2-C                       | 2+2                         | 1,268             | \$ 750,000        | 3.5632                     | \$504.79                                  | \$105.01                                        | \$229.28                                              | \$609.80                                                     | \$734.07                                                        |
| 2-D <sup>B</sup>          | 2+2                         | 1,138             | \$ 690,000        | 3.1979                     | \$453.04                                  | \$102.61                                        | \$224.03                                              | \$555.65                                                     | \$677.07                                                        |
| 3-A                       | 1+1                         | 863               | \$ 545,000        | 2.4251                     | \$343.56                                  | \$ 79.36                                        | \$173.27                                              | \$422.92                                                     | \$516.83                                                        |
| 3-B <sup>B</sup>          | 2+2                         | 1,205             | \$ 775,000        | 3.3861                     | \$479.71                                  | \$108.22                                        | \$236.28                                              | \$587.93                                                     | \$715.99                                                        |

B = Balcony

T = Terrace

RT = Roof Terrace

Tri = Triplex

BT = Unit 2B will initially have a balcony; however, during construction of the Commercial Unit within the North Section this balcony will be removed; upon completion of the Commercial Unit within the North Section, Unit 2-B will have a terrace. (See "Architect's Report" reproduced in Part II below.)

**SCHEDULE A**  
**OFFERING PRICES & RELATED INFORMATION (SCHEDULE A),**  
**PURCHASE PRICES, PERCENTAGE OF COMMON INTEREST,**  
**ESTIMATED COMMON CHARGES AND ESTIMATED REAL ESTATE TAXES**  
**FOR THE FIRST YEAR OF CONDOMINIUM OPERATION**  
**NOVEMBER 1, 2004 THROUGH OCTOBER 31, 2005**

| (1)              | (2)                         | (3)               | (4)               | (5)                        | (6)                                       | (7)                                             |                                                       |                                                              |                                                                 |
|------------------|-----------------------------|-------------------|-------------------|----------------------------|-------------------------------------------|-------------------------------------------------|-------------------------------------------------------|--------------------------------------------------------------|-----------------------------------------------------------------|
| UNIT             | BED-<br>ROOMS<br>&<br>BATHS | SQUARE<br>FOOTAGE | PURCHASE<br>PRICE | % OF<br>COMMON<br>INTEREST | ESTIMATED<br>MONTHLY<br>COMMON<br>CHARGES | ESTIMATED<br>MONTHLY<br>TAXES WITH<br>EXEMPTION | ESTIMATED<br>MONTHLY<br>TAXES<br>WITHOUT<br>EXEMPTION | TOTAL<br>MONTHLY<br>CARRYING<br>CHARGES<br>WITH<br>EXEMPTION | TOTAL<br>MONTHLY<br>CARRYING<br>CHARGES<br>WITHOUT<br>EXEMPTION |
| 3-C              | 2+2                         | 1,268             | \$ 775,000        | 3.5632                     | \$504.79                                  | \$109.82                                        | \$239.78                                              | \$614.61                                                     | \$744.57                                                        |
| 3-D <sup>B</sup> | 2+2                         | 1,138             | \$ 715,000        | 3.1979                     | \$453.04                                  | \$106.13                                        | \$231.73                                              | \$559.17                                                     | \$684.77                                                        |
| 4-A              | 1+1                         | 863               | \$ 565,000        | 2.4251                     | \$343.56                                  | \$ 84.17                                        | \$183.77                                              | \$427.73                                                     | \$527.33                                                        |
| 4-B <sup>B</sup> | 2+2                         | 1,205             | \$ 800,000        | 3.3861                     | \$479.71                                  | \$ 84.17                                        | \$183.77                                              | \$563.88                                                     | \$663.48                                                        |
| 4-C              | 2+2                         | 1,268             | \$ 800,000        | 3.5632                     | \$504.79                                  | \$122.65                                        | \$267.78                                              | \$627.44                                                     | \$772.57                                                        |
| 4-D <sup>B</sup> | 2+2                         | 1,138             | \$ 740,000        | 3.1979                     | \$453.04                                  | \$110.62                                        | \$241.53                                              | \$563.88                                                     | \$694.57                                                        |
| 5-A <sup>T</sup> | 2+2                         | 1,467             | \$1,150,000       | 4.0549                     | \$574.46                                  | \$148.30                                        | \$323.79                                              | \$722.76                                                     | \$898.25                                                        |
| 5-C              | 2+2                         | 1,268             | \$ 825,000        | 3.5632                     | \$504.79                                  | \$125.05                                        | \$273.03                                              | \$629.84                                                     | \$777.82                                                        |
| 5-D <sup>B</sup> | 2+2                         | 1,138             | \$ 765,000        | 3.1979                     | \$453.04                                  | \$116.23                                        | \$253.78                                              | \$569.27                                                     | \$706.82                                                        |

B = Balcony  
T = Terrace  
RT = Roof Terrace  
Tri = Triplex

**SCHEDULE A**  
**OFFERING PRICES & RELATED INFORMATION (SCHEDULE A),**  
**PURCHASE PRICES, PERCENTAGE OF COMMON INTEREST,**  
**ESTIMATED COMMON CHARGES AND ESTIMATED REAL ESTATE TAXES**  
**FOR THE FIRST YEAR OF CONDOMINIUM OPERATION**  
**NOVEMBER 1, 2004 THROUGH OCTOBER 31, 2005**

| (1)                       | (2)                         | (3)               | (4)               | (5)                        | (6)                                       | (7)                                             |                                                       |                                                              |                                                                 |
|---------------------------|-----------------------------|-------------------|-------------------|----------------------------|-------------------------------------------|-------------------------------------------------|-------------------------------------------------------|--------------------------------------------------------------|-----------------------------------------------------------------|
| UNIT                      | BED-<br>ROOMS<br>&<br>BATHS | SQUARE<br>FOOTAGE | PURCHASE<br>PRICE | % OF<br>COMMON<br>INTEREST | ESTIMATED<br>MONTHLY<br>COMMON<br>CHARGES | ESTIMATED<br>MONTHLY<br>TAXES WITH<br>EXEMPTION | ESTIMATED<br>MONTHLY<br>TAXES<br>WITHOUT<br>EXEMPTION | TOTAL<br>MONTHLY<br>CARRYING<br>CHARGES<br>WITH<br>EXEMPTION | TOTAL<br>MONTHLY<br>CARRYING<br>CHARGES<br>WITHOUT<br>EXEMPTION |
| 6-A <sup>B</sup>          | 2+2                         | 1,467             | \$ 995,000        | 4.0549                     | \$574.46                                  | \$154.71                                        | \$337.79                                              | \$729.17                                                     | \$ 912.25                                                       |
| 6-C                       | 2+2                         | 1,268             | \$ 850,000        | 3.5632                     | \$504.79                                  | \$129.06                                        | \$281.78                                              | \$633.85                                                     | \$ 786.57                                                       |
| 6-D <sup>B</sup>          | 2+2                         | 1,138             | \$ 790,000        | 3.1979                     | \$453.04                                  | \$120.27                                        | \$260.78                                              | \$573.31                                                     | \$ 713.82                                                       |
| 7-A <sup>B/RT</sup>       | 2+2                         | 1,467             | \$1,295,000       | 4.0549                     | \$574.46                                  | \$200.40                                        | \$437.55                                              | \$774.86                                                     | \$1,012.01                                                      |
| 7-C                       | 2+2                         | 1,268             | \$875,000         | 3.5632                     | \$504.79                                  | \$133.07                                        | \$290.53                                              | \$637.86                                                     | \$ 795.32                                                       |
| 7-D <sup>B</sup>          | 2+2                         | 1,138             | \$815,000         | 3.1979                     | \$453.04                                  | \$123.45                                        | \$269.53                                              | \$576.49                                                     | \$ 722.57                                                       |
| 8-D <sup>T/B</sup>        | 2+2                         | 1,020             | \$925,000         | 2.8663                     | \$406.06                                  | \$132.26                                        | \$288.78                                              | \$538.32                                                     | \$ 694.84                                                       |
| 8/9/10-C <sup>TRI/T</sup> |                             |                   |                   |                            |                                           |                                                 |                                                       |                                                              |                                                                 |
|                           | 2+2-1/2                     | 1,627             | \$1,450,000       | 4.5720                     | \$647.71                                  | \$216.43                                        | \$472.56                                              | \$864.14                                                     | \$1,120.27                                                      |

B = Balcony  
T = Terrace  
RT = Roof Terrace  
Tri = Triplex

**SCHEDULE A**  
**OFFERING PRICES & RELATED INFORMATION (SCHEDULE A),**  
**PURCHASE PRICES, PERCENTAGE OF COMMON INTEREST,**  
**ESTIMATED COMMON CHARGES AND ESTIMATED REAL ESTATE TAXES**  
**FOR THE FIRST YEAR OF CONDOMINIUM OPERATION**  
**NOVEMBER 1, 2004 THROUGH OCTOBER 31, 2005**

| (1)                                     | (2)                         | (3)               | (4)                | (5)                        | (6)                                       | (7)                                             |                                                       |                                                              |                                                                 |
|-----------------------------------------|-----------------------------|-------------------|--------------------|----------------------------|-------------------------------------------|-------------------------------------------------|-------------------------------------------------------|--------------------------------------------------------------|-----------------------------------------------------------------|
| UNIT                                    | BED-<br>ROOMS<br>&<br>BATHS | SQUARE<br>FOOTAGE | PURCHASE<br>PRICE  | % OF<br>COMMON<br>INTEREST | ESTIMATED<br>MONTHLY<br>COMMON<br>CHARGES | ESTIMATED<br>MONTHLY<br>TAXES WITH<br>EXEMPTION | ESTIMATED<br>MONTHLY<br>TAXES<br>WITHOUT<br>EXEMPTION | TOTAL<br>MONTHLY<br>CARRYING<br>CHARGES<br>WITH<br>EXEMPTION | TOTAL<br>MONTHLY<br>CARRYING<br>CHARGES<br>WITHOUT<br>EXEMPTION |
| 9-D <sup>B</sup>                        | 2+2                         | 1,138             | \$995,000          | 3.1979                     | \$453.04                                  | \$159.52                                        | \$348.29                                              | \$612.56                                                     | \$801.33                                                        |
| 10-D <sup>B</sup>                       | 2+2                         | <u>1,138</u>      | <u>\$1,100,000</u> | <u>3.1979</u>              | <u>\$453.04</u>                           | <u>\$176.35</u>                                 | <u>\$385.04</u>                                       | <u>\$629.39</u>                                              | <u>\$838.08</u>                                                 |
| <i>RESIDENTIAL</i><br><i>SUBTOTALS:</i> |                             | 29,892            | \$21,260,000       | 84.00%                     | \$11,900.02                               | \$3,128.16                                      | \$6,830.00                                            | \$15,028.18                                                  | \$18,730.02                                                     |

B = Balcony  
T = Terrace  
RT = Roof Terrace  
Tri = Triplex

**SCHEDULE A**  
**OFFERING PRICES & RELATED INFORMATION (SCHEDULE A),**  
**PURCHASE PRICES, PERCENTAGE OF COMMON INTEREST,**  
**ESTIMATED COMMON CHARGES AND ESTIMATED REAL ESTATE TAXES**  
**FOR THE FIRST YEAR OF CONDOMINIUM OPERATION**  
**NOVEMBER 1, 2004 THROUGH OCTOBER 31, 2005**

| (1)                                                        | (2)                         | (3)                      | (4)                 | (5)                        | (6)                                       | (7)                                             |                                                       |                                                              |                                                                 |
|------------------------------------------------------------|-----------------------------|--------------------------|---------------------|----------------------------|-------------------------------------------|-------------------------------------------------|-------------------------------------------------------|--------------------------------------------------------------|-----------------------------------------------------------------|
| UNIT                                                       | BED-<br>ROOMS<br>&<br>BATHS | SQUARE<br>FOOTAGE        | PURCHASE<br>PRICE   | % OF<br>COMMON<br>INTEREST | ESTIMATED<br>MONTHLY<br>COMMON<br>CHARGES | ESTIMATED<br>MONTHLY<br>TAXES WITH<br>EXEMPTION | ESTIMATED<br>MONTHLY<br>TAXES<br>WITHOUT<br>EXEMPTION | TOTAL<br>MONTHLY<br>CARRYING<br>CHARGES<br>WITH<br>EXEMPTION | TOTAL<br>MONTHLY<br>CARRYING<br>CHARGES<br>WITHOUT<br>EXEMPTION |
| <b>COMMERCIAL UNITS: NOT OFFERED FOR SALE AT THIS TIME</b> |                             |                          |                     |                            |                                           |                                                 |                                                       |                                                              |                                                                 |
| Commercial A                                               |                             | 1,982 <sup>1</sup>       | \$-0-               | 6.0000                     | \$ 850.00                                 | \$264.92                                        | \$ 470.28                                             | \$1,114.92                                                   | \$1,279.72                                                      |
| Commercial B                                               |                             | 1,316 <sup>2</sup>       | \$-0-               | 5.5000                     | \$ 779.17                                 | \$209.69                                        | \$ 371.58                                             | \$ 988.86                                                    | \$1,173.06                                                      |
| Commercial C                                               |                             | <u>1,118<sup>3</sup></u> | <u>\$-0-</u>        | <u>4.5000</u>              | <u>\$ 637.50</u>                          | <u>\$171.56</u>                                 | <u>\$ 304.03</u>                                      | <u>\$ 809.06</u>                                             | <u>\$ 959.78</u>                                                |
| <b>COMMERCIAL<br/>SUBTOTALS:</b>                           |                             | 4,706                    | \$-0-               | 16.0000                    | \$2,266.67                                | \$646.17                                        | \$1,145.89                                            | \$ 2,912.84                                                  | \$3,412.56                                                      |
| <b>RESIDENTIAL<br/>SUBTOTALS:</b>                          |                             | <u>9,892</u>             | <u>\$21,260,000</u> | <u>84.0000</u>             | <u>\$11,900.02</u>                        | <u>\$3,128.16</u>                               | <u>\$6,830.00</u>                                     | <u>\$15,028.18</u>                                           | <u>\$18,730.02</u>                                              |
| <b>GRAND<br/>TOTALS:</b>                                   |                             | <u>35,428</u>            | <u>\$21,260,000</u> | <u>100%</u>                | <u>\$14,166.67</u>                        | <u>\$3,774.33</u>                               | <u>\$7,975.89</u>                                     | <u>\$17,941.02</u>                                           | <u>\$22,142.58</u>                                              |

<sup>1</sup> Plus 538 s.f. in basement.

<sup>2</sup> Plus 424 s.f. in basement.

<sup>3</sup> Plus 413 s.f. in basement.

## NOTES TO OFFERING PRICES AND RELATED INFORMATION, SCHEDULE A

1. None of the Residential Units are or will be subject to any rent regulatory law or regulation.

2. Each Apartment has either 1 or 2 bedrooms in addition to an open dining area and living room, plus a kitchen. No specific industry standard was used in the method of calculating the number of rooms or approximate total area in each Unit.

3. Any floor plan or sketch shown to a prospective Purchaser is only an approximation of the dimensions and layout of a typical Unit. The actual layout of a Unit may have been altered. Accordingly, each Unit should be inspected prior to purchase to determine its actual dimensions, layout and physical condition. The square footage of each Unit is measured from the surface of all demising walls within the Unit. The square footage of each Unit does not include the area of Limited Common Elements appurtenant to such Unit. (See, "Floor Plans", in Part II below.)

4. The prices set forth in Schedule A must be changed by a duly filed amendment to this Plan when the change in price is an across the board increase or decrease affecting one or more lines of Units or Unit models, or is to be advertised, or is a price increase for an individual purchaser. The purchase prices and other terms of sale of individual Units may be negotiated by Sponsor and, therefore, may be changed. No such change will be made other than pursuant to a duly filed amendment to the Plan filed in advance of any such change, except that Sponsor reserves the right to decrease purchase prices or modify other terms of sale without filing an amendment to the Plan at any time during the offering period if such a decrease in the purchase price or modification of such other terms of sale does not constitute a general offering or an advertised price but rather the result of an individually negotiated transaction.

See section "Procedure to Purchase" for a schedule of Closing costs attributable to Purchaser in addition to the Purchase Price contained in Schedule A.

5. Pursuant to Condominium Act 339-i(1)(iv), the allocation of Common Interest for each Unit is based upon the amount of floor space and the overall dimensions of the particular Unit.

6. Projected Monthly Common Charges do not include the following costs to be borne by each Unit Owner: (i) Unit repairs, maintenance, decorations and painting (including the equipment and appliances contained in the Unit); (ii) insurance covering (a) his furniture, and other personal property and liability to others for personal injury or property damage are a result of occurrences in his Unit; and (iii) debt service (interest and amortization) on any loan obtained to finance the purchase of his Unit; and (iv) real estate taxes.

7. Each Unit will be taxed as a separate tax lot for real estate tax purposes. Individual Unit Owners will not be responsible for the payment of, nor will the Unit be subject to, any lien arising from the non-payment of taxes on other Units. As noted below, the Sponsor intends to apply for real estate tax exemption benefits pursuant to Section 421-a of the New York Real Property Tax Law. (See Section "Real Estate Taxes" below.) If Sponsor is successful in its application, based upon current standards, the real estate taxes attributable to the Residential Units will be partially exempt from increases in the assessed valuation resulting from the new construction, for a set period of years, as projected by Anthony Como Associates, 53 Fort Hill Circle, Staten Island, New York 10301-1716, the expert on real estate taxation, retained by Sponsor to apply for such benefits. See copy of the opinion of Anthony Como Associates, reproduced below. To the extent that 421-a benefits are denied to the Building or are not granted prior to any Unit Closing, such Unit will be subject to real estate taxes as estimated in Schedule A. Accordingly, in the event the Building does not qualify for 421-a benefits, the real estate taxes noted herein for all twenty-five (25) Residential Units are based upon assessed valuations of \$539,504 and \$924,700 for 2004/05 and 2005/06 respectively and a projected tax rate of \$12.620 per \$100.00 of assessed valuation; in which event the aggregate real estate taxes for all Residential Units during the first year of Condominium ownership would be \$81,960. See copy of the opinion letter reproduced below. The projected tax deductions may vary in future years due to changes in the interest rate on the Unit Owner's mortgage (if any) or from changes in the allocation of constant debt service payments to interest and principal, or due to changes in real property taxes resulting from the expiration of §421-a benefits or from changes in assessed value, the tax rate or the method of assessing real property. Real estate taxes for the Commercial Units have been projected to be \$13,751 for the first year of Condominium ownership.

PURCHASERS ARE ADVISED THAT THE FOREGOING INFORMATION IS NOT A GUARANTY OR WARRANTY THAT (i) THE NEW YORK CITY TAX ASSESSOR WILL ALLOCATE INDIVIDUAL RESIDENTIAL UNIT ASSESSMENTS ON THE BASIS OF EACH RESIDENTIAL UNIT'S PERCENTAGE IN THE COMMON ELEMENTS (ii) THAT THE FINAL ASSESSED VALUATIONS OF THE PROPERTY WILL BE \$539,504 and \$924,700 for 2004/05 and 2005/06 respectively, (iii) THAT THE TAX RATE ON THE RESIDENTIAL UNITS WILL BE \$12.62 PER \$100.00 OF ASSESSED VALUATION, (iv) THAT THE PROPERTY WILL QUALIFY OR RECEIVE BENEFITS UNDER THE 421-a PROGRAM, OR (v) THE EXTENT TO WHICH THE 421-a BENEFITS WILL BE GRANTED, IF AT ALL.

**SCHEDULE B**  
**BUDGET FOR FIRST YEAR OF CONDOMINIUM OPERATION**  
November 1, 2004 through October 31, 2005

**PROJECTED INCOME(1):**

|                                        | <u>Residential</u> | <u>Commercial</u> | <u>Total</u> |
|----------------------------------------|--------------------|-------------------|--------------|
| Common Charges Allocable to All Units: | \$142,800          | \$27,200          | \$170,000    |

**PROJECTED EXPENSES:**

|                                     |                         |                        |                         |
|-------------------------------------|-------------------------|------------------------|-------------------------|
| Labor (2)                           | \$20,356                | \$3,877                | \$24,233                |
| Gas (3)                             | \$24,373                | \$4,643                | \$29,016                |
| Electric (4)                        | \$43,733                | \$8,330                | \$52,063                |
| Water Charges & Sewer Rents (5)     | -0-                     | -0-                    | -0-                     |
| Repairs, Maintenance & Supplies (6) | \$8,400                 | \$1,600                | \$10,000                |
| Service Contracts (7)               | \$2,100                 | \$400                  | \$2,500                 |
| Insurance (8)                       | \$18,487                | \$3,521                | 22,008                  |
| Management Fees (9)                 | \$6,300                 | \$1,200                | \$7,500                 |
| Accounting and Legal Fees (10)      | \$2,940                 | \$560                  | \$3,500                 |
| Contingency (11)                    | \$16,111                | \$3,069                | 19,180                  |
| <b>TOTAL PROJECTED EXPENSES:</b>    | <b><u>\$142,800</u></b> | <b><u>\$27,200</u></b> | <b><u>\$170,000</u></b> |

## NOTES TO BUDGET, SCHEDULE B

### 1. COMMON CHARGES: \$170,000

The estimate of the annual Common Charges is based upon the assumption that the First Unit Closing will transpire on or about November 1, 2004 and the first year of Condominium operation will be for the year commencing November 1, 2004 through October 31, 2005. The actual first year of operation may be earlier or later than that year.

If the projected commencement date of the first year of condominium operation is six (6) months or more after the anticipated date of commencement of Condominium operations, the Plan will be amended to include a revised budget disclosing then current budget projections. If the annual Common Charges in the revised budget projections exceed the earlier projections by twenty-five (25%) percent or more, the amendment will provide that all Purchasers shall have no less than fifteen (15) days to rescind their Purchase Agreements and have their deposits refunded to them, within ten (10) days from receipt of rescission notice by Sponsor.

### 2. LABOR: \$24,233

The projected non-union building staff consists of one part-time, non-resident superintendent. The wages exceed state minimum wage laws.

The labor cost shall include the following:

| <u>Superintendent</u> |                  |
|-----------------------|------------------|
| Base Wages            | \$20,000.00      |
| Vacation              | 770.00 (2 Weeks) |
| FICA                  | 1,590.00         |
| FUTA                  | 434.00           |
| SUI                   | 300.00           |
| Workers' Compensation | 750.00           |
| Disability            | 39.00            |
| Uniform Cleaning      | 350.00           |

### 3. GAS: \$29,016

Includes Building heat and hot water to be supplied by two gas fueled boilers and burners, as well as cooking and dryer gas for all Residential Units. The gas expense is based upon a projection of 4,900 degree days and a thermostat setting of no more than seventy (70) degrees for sixteen (16) hours during the day and no more than sixty (60) degrees for eight (8) hours at night.

This projection includes the current gas cost, as projected by Gamill Engineering, P.C., plus applicable sales tax. The Commercial Units will have their own gas line(s) to the extent gas service is necessary for the use thereof.

In view of the current world energy situation it is not possible to predict whether this budgeted amount will reflect the actual cost to be incurred during the first year of Condominium operation following the First Closing. This amount may also vary depending on changes in levels of consumption. In addition it is not possible to forecast with certainty the actual amount of any increases in fuel prices. However, it is believed that the projected amount shown above should be sufficient to cover reasonable increases in the cost of gas during the first year of Condominium operation following the First Closing. Nevertheless, no fuel budget item is guaranteed hereby.

4. ELECTRIC \$52,063

Each Unit Owner will be responsible for the electric charges attributable to their respective Units as measured by individual electric meters. Following these footnotes is Schedule B-1 which is a projection of the electricity costs for each individual Unit. The Common Charges include electricity used in the Common Elements of the Building for lighting and operation of machinery (elevators, common area pumps, etc.).

The budget is based upon the projection of Salah E. Amer, PE. This figure includes the cost of running the heat as well as the elevator and public area lighting.

It is not possible to predict how closely the budgeted figure will reflect the actual expenses for electricity and gas to be incurred during the first year of Condominium operation, in part because such expenses will vary with the level of consumption and the applicable electric rates. Many factors affect the cost of electricity including, among others, the cost of oil (which has been highly volatile and unpredictable) used to generate electricity.

5. WATER CHARGES and SEWER RENTS: \$-0-.

Each Unit will be separately metered for water and sewer charges which will be paid directly by each Unit Owner. This budget item is for the public lavatory on the first floor.

6. REPAIRS, MAINTENANCE and SUPPLIES: \$10,000

Individual repairs and maintenance to the common areas of the Building, including without limitation, entrance, hallways, exterior (including walls, foundations, windows, doors and locks), heating system, plumbing, electrical and cleaning supplies.

Work performed in the individual Units, including but not limited to, painting, decorating and appliance repairs, are not included as these will be the obligations of the respective Unit Owners.

7. SERVICE CONTRACTS: \$2,500

This figure is based upon the following service contracts:

| <u>Service</u>        | <u>Contractor</u> | <u>Annual Fee</u> |
|-----------------------|-------------------|-------------------|
| Exterminator          | To Be Arranged    | \$ 1,000          |
| Sprinkler, Stand Pipe | To Be Arranged    | \$ 1,500.00       |

8. INSURANCE: \$22,008

The following insurance is recommended for the Property by Mackoul & Associates, Inc., 212 West Park Avenue, Long Beach, New York 11561, insurance brokers, for the first year of Condominium operation.

Package Policy:

|                                                                             |   |             |                     |
|-----------------------------------------------------------------------------|---|-------------|---------------------|
| Building Limit                                                              | - | \$4,800,000 | Property Deductible |
| - \$ 5,000                                                                  |   |             |                     |
| Boiler & Machinery Limit                                                    | - | \$4,800,000 |                     |
| Boiler & Machinery Deductible                                               | - | \$ 5,000    |                     |
| Employee Dishonesty                                                         | - | \$ 100,000  |                     |
| Employee Dishonesty Deductible                                              | - | \$ 5,000    |                     |
| Broad Form Water Limit                                                      | - | \$ 250,000  |                     |
| Broad Form Water Deductible                                                 | - | \$ 2,500    |                     |
| Building Ordinance/Increased                                                |   |             |                     |
| Cost of Construction                                                        | - | \$ 250,000  |                     |
| Directors & Officers Liability                                              | - | \$1,000,000 |                     |
| Directors & Officers Liability                                              |   |             |                     |
| Deductible                                                                  | - | \$ 2,500    |                     |
| General Liability Limit - \$1,000,000 per Occurrence, \$2,000,000 Aggregate |   |             |                     |
| Commercial Umbrella - Limit \$50,000,000                                    |   |             |                     |

The projected cost of New York State Disability Coverage and Workman's Compensation are included in the cost projections for labor.

In the opinion of Mackoul & Associates, Inc., the amount of insurance and coverage is adequate to avoid co-insurance. The policy will be written on a replacement cost basis.

The fire, casualty and general liability insurance provide that: (1) each Unit Owner will be deemed an additional insured party to the extent their interests apply; (2) the insurance may not be cancelled without notice to the Board of Managers; (3) there is a waiver of subrogation rights; (4) there is a waiver of invalidity because of the acts of the insured and Unit Owners; and (5) there is a waiver of pro-rata reduction if Unit Owners obtain additional coverage.

This coverage does not include claims for personal injury or property damage resulting from occurrences in Units nor does it include coverage of the furniture or personal property of Unit Owners. Each Unit Owner should consider obtain additional insurance at his own cost covering: (i) fire and casualty losses to the contents of his Unit and any structural elements, replacements, additions, fixtures, upgraded features and improvements therein; (ii) personal property; and (iii) liability for personal injury as a result of occurrences in the Unit.

9. MANAGEMENT FEES: \$7,500

The management fee is based upon a Management Agreement to be entered into with Salon Realty Corp., 338 East 92<sup>nd</sup> Street, New York, New York 10128, at the Closing of Title for a term of two (2) years at an annual fee of \$7,500. The Managing Agent shall bill and collect all carrying charges and attend to the day to day operations of the Condominium. The Managing Agent will provide a fidelity bond at the Closing at the Condominium's sole cost and expense. Neither the Managing Agent nor its principal, is affiliated with the Sponsor. See Section "Management Agreement, Contracts and Leases" for a full discussion of the terms of the Management Agreement. (See "Management Agreement, Contracts & Leases".)

10. ACCOUNTING and LEGAL FEES: \$3,500

This amount is based upon actual estimates of \$3,000.00 for an accountant to prepare the necessary financial and income tax reports for the Condominium Board of Managers, as well as Certified Statements of Income and Expenses of the Condominium. It also includes an estimate for initial miscellaneous legal services required in connection with meetings of the Condominium Board and Unit Owners.

11. CONTINGENCY: \$19,180

This item will provide a fund for possible increases in operating expenses not now foreseen. The budget may be modified from time to time prior to the commencement of, or during Condominium operation, to adjust both income and expense items which will adjust this fund. This fund is in addition to the Working Capital Fund.

**NOTE:** At the First Closing, the Sponsor and the Condominium Board will adjust various items of income and expense in accordance with the period that each owns or operates the Property. If the

net credit is in favor of Sponsor, the same will be paid by the Condominium Board in twelve (12) equal, consecutive, monthly installments commencing six months subsequent to the First Closing with no interest, pursuant to twelve (12) negotiable promissory notes to be executed by the Condominium and delivered to Sponsor at the First Closing. In such event, although these notes are not directly included as a separate expense of this budget, payment of the notes represents, in effect, payment of certain expenses reflected in this budget that has been prepaid by Sponsor. See Section "Working Capital Fund."

In the opinion of Salon Realty Corp., the projected income is adequate to meet the estimated expense for the first year of Condominium operation. The foregoing budget 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 of operation of the Property by the Condominium Board will be as set forth in said budget.

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.

Sponsor has reserved the right to enter into service, maintenance, employment, and other agreements that will be binding on the Condominium Board upon commencement of Condominium operation. Sponsor will not enter into any such agreement that will materially increase the first year's projected common charges or that will be binding on the Condominium Board for a period of more than two (2) years from the commencement of Condominium operation, unless disclosed in an amendment to this Plan.

## SCHEDULE B-1

### PROJECTED ANNUAL ELECTRIC COST FOR INDIVIDUAL RESIDENTIAL UNITS

(Based Upon Projection of Salah E. Amer, P.E.)

| <u>Monthly<br/>Unit</u> | <u>Projected Annual<br/>Electric Cost*</u> | <u>Projected<br/>Electric Cost*</u> |
|-------------------------|--------------------------------------------|-------------------------------------|
| 2A                      | \$ 899                                     | \$ 74.88                            |
| 2B                      | \$1,255                                    | \$104.56                            |
| 2C                      | \$1,320                                    | \$110.03                            |
| 2D                      | \$1,185                                    | \$ 98.75                            |
| 3A                      | \$ 899                                     | \$ 74.88                            |
| 3B                      | \$1,255                                    | \$104.56                            |
| 3C                      | \$1,320                                    | \$110.03                            |
| 3D                      | \$1,185                                    | \$ 98.75                            |
| 4A                      | \$ 899                                     | \$ 74.88                            |
| 4B                      | \$1,255                                    | \$104.56                            |
| 4C                      | \$1,320                                    | \$110.03                            |
| 4D                      | \$1,185                                    | \$ 98.75                            |
| 5A                      | \$1,503                                    | \$125.21                            |
| 5C                      | \$1,320                                    | \$110.03                            |
| 5D                      | \$1,185                                    | \$ 98.75                            |
| 6A                      | \$1,503                                    | \$125.21                            |
| 6C                      | \$1,320                                    | \$110.03                            |
| 6D                      | \$1,185                                    | \$ 98.75                            |
| 7A                      | \$1,503                                    | \$125.21                            |
| 7C                      | \$1,320                                    | \$110.03                            |
| 7D                      | \$1,185                                    | \$ 98.75                            |
| 8D                      | \$1,062                                    | \$ 88.51                            |

\* Includes 4.125% sales tax.

## SCHEDULE B-1

### PROJECTED ANNUAL ELECTRIC COST FOR INDIVIDUAL RESIDENTIAL UNITS

(Based Upon Projection of Salah E. Amer, P.E.)

| Monthly<br><u>Unit</u> | Projected Annual<br><u>Electric Cost*</u> | Projected<br><u>Electric Cost*</u> |
|------------------------|-------------------------------------------|------------------------------------|
| 8/9/10C                | \$1,694                                   | \$141.18                           |
| 9D                     | \$1,185                                   | \$ 98.75                           |
| 10D                    | \$1,185                                   | \$ 98.75                           |

\* Includes 4.125% sales tax.

Salah E. Amer, P.E.  
Consulting Engineer  
197 Court Street  
Brooklyn, N.Y. 11201  
Tel. (718) 522 - 5232  
Fax (718) 522 - 5286

March 25, 2004

Allen M. Turek, Esq.

Re: Estimated Average Electric Costs  
Premises: 50 Orchard Street  
New York, N.Y.

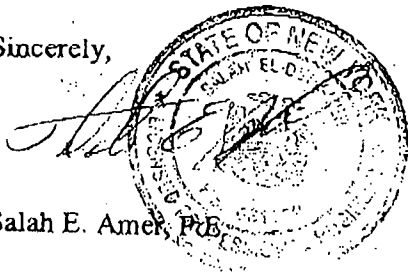
Dear Mr. Turek,

The following is the estimated annual average electrical costs for the common areas of the building including all common lighting, ElevatorS, compactors, A/C for the Lobby, boiler startup for a normal eight (8) month heating season and all pumping and mechanical systems. This estimate is based on a review of the plans for the construction of the premises and is as follows:

The total common area connected load is 250,000 KW/YR. Assuming a fixed rate of \$0.20 per KW the average annual expense for Electricity shall be \$50,000.00. The building common area envelope is approximately 9,694 Sq. Ft. and therefore the cost per square foot becomes \$5.16 per square foot. Each individual unit owner should anticipate hat their cost of electricity, to be billed to them pursuant to a separate meter, shall cost \$1.00 per square Foot.

These figures do not include New York City sales tax, adjustment clauses, etc.. All costs are subject to change and actual usage may vary.

Sincerely,



Salah E. Amer, P.E.

-49-

## COMMERCIAL UNITS

The Condominium will contain three (3) Commercial Units, which are not being offered for sale by Sponsor at this time. Accordingly, Sponsor reserves the right to lease all or parts of the Commercial Units and to sub-divide any or all of the Commercial Units, at its sole and absolute discretion and without the consent of the Condominium's Board of Managers and/or its Unit Owners. If and when the Sponsor ever decides to sell any or all of the Commercial Units, the Plan will be so amended.

The Commercial Units may be used for any lawful purpose, including, without limitation, department and other retail stores, theaters, banks and commercial and professional offices studios and storage space, which, in the reasonable judgment of the Sponsor, are not incompatible with the first class, luxury residential use of the Building, except that they may not be used as an OTB (Off-Track Betting) parlor, funeral parlor or café, bar or restaurant. The Sponsor reserves the right to amend the certificate of occupancy and the permitted legal use of any or all of the Commercial Units, so long as such change is permitted by the zoning resolution. As set forth in the By-Laws, the Commercial Units Owner shall not use or occupy the Commercial Units or any part thereof or permit the Unit or any part thereof to be used or occupied: (i) for manufacturing, (ii) as offices except as incidental to such retail or their use and except as private professional offices (such as offices for legal, accounting, brokerage and financial services), (iii) by any agency or department of the United States Government or the City or State of New York or any person or entity entitled, directly or indirectly, to diplomatic or sovereign immunity unless such Unit Owner is subject to the service of process in New York State to the jurisdiction of the State or Federal courts located in New York State, (iv) for an employment or placement agency, (v) for the business of photographic, multilith or multigraph reproductions or offset printing, provided, however, the Commercial Units or any part thereof may be used for the first-class retail operation of such reproductions or printing, (vi) for a messenger service, (vii) a laundry, (viii) for the use, storage, production or generation of Hazardous Materials in violation of applicable laws, (ix) for a funeral parlor, (x) for any form of spiritualist services, such as fortune telling or reading, (xi) for the operation of any coin-operating cleaning or drying equipment, (xii) for the sale of any illegal drug paraphernalia, (xiii) as a public or quasi-public health facility, radiation treatment facility, methadone or other drug related clinic, abortion clinic, or for any practice conducted in or through the format of a clinic, or (xiv) notwithstanding anything to the contrary contained in the permitted uses in this paragraph, for any obscene or pornographic purposes or any sort of commercial sex establishment.

The basis for projecting the share of expenses attributable to the Commercial Units is the percentage of Common Interest of such Units.

As set forth in the opinion of Salon Realty Corp., the Common Charges projected to be payable by the owner of the Commercial Units are sufficient to cover the Common Expenses fairly attributable to the Units.

The Declaration and By-Laws authorize the special allocation and apportionment of profit and expenses or specific expense item based on special or exclusive use or availability or exclusive control of particular Units or Common Elements. Any dispute regarding such allocation or apportionment shall be resolved by arbitration in accordance with the By-Laws.

The Commercial Units Owner has the right to freely sell the Unit, or to freely lease all or part of the Commercial Unit, as the case may be, without having to first offer the same for sale or lease to the Board of Managers, or any other person or entity.

Certain easements have been reserved to the Commercial Units Owner in the Declaration. The Commercial Units Owner and its successors and assigns to the extent permitted by law, have an easement to erect, maintain, repair and replace, from time to time, one or more signs on the Property, including but not limited to signs on the façade of the Building and on any awnings, canopies or other protrusions from the façade of the Building, for the purposes of advertising (i) the sale or lease of the Unsold Commercial Units and all or any portion of the Commercial Units provided, however, that any such signs are in keeping with the first class luxury nature of the Building, and (ii) the operation of any business of a tenant or occupant of all or any portion of any Commercial Units. Commercial Units Owners and its successors and assigns shall have an easement to erect, maintain, repair and replace from time to time lights and lighting fixtures on the Common Elements of the Condominium.

The Condominium Board, at the request of the Sponsor will enter into a recognition agreement with any tenant with which Sponsor has entered into a lease for any portion of the Commercial Units. Under the terms of the recognition agreement, the tenant will acknowledge that the lease is subject and subordinate to the Declaration and the Board will agree that so long as there is no event of default under said lease, as would entitle Sponsor or any lessor/landlord under the lease to terminate the lease or dispossess the tenant thereunder, the tenant will not be named or joined in any action or proceeding to foreclose the Board's lien on the Commercial Units for Common Charges or any other sums of any sort, and the Board shall agree that the lease shall not be terminated nor shall the tenant's use, possession, or enjoyment of the Commercial Units in question be interfered with, nor shall the leasehold estate granted under the lease be affected in any manner, in any foreclosure or other action or proceeding instituted under or in connection with such lien or in the exercise of any rights of the Board, or, in case the Board takes possession of the Commercial Units pursuant to any provision of the Declaration, By-Laws, or otherwise; provided however that the Board or any other party succeeds to the interests of Sponsor under the lease the tenant will agree to be bound to the Board or party under all of the terms, covenants and conditions of the lease and the tenant will attorn to such Board or party as its landlord.

## CHANGES IN PRICES AND UN

such Unit and not affecting access to any of such Common Element shall be deemed benefit of the owner of such Unit and the

After the Declaration is recorded, the size of any Unit be changed by subdivision, otherwise, nor may the Common Interest be amended and such amendments are duly change, subject to the prior consent of particularly provided in the Declaration, right to amend the Declaration to the extent order to reflect such changes.

It should be noted that so long as not vary by more than 5%) correspond Declaration, a Purchaser will not be excused against Sponsor or the Selling Agent, by "Rights and Obligations of Sponsor" below

No change will be made in the size of any Unit. No adverse change will be made in the size of any Unit by the Purchaser and by filed amendment to the Declaration. Such amendment to the Plan as opposed to a Unit Owner who already closed Agreement, shall receive a right to rescind of presentation of such amendment. Sponsor any Purchaser who exercises such right to

### INTERIM LEASE

Any Purchaser of a Unit then vacates for that Unit on the terms set forth below of title on such Unit. In the event a Purchaser Unit prior to the Closing on such Unit, then upon request of such Purchaser, to permit thereupon, pursuant to an Interim Lease.

The interim lease may be prepared by the Real Estate Board of New York, Inc. or may be amended to comply with the terms of such other terms as may be mutually agreed upon, period which will expire on the date of

### Changes in Prices

Sponsor reserves the right at any time in its sole discretion by the Declaration, to change the price, including, without limitation, and other terms of sale of any Unsold Unit, except that no such change which a Purchase Agreement is then in effect and with respect to default may be made without the consent of the Purchaser. Such change in the Common Interest of, or the amount of the Common Charges payable by the Purchaser. The Purchase Prices set forth in Schedule A may only be changed by the Plan when the change in Purchase Price is an across the board increase in the price of more lines of Units, or is to be advertised, or is a price increase. Sponsor reserves the right to reduce the Purchase Price for an Unsold Unit, but is rather the result of individual negotiations. As a result of changes in prices and Sponsor's right to change prices, certain Purchasers may pay less than other Purchasers for similar Units.

### Changes in Size, Layout and Number of Units

In order to meet the possible varying demand for number of Units, Sponsor reserves the right (except to the extent prohibited by law) at any time, before the Declaration, without prior notice, and without the consent or approval of the Managing Agent any Unit Owner or mortgagee to (i) change the size of any Unsold Unit; (ii) change the size and/or number of Unsold Units into two or more separate Unsold Units, including those resulting from such subdivision or otherwise) in altering any boundary walls of any Unsold Unit, or otherwise incorporating within any Unsold Unit any wall, hallway space or other Common Elements which is adjacent to or services or benefits only, such Unit; and (iii) if appropriate, reappportion among the Unsold Units the respective Common Interests subject to the requirements of the Plan, however (a) the aggregate amount of the Common Interest of all Units shall always remain at 100%, and (b) Sponsor may not change the size of any Common Elements if such change(s) affect(s) the percentage of common interest in the value of any Unit to which title has already closed or for which a Purchase Agreement has been executed and is in effect, unless all affected Unit Owners and contributors consent to such change(s).

To the extent not prohibited by law, if the size or configuration of any Unit does not comply with the Plan and the Condominium Documents and, space, hallway or other area forming a part of the Common Elements

such Unit and not affecting access to any other Unit is demolished or incorporated in the Unit, then such Common Element shall be deemed a Limited Common Element for the exclusive use and benefit of the owner of such Unit and the Unit's Common Interest will remain the same.

After the Declaration is recorded, no change may be made in the number of Units nor may the size of any Unit be changed by subdivision or combination or alteration of boundary walls or otherwise, nor may the Common Interest of any Unit be changed, unless the Declaration is amended and such amendments are duly recorded and filed and the Plan is amended to reflect such change, subject to the prior consent of any Unit Owner whose Unit is so changed. As more particularly provided in the Declaration, Sponsor or the owner of an Unsold Unit, will have the right to amend the Declaration to the extent required, or to cause the Board of Managers to do so in order to reflect such changes.

It should be noted that so long as the layout and dimensions of a Unit substantially (i.e., do not vary by more than 5%) correspond to the Floor Plans submitted in connection with the Declaration, a Purchaser will not be excused from purchasing his Unit and will not have any claim against Sponsor or the Selling Agent, by reason of any variance in such layout or dimensions. (See, "Rights and Obligations of Sponsor" below.)

No change will be made in the size of sold Units or the number of Units and no material adverse change will be made in the quality of Common Elements, except on consent of all purchasers and by filed amendment to the Plan and, when applicable, by amendment to the Declaration. Such amendment to the Plan will provide that any Purchaser (i.e. contract vendee, as opposed to a Unit Owner who already closed on their Unit) who is not in default of his Purchase Agreement, shall receive a right to rescind his/her Purchase Agreement within 15 days after the date of presentation of such amendment. Sponsor shall return any deposit or down payment promptly to any Purchaser who exercises such right to rescind.

## INTERIM LEASES

Any Purchaser of a Unit then vacant, may be required to enter into a lease ("interim lease") for that Unit on the terms set forth below and take occupancy pursuant thereto prior to the Closing of title on such Unit. In the event a Purchaser of an Unsold Unit wishes to take possession of such Unit prior to the Closing on such Unit, the Sponsor may, in its sole and absolute discretion, agree, upon request of such Purchaser, to permit the Purchaser to occupy such Unit prior to the Closing thereupon, pursuant to an Interim Lease.

The interim lease may be prepared on a standard form of apartment lease published by the Real Estate Board of New York, Inc. or in such other form as may be required by Sponsor and as may be amended to comply with the terms hereof. The interim lease will be for such rent and upon such other terms as may be mutually agreed upon. The term of such interim lease shall be for a period which will expire on the date of Closing or for either one or two years after the date of

execution of such interim lease. There are no rent protection laws (such as rent control or rent stabilization) applicable to any interim lease. Accordingly, upon the termination of any interim lease, either at the expiration of its term or earlier termination, the tenants of such interim lease(s) shall not be entitled by law or regulation to any extension of the lease; that in the event Sponsor or the owner of any Unit occupied under an expired or otherwise terminated interim lease, agrees, in their sole and absolute discretion, to extend the term of such interim lease, there shall be no law, rule or regulation which would control the amount of rent which the Sponsor or such Unit Owner may charge the Tenant. The interim lease may not be renewed or assigned, and the Unit may not be sublet unless the Plan is abandoned. If the Plan is abandoned, the Purchaser, as tenant, shall have the choice of either (i) becoming a rent stabilized tenant (should the building be subject to rent stabilization) or a free market tenant (if the Building is not subject to Rent Stabilization), or (ii) rescinding their interim lease and vacating from the Unit within ninety (90) days after giving written notice to the Sponsor. The interim lease will also provide that an uncured default by the Purchaser under his Purchase Agreement will constitute a default under the interim lease entitling the Sponsor, at its sole option, to immediately terminate such interim lease.

In addition, if a Purchaser fails to cure a default under his interim lease within the applicable grace period, if any, such default shall be a default under the Purchase Agreement entitling Sponsor, in its sole and absolute discretion to cancel the Purchase Agreement.

The Purchaser shall be required to vacate the Unit within thirty (30) days after notice of cancellation of the Purchase Agreement is sent to him. If the Purchaser defaults under the interim lease, an order of eviction or other judgment or order of a court or agency of competent jurisdiction against the Purchaser must be obtained or the Purchaser must have vacated the Unit before Sponsor may declare the down payment under the Purchase Agreement forfeited.

No portion of the rent paid under such interim lease will be credited towards the Unit's Purchase Price. Rents due under an interim lease shall be adjusted as of the Closing date on such Unit.

Sponsor does not presently offer the right to rescind the Purchase Agreement. However, should such right be offered in the future, and exercised by a Purchaser, then the Purchaser's right to rescind will be conditioned upon his canceling the interim lease (and any sublease) and surrendering possession of the Unit and leaving the same vacant, in good condition and broom clean within thirty (30) days after he elects to rescind. Such rescinding Purchaser must also pay any rent due under his interim lease through the date that possession is actually surrendered. Nothing contained herein shall relieve any Purchaser of liability for any damage caused to the Unit.

Purchasers or any other persons entering into an Interim Lease for a Residential Unit shall be required to pay the sum of \$500.00 to Sponsor's counsel for legal fees in connection therewith upon execution of the interim lease. All other charges or other fees due under an interim lease shall

be adjusted as of the Closing to the Unit. Notwithstanding any of the foregoing, Sponsor shall be under no obligation to enter into any interim lease.

Sponsor or its designee further reserves the right to use or occupy any Unsold Unit itself or to rent or lease any Unsold Unit to a tenant who is not a Purchaser (for such rent and term [but not beyond the fifth (5<sup>th</sup>) anniversary of the First Unit Closing – provided that there is an economically feasible market for such apartments at the end of such five (5) year period] and on such other conditions as may be agreed to between such parties) and residents of the Condominium may be comprised of both Unit Owners and tenants.

Accordingly, a Purchaser may be acquiring a Unit that has been previously occupied, but such Unit will be delivered at Closing either (i) free and clear of all leases, tenancies and rights of occupancy other than interim leases with such Purchaser or other leases or rights of occupancy of such Unit which Sponsor agreed to enter into at the request of the Purchaser of such Unit or (ii) subject to, the rights of any existing tenant or occupancy of the Unit.

## **PROCEDURE TO PURCHASE**

A person desiring to purchase a Unit must (1) execute a Purchase Agreement, in triplicate in the form contained in Part II of the Plan, (2) execute and have notarized in triplicate the New York State Combined Real Property Transfer Tax Return and Credit Line Mortgage Certificate (TP-584) and (3) return all such documents to the Selling Agent together with a check for the down payment in the amount of 10% of the Purchase Price, drawn on a New York bank payable to the order of "Turek Roth LLP, - The Orchard Condominium Special Acct." The balance of the Purchase Price will be payable simultaneously with the delivery of the Deed to the Unit.

Purchase Agreements will only be binding on the Sponsor, if, as and when they have been executed by Sponsor and a fully executed original of the Purchase Agreement is mailed or personally delivered to the prospective Purchaser. Purchasers will be notified that their Purchase Agreement has been approved or rejected within thirty (30) days from the date Sponsor or Selling Agent receives the Purchaser's executed Purchase Agreements and down payment and executed and notarized the Tax Return (Form TP-584). If a copy of the Purchase Agreement is not signed by Sponsor and is returned to the Purchaser, or a notice of Sponsor's rejection of the Purchase Agreement is not received within the thirty (30) day period, such Purchase Agreement shall be deemed rejected and not accepted and any down payment will be returned promptly. Sponsor may reject any Purchase Agreement, without cause or explanation, so long as such rejection is not based upon race, creed, color, national origin, ancestry, gender, sexual orientation, disability, marital status or any other ground prohibited by law.

Purchasers shall be afforded not less than seven (7) calendar days after delivering an executed Purchase Agreement together with their down payment, to rescind their Purchase Agreements by written notice to Sponsor or the Selling Agent either delivered personally or by mail

postmarked within such seven (7) day period. Any Purchaser exercising such right of rescission shall receive a refund of the down payment promptly after receipt of such notice by Sponsor or the Selling Agent, as the case may be.

All down payments will be placed promptly in a segregated special interest bearing attorney escrow account as provided below. In the event the Plan is abandoned or withdrawn for any reason, then such monies shall be fully returned to the Purchasers within ten (10) days of abandonment or withdrawal, with interest, earned thereupon, if any, except that Sponsor will retain the down payment (not to exceed 10% of the purchase price), as liquidated damages of any Purchaser who is then in default under his Purchase Agreement beyond any applicable period of notice and time to cure, if any. Such funds shall be released upon the signature of Allen M. Turek or Jeremy Roth, attorneys for Sponsor, at the Closing, or prior to Unit Closing if the Purchaser rescinds or defaults or if the Plan is abandoned. Mr. Turek is admitted to practice law in the State of New York and will comply with the Appellate Division rules for the preservation of client funds, as same are applicable.

After the Plan has been declared effective and an amendment incorporating the declaration of effectiveness is accepted for filing by the Department of Law, Purchasers will be given not less than thirty (30) days' prior written notice of the date, time and place for the transfer of title to the Unit and for the payment of the balance of the Purchase Price by unendorsed certified personal check or official cashier's check drawn on or by a member of the New York Clearing House Association, payable to the order of Sponsor. Such thirty (30) days notice may be waived by individual Purchasers as provided in the amendment incorporating the declaration of effectiveness. Sponsor reserves the right - without any undertaking any obligation - to adjourn any Closing Date in its sole and absolute discretion. Any adjournment of a Closing Date must be in writing and signed by the Sponsor in order to be effective. At the Closing, each Purchaser shall sign and deliver a Power of Attorney coupled with an interest to the Board of Managers of the Condominium in the form contained in Part II of this Plan, and a New York City Real Property Transfer Tax Return in connection with such tax.

The following shall constitute "Events of Default" under the Plan and Purchase Agreement:

- (i) Purchaser's failure to pay the balance of the purchase price on the Closing Date designated by Sponsor or any adjournment thereof as Sponsor may have agreed to in writing;
- (ii) Purchaser's failure to execute and deliver within five (5) days of written demand any tax return, affidavit or other document required to be executed by Purchaser;
- (iii) If Purchaser is a tenant of the Unit pursuant to an interim or other lease agreement, Purchaser's default under his lease which has resulted in his eviction from the Unit or his abandonment of the Unit;

- (iv) If Purchaser becomes a tenant of the Building after the Plan is accepted for filing, Purchaser's failure to cure a default under his interim lease within the applicable grace period (if any); or
- (v) Purchaser's failure to deliver the Power of Attorney executed in recordable form; or
- (vi) The failure to perform or observe any of Purchaser's other obligations under the Purchase Agreement.

Upon the occurrence of an Event of Default, Sponsor shall have the right to cancel the Purchase Agreement by sending Purchaser written notice of such default. If Sponsor sends such notice, Purchaser shall have thirty (30) days from the giving of such notice within which Purchaser must cure the specified default. TIME IS OF THE ESSENCE TO REMEDY SUCH DEFAULT WITHIN SAID THIRTY (30) DAY PERIOD before forfeiture of the down payment. If the default is not timely cured, then Sponsor shall have the right to retain as and for liquidated damages the down payment (not to exceed 10% of the purchase price) and any sums held by Sponsor in excess thereof shall be returned to Purchaser within forty-five (45) days thereafter. Upon cancellation of the Purchase Agreement and making such refund (if any) to Purchaser, Purchaser, Sponsor and Selling Agent will be deemed automatically released and discharged of all further liability and obligations under the Purchase Agreement and under the Plan. Thereafter, the Unit may be sold to another as though the Purchase Agreement had never been made, and without accounting to Purchaser for the proceeds of such sale.

If a Purchaser fails for any reason to close title to his Unit on the originally scheduled Closing Date the Closing apportionments described in the Section entitled "Closing Costs and Adjustments" will be made as of midnight of the day preceding the originally scheduled Closing Date, regardless of when the actual Closing occurs.

Sponsor anticipates that the First Closing will occur by the date set forth in Schedule B as the commencement date for the first year of Condominium operation. If the First Closing is delayed twelve (12) months or more, Sponsor will offer all Purchasers the right to rescind their Purchase Agreements.

If the First Closing does not occur within six (6) months after the date set forth in Schedule B as the commencement date for the first year of Condominium operation, Sponsor will amend the Plan to update the budget. If the annual Common Charges in the revised budget projected exceed the earlier projected budget by twenty-five (25%) or more, the amendment will offer Purchasers the right to rescind their Purchase Agreements within fifteen (15) days after the presentation of the amendment disclosing the updated budget, and any Purchaser electing rescission will have their down payments and any interest earned therein returned within ten (10) days thereof.

From and after the Closing of each Unit, Purchaser will become obligated for the payment of Common Charges in proportion to the Purchaser's Common Interest, real estate taxes and assessments (including water charges and sewer rents, if separately assessed) and all other expenses with respect to his Unit, whether or not he has taken possession of his Unit, and whether or not all work required to be performed by Sponsor or anyone else in or to his Unit or the Building has been completed.

Each Purchaser may elect to make his/her Purchase Agreement contingent upon obtaining mortgage financing. The Purchase Agreement, as set forth in Part II of the Plan, contains a mortgage financing contingency clause for Purchasers of a Unit which must be completed by Purchaser in order to qualify for the mortgage contingency. If Purchaser elects such financing contingency, Purchaser must:

- (a) make a prompt (i.e. within ten [10] days after Sponsor accepts and delivers the fully executed Purchase Agreement) application for a mortgage loan in an amount no greater than seventy-five (75%) percent of the Purchase Price (although there is no prohibition on Purchaser's obtaining financing in any amount, the maximum amount of mortgage financing that any Purchase Agreement may be made contingent upon is seventy-five [75%] percent of the Purchase Price) (the "Mortgage Loan");
- (b) furnish truthful, accurate and complete information, data and documents on Purchaser and members of Purchaser's family, as required, and promptly submit such further information, data and documents requested by the institutional lender, if any;
- (c) pay all fees, points and charges required in connection with such application(s) and the Mortgage Loan;
- (d) pursue such application(s) with diligence;
- (e) cooperate in good faith with the institutional lender, if any, to the end of securing the Mortgage Loan;
- (f) promptly give notice to Seller of the name and address of the institutional lender, if any, to which Purchaser has made such application; and
- (g) comply with all requirements of the Commitment (or of any Commitment accepted by Purchaser) and furnish Seller with a copy thereof promptly after receipt thereof.

The obligations of Purchaser set forth in (a) through (g) above are, collectively, referred to herein as the "Financing Obligations". Purchaser shall agree to diligently comply with all of the Financing Obligations in order to qualify for the finance contingency in the Purchase Agreement.

The mortgage financing contingency clause provides that Purchaser shall have sixty (60) days from the date Sponsor accepts and delivers the fully executed Purchase Agreement to obtain a written loan commitment for financing. In the event Purchaser fails to obtain a written loan commitment within such time period or in the event the loan commitment is subsequently withdrawn, Purchaser must notify Sponsor of same within five (5) days subsequent to such sixty (60) day period or the date the loan commitment is withdrawn, whichever is applicable, or the financing contingency is deemed waived.

If Purchaser obtains a mortgage loan commitment within the time period set forth above, the Purchase Agreement shall nonetheless be subject to Purchaser's loan commitment being in full force and effect as of the Unit Closing, provided, however, that any expiration of a commitment as a result of Purchaser's refusal, inability or unwillingness to close title or delay in closing title or the revocation of a commitment by a lending institution resulting from Purchaser's acts or omissions, including but not limited to, Purchaser's failure to satisfy any of the conditions of the commitment accordingly, shall be excepted from this requirement, and Purchaser shall be deemed to have waived any financing contingency within the Purchase Agreement. Purchaser shall take all possible steps to maintain his/her commitment, including good faith application for an extension of such commitment. In the event Purchaser notifies Sponsor within thirty (30) days after the expiration date of his previous loan commitment by registered mail of his/her inability to obtain an extension of such previous loan commitment, despite the Purchaser's good faith efforts to extend the commitment or a new loan commitment, the Purchase Agreement shall be null and void and Purchaser's Down Payment together with any interest earned thereupon shall be returned by Sponsor. Failure to provide such notification shall be deemed a waiver of the mortgage contingency by Purchaser and that the Purchase Agreement is deemed binding.

The Unit and the Common Elements are being sold in the condition as described in the "Sponsor's Statement of Building Condition" and the "Description of Property and Specifications" below, subject to ordinary wear and tear and/or natural deterioration. Sponsor's obligation to make repairs in any Unit shall cease upon the Closing of title to such Unit.

Each prospective Purchaser should note that Sponsor is only obligated to provide the equipment, fixtures and furnishings described in the "Description of Property" set forth in Part II of this Plan or their substantial equivalent (i.e., substitute equipment or materials of equal or greater quality and/or design). In no event shall the presence of any furniture, furnishings, equipment or decorations in any model apartment imply or represent that any Unit will contain such furniture, furnishings, equipment or decorations upon delivery of the Unit to Purchaser unless Purchaser agrees to pay Sponsor an amount determined by Sponsor in addition to the purchase price for such Unit.

Conflicts between the Purchase Agreement and the Plan shall be resolved according to the terms of the Plan.

The Purchase Agreement and the Plan may not contain, or be modified to contain, a provision waiving Purchaser's rights or abrogating Sponsor's obligations under Article 23-A of the General Business Law.

#### ESCROW PROVISIONS

All down payments received by Sponsor under a Purchase Agreement will be held in escrow in conformity with the provisions set forth below.

Sponsor will comply with the escrow and trust fund requirements of New York State Lien Law Section 71-A, New York State General Business Law Sections 352-e(2-b) and 352-h and the New York State Attorney General's regulations promulgated pursuant thereto.

Any provision of any Purchase 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 Sponsor in connection with the establishment, maintenance or defense of obligations arising from the handling or disposition of trust funds.

All down payments made by Purchasers prior to the Closing of each individual Unit, will be placed, within five (5) business days after tender of the down payment by Purchaser to Sponsor or Selling Agent, in a segregated, special interest bearing escrow sub-account of Turek Roth LLP, the escrow agent (the "Escrow Agent"), whose address is 377 Fifth Avenue, 6<sup>th</sup> Floor, New York, New York 10016 and whose telephone number is (212)223-3562. The sole signatories on this account authorized to withdraw funds are Allen M. Turek, Esq. and Jeremy Roth, Esq. Messers. Turek and Roth are admitted to practice law in the State of New York and will comply with the Appellate Division First Department rules for the preservation of client funds, as same are applicable. Escrow Agent will establish a master escrow account at JP Morgan Chase Bank, at its branch located at 349 Fifth Avenue, , New York, New York entitled "Turek Roth LLP – The Orchard Condominium Special Escrow Account" (the "Master Escrow"). Each Purchaser is required to deliver either a valid social security number or a completed and signed Form W-9 (Request for Taxpayer Identification Number) in the form set forth in Part II of the Plan and/or a Form W-8 (Certificate of Foreign Status) in the form set forth in Part II of the Plan, as applicable, to Sponsor or Selling Agent at the Purchaser tenders the down payment and the Purchase Agreement. At such time as the down payment is released (in accordance with GBL §§352-e(2-b) and 352-h as well as the Attorney General's Regulations promulgated pursuant thereto), the down payment will be transferred from the individual sub-

escrow savings account to a non-interest bearing checking portion of the Escrow Agent's Master Escrow Account so that checks may be drawn thereon. Emigrant Savings Bank is covered by F.D.I.C. insurance to a maximum of \$100,000 per individual deposit. The following are special risks of this offer: (i) if a Purchaser makes a down payment in excess of \$100,000 for the purchase of a Unit, such down payment will not be federally insured in excess of \$100,000; and (ii) while the down payment is in the non-interest bearing checking portion of the Master Escrow Account, the down payment may not be fully insured even if the down payment does not exceed \$100,000.

The down payment may be tendered by Purchaser to Sponsor or Selling Agent by either personal delivery, delivery by messenger or courier service or mailed by certified mail, return receipt requested, overnight courier or express mail service. The down payment shall be deemed tendered by Purchaser on the date it is actually received by Sponsor or Selling Agent.

Acceptance of the down payment by Sponsor or Selling Agent and the down payment thereof by Escrow Agent into escrow shall not be deemed a binding agreement by Sponsor to sell to Purchaser unless and until Purchaser executes a Purchase Agreement (in triplicate) and Sponsor or Selling Agent executes a duplicate thereof and delivers such duplicate original, fully executed Purchase Agreement to Purchaser in accordance with the terms of the Plan.

The checking account portion of the Master Escrow Account will not be interest bearing. The sub-escrow savings portion of the Master Escrow Account will be interest bearing. All interest will be credited to Purchaser at such time as (i) there is a Closing under the Purchase Agreement, or (ii) Purchaser is entitled to a return of the down payment. All interest will be credited to Sponsor only in the event Purchaser defaults. The interest rate to be earned will be the prevailing rate for these accounts which varies. On September 15, 2003, the interest rate on an Emigrant Savings Bank Escrow Account is 1%. Interest will begin to accrue within (i) one (1) business day, if the down payment is cash or cash equivalent, or (ii) five (5) business days, if the down payment is other than cash or cash equivalent, of the transfer of the down payment from the checking account portion of the Master Escrow Account into the sub-escrow savings account portion of the Master Escrow Account.

All instruments shall be made payable to the order of "Turek Roth LLP, as Escrow Agent". Endorsed instruments will not be accepted.

In the event a down payment check delivered by a Purchaser fails collection, the Purchase Agreement will be deemed void *ab initio* (i.e., as if the Purchase Agreement had never been executed) at the option of the Sponsor who reserves the right to exercise this option in its sole and absolute discretion by written notice to Purchaser given within five (5) business days of Sponsor receiving notice from Escrow Agent of such failure of collection.

Within ten (10) business days after tender of the down payment, Escrow Agent will notify Purchaser that such funds have been deposited into escrow and will provide the account number and the initial interest rate, if any. If Purchaser does not receive notice of such down payment within fifteen (15) business days after tender of the down payment, Purchaser may cancel the Purchase Agreement and rescind so long as the right to rescind is exercised within ninety (90) days after tender of the down payment. Rescission may not be afforded where proof satisfactory to the Attorney General is submitted establishing that the down payment was timely deposited and requisite notice was timely mailed to Purchaser in conformity with the Attorney General's regulations. Before any escrow funds are transferred to a new escrow account, or if the Escrow Agent is replaced, the Plan will be amended to provide all pertinent information concerning such new escrow account or replacement escrow account.

The Escrow Funds will be released in accordance with the following requirements:

(a) Under no circumstances shall Sponsor apply for a release of the escrowed funds of a defaulting Purchaser, until after consummation of the Plan. (However, mere consummation of this Plan does not relieve the Sponsor of its trust fund obligations under GBL §352-h.)

(b) The Escrow Agent shall hold the 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 provisions below; or
- (iii) a judgment or order of a court of competent jurisdiction or until released pursuant to subparagraph (d) below.

(c) The Sponsor shall not object to the release of the escrowed funds to:

- (i) A Purchaser who timely rescinds their Purchase Agreement in accordance with an offer of rescission contained in this Plan or any amendment thereto; or
- (ii) All Purchasers after an amendment abandoning this Plan is accepted for filing by the Department of Law.

(d) In the event there is no written agreement between the parties to release the escrowed funds, the Escrow Agent shall not release any portion of such escrowed funds to the Sponsor until the Escrow Agent has given the Purchaser written notice of not fewer than ten (10) business days. Thereafter, the escrowed funds maybe released to the Sponsor unless the Purchaser has already made application to the Department of Law pursuant to the dispute

resolution provisions provided for below and has so notified the Escrow Agent in accordance with said provisions.

In the event of a dispute regarding any escrowed funds, the Sponsor shall – while the Purchaser and/or Escrow Agent may on their own initiative – apply to the Attorney General for a determination on the disposition of the down payment and any interest earned thereupon. The form for this purpose is available from the Department of Law and is also reproduced in Part II hereof. The party so applying to the Attorney General shall contemporaneously send to all other parties a copy of such application. Pending the determination of the Attorney General to grant or deny such application, the Sponsor, Purchaser and Escrow Agent shall abide by any interim directive(s) issued by the Attorney General. If the application permitting the release of escrow funds is granted, the down payment and any interest earned thereupon shall be disposed of in accordance with the determination of the Attorney General, subject to any court action in which preliminary relief is granted.

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

If the application seeking release of escrow funds is denied, the Escrow Agent will continue to hold the down payment in escrow until otherwise directed in:

- (a) a writing signed by both Sponsor and Purchaser directing payment to a specified party; or
- (b) a judgment or order of a court of competent jurisdiction is served on the Escrow Agent; or
- (c) the Escrow Agent deposits the disputed amount into court.

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

If there is no written agreement between the parties to release the down payment, Escrow Agent will not pay the down payment to Sponsor until Escrow Agent has given Purchaser written notice of not fewer than ten (10) business days of such intended release of the down payment. Thereafter, the down payment may be paid to Sponsor unless Purchaser has already made application to the Department of Law pursuant to the dispute resolution provisions of the Attorney General's regulations and has so notified Escrow Agent in accordance with such provisions and Escrow Agent has received such notice.

Sponsor will not object and will be deemed to have agreed, without the need for a written agreement, to the release of the down payment to (a) a Purchaser who timely rescinds in accordance with an offer of rescission contained in the Plan or an amendment to the Plan, or (b) all Purchasers after an amendment abandoning the Plan is accepted for filing by the Department of Law.

Purchaser will not object and will be deemed to have agreed, without the need for a written agreement, to the release of the down payment to Sponsor in the event Sponsor and Purchaser close title under the Purchase Agreement.

Purchasers and Escrow Agent may apply to the Attorney General in the event of a dispute for a determination on the disposition of the down payment and any interest thereon. Sponsor must avail itself of this procedure if there is a dispute which needs to be resolved. The party applying for a determination must send a copy of the application to all other parties by certified mail, return receipt requested. (See Part II below.)

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

Sponsor has agreed to indemnify Escrow Agent from all costs, claims, expenses and damages incurred in connection with or arising out of the Escrow Agreement or the performance or non-performance of Escrow Agent's duties under the escrow agreement, except with respect to actions or omissions taken or suffered by Escrow Agent in bad faith or in willful disregard of the escrow agreement or involving gross negligence of Escrow Agent. A copy of the Escrow Agreement and the form of Application for Determination in connection with the Escrow Funds are included in Part II, below.

Sponsor has agreed to compensate Escrow Agent for services rendered in connection with Escrow Agent's duties under the Escrow Agreement, if any. Escrow Agent's fees and disbursements will neither be paid by Sponsor from the down payment nor deducted from the down payment by any financial institution under any circumstance.

Escrow Agent will maintain all records concerning the Master Escrow Account and all sub-accounts for seven (7) years after the release of funds.

#### Alternatives to Escrow Account

The Sponsor reserves the right to apply to the Attorney General to use security in the form of Surety Bonds or a Letter of Credit in lieu of escrow of such down payment funds. As part of such application, the Sponsor will, among other things, submit an affidavit to the

Department of Law, which contains full information as to the proposed usage of such down payment funds, the Sponsor's financing of the rehabilitation of the Building, the expected completion date, the terms and conditions of the proposed Surety Bonds or Letter of Credit and the required undertakings of covenants therein. If such application is granted by the Department of Law, the terms of such alternative security shall be disclosed in an amendment to this Plan.

## **ASSIGNMENT OF PURCHASE AGREEMENTS**

The Purchase Agreement or any rights thereunder may not be assigned by a Purchaser, and any purported assignment shall be deemed void and of no effect.

## **EFFECTIVE DATE**

The offer to sell the Units hereunder is contingent upon the Plan being declared effective. The Plan may be declared effective if written Purchase Agreements have been executed and delivered to Sponsor or the Selling Agent for at least 15% of all Units offered under the Plan. The Plan must be declared effective when Purchase Agreements have been executed and accepted by Sponsor for eighty percent (80%) of all Units offered under the Plan.

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

- (i) signed by Purchasers who have been granted a right of rescission that has not yet expired or been waived; or
- (ii) with any Purchaser who is the Sponsor or the Selling Agent or is a principal of Sponsor or the Selling Agent or is related to Sponsor or the Selling Agent by blood, marriage or adoption, or is a business associate, an employee, a member, or a manager of Sponsor; except that such Purchaser other than Sponsor or a principal of Sponsor may be included if the Sponsor has submitted proof satisfactory to the Department of Law that the Purchaser is a bona fide Purchaser; or
- (iii) from Purchaser(s) whose Purchase Agreement(s) were delivered to the Sponsor or its Selling Agent, within seven (7) days of the date the Plan is declared effective.

The Plan will be declared effective by (a) an amendment to the Plan duly filed with the Department of Law, or (b) written notice to all Purchasers sent by mail or personally delivered followed by an amendment disclosing the declaration of effectiveness, to be submitted for filing, within five (5) days after such notice is given to all Purchasers. The Closing of title to any Unit shall not be held until the Plan is declared effective and such amendment is accepted for filing by the Department of Law.

Sponsor may declare the Plan abandoned for any or no reason before Purchase Agreements have been executed and accepted for eighty percent (80%) or more of the Units offered hereunder. Once the Plan has been declared effective or the eighty percent (80%) quota referred to above has been reached, the Plan may not be abandoned, except (a) for a defect in title which cannot be removed, cured or complied with, without litigation or cost in excess of .5% of the Total Purchase Price in the aggregate for all Units; (b) any substantial damage to the Property by fire or other casualty and the cost to repair same would exceed .5% of the Total Purchase Price in the aggregate for all Units, unless Sponsor elects to repair the same; or (c) the taking of any material portion of the Property by condemnation or by eminent domain. Any stated dollar amount relied upon as the basis for abandonment of the Plan after effectiveness must exclude any attorneys fees or any such title defects or determinations of any authority or regulatory association which exist on the date of presentation of the Plan and are either known to the Sponsor or are a matter of public record.

In the event the Plan is withdrawn or abandoned, all down payments, together with interest earned thereon, if any, will be returned to Purchasers within ten (10) days following such withdrawal or abandonment. Upon the return or retention of the down payments, together with any interest earned thereon, the Purchase Agreements will be null and void and Sponsor will have no further obligation or liability to Purchasers under the Plan or the Purchase Agreements. Sponsor shall promptly submit an amendment to the Department of Law confirming such abandonment or withdrawal or shall file a notice of abandonment on form RS-3 or such other form as the Department of Law may require and explain the reason for the abandonment and disposition of all funds received.

## **TERMS OF SALE**

A date for the First Closing(s) will be set by Sponsor, no sooner than thirty (30) days after the Plan is declared effective. Title to each Unit will be transferred by bargain and sale deed with covenants against grantor's acts. The form of Unit Deed is contained in the Plan.

The Closing of title to each Unit will be held at the offices of Sponsor's counsel, Turek Roth LLP, 377 Fifth Avenue, 6<sup>th</sup> Floor, New York, New York 10016 or such other place in the City of New York, as Sponsor shall designate. Sponsor has the right to postpone the Closing date and to fix a new Closing Date, but in no event shall such adjourned date set by the Sponsor be more than 180 days from the originally scheduled Closing Date. In such event, Sponsor shall give the Purchaser not less than ten (10) days' notice of the new date and time of Closing.

The First Unit Closing will only take place concurrently with or after the occurrence of the following events:

1. The filing of an amendment to the Plan by Sponsor to disclose that the Plan has been declared effective.

2. The recording or filing in the Register's Office of the City of New York, of the Condominium Documents, in accordance with the Condominium Act.

3. The issuance of a temporary or permanent Certificate of Occupancy for the entire Building or the issuance of a partial, temporary or permanent Certificate of Occupancy for the Unit(s) to be closed.

4. Discharge or partial release duly recorded of all liens affecting the Unit to be closed.

5. The Holder of any blanket mortgage on the Property shall either (1) consent to the formation of the Condominium and acknowledge that its lien will be limited to Unsold Units and their appurtenant interests in the Common Elements, and/or (2) subordinate the lien of its mortgage to the Declaration.

6. Purchaser's Execution of a Power of Attorney, in the form provided in the Plan, designating the Board of Managers as his attorney-in-fact, coupled with an interest (i.e., thereby effectively precluding such Purchaser from unilaterally revoking such designation).

7. The assignment to the Purchaser of any manufacturers' warranties (to the extent available and/or assignable) with respect to all equipment and appliances owned by Sponsor and installed in the Unit and the assignment of any warranties (to the extent available and/or assignable) with respect to all equipment and appliances installed in Common Elements to the Board Managers.

8. The delivery of a bargain and sale deed with covenants against grantor's acts conveying title to the Unit to Purchaser, in proper form for recording.

9. If ordered by Purchaser, the issuance of a title policy by a title insurance company licensed to do business in New York State and a member of the New York Board of Title Underwriters, to insure that (a) the Purchaser has good and marketable fee title in the Unit, free and clear of all liens and encumbrances, except for (1) permitted encumbrances and standard permitted exceptions; (2) liens and encumbrances (other than Permitted Encumbrances) to which said Unit is subject, which have been expressly accepted by Purchaser; and (3) any mortgage and related security documents that Purchaser executes in connection with the financing of the purchase price of the Unit; and (b) the Condominium has been validly created pursuant to the Condominium Act.

10. Sponsor will not be obligated to bring any action or to expend any sum except as discussed above to render title to any Unit marketable. If Sponsor fails or refuses to correct any title defect, then, provided Purchaser is not then in default, Purchaser's sole right will be to either (i) take title subject to the title defect (without abatement in or credit against the Purchase Price or claim or right of action against Sponsor for damages or otherwise) or (ii) cancel the Purchase Agreement by written notice to Sponsor, in which event the Sponsor shall return to Purchaser within thirty (30)

days, all monies deposited by Purchaser (with interest earned thereon, if any). Upon making such refund, the parties shall be relieved of all further obligations and liabilities under the Purchase Agreement and the Plan.

The existence of mortgages, liens and/or encumbrances other than Permitted Encumbrances, shall not be objections to title, provided bonds or properly executed instruments in form for recording necessary to satisfy or release Units from such impermissible liens or encumbrances are delivered at Closing and proper adjustments are made for the cost of recording or filing such instruments. Sponsor shall bear the responsibility and cost of recording or filing such instruments.

With respect to all violations noted before the First Closing (other than those to be cured by tenants or which result from the acts or omissions of tenants or which will be cured by the completion of the Building construction substantially in accordance with the "Description of Property and Specifications", more fully set forth in Part II of this Plan), Sponsor will complete all corrective work by the First Closing or within a reasonable period of time thereafter. In the event the Sponsor elects to complete the corrective work after the First Closing then the Sponsor shall establish an escrow account with Sponsor's attorney, in an amount equal to the cost of curing such violations in accordance with the escrow provisions contained in the Plan. Notwithstanding the foregoing, Sponsor shall not be obligated to correct or remove any violations that are the obligations of tenants to cure or which result from the acts or omissions of tenants or violations noted with respect thereto.

Title to each individual Unit and its appurtenant interest in the common elements will be conveyed at the Closing free and clear of all liens, encumbrances and title exceptions, other than those described in the Plan and the proposed Unit deed, provided that such liens, encumbrances and title exceptions (including the state of facts shown on any current or subsequent survey) do not render title unmarketable.

The risk of loss to any Unit by fire or other casualty until the Closing for such Unit, is assumed by Sponsor (unless and until a Purchaser takes possession of such Unit, at which time such risk shall be assumed by Purchaser), but without any obligation or liability by Sponsor to repair or restore any Unit. In the event of damage or destruction of a Unit due to fire or other casualty prior to the Closing, but subsequent to the signing of a Purchase Agreement, provided Sponsor elects (which election shall be in its sole discretion) to repair or restore the Unit, the Purchase Agreement shall continue in full force and effect, and, thereafter, Purchaser shall have the right to reject title or receive a credit against, or abatement in, the purchase price for the subject Unit. In such event, Sponsor shall be entitled to a reasonable period of time within which to complete the repair or restoration, and any proceeds received from insurance or in satisfaction of any claim or action in connection with such loss shall, subject to the rights of the Condominium Board and other Unit Owners, belong entirely to Sponsor. In the event of damage or destruction to any Unit by fire or other casualty prior to the Closing, but subsequent to the signing of a Purchase Agreement, if

Sponsor notifies Purchaser that it does not elect (which election shall be in its sole discretion) to repair or restore the Unit if the Unit Owners do not resolve to make such repair or restoration pursuant to the By-Laws (see Section entitled "Rights and Obligations of Unit Owners and Board of Managers"), the Purchase Agreement shall be deemed canceled and of no further force or effect and Sponsor shall return to Purchaser all sums deposited thereunder, together with interest earned thereof, if any, whereupon the parties to the Purchase Agreement shall be released and discharged from all obligations and liability thereunder and under this Plan; provided, however, notwithstanding anything to the contrary herein, if Purchaser is then in default under the Purchase Agreement (beyond any applicable grace period), Sponsor shall retain all such sums as and for liquidated damages.

All representations under the Plan, and/or pursuant to the General Business Law, and such additional obligations under the Plan which are to be performed subsequent to the Closing Date will survive delivery of the Unit Deed. The Purchaser of a Unit shall inspect such Unit prior to the Closing Date and shall execute at such time an inspection statement acknowledging Purchaser's acceptance of the Unit in good condition and in accordance with the terms of the Plan, provided that if Purchaser finds that Sponsor's improvements have not been completed as described in the Plan then Sponsor and the Purchaser in question will agree to include on the inspection statement a list of incomplete work of a material nature to be completed in the Unit by Sponsor following the Closing Date. Sponsor shall have no obligation to complete any work described herein which is not specifically designated by the Purchaser on the inspection statement. A Purchaser shall receive five (5) business days notice that a Unit is available for inspection pursuant to this Paragraph. A Purchaser who fails to inspect such Unit within said five (5) day period shall be deemed to have accepted the Unit in good condition and in accordance with the terms of the Plan.

## **UNIT CLOSING COSTS AND ADJUSTMENTS**

As more particularly set forth in the Purchase Agreement, at the time of title Closing to any Unit, each Purchaser will pay certain closing costs, legal fees of Purchaser's counsel and the closing fees of the Sponsor's attorney described hereafter. In addition, each Purchaser will be required to pay at Closing the amount of any net credit in favor of the Sponsor resulting from Closing adjustments described below. Recording charges, fees and taxes are based upon rates in effect on the date of each Unit Closing and are subject to change without further notice.

### **A. Closing Costs**

1. Purchaser may elect to obtain fee title insurance from Royal Abstract LLC, having an office at 500 Fifth Avenue, Suite 1940, New York, New York 10110, (212) 376-0900, Purchaser will pay the premium therefor, which will vary depending upon the purchase price of the Unit. If ordered from Royal Abstract of New York LLC, the premiums as of the date of this Plan will be discounted by reason of the initial sale of the Unit by the Sponsor. The discounted premium for owner's title insurance is seventy percent of the sum of \$402 for the first \$35,000 of fee

insurance plus from \$6.67 to \$2.76 for each \$1,000 of additional fee insurance or fraction thereof depending on the amount of insurance. Mortgage title insurance may also be obtained by a Purchaser or his mortgagee. Such insurance is commonly required by banks and other institutional lenders for condominium mortgage loans. The mortgage title insurance rates are similarly discounted and are seventy percent of the sum of \$344 for the first \$35,000 of coverage plus from \$5.55 to \$2.31 for each \$1,000 of additional mortgage title insurance or fraction thereof depending on the amount of insurance. Royal Abstract of New York LLC will insure lenders at additionally discounted simultaneous rates if a fee policy and mortgage policy are both obtained by Purchaser.

Each Purchaser may obtain title insurance from any company other than Royal. However, Sponsor makes no representation with respect to cost, terms or availability of such title insurance if obtained from a different title insurance company. In addition, Sponsor shall not be obligated to satisfy any exceptions to title raised by any title insurance company other than Royal.

2. A fee for recording the Unit Deed and Owner's power of attorney in favor of the Board of Managers, being \$42.00 for each Deed and \$17 for each additional instrument plus \$5.00 per page as collected by Royal Abstract of New York LLC (each title company establishes its own additional service and surcharges in this regard).

3. If Purchaser obtains a mortgage loan, he will pay:

- (a) a fee and service charge for recording the mortgage at the same rates given above for recording the deed; and
- (b) a mortgage recording tax in the amount provided for by law. At the date of the Plan, the tax is 2% of the face amount of the mortgage for mortgages under \$500,000 and 2.125% for mortgages of \$500,000 or more (less \$25 irrespective of the amount of the mortgage). Certain institutional lenders may be required to pay a portion of the mortgage recording tax equal to 1/4% of the loan amount which would reduce Purchaser's obligation to 1.25% or 1.375% of the amount of the loan.

Section 339-ee(2) of the Condominium Acts provides for a credit against the mortgage recording tax described above upon the first conveyance of each Unit. In the event that such mortgage recording tax credit becomes available it shall inure to the benefit of the Sponsor so that Purchaser shall pay to Sponsor at Closing the amount of any such mortgage recording tax credit allowed. Purchaser shall execute and deliver such forms or affidavits required by the Sponsor in connection with such mortgage recording tax credit.

4. All Closing costs and expenses in connection with obtaining a mortgage loan to finance the purchase of the Unit in amounts determined by the lender. In the case of banks and other institutional lenders, these costs customarily include, loan application fee, origination

fees, commitment fees, fee for credit checks, mortgage title insurance, bank attorneys' fees and appraisal fees.

In addition, the lender may require a financing Purchaser to deposit monthly with the lender, an escrow for the payment of annual real estate taxes (using the actual or anticipated assessed valuation), water/sewer charges, insurance or other expenses associated with the ownership of a condominium apartment. The amount of the escrow, if any, commonly depends on the number of months remaining between the Closing of title and the date these amount are next due to be paid and the estimated amounts then payable.

No representation or warranty is made or intended with respect to the amounts of such closing costs and expense associated with mortgage loans or the availability or cost of mortgage loans from any sources.

5. The Purchaser of a Unit will be required to pay the New York State Documentary Stamps and the New York City Real Property Transfer Taxes (collectively, "Transfer Taxes") at Closing, although such taxes are customarily paid by the seller in conventional real estate transactions. The current effective rate of the New York City Real Property Transfer Tax for a Unit of \$500,000 or less is 1.01% of the Purchase Price (1.425% if the Purchase Price is over \$500,000), and the New York State Documentary Stamp Tax is \$2.00 for each \$500.00 (or part thereof) of the Purchase Price of a Unit.

6. If the Purchase Price of a Residential Unit is \$1,000,000 or more, the New York State Additional Tax pursuant to Article 31 of the Tax Law, currently calculated at 1% of the Purchase Price.

7. Closing Fees of Sponsor's attorneys in the amount of \$1,500 per Unit, payable at Closing. If a Purchaser does not close on the date designated for the transfer of title by the Sponsor, the Purchaser shall pay an additional legal fee at Closing to Sponsor's attorney of \$300. If the Purchaser requests the Closing to occur other than at the Law Offices of Turek Roth LLP, or such other place as Sponsor may designate in its closing notice and Sponsor consents to such change, an attendance fee of \$500 for each Unit Closing held within Manhattan and \$700 for each Unit Closing held in any borough of New York City outside Manhattan (closings will not take place outside of New York City). In addition, if Sponsor, in its sole discretion, consents to a Purchaser's request for an assignment of the Purchase Agreement, a fee of \$1,000, payable in advance, for preparation of an assignment agreement. Purchaser may pay more than one fee pursuant to this paragraph with respect to a single Unit. In addition to an attendance fee in connection with a completed Unit transfer, Sponsor's attorneys shall also be entitled to an attendance fee if they attend a scheduled Closing but the Closing is adjourned due to Purchaser's failure to comply with its Closing obligations, the determination of which shall be within the sole discretion of Sponsor's attorneys. In addition, more than one assignment fee shall be payable if Sponsor consents to more than one request.

8. The brokerage commission of any real estate broker with whom Purchaser has dealt in connection with the purchase of his Unit other than the Selling Agent.

9. The fee of Purchaser's attorney, accountant or other advisors.

If Units have not been separately assessed for real estate tax purposes prior to the First Closing and the Condominium has not qualified at such time (if ever) for real estate tax exemption, the Sponsor shall place in a special escrow account on behalf of the Board of Managers an amount estimated to be sufficient to pay real estate taxes for the entire property for half of the tax year following the half of tax year in which the first Closing occurs (the "Half Tax Year"). The Board of Managers will pay out of such escrow account the real estate taxes as and when same become due and payable.

To the extent necessary as provided in the foregoing paragraph, at the Closing of each Unit, the Managing Agent of the Board of Managers will collect from each Purchaser a sum reasonably estimated to pay the real estate taxes for the Half Tax Year. Such sums shall be held in a separate escrow account by the Board of Managers pending payment of such real estate taxes. Upon the payment of such real estate taxes, the Board of Managers will promptly reimburse the Sponsor for the sum deposited in escrow by it for the Half Tax Year in an amount equal to the proportionate share of the real estate taxes allocable to the Units for which title has closed prior to the Half Tax Year.

If the actual taxes due for any period for which the Board of Managers collected from the Unit Owners are higher than such estimated sums for real estate taxes, the Board shall nevertheless reimburse Sponsor as indicated and bill Unit Owners for their proportionate share of any deficiency. If the actual taxes are lower, the Board of Managers shall also reimburse the Sponsor with the actual sum due it, and shall return to Purchasers their proportionate share of any excess actually paid by such Purchaser.

As an example, the following closing costs would be applicable if the Purchase Price for a given Unit was \$300,000 (expressly excluding any costs associated with financing, Purchaser's legal fee, brokerage commission [if Purchaser has dealt with any broker other than Selling Agent], real estate taxes, moving expenses or other costs and/or expenses incidental to Purchaser's unique circumstances [such as closing costs and expenses in connection with Purchaser's sale of an existing home]):

|    |                                         |            |
|----|-----------------------------------------|------------|
| A. | Fee Title Insurance                     | \$1,520.00 |
| B. | Recording of Deed and Power of Attorney | \$ 79.00   |
| C. | NYS Documentary Stamps                  | \$1,200.00 |
| D. | NYC Real Property Transfer Tax          | \$3,025.00 |
| E. | Sponsor's Attorney's Legal Fees:        | \$1,500.00 |

|    |                                                   |            |
|----|---------------------------------------------------|------------|
|    | -Adjournment Fee (if applicable)                  | \$ 300.00  |
|    | -Attendance Fee within Manhattan (if applicable)  | \$ 500.00  |
|    | -Attendance Fee outside Manhattan (if applicable) | \$ 700.00  |
| F. | Assignment Fee (if applicable)                    | \$1,000.00 |

This Plan will be amended by Sponsor in the event any of the foregoing Closing Costs increase by 25% or more.

B. Closing Adjustments

At the Closing of title to each Unit, Sponsor and the Purchaser shall apportion, as of midnight of the day preceding the Closing:

- (i) Rent and any other accrued charges pursuant to any interim lease (if applicable) paid by Purchaser for the month in which the Closing occurs;
- (ii) Common Charges for the month in which the Closing occurs;
- (iii) real estate taxes and assessments, if any (including water charges and sewer rents if separately assessed), on the basis of the period for which they are assessed. If the Units have not been separately assessed for such period, the Purchaser will pay his share of said payments in proportion to said Purchaser's Common Interest.

Immediately prior to the First Closing, Sponsor shall apportion the following items with the Condominium Board as of the midnight of the day immediately preceding such First Closing:

- (a) employee's wages
- (b) fees for assignable permits and licenses, if any;
- (c) cost of fuel;
- (d) charges for electricity, gas and other utilities for the Common Elements;
- (e) payments under assignable service and maintenance contracts and concession agreements, if any;
- (f) water and sewer charges;
- (g) premiums for transferable insurance policies; and

- (h) cost of building supplies on hand, at Sponsor's cost, plus sales tax.

The "Customs in Respect to Title Closings" recommended by the Real Estate Board of New York, Inc., as amended to date, shall apply to the adjustments and other matters therein mentioned, except as otherwise provided therein. Any errors or omissions in computing apportionments at Closing shall be corrected and payments made to the proper party promptly after discovery. This provision will survive the Closing of title.

## **RIGHTS AND OBLIGATIONS OF SPONSOR**

The rights and obligations of the Sponsor pursuant to the Plan and subject to its terms and conditions, shall include the following:

1. Sponsor will endeavor, in good faith, to sell in a reasonably timely manner, all residential units to purchasers for the personal occupancy of purchasers or their immediate families in a reasonably timely manner. However, in the event that there is a significant decline in market values of a least 15% from the offering prices set forth in the contracts counted toward effectiveness, sponsor reserves the right to rent, rather than sell, units until there is an upturn in the market. Sponsor's good faith efforts to sell to purchasers will include listing unsold units with brokers, showing unsold units to brokers and prospective purchasers or their representatives, filing update amendments to the plan and otherwise engaging in customary sales activities.

It should be noted that Sponsor's construction mortgage does not provide for a minimum number of sales before the Plan can be declared effective; however, the loan documents do provide that upon the sale of each Unit, the greater of (a) 125% of the allocated loan share of such Unit based upon the percentage of Common Interest noted in Schedule A below, or (b) 100% of the net sale proceeds of such Unit, must be paid to the holder of the mortgage to reduce the balance of the loan.

The Sponsor reserves the right to rent individual Residential Units once the construction loan is repaid and Sponsor has sold more than fifty (50%) percent of the Units, in the event the market value of the Units falls below five (5%) percent of the prices noted in Schedule A, until such time as the Residential Units maybe sold at prices determined in Sponsor's good faith to be satisfactory.

2. The Sponsor has no obligation to defend any suits or proceedings, nor to indemnify the Board of Managers and Unit Owners, except with respect to claims arising out of the acts, omissions or representations expressly set forth in the Sponsor's Plan.

3. All representations and additional obligations under the Plan and all obligations of Sponsor pursuant to the General Business Law which are to be performed subsequent to the Closing shall survive delivery of the Deed of the applicable Unit, until the stated or legal expiration of any such representation or obligation.

4. The Sponsor will pay all Common Charges, Special Assessments and real estate taxes for all Unsold Units. Sponsor represents that it has the financial resources to meet its obligations with respect to Unsold Units. Sponsor will fund its financial obligations from the proceeds realized from the sales of Units, rental income from Commercial Tenants, rental income from residential tenants (if any) and financing. Sponsor has not furnished any bond or other security for the performance of such obligations.

5. In the event of dissolution or liquidation of Sponsor or the transfer of twenty (20%) percent or more of the total Units of the Condominium, the principals of Sponsor will provide financially responsible entities or individuals who will assume the obligations of Sponsor under the Plan, applicable laws or regulations for those Units.

6. Sponsor shall not be obligated to repair any damage from a casualty or other cause that occurs before the Closing of a Unit. Purchaser of said Unit shall have the right to cancel the Purchase Agreement in the event Sponsor fails to agree within 30 days of said damage to repair the Unit.

7. The Sponsor will bear all costs and expenses to be incurred in connection with the creation of the Condominium and the preparation, filing and distribution of the Plan.

8. Immediately following the First Closing, the Sponsor will assign all assignable service and maintenance contracts and agreements relating to the Property, if any, to the Condominium Board, and the Condominium Board will, on behalf of all Unit Owners, assume the same and indemnify the Sponsor against all claims and liability thereunder that relate to matters and events occurring on or after the day upon which the First Closing occurs. Purchasers should be aware that warranties vary in length, depending partly upon when the appliances, equipment and fixtures covered by such warranties are first installed. Sponsor makes no representation as to which, if any, of the warranties will continue to remain in force upon the Closing Date of any particular Unit.

9. Sponsor further reserves the right, without prior notice or amendment, to use any vacant Unit(s) as sales office(s) or model Units.

10. Sponsor will diligently, expeditiously and at its sole cost and expense, perform or cause to be performed such work, and will supply or cause to be supplied all materials necessary to complete construction of the Building substantially in accordance with the "Description of Property and Specifications" more fully set forth in Part II of this Plan. Sponsor shall not be obligated to correct and will not be liable to any Purchaser as a result of any insubstantial variations from the "Description of Property and Specifications" or the description of the Building or a Unit set forth in the Plan. Sponsor reserves the right to amend or modify in any way, the "Description of Property

and Specifications" (including without limitation, changing materials, appliances, equipment, fixtures and other construction details), provided however, that:

- (i) any materials, appliances, equipment and fixtures which Sponsor may substitute shall be similar products of substantially equal or better quality or design; and
- (ii) Sponsor shall not materially change the size or location of the Units or Common Elements if such changes affect the percentage of Common Interest or adversely affect the value of any Unit to which title has closed or for which a Purchase Agreement is in effect, unless all affected Unit Owners and contract vendees consent in writing to such changes, except as more specifically provided in the Section entitled "Changes in Prices and Units."

Under the present construction schedule, it is anticipated that, except for finishing work to stairways, hallways and other areas of the Building which are not intended for the exclusive use of any one Unit Owner, a first temporary certificate of occupancy could be issued for the North Section of the Building by May 1, 2004 and the Building will be substantially completed by April 1, 2005, subject to Unavoidable Delays. Sponsor, however, makes no warranty or representation as to the date of substantial completion.

11. Sponsor shall perform all work required to obtain a permanent Certificate of Occupancy in the Common Areas of the Building (the "Common Area Work") and shall perform all work required to obtain a temporary Certificate of Occupancy for those Units which are purchased, in the manner disclosed in the "Description of Property and Specifications", as set forth in Part II of the Plan. Sponsor shall provide said permanent Certificate of Occupancy within two (2) years of the First Closing Date. In order for the Units and the entire Building to obtain a permanent Certificate of Occupancy it will be necessary for Sponsor to complete the Common Area Work and the work within the Units. In the event Sponsor defaults on its obligations hereunder, Unit Owners may have to raise Common Charges or assess to complete such work. In the event that all Common Area Work is not completed by the time the temporary Certificates of Occupancy expire, continued occupancy of the Building will be illegal and the Building and all Unit Owners may become subject to the posting of violations, which may result in fines or even eviction from the Building.

12. If Sponsor does not obtain a permanent Certificate of Occupancy for the Property prior to the First Closing, Sponsor will be obligated to: (i) direct the Escrow Agent to hold and maintain those monies received pursuant to all Purchase Agreements (see Section entitled "Procedure to Purchase") which would otherwise be payable to Sponsor in the special trust account required by the General Business Law of the State of New York, Sections 352-2(2)(b) and 352(h), provided, however, that if Sponsor's Architect certifies that a lesser amount than the amount held in the special trust account is reasonably necessary to complete the Common Area Work, then the amount exceeding the sum so certified by Sponsor's Architect shall be released from the special

escrow account to Sponsor; or (ii) Sponsor, in accordance with the Attorney General's regulations, shall deposit with Escrow Agent an unconditional, irrevocable letter of credit, deposit cash or post a surety bond, or provide other collateral acceptable to the Department of Law, in an amount Sponsor's Architect, from time to time, certifies is reasonably necessary to complete the Common Area Work. Any amount held in escrow, in excess of the amount certified as reasonably necessary to complete the Common Area Work, can be released from escrow upon receipt by Escrow Agent of a written request by Sponsor. In the event Sponsor fails to obtain the permanent Certificate of Occupancy within two years from the issuance of the first temporary Certificate of Occupancy and the Condominium Board undertakes to obtain same, the funds in the special escrow account will be released to the Condominium Board to the extent funds are required to obtain the permanent Certificate of Occupancy. Notwithstanding anything to the contrary set forth above, in the event that the amount escrowed is insufficient to complete the Common Area Work, Sponsor shall nevertheless complete the Common Area Work at its sole cost and expense.

13. Each Unit and the fixtures and personal property contained herein, are being sold and delivered as described in the Plan, at the time of transfer of title to such Unit, unless Sponsor and Purchaser otherwise agree. Sponsor will maintain each Unit, and the fixtures and personalty contained therein, up to the time of the transfer of title to the Unit in question; however, Purchasers who obtain possession of their Unit prior to Closing on such Unit, shall be responsible for maintaining their Unit subsequent to the date that they obtained possession of their Unit. The Purchaser of a Unit shall inspect such Unit prior to the Closing Date and shall execute at such time an inspection statement acknowledging Purchaser's acceptance of the Unit in good condition and in accordance with the terms of the Plan. However, if the Purchaser finds that Sponsor's improvements have not been completed, although such improvements have been substantially completed (i.e., completed to the condition that a reasonable person could safely and comfortably reside in the Unit), then Sponsor and Purchaser in question will immediately thereafter agree to include on the inspection statement a list of incomplete work of a nature to be completed in the Unit by Sponsor following the Closing for the Unit in question. The failure of Sponsor to complete such work shall not be an automatic ground for Purchaser delaying the Closing; rather, if any such incomplete work is material to the ability of the Purchaser to live in the Unit comfortably, purchaser shall not be required to close on the Unit until such work is completed. Except as otherwise expressly provided in this Plan, Sponsor shall have no obligation to complete any work described herein which is not specifically designated on the inspection statement by Purchaser, except for work necessary to cure violations.

14. Sponsor shall not be obligated to correct, repair or replace any and all defects relating to construction of the Units, the Common Elements, or in the installation or operation of any appliances, fixtures, or equipment therein, except as expressly provided in this Plan. Sponsor will not warrant the materials or workmanship of any Unit or any of the Common Elements. The Housing Merchant Implied Warranty Law (GBL Article 36-B) is not applicable to his offering as the subject building contains more than five (5) residential floors.

15. Prior to the Closing of title for each Unit, Sponsor will cause such Unit and its appurtenant Common Interest, benefits, rights and easements as described in the Declaration and By-Laws to be released from the lien of any mortgages or security agreements encumbering the Unit (other than any mortgage or security agreements obtained by the Purchasers).

16. Sponsor will pay or cause to be paid all contractors, subcontractors and materialmen and all others involved in the renovation of the Building in accordance with the New York Lien Law, for work performed and fixtures, material and equipment supplied or installed during construction thereof and will cause any and all mechanics' liens arising out of such renovation, if any, to be discharged by bonding, or otherwise, promptly after the filing of any such liens.

17. Sponsor shall have only such obligation to defend any suit or proceeding arising out of Sponsor's acts or omissions or to indemnify the Board of Managers or Unit Owner(s) in any such action or proceeding as is required by law.

18. Following the issuance of a permanent Certificate of Occupancy for the Building, Sponsor will deliver to the Condominium Board a complete set of "as built" mechanical, electrical and plumbing drawings for the entire Building.

19. In accordance with Section 339-p of the Condominium Act, a registered architect or licensed professional engineer shall certify within reasonable tolerances that the Floor Plans are an accurate copy of portions of the plans of the Building as filed with and approved by the municipal or other governmental authority having jurisdiction over the issuance of permits for the renovation of the Building, and, in addition, such architect or professional engineer shall make periodic inspections at various stages of construction to determine that the Building is renovated in accordance with such plans.

20. Sponsor will initially procure on behalf of the Board of Managers (and at the expense of the Condominium) fire and casualty and any other insurance relating to the Condominium which is required to be maintained by the Board of Managers in accordance with the provisions of the By-Laws (see the Section entitled "Rights and Obligations of Boards of Managers") the cost of which insurance has been reflected in the Projected Budget set forth in Schedule B. As noted in Footnote 8 to Schedule B, the Sponsor has obtained an opinion from a licensed insurance broker, that the amount of insurance coverage is adequate to protect against co-insurance.

21. Pursuant to the provisions of Section 352-e of the New York General Business Law, copies of the Plan and all exhibits or documents referred to herein shall be available for inspection, by prospective Purchasers and by any person who shall have purchased a Unit offered by the Plan or shall have participated in the offering of such Unit, at Sponsor's office and shall remain available for such inspection for a period of six years from the date of the recording of the Declaration. In addition, a set of Floor Plans showing the layout, location and approximate dimensions of each Unit

and its unit number designation and tax lot number, certified by the appropriate governmental authority of the City of New York as conforming to the official tax lot number for each such Unit, will be filed in the City Register's Office when the Declaration is recorded, and an additional set will be furnished to the Board of Managers.

22. Except for the Sponsor's obligations to pay Common Charges and to perform other duties as a Unit Owner with respect to any Unsold Unit (for as long as the Sponsor owns same), the foregoing sets forth the entire extent of the obligations of the Sponsor under the Plan and none other shall be implied, except that nothing contained herein shall be deemed to limit the rights of Purchasers relative to their Units under their respective Purchase Agreements. The Sponsor makes no representations or warranties other than as set forth in this Section.

Sponsor and its contractors, subcontractors, agents and employees will have a right of access to each Unit and to all of the Common Elements for the purpose of fulfilling Sponsor's obligations under the Plan and performing certain alterations and repairs in or about the Unsold Units. Sponsor will use reasonable efforts in order to exercise such access in such a manner as will not unreasonably interfere with the use of any Unit for its permitted purposes. If reasonable care under the circumstances is exercised to safeguard the Unit Owner's property, such entry shall not render Sponsor or its authorized agents liable for any damage to the Unit or to the personalty or fixtures contained therein.

Obligations of the Sponsor under this Section with respect to the Condominium and the Common Elements shall be enforceable only by the Condominium Board on behalf of all Unit Owners. In no event shall any obligations of the Sponsor be enforceable by individual unit Owners unless the Condominium Board fails to take reasonable action to enforce such obligations within ninety (90) days following the giving of written notice of such claims by an Unit Owner to the Condominium Board.

Except as may be set forth above or as required by law or governmental regulation, Sponsor has not furnished any bond or other security for the performance of the obligations of Sponsor under the Plan. The ability of Sponsor to perform its obligations hereunder will partly depend upon its financial condition at the time it is called upon to perform. No representation can be made that it will be financially able to perform any or all of such obligations. Unless expressly provided to the contrary herein, the obligations of Sponsor under the Plan shall survive the delivery of the respective Unit deeds.

Sponsor has obtained construction financing for the renovation of the Building as more fully set forth in the Section of the Plan entitled "Description of Property and Improvements" and anticipates obtaining a permanent Certificate of Occupancy for the Building within two (2) years after the First Closing.

## **CONTROL BY SPONSOR**

Under the Condominium By-laws, until the first meeting of Unit Owners, the Board of Managers will consist of three (3) members designated by the Sponsor. The Sponsor will call the first meeting of Unit Owners within four (4) months of the First Closing. At the first meeting of Unit Owners, a new Board shall be elected, consisting of no less than three (3) nor more than five (5) managers, as may be determined by a majority of the Unit Owners present at such meeting.

Sponsor as the owner of Unsold Units will have voting control of the Condominium Board for so long as Sponsor has sufficient votes at any meeting of the Unit Owners to elect a majority of the Condominium Board. Sponsor may lose control of the Condominium Board at any meeting of the Unit Owners at which the votes cast for Sponsor's designees do not constitute a majority of the Common Interest of the Condominium. Within thirty (30) days after the later of (i) the date when Sponsor no longer owns Unsold Units constituting less than fifty (50%) percent of the Common Elements and (ii) the second (2<sup>nd</sup>) anniversary of the First Unit Closing, Sponsor shall call a special meeting of the Unit Owners for the purpose of electing a new Board of Managers. Commencing with and subsequent to such special meeting, a majority of the Board of Managers must be owner-occupants and/or members of an owner-occupant's household who are unrelated to the Sponsor or its principals. In addition, Sponsor, for so long as Sponsor owns at least two (2) Units, shall have the right, at its option, to designate at least one member of the Condominium's Board of Managers; but in no event, shall the Sponsor be able to designate more than the number of managers that the Sponsor could elect into office by virtue of the percentage of common interest still owned by the Sponsor at such time. During the period that Sponsor controls the Condominium Board, Sponsor will thus have control of maintenance, facilities and services to be provided to Unit Owners and will determine the Common Charges to be paid by all Unit Owners and the enforcement of Sponsor's obligations by said Board(s).

Until Sponsor or its designee has conveyed title to seventy-five (75%) percent of the Residential Units, but in no event later than five (5) years after the First Closing, whichever shall first occur, the Condominium Board may not take any of the following actions without Sponsor's prior written consent (notwithstanding the number of votes Sponsor controls): (a) make any addition, material alteration or improvement to the Common Elements or to any Residential Unit, (b) assess any Common Charges for the creation of, addition to or replacement of all or part of a reserve, contingency or surplus fund, (c) increase or decrease the number, or change the kind of employees referred to in the Plan, (d) enter into any service or maintenance contract for work not covered by contracts in existence on the date of the First Closing or otherwise provide services in excess of those referred to in the Plan, except as is required to reflect normal annual increases in operating services, (e) borrow in excess of \$100,000 on behalf of the Condominium, or (f) exercise a right of first refusal to lease or purchase a Residential Unit; provided, however, that Sponsor's written consent is not necessary to perform any function or take any action described in items (a) through (f) above, if, and only if, the performance of such function or the carrying out of such an action is necessary, and no other alternative is available, to enable the Condominium Board to (i) comply with applicable laws, rules or regulations of any governmental authority having jurisdiction

over the Condominium; (ii) to remedy any notice of violation; or (iii) to remedy any work order by an insurer.

So long as the Sponsor owns at least one Unit, the Sponsor will be entitled to vote its interest in the Condominium in favor of any candidate to the Board of Managers subject only to the restrictions contained in this section and elsewhere in this Offering Plan on the Sponsor's ability to control the Board of Managers.

## **BOARD OF MANAGERS**

The affairs of the Condominium shall be governed by the Board of Managers, which shall consist initially of three (3) members designated by the Sponsor. At the first meeting of the Unit Owners, which will be held not later than four (4) months after the First Closing, the Board of Managers shall resign in favor of new Condominium Board, to be elected by Unit Owners (including Sponsor in its capacity as a Unit Owner) at such meeting. Thereafter, elections to the Condominium Board shall be held at the regular annual meeting of Unit Owners held in January of each succeeding year. Special meetings of Unit Owners may be called by resolution of the Board of Managers or on petition of Unit Owners having in the aggregate not less than 25% of the Common Interest of all Unit Owners. The By-Laws of the Condominium include a provision that a majority of the members of the Board of Managers must be owner-occupants or member of an owner-occupied household who are unrelated to Sponsor and its principals after the end of an initial Sponsor controlled period.

At present, Sponsor intends to designate the following persons (all of whom are either principals or employees of the Sponsor) as the initial managers: Barry Strauss, Pat Castellano and Theresa Castellano.

Members of the Condominium Board are subject to removal, with or without cause, by vote of Unit Owners owning a majority of the Common Interest attending a meeting at which a quorum is present. However, members elected by the Sponsor or its designee may only be removed by the Sponsor or said designee, who alone will have the right to designate a replacement. Any officer may be removed, without cause, by vote of a majority of the Condominium Board at a meeting called for such purpose.

The term of office of each of the members of the Board of Managers shall normally be one year.

Each Unit Owner shall be entitled to cast one vote at all meetings of the Unit Owners for each .01% of Common Interest attributable to the Unit(s) owned by him and shall have the right to cumulate his votes in favor of any one or more members to be elected. Elections of members of the Condominium shall be determined by plurality vote. See Section "Control By Sponsor" for special voting rights held by the Sponsor or its designee.

The Board of Managers will be responsible for management and maintenance of the Condominium. It shall have the powers and duties necessary for the administration of the affairs of the Condominium and may perform any acts necessary therefor, consistent with the Condominium Documents and applicable law. Such acts include determination, collection and enforcement of the obligation of Unit Owners to pay common charges, employment and dismissal of personnel, providing for insurance as to Common Elements and adoption of rules relating to use and operation of Condominium property.

In accordance with Section 339-JJ of the Real Property Law, the Board of Managers, on behalf of the Unit Owners, may incur debt. In connection with any 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 that it holds, (c) agree that, all Common Charges received and to be received by the Board of Managers, and the right to receive such funds, shall constitute trust funds for the purposes of paying such debt and the same shall be expended for such purpose before expending any part of such funds 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 amounts when due under any debt agreement.

The members of the Board of Managers shall not be liable to the Unit Owners for any error in judgment, negligence or otherwise, except for their own individual willful misconduct or bad faith (e.g., self dealing or any other conduct which is prohibited by law).

All Unit Owners shall severally indemnify each member of the Condominium Board against any liability or claim, except those arising out of the bad faith or willful misconduct of such member. However, the liability of any Unit Owner on account of such indemnification will be limited to such proportionate share thereof as the Common Interest of such Unit Owner bears to the aggregate Common Interests of all Unit Owners. The insurance coverage contemplated in Schedule B, includes Directors and Officers Liability Insurance. All members of the Board of Managers shall serve without compensation

The officers shall consist of President, Vice President, Secretary and Treasurer, all of whom shall be elected by the Board of Managers. The President and the Vice President must be members of the Board of Managers. The Board may appoint such other officers as in its judgment may be necessary or appropriate. All officers shall serve without compensation from the Condominium.

The President shall be the chief executive officer of the Condominium. He shall preside at all meetings of the Unit Owners and the Board of Managers. He 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.

The Vice President shall act as the President when the President is not available to do so and to perform such other duties as may from time to time be required by the Board of Managers.

The Secretary shall keep the minutes of all meetings of Unit Owners and the Board of Managers. He shall, in general, perform all of the duties incident to the office of secretary of a stock corporation organized under the Business Corporation Law of the State of New York.

The Treasurer shall have the responsibility for Condominium funds and shall be responsible for keeping full and accurate financial records and books of account. He shall, in general, perform all duties incident to the office of treasurer of a stock corporation organized under the Business Corporation Law of the State of New York.

As more fully set forth in the By-Laws, (i) all determinations required to be made by the Condominium Board shall be by majority of the votes cast at any meeting at which a quorum is present, and (ii) determinations required to be made by the Condominium Board shall be by majority of the votes cast at any meeting at which a quorum is present.

Generally, subject to certain exceptions concerning, among other things, Sponsor, and provided that required consents of the mortgagee, if any, are obtained, any provision of the Declaration, By-Laws or Rules and Regulations may be amended, modified, added to or deleted by affirmative vote of at least 66-2/3% in number and in Common Interest of all Unit Owners; provided, however, that the Common Interest appurtenant to each Unit may not be altered without the written consent of all Unit Owners directly affected thereby.

Every contract made by or on behalf of the Condominium Board or by any managing agent or manager thereof shall state that (a) it is made by such Condominium Board, managing agent or manager, only as agent for all Unit Owners and such Board members or managing agent or manager shall have no personal liability thereon (except in their capacities as Unit Owners) and (b) the liability of any Unit Owner with respect to such contract shall be limited to (i) such proportionate share of the total liability as the Common Interest of such Unit Owner bears to the aggregate Common Interests of all Unit Owners, and (ii) to the extent permitted by law, unless otherwise determined by the Condominium Board in its sole and absolute discretion, such Unit Owner's interest in his Unit and its appurtenant Common Interest. To the extent permitted by applicable law, Board Members shall have no liability to Unit Owners except that a Board member shall be liable for his own bad faith or willful misconduct. All Unit Owners shall severally, to the extent of their respective interests in their Units and their appurtenant Common Interests, indemnify each Condominium Board member against any liability or claim except those arising out of such Board member's own bad faith or willful misconduct. The Condominium Board may contract or effect any transaction with any Board member, any Unit Owners, Sponsor or its designee, or any affiliate of any of them without incurring any liability for self-dealing except in cases of bad faith or willful misconduct.

Notwithstanding any provision contained in the By-Laws to the contrary, so long as the Sponsor owns at least one Unit, no amendment, modification, addition or deletion of or to the By-Laws, the Declaration or the Rules and Regulations shall be effective in any way (a) without the prior written consent of the Sponsor or its designee or the owner of any Unsold Unit with respect to any amendment, modifications, addition or deletion of or to the By-Laws, the Declaration or the Rules and Regulations modifying the permitted uses of the Building or any portion thereof or affecting the rights, privileges, easements, licenses or exemptions granted to Sponsor or its designee or the owner of any Unsold Unit, or otherwise adversely affecting Sponsor or its designee or the owner of any Unsold Unit or (b) without the prior written consent of the holder of any present or future mortgage, pledge, or other lien or security interest covering any Unsold Residential Unit with respect to any amendment, modification, addition or deletion of or to the By-Laws, the Declaration or the Rules and Regulations modifying the permitted uses such Unsold Unit or affecting the rights, privileges, easements, licenses or exemptions granted to the owner of such Unsold Unit

## **RIGHTS AND OBLIGATIONS OF UNIT OWNERS AND THE BOARD OF MANAGERS**

### **A. Sale or Lease of Unit/Right of First Refusal of Board of Managers**

Each Unit Owner - other than the Sponsor, to whom the right of first refusal is inapplicable - has the right to sell or lease his Unit provided that he shall first give to the Board of Managers thirty (30) days prior written notice of the terms of any bona fide sale or lease which he desires to make. If the Board of Managers disapproves the transaction, it shall, within such 30-day period, either (a) produce a Purchaser who will purchase or lease the Unit, upon the same terms as stated in the Unit Owner's notice to the Board of Managers, or (b) agree to purchase or lease the Unit on behalf of all other Unit Owners upon the same terms as stated in the Unit Owner's notice to the Board of Managers. The Board of Managers, however, may not purchase or lease a Unit without the approval of a majority of the Unit Owners. If the Board of Managers does not have sufficient funds on hand for the purchase or lease of a Unit, the Board of Managers may either borrow such funds or may assess the Unit Owners therefor in proportion to their respective Common Interests after either consent by each Unit Owner or a majority vote by the Board of Managers. If the Board of Managers does not either produce a Purchaser or lessee for the Unit or agree to purchase or lease the Unit within the aforesaid 30-day period, the Unit Owner shall have the right to consummate the sale or lease on the terms submitted to the Board of Managers.

Notwithstanding anything contained herein to the contrary, prior to the closing of title to a Unit, the Purchase Agreement prohibits Purchaser from listing such Unit for resale or rental with any broker or from advertising or otherwise offering, promoting or publicizing the availability of the Unit for sale or lease, without Sponsor's prior written consent.

Any Unit acquired or leased by the Board of Managers or its designee shall be held on behalf of all Unit Owners in proportion to their respective Common Interests. The rents received or

the proceeds from the lease or sale of such Units, after deduction of expenses incurred in generating same, shall constitute income to the Unit Owners.

With respect to the leasing of a Unit, any lease for such Unit (other than an Unsold Unit) shall be in the form of apartment lease then approved by the Real Estate Board of New York, Inc., except for such changes thereto as may be provided for in the By-laws.

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

Any such Deed given by a transferor of a Unit shall provide that the acceptance thereof by the grantee shall constitute an assumption of the provisions of the Declaration, the By-Laws and the Rules and Regulations, as the same may be amended from time to time. Any such lease shall be consistent with the By-Laws and shall provide that it may not be materially modified, amended, or extended without the prior consent in writing of the Condominium Board, that the tenant shall not assign the lease or sublet the demised premises or any part thereof without the prior consent in writing of the Condominium Board, and that the Condominium Board, if permitted by applicable law, shall have the power to terminate such lease and/or bring summary proceedings to evict the tenant in the name of the landlord thereunder, in the event of default by the tenant in the performance of such lease.

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

The restrictions upon the sale and lease of Units shall not: (a) restrict a Unit Owner from transferring, or leasing his Unit to any of his adult Family Members; (b) apply to the Sponsor, or its designee, and (c) apply to a mortgagee acquiring title in foreclosure or by deed in lieu of foreclosure; all of whom shall be free to sell or lease without first notifying or obtaining the consent of the Board of Managers. The Board of Managers shall cooperate in providing appropriate physical access to any such Unit and the Common Elements, as well as all financial information regarding same.

No part of an Unit Owner's interest in the Common Elements may be sold, transferred or otherwise disposed of, except as part of a sale, transfer or other disposition of the Unit or as part of a sale, transfer or other disposition of the specific interest in the Common Elements by all affected Unit Owners.

Any Unit may not be conveyed unless all unpaid Common Charges and liens against such Unit (other than Permitted Mortgages) are paid and/or satisfied at or prior to Closing. In addition, the Condominium Board may establish reasonable fees for the processing of sale and lease notices,

which shall be payable by the selling or leasing Unit Owner, as the case may be, to the Managing Agent.

B. Mortgaging of Units

Each Unit Owner shall have the right to mortgage his Unit, without restriction subject to the Condominium Documents. Each Unit Owner (other than the Sponsor or owner of an Unsold Unit) shall inform the Board of Managers of the identity of any mortgagee and, if requested, to furnish a copy of the mortgage to the Board.

A mortgage on any Unit shall not be a lien on any other Unit, without the express written consent of the owner of such other Unit.

C. Common Charges and Assessments

The Board of Managers will prepare from time to time and at least annually, a budget setting forth a projection of the Common Expenses for the Condominium. Common Charges include expenses for maintenance and operation of the Common Elements, such as those provided for in Schedule B and such other costs and expenses set forth in the By-laws. Subject to the rights of Sponsor as noted in "Control by Sponsor" above, the Board of Managers may include in the Common Charges amounts for a reserve for capital expenditures.

Each Unit Owner shall pay Common Charges and any assessments proportionate to his respective interest in the Common Elements.

Any Unit Owner may, subject to the terms and conditions specified in the By-laws, convey his Unit to the Board of Managers or its nominee on behalf of all other Unit Owners, without any compensation. In such event - as with a Unit Owner's sale of its Unit in accordance with the Declaration and By-Laws - the Unit Owner shall be exempt from Common Charges thereafter assessed.

Under 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 unpaid Common Charges assessed by the Board of Managers. This lien will be subordinate only to liens for real estate taxes and to sums unpaid on a first mortgage of record thereon. Such lien may be foreclosed by a suit, brought in the name of the Board of Managers, similar to a foreclosure of a mortgage on real property or an action may be brought by the Board of Managers to recover the unpaid Common Charges, without filing the lien. So long as Sponsor is in control of the Condominium Board, the Sponsor will cause the Board of Managers to file a lien as provided in Section 339-aa of the Condominium Act on which the Sponsor is more than thirty (30) days in arrears of its Common Charge obligations to the Condominium.

D. Repairs and Maintenance, Units and Common Elements

Generally, all painting, decorating, maintenance, repairs and replacements (a) to any Unit shall be performed by the Owner of such Unit at his sole cost and expense; (b) to the Common Elements shall be performed by the Board of Managers as a Common Expense. However, any such maintenance, repair and replacement to the Common Elements that is necessitated by the negligence, misuse, or abuse of a Unit Owner, will be made by the Board of Managers at such Unit Owner's sole cost.

In the event that any Unit Owner fails to maintain or repair his Unit or in the event of any breach of the Condominium Documents, then the Board of Managers shall have certain rights to perform such maintenance or repairs, or to cure such breach, at such Unit Owner's expense.

E. Rights of Access

The Board of Managers, the managing agent, the superintendent and other authorized persons will have a right of reasonable access to any Unit for the purposes of making inspections, or removing violations of governmental laws or regulations against any Unit, curing defaults committed by the Owner of such Unit, making general repairs or correcting any conditions originating in such Unit and threatening another Unit. In addition, Sponsor and its contractors, subcontractors, agents and employees will have a right of reasonable access to each Unit and to all of the Common Elements for purposes of fulfilling Sponsor's obligations under the Plan, provided that access to any Unit shall be exercised to the extent reasonably practicable, in such a manner as will not unreasonably interfere with the use of such Unit for its permitted purposes. Sponsor and/or its contractors will make reasonable efforts to give each Unit Owner written advance notice each and every time such access is required. Nevertheless, it should be anticipated that until such time as Sponsor concludes its renovation of the Building, that certain Building services (such as plumbing, electrical and limited elevator) may be temporarily interrupted in order to complete such renovations.

F. Alterations, Additions and Improvements of Units and Common Elements

No Unit Owner (except Sponsor or an Owner of Unsold Units), may make any structural alteration, to his Unit without the prior written approval of the Board of Managers, which approval shall not be unreasonably withheld or delayed. No Unit Owner may make any alteration, to the Common Elements. Non-structural alterations or decorations to a Unit do not require the consent of the Condominium Board. However, each Unit Owner shall be responsible for obtaining any permits or other municipal approvals as may be required by local law in connection with such alterations.

The Sponsor shall have the right, without the approval of the Board of Managers, to: (a) make alterations, additions, improvements or repairs to any Unsold Unit, whether structural or

non-structural, interior or exterior, ordinary or extraordinary, and (b) subdivide, combine and change the boundary walls of Unsold Units. However, no change will be made in the size or number of Units and/or their percentage of Common Interest. No material change will be made in the size or quality of Common Elements, except by amendment to this Plan and when applicable, to the Declaration. Furthermore, unless all Purchasers, if any, consent, no material change will be made in the size and no material adverse change will be made in the quality of the Common Elements. See Section "Changes in Prices and Units".

Notwithstanding the above, all normal maintenance, repairs and replacements of any Limited Common Area shall be made by the Unit Owner having direct access to same, at his own cost and expense, but any structural repairs to such Limited Common Area (including any leaks which are not caused by the negligence of the Unit Owner having access to the same) will be made by the Condominium and the cost and expense thereof will be charged to all Condominium Unit Owners as a Common Expense. Any Unit having direct access to a Limited Common Area shall keep it free of snow, ice and accumulation of water. In accordance with the By-Laws, the Condominium Board may require a Unit Owner to remove plantings and other installations on such Limited Common Area, if the Condominium Board, in its sole reasonable discretion determines that such plantings and/or other installments adversely affects the integrity of such Limited Common Area and/or any other portion of the Building.

The interior and exterior glass surfaces of all windows located in any Residential Unit shall not be colored or painted and the interiors and exteriors are to be washed and cleaned by the Unit Owner at such Unit Owner's sole cost and expense. Any replacement of glass windows in any Unit because of breakage or otherwise shall be made by the Condominium at the sole cost and expense of the owner of such Unit (unless such breakage is caused by the Condominium Board or the negligence of any other Unit Owner, in which event such replacement of glass windows will be the sole cost and expense of the Condominium Board or such other Unit Owner).

The By-Laws provide that each Unit and all portions of the Common Elements shall be kept in first class condition (and with respect to any roof or other part of the Property exposed to the elements, free of snow, ice and accumulation of water) by the Unit Owner or the Condominium whichever is responsible for the maintenance thereof. In the event any Unit Owner fails to keep his Unit in such condition, the Condominium Board may, at the expense of such Unit Owner, enter such Unit and perform such acts as necessary to cure such default at such Unit Owner's expense.

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

At the request of a Unit Owner, the Board of Managers will execute any application or other document required to be filed with any governmental authority having jurisdiction in connection

with any addition, alteration, improvement, or repair proposed to be made by such Unit Owner provided that such request complies with the rules and regulations as may be promulgated by the Board of Managers, at which time such Unit Owner shall indemnify and hold harmless the Condominium, Board of Managers, and the other Unit Owners from any expense or liability by virtue of such work.

G. Insurance

The Board of Managers will secure and maintain, to the extent obtainable: (1) fire insurance with extended coverage, vandalism and malicious mischief endorsements normal for a condominium of this type insuring the Property, including all of the Units, partitions, floors and ceilings within the Units (but not including any wall, ceiling or floor decorations or coverings or furniture or other personal property within the Unit), in an amount of not less than 80% of the full replacement value of the Building (exclusive of the cost of excavations and foundations) which in any event shall be in an amount to avoid co-insurance; (2) water damage legal liability insurance; and (3) such other insurance as the Board of Managers may determine.

The proceeds of all such policies of physical damage insurance shall be payable to the Condominium Board. Such proceeds shall be applied for the purpose of repairing, restoring, or rebuilding the Building, unless otherwise determined by a majority of the Unit Owners.

If the insurance proceeds are insufficient to cover the cost of repairs or restorations, the Condominium Board may assess all Unit Owners for such deficit as a Common Expense. Any surplus insurance proceeds shall be paid to all Unit Owners in proportion to their respective Common Interests, except that no payment shall be made to a Unit Owner until there has first been paid, out of his share of such funds, such amounts as may be necessary to reduce and/or satisfy unpaid liens on his Unit (other than mortgages that are not Permitted Mortgages) in the order of priority of such liens.

All policies of physical damage insurance shall provide that each Unit Owner is an additional insured party and shall contain, to the extent obtainable, waivers of subrogation and 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 by the insurance carrier or substantially modified without at least ten (10) days' prior written notice to all of the insured, including all mortgagees of Units.

The amount of fire insurance to be maintained on the Building until the first meeting of the Board of Managers elected by the Unit Owners will be \$4,800,000. (See, Schedule B, above.)

The Board of Managers shall also obtain and maintain to the extent obtainable: (1) fidelity insurance covering the Managing Agent and all employees and members of the Board of Managers who handle Condominium funds; (2) workmen's compensation insurance for Condominium

employees; (3) rent insurance; (4) elevator liability and collision insurance; (5) boiler and machinery insurance; and (6) public liability insurance covering each member of the Board of Managers and each Unit Owner in such limits as the Board of Managers may deem proper, and covering all claims for bodily injury with respect to any one occurrence.

Unit Owners shall not be prohibited from carrying other insurance for their own benefit at their own expense. Unit Owners are strongly urged to consider the advisability of obtaining insurance to cover personal property as well as other items not included in the policies obtained by the Board of Managers.

#### H. Restrictions on Uses and Occupancy

The By-laws provide that the use of the Units shall be in accordance with the following provisions:

(a) Units shall be used only as a residence (except as described below), and not more than one family may occupy a Residential Unit at one time. A Residential Unit owned or leased by an individual, corporation, partnership, fiduciary or other entity (including, but not limited to, embassies and consulates or foreign governments) may only be occupied by said individual, an officer, director, stockholder or employee of such corporation, a partner or employee of such partnership, the fiduciary or beneficiary of said fiduciary, a principal or employee or such other entity, respectively, or by members of the immediate family, guests or domestic employees of any of the foregoing. A Unit may be used for any lawful purpose which does not violate the then existing Certificate of Occupancy covering such Unit, complies with all applicable governmental regulations and the Board of Managers, in its sole discretion, grants permission for such use. NO REPRESENTATION IS MADE OR INTENDED TO THE EFFECT THAT ANY RESIDENTIAL UNIT MAY BE LAWFULLY UTILIZED FOR ANY PURPOSE OTHER THAN AS A RESIDENCE.

(b) Notwithstanding the preceding paragraph, Sponsor or its designee may, without the permission of the Board of Managers (a) use or grant permission for the use of any Unsold Unit as a professional office or for any other purpose, provided such use is permitted by law, does not violate the then existing Certificate of Occupancy covering such Unit and the user of such Unit complies with all applicable governmental regulations and (b) retain ownership of one or more Residential Units for use as a model and sales, rental and/or promotion offices in connection with the sale or rental of the other Units in the Condominium or in buildings in the vicinity in which principals of Sponsor may have an interest.

(c) The current zoning law permits a person who resides in a Unit to use up to one-third (1/3) of the floor area of his Unit (but in no event to exceed 500 square feet) for certain home occupations including a fine arts studio, professional offices (e.g., lawyer, doctor or dentist) and teaching of not more than four persons.

(d) No nuisance, immoral, improper, offensive or unlawful use shall be allowed in the Residential Units or any Common Element or Limited Common Element. All valid laws, zoning ordinances and regulations of governmental bodies having jurisdiction thereof relating to any portion of the Property shall be complied with at the sole expense of the respective Unit Owners or the Condominium Board, whoever or whichever shall have the obligation to maintain or repair such portion of the Property.

(e) No "For Sale", "For Rent", "For Lease" sign, or any other sign evidencing a similar purpose, or other window display or advertising shall be maintained or permitted in any Unit, except that these sign restrictions shall not apply with respect to Unsold Units.

(f) No awnings, air conditioning equipment or ventilators shall be installed or modified in any Unit(s) without the prior written approval of the Condominium Board. No radio or television aerial or other similar device shall be erected by individual Unit Owners on the roof or exterior walls of the Building or on the Property, without obtaining in each instance the written consent of the Condominium Board.

(g) No pets other than dogs, caged birds, cats and fish (which do not cause a nuisance, health hazard or unsanitary condition) may be kept in any Unit without the consent of the Condominium Board or the Managing Agent. Each Unit Owner who keeps any type of pet in his Unit will be required to: (a) register their pet with the Managing Agent; (b) indemnify and hold harmless the Condominium, all Unit Owners and the Managing Agent from all claims and expenses resulting from acts of such pets; and (c) abide by any and all reasonable Rules and Regulations of the Residential Board adopted with respect thereto.

(h) Each Unit Owner shall keep his Unit in good state of preservation and cleanliness and each Unit Owner shall be obligated to maintain and keep in good order and repair his own Unit in accordance with the provisions of the By-Laws and the rules and regulations of municipal departments or agencies having jurisdiction thereof. The Rules and Regulations concerning the use of Units may be amended from time to time by the Condominium Board provided that copies thereof are furnished to each Unit Owner prior to the time that they become effective (except that no amendment thereof affecting the Unsold Units may be made unless agreed to by the Sponsor or its designee, as the case may be). Further restrictions on the use and leasing of Units are set forth in the By-Laws and Rules and Regulations, as same may be amended from time to time.

#### I. Liability of Boards of Managers and Unit Owners

Every contract made by or on behalf of the Condominium Board or by any managing agent or manager thereof shall state that (a) it is made by such Condominium Board, managing agent or manager, only as agent for all Unit Owners and such Board members or managing agent or manager shall have no personal liability thereon (except in their capacities as Unit Owners) and (b)

the liability of any Unit Owner with respect to such contract shall be limited to (i) such proportionate share of the total liability as the Common Interest of such Unit Owner bears to the aggregate Common Interests of all Unit Owners, and (ii) to the extent permitted by law, unless otherwise determined by the Condominium Board in its sole and absolute discretion, such Unit Owner's interest in his Unit and its appurtenant Common Interest. To the extent permitted by applicable law, Board Members shall have no liability to Unit Owners except that a Board member shall be liable for his own bad faith or willful misconduct. All Unit Owners shall severally, to the extent of their respective interests in their Units and their appurtenant Common Interests, indemnify each Condominium Board member against any liability or claim except those arising out of such Board member's own bad faith or willful misconduct. The Condominium Board may contract or effect any transaction with any Board member, any Unit Owners, Sponsor or its designee, or any affiliate of any of them without incurring any liability for self-dealing except in cases of bad faith or willful misconduct.

J. Reports to Unit Owners

An annual report of the receipts and expenditures of the Condominium, certified by an independent certified public accountant, shall be submitted by the Condominium Board and to all Unit Owners within four months after the end of each fiscal year. See section "Reports to Unit Owners", below.

K. Termination of Condominium

The Condominium shall continue and the Property shall not be subject to an action for partition (unless terminated by casualty loss, condemnation or eminent domain as provided in the By-Laws) until such time as the Property shall be withdrawn from the provisions of the Condominium Act as a result of the vote to do so of at least eighty (80%) percent in number and in Common Interest of all Unit Owners. Such vote shall not be effective, however, unless written consents are obtained from Sponsor, until such time as Sponsor and its designees have conveyed title to all Units, provided that in no event shall Sponsor's consent be required more than five (5) years after the First Closing. In the event of withdrawal, the Property shall be subject to an action for partition by any Unit Owner or any lienor as if owned in common, in which event the net proceeds of the sale shall be divided among all Unit Owners in proportion to their respective Common Interests after first applying the share of the net proceeds of such sale otherwise payable to any Unit Owner to the payment of any liens on his Unit (other than mortgages which are not Permitted Mortgages), in order of priority of such liens.

L. Procedure to Review Real Estate Tax Assessments

The Condominium Board, on behalf of and as agent for all Unit Owners, will be authorized to commence, pursue and settle tax protests and/or certiorari proceedings to obtain reduced real estate tax assessments with respect to Units. All Unit Owners will share the costs in connection

therewith and the benefits derived therefrom based on their respective Common Interests. In the event any Unit Owner individually seeks to have the assessed valuation of his Unit reduced by bringing a separate certiorari proceeding, the Condominium Board, if necessary for such proceeding, will execute any documents or other papers required for, and otherwise cooperate with such Unit Owner in pursuing such reduction, provided that such Unit Owner indemnifies the Condominium from all claims, costs and expenses (including, without limitation, reasonable attorneys' fees) resulting from such proceedings.

M. Mechanics' Lien

Under the provisions of the Condominium Act, no lien of any nature may arise or be created against the Common Elements or Limited Common Elements except with the unanimous consent of all Unit Owners affected thereby. Liens may arise or be created against only the several Units and their respective Common Interests. Labor performed on, or materials supplied to, a Unit may not be the basis for a mechanic's lien against the Unit or a Unit Owner not expressly consenting to or requesting such work, except in the case of emergency repairs. Labor performed on, or materials supplied to the Common Elements or Limited Common Elements may be the basis for a mechanic's lien thereon. However, all Common Charges received by the Board of Managers or its agents shall constitute trust funds for the purpose of paying the cost of labor performed or materials supplied at the Board's request.

N. Easements and Name of Condominium

In order to facilitate the operation and maintenance of the Building and the sale or leasing of Units therein, each of the Units will be subject to certain easements including easements in favor of Sponsor, other Unit Owners and the Condominium Board. These easements, which are more particularly set forth in the Declaration, include an easement of support and necessity in favor of all other Units and the Common Elements, and an easement in favor of each Unit Owner to use, operate, maintain, repair, alter, rebuild, restore and replace the Limited Common Elements, provided that such easements shall be exercised in such a manner as will not unreasonably interfere with the normal use of the Units for their permitted purposes. Sponsor shall have an easement to erect, maintain, repair and replace lights and lighting fixtures and to erect, maintain, and replace satellite communication equipment and similar equipment, as permitted by law, on the roofs of the Property which shall entitle Sponsor to utilize such easement for its own account or the account of any licensee of Sponsor for the purpose of servicing the Condominium. In addition, Sponsor and its designees shall have an easement to erect, maintain, repair and replace any sign permitted by law on the Property for the purposes of advertising the sale of any Unit, the leasing of space in any Unit and the operation of any business of a tenant or occupant of any Unit.

As set forth in the Declaration, the Condominium and the Building shall be designated and known as "The 50 Orchard Street Condominium". Any and all rights and interests appurtenant to such name, if same exist are owned and controlled by Sponsor. Similarly, any and all obligations

and liabilities appurtenant to such name shall be the sole responsibility and obligation of Sponsor. Only Sponsor shall have the right to change the name of the Condominium and/or Building, and such right may be exercised by Sponsor at any time without the vote or consent of any Board or Unit Owner.

O. The Declaration and By-Laws

A copy of the Declaration and a copy of the By-Laws are set forth in Part II of the Plan. A prospective Purchaser should read the Plan in its entirety including the Declaration and By-Laws.

P. Compliance with the Terms of the Condominium Documents

Each Unit Owner must strictly comply with the provisions of the Condominium Documents, as the same may be amended from time to time pursuant to the terms thereof. Failure to strictly comply with the provisions of the Condominium Documents is grounds for an action for damages, injunctive relief, or both.

## **REAL ESTATE TAXES**

Each Unit will be taxed as a separate tax lot for real estate tax purposes. The Unit Owner will not be responsible for the payment, nor will his Unit be subjected to any lien arising from the non-payment of taxes on other Units. Generally, the Units will not be separately assessed until the tax year following the tax year in which the Declaration is recorded.

Until the Units are separately assessed, the Condominium Board will pay all real estate taxes with respect to the Property and will allocate the cost thereof among all Unit Owners in proportion to each Unit's Common Interest. See Section "Unit Closing Costs and Adjustments".

Assuming the Property does not receive any abatement from real estate taxes, it is estimated that the aggregate real estate taxes attributable to all Unit Owners for the first year of Condominium operation will total approximately \$81,960, based on an opinion prepared by Anthony Como Associates, dated April 2, 2004 which assumes (a) an assessed valuation upon completion of the Building renovation of the Property of \$1,687,400 for the 2006/07 fiscal tax year, (b) a projected tax rate of \$12.60 per \$100 of assessed valuation for the Residential Units and \$11.431 per \$100 of assessed valuation for the Commercial Units. SPONSOR MAKES NO REPRESENTATION THAT THE ASSESSED VALUES OF THE PROPERTY, THE ESTIMATED ALLOCATIONS OR THE TAX RATES WILL NOT BE CHANGED.

Sponsor intends to apply for tax relief with respect to the Building pursuant to Section 421-a of the Real Property Tax Law. In light of the process time under the Program, the earliest commencement date of benefits under the Program is July 1, 2004, although it is possible that such benefits may not commence until July 1, 2005. Based upon the opinion of Anthony Como

Associates, Sponsor anticipates that 100% of the assessed valuation above base assessments allocated to the Residential Units will be abated for the first two (2) years following completion of the construction, decreasing thereafter by twenty (20%) percent per year resulting in full taxes being due and payable by the Unit Owners in year 11 of the tax abatement period. Accordingly, Schedule A above includes two alternate projections of real estate taxes based upon (i) full 421-a benefits, and (ii) no 421-a benefits, for the first year of Condominium operation. (A copy of the opinion of Anthony Como Associates is reproduced below.)

Although Sponsor will use "best efforts" to obtain such 421-a benefits, PURCHASERS ARE ADVISED THAT THE FOREGOING INFORMATION IS NOT A GUARANTEE OR WARRANTY (i) that the New York City tax assessor will allocate individual Unit assessments on the basis of each Unit's percentage interest in the Common Elements; (ii) that the assessed valuations of the Residential Units will be \$539,504 and \$924,700 for 2004/05 and 2005/06 respectively (iii) the tax rate for the Residential Units will be \$12.60 per \$100 of assessed value, or (iv) that the Property will qualify for or receive benefits under Section 421-a of the Real Property Tax Law.

Upon the First Unit Closing, Sponsor will make all tax benefit documents available to the Board of Managers for inspection and copying for the life of such benefits. Sponsor will file all applications and timely comply with all procedures required to properly process and maintain the tax benefits. The Board of Managers shall cooperate with Sponsor if such cooperation is necessary, in order to maintain such 421-a benefits.

The By-Laws (Section 2.3[xxiii]) provide that the Board is entitled to execute and deliver documents necessary in connection with proceedings to obtain reduced real estate tax assessments with respect to Unit Owners, for the benefit and on behalf of (i) all Unit Owners, or (ii) for individual Unit Owners, provided that each such Unit Owner indemnifies the Board from and against all claims, costs and expenses (including, without limitation, reasonable attorneys' fees) resulting from such proceedings. As of the date of this Plan, there are no outstanding certiorari proceedings pending or contemplated.

There is no guaranty or assurance that the criteria for continued availability of benefits for the Units will be satisfied. If, for any reason, Sponsor's application for 421-a benefits is not approved, the Units will be subject to full taxation and will receive no benefits under such program.

Each Unit will be taxed as a separate tax lot for real estate tax purposes, and no Unit Owner will be responsible for payment of, nor will the Unit be subjected to, any lien arising from the non-payment of real estate taxes on other Units. Generally, Units may not be separately assessed until the tax year following the tax year in which the Declaration of Condominium is recorded. Until the Units are separately assessed and billed, each Unit Owner shall pay his pro rata share (in the proportion that his Unit's Common Interest bears to the aggregate Common Interest of all Units) of all real estate taxes with respect to the Property to the Condominium Board as Common Charges.

Section 581 of the Real Property Tax Law provides that real property owned on a condominium basis shall be assessed for real estate tax purposes at a sum not exceeding the assessment which would be placed thereon if the Property were not owned on a condominium basis. Section 339-y of the Condominium Act provides in part that each condominium unit and its common interest shall be separately assessed for tax purposes and that in no event shall the aggregate of the assessment of the units plus their common interests exceed the total valuation of the property were the property assessed as one parcel.

# **ANTHONY COMO ASSOCIATES**

**Property Tax Consultants**

April 2, 2004

**Real Estate Tax Appraisal for Condominium  
50 Orchard Street  
Block 309 Lot 3 (Lots 1001-1027), Manhattan**



In reviewing your request to calculate the anticipated assessed values for the above referenced property and its affect on the real estate taxes, I have made the following determination.

At the completion of construction consisting of Phase I, and Phase II, the subject property will be a 35,428 square foot residential condominium consisting of 2 commercial units and 25 residential units.

The condominium will be constructed in two phases. Phase I will contain 7 floors plus penthouse, consisting of 1 ground level commercial unit and 9 residential units on floors 2 through 7. Construction commenced on Phase I in September 2002. Year 1 of construction appears on the tax roll for 2003/04. Expectations are that Phase I will be completed in Spring of 2004 and will appear on the tax roll as a complete building in tax year 2005/06.

Phase II will contain 10 floors plus penthouse, consisting of 1 ground level commercial unit and 16 residential units on floors 2 through 10 plus penthouse. Construction on Phase II is expected to commence in the Fall 2004, and is expected to be completed 1 year later in the Fall 2005.

The 2005/06-tax roll will reflect Phase I complete and Phase II at approximately 20%. Fiscal year 2006/07 will be the first year of a 100% assessment of both completed phases.

Prior to construction the property was improved with a  $\pm$ 25,000 square foot loft building and classified into Class 4 under the classification system adopted by the State Legislature in its revision of the Real Property Tax Law (Section 305, Article 1802, and Section 581), applicable to Real Estate Tax Assessment. Upon completion of construction, the residential units will be classified as Tax Class 2 and the commercial units will be classified as Tax Class 4. The property is known as 50 Orchard Street and is identified on the Tax Map of the Borough of Manhattan as Block 309 Lot 3. At the completion, the condominium will be divided into 27 tax lots. The building is situated on regular tax lot 75' x 87'6" that contains 6,562.5 SF.

Tel.: (718) 273-3080

53 Fort Hill Circle, SI, NY 10301-1716  
E-mail: [acom@si.rr.com](mailto:acom@si.rr.com)

Fax: (718) 816-4915

Upon completion of construction, the building will contain the following approximate net square foot areas and uses:

| <b>Condominium Unit</b> | <b>Description</b>                                              |
|-------------------------|-----------------------------------------------------------------|
| <b>Commercial A</b>     | <b>2,272 SF (plus 600 SF in Basement)</b>                       |
| Commercial B            | 3,264 SF (plus 1,200 SF in Basement)                            |
| <b>2-A</b>              | <b>863 SF, 1 Bedroom, 1 Bathroom</b>                            |
| <b>2-B</b>              | <b>1,205 SF, 2 Bedrooms, 2 Bathrooms, Balcony/Terrace</b>       |
| 2-C                     | 1,268 SF, 2 Bedrooms, 2 Bathrooms                               |
| 2-D                     | 1,138 SF, 2 Bedrooms, 2 Bathrooms, Balcony                      |
| <b>3-A</b>              | <b>863 SF, 1 Bedroom, 1 Bathroom</b>                            |
| <b>3-B</b>              | <b>1,205 SF, 2 Bedrooms, 2 Bathrooms, Balcony</b>               |
| 3-C                     | 1,268 SF, 2 Bedrooms, 2 Bathrooms                               |
| 3-D                     | 1,138 SF, 2 Bedrooms, 2 Bathrooms, Balcony                      |
| <b>4-A</b>              | <b>863 SF, 1 Bedroom, 1 Bathroom</b>                            |
| <b>4-B</b>              | <b>1,205 SF, 2 Bedrooms, 2 Bathrooms, Balcony</b>               |
| 4-C                     | 1,268 SF, 2 Bedroom, 2 Bathrooms                                |
| 4-D                     | 1,138 SF, 2 Bedroom, 2 Bathrooms, Balcony                       |
| <b>5-A</b>              | <b>1,443 SF, 2 Bedrooms, 2 Bathrooms, Terrace</b>               |
| 5-C                     | 1,268 SF, 2 Bedrooms, 2 Bathrooms                               |
| 5-D                     | 1,138 SF, 2 Bedrooms, 2 Bedrooms, Balcony                       |
| <b>6-A</b>              | <b>1,443 SF, 2 Bedrooms, 2 Bathrooms, Balcony</b>               |
| 6-C                     | 1,268 SF, 2 Bedrooms, 2 Bathrooms                               |
| 6-D                     | 1,138 SF, 2 Bedrooms, 2 Bathrooms, Balcony                      |
| <b>7-A</b>              | <b>1,443 SF, 2 Bedrooms, 2 Bathrooms, Balcony, Roof Terrace</b> |
| 7-C                     | 1,268 SF, 2 Bedrooms, 2 Bathrooms                               |
| 7-D                     | 1,138 SF, 2 Bedrooms, 2 Bathrooms, Balcony                      |
| 8-D                     | 1,020 SF, 2 Bedrooms, 2 Bathrooms, Terrace, Balcony             |
| 8/9/10-C                | 1,627 SF, 2 Bedrooms, 2 ½ Bathrooms, Triplex, Terrace           |
| 9-D                     | 1,138 SF, 2 Bedrooms, 2 Bathrooms, Balcony                      |
| 10-D                    | 1,138 SF, 2 Bedrooms, 2 Bathrooms, Balcony                      |
| <b>Total</b>            | <b>35,428 SF</b>                                                |

Bold – Phase I

Normal – Phase II

The following is a recent history of the Assessed Valuation.

|                          |                      | <b>2001/02<br/>Base Year Assessment<br/>Year Prior to<br/>Construction</b> | <b>2002/03<br/>Year of<br/>Commencement<br/>Of Construction</b> |
|--------------------------|----------------------|----------------------------------------------------------------------------|-----------------------------------------------------------------|
|                          | <b>2000/01</b>       |                                                                            |                                                                 |
| <b>Actual Assessment</b> | 396,900              | 355,500                                                                    | 382,500                                                         |
| <b>Trans. Assessment</b> | 365,190              | 332,010                                                                    | 331,650                                                         |
| <b>Taxes Based On</b>    | Trans.<br>365,190    | Trans.<br>332,010                                                          | Trans.<br>331,650                                               |
| <b>Rate Per \$100</b>    | Tax Class 4<br>9.768 | Tax Class 4<br>9.712                                                       | Tax Class 4<br>10.678                                           |
| <b>Taxes Payable</b>     | 35,672               | 32,245                                                                     | 35,414                                                          |

|                          | <b>2003/04*<br/>1<sup>st</sup> Year of<br/>Construction Value</b> | <b>2004/05<br/>2<sup>nd</sup> Year of Construction<br/>Phase I</b> |
|--------------------------|-------------------------------------------------------------------|--------------------------------------------------------------------|
| <b>Actual Assessment</b> | 382,500                                                           | 639,450                                                            |
| <b>Trans. Assessment</b> | 347,220                                                           | 612,900                                                            |
| <b>Taxes Based On</b>    | Trans.<br>347,220                                                 | Trans.<br>612,900                                                  |
| <b>Rate Per \$100</b>    | Tax Class 4<br>11.431                                             | Tax Class 2<br>12.620                                              |
| <b>Taxes Payable</b>     | 39,691                                                            | 77,348                                                             |

\* The initial new building value for the subject property was added for fiscal year 2003/04. The value was subsequently removed for the final tax roll because the building was not complete. The building value added on the 2004/05-assessment roll is for the second year of construction. The removal of progress construction value for residential construction only applies for the initial year of construction.

## Applicable Tax Rates

The applicable 2000/01-tax rate is:

Class 2 – 10.847% per \$100

Class 4 – 9.768% per \$100

The applicable 2002/03-tax rate is:

Class 2 – 11.541% per \$100

Class 4 – 10.678% per \$100

The applicable 2001/02-tax rate is:

Class 2 – 10.792% per \$100

Class 4 – 9.712% per \$100

The applicable 2003/04-tax rate is:

Class 2 – 12.620 % per \$100

Class 4 – 11.431 % per \$100

It is my judgment that the property will be assessed during and after completion of renovation as follows.

The taxes below are calculated assuming a Tax Class 2 tax rate of 12.620% per \$100 of assessment and a Tax Class 4 tax rate of 11.431% per \$100. No escalation in the tax rate was projected over time. The recent increase in the tax rates are equivalent to tax rate decreases that occurred over the prior 10 years. Expectations are that the tax rate will not increase, but instead may decrease over the next several years.

**Each unit will be given a separate block and lot designation. Individual tax liability may be calculated by dividing the total tax liability among the units in proportion to the relative value of the space as indicated by the Offering Plan prices.**

The real estate tax estimate that follows assumes a 100% completed building in tax year 2006/07. The residential units will be under the building classification R4 and will be taxed with a Tax Class 2 rate, and the commercial units will be designated under the building classification R5 and will be taxed with Tax Class 4 rate.

## Estimated Projected Assessment/Tax Liability

**Residential** – Floors 2 through 10 plus penthouse, a total of 25 units will comprise 84.37% of the total building, the equivalent of ±29,892 square feet. The residential units will be assessed under Tax Class 2.

| Condominium<br>Residential Units | 2004/05*<br>2 <sup>nd</sup> Year of<br>Construction<br>Phase I | 2005/06*<br>3 <sup>rd</sup> Year of<br>Construction<br>Phase I & II | 2006/07*<br>100%<br>Complete | 2007/08               | 2008/09               |
|----------------------------------|----------------------------------------------------------------|---------------------------------------------------------------------|------------------------------|-----------------------|-----------------------|
| Actual Assessment                | 539,504                                                        | 924,700                                                             | 1,687,400                    | 1,687,400             | 1,687,400             |
| Transitional                     | 517,104                                                        | 913,837                                                             | 1,685,730                    | 1,686,565             | 1,687,400             |
| Taxes Based On                   | 517,104                                                        | 913,837                                                             | 1,685,730                    | 1,686,565             | 1,687,400             |
| Rate Per \$100                   | Tax Class 2<br>12.620                                          | Tax Class 2<br>12.620                                               | Tax Class 2<br>12.620        | Tax Class 2<br>12.620 | Tax Class 2<br>12.620 |
| Taxes Payable                    | 65,259                                                         | 115,362                                                             | 212,739                      | 212,845               | 212,950               |

\*Estimate assumes the completion of Phase I in Spring of 2004, commencement of construction for Phase II in Fall of 2004, and the completion of Phase II in Fall of 2005. These assumptions conclude the 2005/06-tax roll will reflect a completed Phase I and Phase II at 20%. The 2006/07-tax roll will reflect a 100% completed project, both Phase I and Phase II.

**Commercial** – 2 retail units located on the ground level and which are a portion of the basement, will comprise 15.63% of the total building, the equivalent of ±5,536 square feet. The commercial units will be assessed under Tax Class 4.

| Condominium<br>Commercial<br>Units | 2004/05*<br>Construction<br>Phase I | 2005/06<br>Construction<br>Phase I & II | 2006/07<br>100%<br>Complete<br>Building | 2007/08               | 2008/09               |
|------------------------------------|-------------------------------------|-----------------------------------------|-----------------------------------------|-----------------------|-----------------------|
| Actual Assessment                  | 99,946                              | 171,300                                 | 312,600                                 | 312,600               | 312,600               |
| Transitional                       | 95,796                              | 169,293                                 | 312,290                                 | 312,445               | 312,600               |
| Taxes Based On                     | 95,796                              | 169,293                                 | 312,290                                 | 312,445               | 312,600               |
| Rate Per \$100                     | Tax Class 4<br>11.431               | Tax Class 4<br>11.431                   | Tax Class 4<br>11.431                   | Tax Class 4<br>11.431 | Tax Class 4<br>11.431 |
| Taxes Payable                      | 10,950                              | 19,352                                  | 35,698                                  | 35,716                | 35,733                |

\*Estimate assumes the completion of Phase I in Spring of 2004, commencement of construction for Phase II in Fall of 2004, and the completion of Phase II in Fall of 2005. These assumptions conclude the 2005/06-tax roll will reflect a completed Phase I and Phase II at 20%. The 2006/07-tax roll will reflect a 100% completed project, both Phase I and Phase II.

## **421A TAX EXEMPTION PROGRAM**

New multiple dwellings constructed in the City of New York may be eligible for partial tax exemption under Section 421a of the Real Property Tax Law of the State of New York and 11-245 of the New York City Administrative Code.

### **Eligibility**

Newly constructed Class A multiple dwellings of three units or more, including cooperative and condominiums, may be eligible. The site on which a new multiple dwelling is constructed must have been vacant, predominantly vacant, underutilized, non-conforming, or functionally or economically obsolete as of 36 months prior to the commencement of construction. This determination is made by HPD during the review of the 421a application. In the event 50 Orchard Street does not meet these criteria, it will not be eligible for 421a tax benefits.

### **Benefits**

Properties, which receive a 421a "Certificate of Eligibility", are partially exempt for a set period of years from taxation on the increase in assessed valuation, resulting from the construction or improvement. The level of benefits is dictated by the location of the property.

### **Diminution of Tax Exemption for Excess Commercial Space**

As of July 1, 1975, in the event the multiple dwelling contains Floor Area of Commercial, Community Facility and/or Accessory Use Space, which exceeds twelve percent (12%) of the Aggregate Floor Area, there shall be a diminution of the tax exemption in an amount equal to the ratio of Floor Area of Commercial, Community Facility and/or Accessory Use Space in excess of twelve percent (12%) of the Aggregate Floor Area to the Aggregate Area.

### **Subject Property Benefits**

A ten-year exemption is available to projects located in Manhattan, below 14<sup>th</sup> Street. The benefits include the exemption from real estate taxes of all additional value added to the assessment as a result of the new construction above the base actual assessment.

The base assessment is equal to the assessment value of the subject property during the year preceding the commencement of construction. The base year for the subject property is 2001/02. The commenced of construction was September 15, 2002 and it is reflected in tax year 2002/03. The exemption will not include future equalization increases due to market appreciation.

Although the condominium will be built in two phases, at the completion of construction, there will be one Certificate of Occupancy.

#### 421a Benefit Period

The ten-year exemption is available to buildings located in Manhattan, south of 14<sup>th</sup> Street. The 10-year exemption includes 2 years at 100%, an 8-year phase out, plus 3 construction years.

| Year         | Tax Year | Percent of Assessed Valuation, Above<br>Base Assessment, Which Will Enjoy<br>Exemption |
|--------------|----------|----------------------------------------------------------------------------------------|
| Construction | 2003/04  | 100%                                                                                   |
| Construction | 2004/05  | 100%                                                                                   |
| Construction | 2005/06  | 100%                                                                                   |
| First        | 2006/07  | 100%                                                                                   |
| Second       | 2007/08  | 100%                                                                                   |
| Third        | 2008/09  | 80%                                                                                    |
| Fourth       | 2009/10  | 80%                                                                                    |
| Fifth        | 2010/11  | 60%                                                                                    |
| Sixth        | 2011/12  | 60%                                                                                    |
| Seventh      | 2012/13  | 40%                                                                                    |
| Eighth       | 2013/14  | 40%                                                                                    |
| Ninth        | 2014/15  | 20%                                                                                    |
| Tenth        | 2015/16  | 20%                                                                                    |
| Eleventh     | 2016/17  | 0%                                                                                     |

# Estimated Projected Assessment/Tax Liability Assuming 421a Exemption Benefits

## Residential

| Assessment Calculation with 421a Benefits For Resid. Units | 2004/05 Construction  | 2005/06 Construction  | 2006/07 100% Complete | 2007/08               | 2008/09               |
|------------------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Actual Assessment                                          | 539,504               | 924,700               | 1,687,400             | 1,687,400             | 1,687,400             |
| Transit. Assessment                                        | 517,104               | 913,837               | 1,685,730             | 1,686,565             | 1,687,400             |
| Base Assessment*                                           | 299,900               | 299,900               | 299,900               | 299,900               | 299,900               |
| 421a Exemption                                             | 239,604               | 624,800               | 1,387,500             | 1,387,500             | 1,387,500             |
| Taxable Assess.                                            | 299,900               | 299,900               | 299,900               | 299,900               | 299,900               |
| Rate Per \$100                                             | Tax Class 2<br>12.620 | Tax Class 2<br>12.620 | Tax Class 2<br>12.620 | Tax Class 2<br>12.620 | Tax Class 2<br>12.517 |
| Taxes Payable                                              | 37,538                | 37,538                | 37,538                | 37,538                | 37,538                |

\* Base Assessment is the Assessed Value in the fiscal year prior to the commencement of construction.

## Commercial

421a benefits are for only that portion of the unit that does not exceed 12% of the aggregate floor area. (Commercial space equal to 5,536 SF, 15.63% of aggregate total building (35,428 SF). 12% limitation = 4,251 SF will enjoy benefit, resulting in 1,285 SF not covered by exemption. Equivalent to 23% of Commercial Space will not enjoy exemption, while 77% of benefits will be enjoyed by the commercial units).

| Assessment Calculation with 421a Benefits For Commer. Unit | 2004/05 Construction  | 2005/06 Construction  | 2006/07 100% Complete | 2007/08               | 2008/09               |
|------------------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Actual Assessment                                          | 99,946                | 171,300               | 312,600               | 312,600               | 312,600               |
| Transit. Assessment                                        | 95,796                | 169,293               | 312,290               | 312,445               | 312,600               |
| Base Assessment*                                           | 55,600                | 55,600                | 55,600                | 55,600                | 55,600                |
| 421a Exemption**                                           | 34,146                | 89,089                | 197,890               | 197,890               | 197,890               |
| Taxable Assessment                                         | 61,650                | 80,204                | 114,400               | 114,555               | 114,710               |
| Rate Per \$100                                             | Tax Class 4<br>11.431 | Tax Class 4<br>11.431 | Tax Class 4<br>11.431 | Tax Class 4<br>11.431 | Tax Class 4<br>11.431 |
| Taxes Payable                                              | 7,047                 | 9,168                 | 13,077                | 13,095                | 13,113                |

\*Base Assessment is the Assessed Value in the physical year prior to the commencement of construction

\*\*Commercial units receive 421a benefits for only that portion of the unit that does not exceed 12% of the aggregate floor area. Commercial unit is 15.63% of aggregate floor area of building. It exceeds the 12% limitation by 3.63%. 3.63% of aggregate is equal to 23% of commercial benefit.

G:\Real Estate Appraisal\50 Orchard St.-Phase II.doc

This estimate of the assessed valuation upon completion of the renovation has been prepared for inclusion in the Offering Plan, and I consent to its use for this purpose.

Although the aforesaid estimate of the Actual Assessed Valuation is a good faith estimate, it is not possible to estimate same with any degree of certainty. Assessed valuations, when actually made, may be lesser or greater based on our interpretation of the administrative code and the applicable rules and regulations of the City of New York. Although I believe my opinions are well founded, they are not intended, and should not be construed as warranties as to future assessed valuations of the property under discussion. In no event will this firm, the Sponsor, the Sponsor's counsel or any other person be liable if the assessed valuation, when actually made, is lesser or greater than that predicted above or if the administrative code and the applicable rules and regulations of the City of New York are in the future changed or if the facts as represented, proved to be untrue.

# 50 Orchard Street Condominium

## Appendix A

2nd Year of Construction (July 1, 2004 -- June 30, 2005)

|                    | Unit            | Sq.Ft.        | Use                              | AV             | Estimate of<br>Annual<br>RE Taxes<br>with 421a<br>Tax Benefits | Estimate of<br>Annual<br>RE Taxes<br>without 421a<br>Tax Benefits |
|--------------------|-----------------|---------------|----------------------------------|----------------|----------------------------------------------------------------|-------------------------------------------------------------------|
| <i>Commercial</i>  | A               | 2,272         | Retail                           | 39,315         | 2,889.00                                                       | 4,494.00                                                          |
|                    | B               | 3,264         | Retail                           | 56,481         | 4,158.00                                                       | 6,456.00                                                          |
|                    | <b>Subtotal</b> | <b>5,536</b>  |                                  | <b>95,796</b>  | <b>7,047.00</b>                                                | <b>10,950.00</b>                                                  |
| <i>Residential</i> | 2-A             | 863           | 1 Bed, 1 Bath                    | 12,588         | 913.82                                                         | 1,588.66                                                          |
|                    | 2-B             | 1,205         | 2 Bed, 2 Bath, Balcony, Terr.    | 17,359         | 1,260.12                                                       | 2,190.68                                                          |
|                    | 2-C             | 1,268         | 2 Bed, 2 Bath                    | 17,359         | 1,260.12                                                       | 2,190.68                                                          |
|                    | 2-D             | 1,138         | 2 Bed, 2 Bath                    | 16,961         | 1,231.26                                                       | 2,140.52                                                          |
|                    | 3-A             | 863           | 1 Bed, 1 Bath                    | 13,118         | 952.30                                                         | 1,655.56                                                          |
|                    | 3-B             | 1,205         | 2 Bed, 2 Bath, Balcony           | 17,889         | 1,298.59                                                       | 2,257.58                                                          |
|                    | 3-C             | 1,268         | 2 Bed, 2 Bath                    | 18,154         | 1,317.83                                                       | 2,291.02                                                          |
|                    | 3-D             | 1,138         | 2 Bed, 2 Bath, Balcony           | 17,544         | 1,273.58                                                       | 2,214.10                                                          |
|                    | 4-A             | 863           | 1 Bed, 1 Bath                    | 13,913         | 1,010.02                                                       | 1,755.89                                                          |
|                    | 4-B             | 1,205         | 2 Bed, 2 Bath, Balcony           | 13,913         | 1,010.02                                                       | 1,755.89                                                          |
|                    | 4-C             | 1,268         | 2 Bed, 2 Bath                    | 20,274         | 1,471.74                                                       | 2,558.59                                                          |
|                    | 4-D             | 1,138         | 2 Bed, 2 Bath, Balcony           | 18,286         | 1,327.45                                                       | 2,307.74                                                          |
|                    | 5-A             | 1,443         | 2 Bed, 2 Bath, Terrace           | 24,514         | 1,779.55                                                       | 3,093.72                                                          |
|                    | 5-C             | 1,268         | 2 Bed, 2 Bath                    | 20,671         | 1,500.60                                                       | 2,608.75                                                          |
|                    | 5-D             | 1,138         | 2 Bed, 2 Bath, Balcony           | 19,214         | 1,394.79                                                       | 2,424.80                                                          |
|                    | 6-A             | 1,443         | 2 Bed, 2 Bath, Balcony           | 25,574         | 1,856.51                                                       | 3,227.50                                                          |
|                    | 6-C             | 1,268         | 2 Bed, 2 Bath                    | 21,334         | 1,548.69                                                       | 2,692.37                                                          |
|                    | 6-D             | 1,138         | 2 Bed, 2 Bath, Balcony           | 19,744         | 1,433.26                                                       | 2,491.70                                                          |
|                    | 7-A             | 1,443         | 2 Bed, 2 Bath, Balc., Roof Terr. | 33,127         | 2,404.80                                                       | 4,180.70                                                          |
|                    | 7-C             | 1,268         | 2 Bed, 2 Bath                    | 21,997         | 1,596.79                                                       | 2,775.98                                                          |
|                    | 7-D             | 1,138         | 2 Bed, 2 Bath                    | 20,406         | 1,481.36                                                       | 2,575.31                                                          |
|                    | 8-D             | 1,020         | 2 Bed, 2 Bath, Balcony, Terr.    | 21,864         | 1,587.17                                                       | 2,759.26                                                          |
|                    | 8/9/10-C        | 1,627         | 2 Bed, 2 1/2 Bath, Terr.         | 35,777         | 2,597.19                                                       | 4,515.15                                                          |
|                    | 9-D             | 1,138         | 2 Bed, 2 Bath, Balcony           | 26,369         | 1,914.22                                                       | 3,327.83                                                          |
|                    | 10-D            | 1,138         | 2 Bed, 2 Bath, Balcony           | 29,152         | 2,116.23                                                       | 3,679.01                                                          |
|                    | <b>Subtotal</b> | <b>29,892</b> |                                  | <b>517,104</b> | <b>37,538.00</b>                                               | <b>65,259.00</b>                                                  |
|                    | <b>Total</b>    | <b>35,428</b> |                                  | <b>612,900</b> | <b>44,585.00</b>                                               | <b>76,209.00</b>                                                  |

# 50 Orchard Street Condominium

## Appendix A

3rd Year of Construction (July 1, 2005 -- June 30, 2006)

|                    | Unit            | Sq.Ft.        | Use                              | AV               | Estimate of<br>Annual<br>RE Taxes<br>with 421a<br>Tax Benefits | Estimate of<br>Annual<br>RE Taxes<br>without 421a<br>Tax Benefits |
|--------------------|-----------------|---------------|----------------------------------|------------------|----------------------------------------------------------------|-------------------------------------------------------------------|
| <b>Commercial</b>  | A               | 2,272         | Retail                           | 69,479           | 3,759.00                                                       | 7,942.00                                                          |
|                    | B               | 3,264         | Retail                           | 99,814           | 5,409.00                                                       | 11,410.00                                                         |
|                    | <b>Subtotal</b> | <b>5,536</b>  |                                  | <b>169,293</b>   | <b>9,168.00</b>                                                | <b>19,352.00</b>                                                  |
| <b>Residential</b> | 2-A             | 863           | 1 Bed, 1 Bath                    | 22,246           | 913.82                                                         | 2,808.37                                                          |
|                    | 2-B             | 1,205         | 2 Bed, 2 Bath, Balcony, Terr.    | 30,677           | 1,260.12                                                       | 3,872.60                                                          |
|                    | 2-C             | 1,268         | 2 Bed, 2 Bath                    | 30,677           | 1,260.12                                                       | 3,872.60                                                          |
|                    | 2-D             | 1,138         | 2 Bed, 2 Bath                    | 29,974           | 1,231.26                                                       | 3,783.91                                                          |
|                    | 3-A             | 863           | 1 Bed, 1 Bath                    | 23,183           | 952.30                                                         | 2,926.62                                                          |
|                    | 3-B             | 1,205         | 2 Bed, 2 Bath, Balcony           | 31,613           | 1,298.59                                                       | 3,990.84                                                          |
|                    | 3-C             | 1,268         | 2 Bed, 2 Bath                    | 32,082           | 1,317.83                                                       | 4,049.97                                                          |
|                    | 3-D             | 1,138         | 2 Bed, 2 Bath, Balcony           | 31,005           | 1,273.58                                                       | 3,913.98                                                          |
|                    | 4-A             | 863           | 1 Bed, 1 Bath                    | 24,588           | 1,010.02                                                       | 3,103.99                                                          |
|                    | 4-B             | 1,205         | 2 Bed, 2 Bath, Balcony           | 24,588           | 1,010.02                                                       | 3,103.99                                                          |
|                    | 4-C             | 1,268         | 2 Bed, 2 Bath                    | 35,828           | 1,471.74                                                       | 4,522.96                                                          |
|                    | 4-D             | 1,138         | 2 Bed, 2 Bath, Balcony           | 32,316           | 1,327.45                                                       | 4,079.53                                                          |
|                    | 5-A             | 1,443         | 2 Bed, 2 Bath, Terrace           | 43,322           | 1,779.55                                                       | 5,468.93                                                          |
|                    | 5-C             | 1,268         | 2 Bed, 2 Bath                    | 36,531           | 1,500.60                                                       | 4,611.64                                                          |
|                    | 5-D             | 1,138         | 2 Bed, 2 Bath, Balcony           | 33,955           | 1,394.79                                                       | 4,286.46                                                          |
|                    | 6-A             | 1,443         | 2 Bed, 2 Bath, Balcony           | 45,195           | 1,856.51                                                       | 5,705.43                                                          |
|                    | 6-C             | 1,268         | 2 Bed, 2 Bath                    | 37,702           | 1,548.69                                                       | 4,759.45                                                          |
|                    | 6-D             | 1,138         | 2 Bed, 2 Bath, Balcony           | 34,892           | 1,433.26                                                       | 4,404.71                                                          |
|                    | 7-A             | 1,443         | 2 Bed, 2 Bath, Balc., Roof Terr. | 58,543           | 2,404.80                                                       | 7,390.45                                                          |
|                    | 7-C             | 1,268         | 2 Bed, 2 Bath                    | 38,873           | 1,596.79                                                       | 4,907.26                                                          |
|                    | 7-D             | 1,138         | 2 Bed, 2 Bath                    | 36,063           | 1,481.36                                                       | 4,552.52                                                          |
|                    | 8-D             | 1,020         | 2 Bed, 2 Bath, Balcony, Terr.    | 38,639           | 1,587.17                                                       | 4,877.70                                                          |
|                    | 8/9/10-C        | 1,627         | 2 Bed, 2 1/2 Bath, Terr.         | 63,227           | 2,597.19                                                       | 7,981.69                                                          |
|                    | 9-D             | 1,138         | 2 Bed, 2 Bath, Balcony           | 46,600           | 1,914.22                                                       | 5,882.80                                                          |
|                    | 10-D            | 1,138         | 2 Bed, 2 Bath, Balcony           | 51,518           | 2,116.23                                                       | 6,503.60                                                          |
|                    | <b>Subtotal</b> | <b>29,892</b> |                                  | <b>913,837</b>   | <b>37,538.00</b>                                               | <b>115,362.00</b>                                                 |
|                    | <b>Total</b>    | <b>35,428</b> |                                  | <b>1,083,130</b> | <b>46,706.00</b>                                               | <b>134,714.00</b>                                                 |

**50 Orchard Street Condominium**  
**Appendix A**  
**100% Complete (July 1, 2006 -- June 30, 2007)**

|                    | Unit            | Sq.Ft.        | Use                              | AV               | Estimate of<br>Annual<br>RE Taxes<br>with 421a<br>Tax Benefits | Estimate of<br>Annual<br>RE Taxes<br>without 421a<br>Tax Benefits |
|--------------------|-----------------|---------------|----------------------------------|------------------|----------------------------------------------------------------|-------------------------------------------------------------------|
| <b>Commercial</b>  | A               | 2,272         | Retail                           | 128,165          | 5,362.00                                                       | 14,651.00                                                         |
|                    | B               | 3,264         | Retail                           | 184,125          | 7,715.00                                                       | 21,047.00                                                         |
|                    | <b>Subtotal</b> | <b>5,536</b>  |                                  | <b>312,290</b>   | <b>13,077.00</b>                                               | <b>35,698.00</b>                                                  |
| <b>Residential</b> | 2-A             | 863           | 1 Bed, 1 Bath                    | 41,037           | 913.82                                                         | 5,178.92                                                          |
|                    | 2-B             | 1,205         | 2 Bed, 2 Bath, Balcony, Terr.    | 56,588           | 1,260.12                                                       | 7,141.45                                                          |
|                    | 2-C             | 1,268         | 2 Bed, 2 Bath                    | 56,588           | 1,260.12                                                       | 7,141.45                                                          |
|                    | 2-D             | 1,138         | 2 Bed, 2 Bath                    | 55,292           | 1,231.26                                                       | 6,977.91                                                          |
|                    | 3-A             | 863           | 1 Bed, 1 Bath                    | 42,765           | 952.30                                                         | 5,396.98                                                          |
|                    | 3-B             | 1,205         | 2 Bed, 2 Bath, Balcony           | 58,316           | 1,298.59                                                       | 7,359.51                                                          |
|                    | 3-C             | 1,268         | 2 Bed, 2 Bath                    | 59,180           | 1,317.83                                                       | 7,468.54                                                          |
|                    | 3-D             | 1,138         | 2 Bed, 2 Bath, Balcony           | 57,193           | 1,273.58                                                       | 7,217.77                                                          |
|                    | 4-A             | 863           | 1 Bed, 1 Bath                    | 45,357           | 1,010.02                                                       | 5,724.07                                                          |
|                    | 4-B             | 1,205         | 2 Bed, 2 Bath, Balcony           | 45,357           | 1,010.02                                                       | 5,724.07                                                          |
|                    | 4-C             | 1,268         | 2 Bed, 2 Bath                    | 66,092           | 1,471.74                                                       | 8,340.78                                                          |
|                    | 4-D             | 1,138         | 2 Bed, 2 Bath, Balcony           | 59,612           | 1,327.45                                                       | 7,523.06                                                          |
|                    | 5-A             | 1,443         | 2 Bed, 2 Bath, Terrace           | 79,915           | 1,779.55                                                       | 10,085.26                                                         |
|                    | 5-C             | 1,268         | 2 Bed, 2 Bath                    | 67,388           | 1,500.60                                                       | 8,504.33                                                          |
|                    | 5-D             | 1,138         | 2 Bed, 2 Bath, Balcony           | 62,636           | 1,394.79                                                       | 7,904.66                                                          |
|                    | 6-A             | 1,443         | 2 Bed, 2 Bath, Balcony           | 83,371           | 1,856.51                                                       | 10,521.38                                                         |
|                    | 6-C             | 1,268         | 2 Bed, 2 Bath                    | 69,548           | 1,548.69                                                       | 8,776.90                                                          |
|                    | 6-D             | 1,138         | 2 Bed, 2 Bath, Balcony           | 64,364           | 1,433.26                                                       | 8,122.72                                                          |
|                    | 7-A             | 1,443         | 2 Bed, 2 Bath, Balc., Roof Terr. | 107,993          | 2,404.80                                                       | 13,628.73                                                         |
|                    | 7-C             | 1,268         | 2 Bed, 2 Bath                    | 71,707           | 1,596.79                                                       | 9,049.48                                                          |
|                    | 7-D             | 1,138         | 2 Bed, 2 Bath                    | 66,524           | 1,481.36                                                       | 8,395.30                                                          |
|                    | 8-D             | 1,020         | 2 Bed, 2 Bath, Balcony, Terr.    | 71,275           | 1,587.17                                                       | 8,994.96                                                          |
|                    | 8/9/10-C        | 1,627         | 2 Bed, 2 1/2 Bath, Terr.         | 116,633          | 2,597.19                                                       | 14,719.03                                                         |
|                    | 9-D             | 1,138         | 2 Bed, 2 Bath, Balcony           | 85,963           | 1,914.22                                                       | 10,848.47                                                         |
|                    | 10-D            | 1,138         | 2 Bed, 2 Bath, Balcony           | 95,034           | 2,116.23                                                       | 11,993.28                                                         |
|                    | <b>Subtotal</b> | <b>29,892</b> |                                  | <b>1,685,730</b> | <b>37,538.00</b>                                               | <b>212,739.00</b>                                                 |
|                    | <b>Total</b>    | <b>35,428</b> |                                  | <b>1,998,020</b> | <b>50,615.00</b>                                               | <b>248,437.00</b>                                                 |

## **INCOME TAX DEDUCTIONS TO UNIT OWNERS AND TAX STATUS OF THE CONDOMINIUM**

The following discussion of certain income tax consequences of the ownership of Units is based upon the income tax opinion of Sponsor's counsel, Turek Roth LLP, a copy of which is set forth in the Plan. The opinion of Turek Roth LLP does not address the tax consequences which might result from ownership of a Unit in connection with the Unit Owner's trade or business or for purposes of investment or the production of income or which may result to a foreign Unit Owner by reason of his foreign status.

**EACH PURCHASER SHOULD CONSULT WITH HIS OWN TAX COUNSEL OR ADVISOR AS TO THE TAX CONSEQUENCES OF OWNERSHIP OF A UNIT.**

It is the opinion of Turek Roth LLP that under present law, Unit Owners who use their Units solely as their primary or secondary residence and who itemize their deductions will, in general, be entitled to a deduction for mortgage interest and real estate taxes for Federal, New York State and New York City income tax purposes in the taxable year in which the same are actually paid or accrued by such Unit Owners in accordance with their method of accounting.

Pursuant to Section 458 of the New York Real Property Tax Law, certain owners of condominium units who are veterans of the United States Armed Forces or who are related to such veterans may under certain circumstances be entitled to exemptions covering part of the real estate taxes otherwise assessed by the tax authorities against their units.

Common Charges will be borne by the Unit Owners and assessed and collected by the Condominium Board. The status of the Condominium Board for Federal, New York State and New York City income tax purposes is uncertain. If the Condominium Board were deemed to be merely a conduit for the Unit Owners, all income earned by the Condominium Board, less the expenses incurred in earning such income, would be deemed income to the Unit Owners and taxable to them. Common Charges would not be considered income to the Condominium Board.

The Internal Revenue Service may contend that the Unit Owners, acting through the Condominium Board, constitute an association taxable as a corporation because of certain of its features such as centralized management, the attempt to limit the contractual liability of the Unit Owners and the possibility of perpetual life. If the Unit Owners, acting through the Condominium Board, were treated as an association taxable as a corporation, such association would be subject to Federal, New York State and New York City corporate income tax on earned income, if any, for the portion of the Common Charges deemed to constitute gross income less deductible expenses.

If it satisfies the requirements of Internal Revenue Code §528, the Condominium Board may elect to be exempt from Federal income tax on the Common Charges. Generally, those requirements are:

- (i) The Condominium must be organized and operated solely to provide for the acquisition, construction, management, maintenance and care of association property;
- (ii) Sixty percent or more of the gross income of the Condominium must consist of assessments from residential unit owners ("Exempt Function Income");
- (iii) Ninety percent of the expenditures of the Condominium must be for the acquisition, construction, management, maintenance, and care of the Condominium's property;
- (iv) No part of the net earnings can inure to the benefit of private individuals other than by the acquisition, construction, management, or maintenance of the Condominium's property or by rebates of excess assessments; and
- (v) Substantially all of the Units must be used as residences.

Under the Treasury regulations issued pursuant to §528, a condominium must qualify annually for the election under §528, and additionally, it must make a separate election for each taxable year. Accordingly, the ability of the Condominium Board to elect the benefits of §528 will depend on the particular facts and circumstances prevailing in the taxable year at issue.

A condominium management association meeting the requirements of §528 and electing to be exempt from Federal income tax on Exempt Function Income would be taxable at a rate of 30% on the amount by which its other income exceeds the amount of allowable deductions that are directly connected with the production of such income. Such an association, however, would not be allowed certain deductions that are available to corporations that are not taxable under §528.

If the Condominium Board either cannot qualify or chooses not to elect the benefits of §528, certain published rulings of the Internal Revenue Service implicitly state that a condominium management association will be treated as an association taxable as a corporation. Consequently, unless a valid election pursuant to §528 has been made, it appears that the Condominium Board would be taxable on that portion of the Common Charges which exceeds the deductible expenses paid or incurred by the Condominium Board for the operation of the Condominium property. The Condominium would also be taxed on income derived from the interim investment of the Common Charges, on income from nonresidential leases of Common

Elements, and on income from the operation of facilities that are available to outsiders, net of deductible expenses related to the production of such income.

If the Condominium is treated as a corporation for Federal income tax purposes, the Condominium Board might still contend that a portion of the Common Charges which it receives should not be includable in its gross income. For example, published rulings of the Service indicate that assessments collected by a condominium management association and expressly designated for use for specified capital improvements that are owned in common, and which are not commingled with funds collected for operating expenses or as contingency reserves, should not be included in the gross income of a condominium management association. No part of such an assessment may, however, be expended by a condominium management association for the benefit of an individual owner.

In addition, in connection with assessments for ordinary operating expenses, such as the Common Charges, a condominium management association may not have any taxable income if the expenses of the condominium management association with respect to managing, operating and replacing the common elements of the condominium either equal the assessment or any excess amount is annually returned to units owners or applied to the next year's assessment. Based on the facts in existence at the present time, it appears that the Condominium Board is unlikely to have a substantial amount of income other than the Common Charges.

If the Condominium Board makes additional assessments to cover the amounts of any Federal, New York State, or New York City tax liabilities incurred, such additional assessments may also be taxable to the Condominium.

It is the opinion of Sponsor's counsel, Turek Roth LLP (see opinion letter immediately following), that subject to the assumptions contained therein, The 50 Orchard Street Condominium will qualify as a "homeowners association" under section 528 of the IRC, provided that the Condominium elects to have such section apply for such taxable year.

**EACH PURCHASER SHOULD CONSULT HIS OR HER OWN TAX COUNSEL AS TO THE TAX CONSEQUENCES OF THE PLAN AND OF RESIDENTIAL UNIT OWNERSHIP.**

**TUREK ROTH LLP  
ATTORNEYS AT LAW**

377 FIFTH AVENUE  
6<sup>TH</sup> FLOOR  
NEW YORK, NEW YORK 10016

Allen M. Turek  
Jeremy S. Roth  

---

Jeffrey G. Shandel

Tel: 212-223-3562  
Fax: 212-223-3614  
Email: aturek@tureklaw.com

September 9, 2004

The 50 Orchard Street Condominium  
48-52 Orchard Street  
New York, New York 10002

Re: Tax Opinion  
The 50 Orchard Street Condominium ( the "Condominium")

Gentlemen:

You have requested my opinion concerning (i) the deductibility, for Federal, New York State and New York City income tax purposes, of mortgage interest and real estate taxes paid by residents of New York who purchase the offered Residential Units for residential use pursuant to the above-referenced Condominium Offering Plan (the "Plan"), (ii) the availability of any specific exemptions from real estate taxes for veterans or other Purchasers, and (iii) the qualification of the Condominium as a "homeowners association" under Section 528 of the Internal Revenue Code of 1986, as amended (the "Code"). This opinion does not address the tax consequences of the ownership of Condominium Units by corporations, other entities or foreign persons. Except where otherwise indicated, the terms used in this opinion have the same meaning as in the Plan.

In connection with rendering this opinion, we have reviewed the Plan and have examined the schedules, exhibits and documents accompanying the Plan, including the declaration establishing, and the By-Laws governing, the operations of the Condominium (the "Plan Documents"). We have also considered the relevant sections of the Code, the New York State Tax Law, the New York City Administrative Code, the regulations promulgated thereunder and such other materials as we deemed relevant. In rendering this opinion, we have assumed that the Plan is the document pursuant to which owners of the offered Condominium Units will acquire their Condominium Units and that the relevant facts are as set forth therein.

Pursuant to the Plan, the Purchaser of an offered Condominium Unit will receive legal title in fee simple to his or her Condominium Unit, coupled with ownership of an undivided interest in the Condominium Property held in common with the other owners of Condominium Units. Such Purchaser will have the right to sell, lease, or place an individual mortgage on his or her separate Condominium Unit and will be liable to the local tax authority for the tax assessment with respect to his or her interest in the Condominium Unit. Under these circumstances, the Internal Revenue Service (the "IRS") has ruled that the owner of a residential condominium unit may deduct interest paid on his or her mortgage indebtedness and the real estate taxes assessed and paid on his or her interest in the property. Rev. Rul. 64-31, 1964-1 (Part 1) C.B. 300.

Accordingly, based on the foregoing, it is my opinion that an owner of an offered Residential Unit who itemizes his or her deductions will be entitled under current law to deduct from his or her gross income for Federal income tax purposes, subject to an overall limitation on itemized deductions as set forth in Section 68 of the Code, real estate taxes assessed against his or her Residential Unit and paid to the local tax authority. However, no deduction for real estate taxes is permitted for purposes of the Federal alternative minimum tax. Owners of the offered Residential Units should consult their tax advisers regarding the applicability of the overall limitation on itemized deductions to the deductibility of real estate taxes.

It is also my opinion that, pursuant to Section 458 of the New York Real Property Tax Law, certain owners of Condominium Units, who are veterans of the United States Armed Forces or who are related to such veterans may under certain circumstances be entitled to exemptions covering part of the real estate taxes otherwise assessed by the tax authorities against their Condominium Units. Each potential Purchaser should consult his or her own tax adviser as to the availability of such exemptions.

A taxpayer generally is entitled to a deduction for Federal income tax purposes for interest paid with respect to a principal and one secondary residence (a "qualified residence") to the extent that the interest is attributable to indebtedness which is secured by the qualified residence and which (i) is incurred in acquiring, constructing or substantially improving the qualified residence (or which constitutes a refinancing thereof, to the extent that such indebtedness does not exceed the amount of the refinanced debt) ("acquisition indebtedness"), up to a maximum of \$1,000,000 for any period (\$500,000 in the case of a married individual filing a separate return), or (ii) is any indebtedness other than acquisition indebtedness, up to the excess of the fair market value of any one qualified residence over the amount of acquisition indebtedness with respect to such residence ("home equity indebtedness"), but not to exceed \$100,000 (\$50,000 in the case of a married individual filing a separate return) in the aggregate for all qualified residences of the taxpayer in any period. Accordingly, a Residential Unit Owner who itemizes deductions and uses his or her offered Residential Unit as a qualified residence will be entitled, under current law, to deduct from his or her gross income for Federal income tax purposes, subject to an overall limitation on itemized deductions as set forth in Section 68 of the Code, interest paid or accrued by him or her

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

Each Residential Unit Owner who uses his or her Residential Unit as a residence will generally be entitled to the same deduction for mortgage interest and real estate taxes paid or accrued with respect to his or her Residential Unit for New York State and New York City income tax purposes as is allowed for Federal (regular) income tax purposes. However, under New York State and New York City income tax law, itemized deductions, such as interest and real estate tax deductions, are subject to reduction by as much as 50% in the case of individuals having income exceeding certain prescribed levels. Furthermore, purchasers should consult their tax advisers to determine the application, if any, of the New York State and New York City minimum taxes to the deduction for mortgage interest and real estate taxes with respect to their Residential Units.

If the Condominium qualifies as a homeowners association within the meaning of Section 528 of the Code, it may elect not to be subject to Federal income tax on amounts received as membership dues, fees or assessments from Residential Unit Owners. However, even if the election is made, the Condominium will remain liable for Federal income tax on any taxable income it may have from other sources such as interest earned on any reserve funds (less expenses directly connected with the production of such income).

To qualify as a homeowners association, the Condominium must meet all of the following conditions: (i) it must be organized and operated to provide for the acquisition, construction, management, maintenance and care of association property, (ii) at least 60% of its gross income for each taxable year must consist solely of amounts received as membership dues, fees or assessments from Residential Unit Owners, (iii) 90% or more of its expenditures for each taxable year must be made for the acquisition, construction, management, maintenance and care of association property, (iv) no part of its net earnings can inure to the benefit of any private shareholder or individual (other than by acquiring, constructing, or providing management, maintenance, and care of

association property, and other than by rebate of excess membership dues, fees, or assessments), (v) the Condominium must elect to be treated as a homeowners association, and (vi) at least 85% of the total square footage of all Units within the Condominium must be used by individuals for residential purposes. See Treasury Regulations § 1.528-4(b). The qualification of an organization under the provisions of Code Section 528 is to be determined annually at the close of each taxable year and it is possible, therefore, that if the Condominium does not qualify in one year, it may nevertheless qualify in one or more future years.

Based upon and subject to the assumption that all of the factual statements and representations set forth in the Plan are true and correct and will remain so in all material respects, in my opinion the Condominium will qualify as a "homeowners association" under §528 of the Code.

Absent the application of Code Section 528, the present state of federal law is unclear as to the precise tax status of the Condominium. A new entity classification regime was adopted in regulations issued by the United States Treasury Department on December 17, 1996 and there is no authority addressing the application of the new entity classification regulations to condominiums. Because the By-Laws of the Condominium provide that the Condominium Board will act as the agent of the Unit Owners, the Condominium Board may take the position that the Condominium is not a separate entity and accordingly is not subject to the classification regime. In such case, the Unit Owners would, in the aggregate, include in their gross income and be taxed on all income earned by the Condominium (which income may include interest or similar income earned from interim investments of the amounts assessed and collected from the Unit Owners), reduced by the expenses incurred in earning such income. For this purpose, the Common Charges would not be considered income earned by the Condominium through the Condominium Board. If, however, the Condominium is considered a separate entity it is unclear whether the Condominium would be taxable as a corporation or treated as a partnership for federal income tax purposes. If the Condominium is taxable as a corporation, it would be considered a separate taxpayer with respect to income and deductions and return filing requirements and would be subject to Federal corporate income tax. If the Condominium is treated as a partnership, the partnership would not be subject to an entity level tax, the items of income and deduction of the partnership would generally be passed through to the Unit Owners in accordance with the provisions of Subchapter K of the Code, and the partnership would be required to file information returns.

The precise tax status of the Condominium for New York State and New York City tax purposes is also unclear. The relevant New York State and, as a result of a recent change in law, New York City laws incorporate by reference federal entity classification provisions which, as discussed above, do not specifically address the treatment of condominiums. If the Condominium is properly treated as a separate entity that is an association taxable as a corporation for federal income tax purposes, it appears likely that the Condominium would be subject to the New York State Corporation Franchise Tax and the New York City General Corporation Tax. If the Condominium

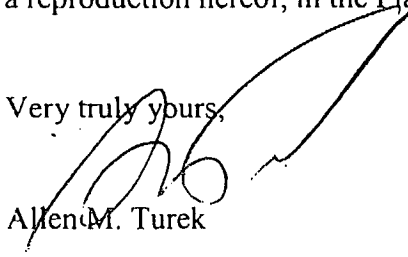
does not constitute an association that is taxable as a corporation for federal income tax purposes, it is still possible, although not certain, that the Condominium might be subject to the New York State Franchise Tax. Further, in such event, it likely would be subject to the New York City Unincorporated Business Tax, unless the Condominium were eligible for and elected treatment under Code Section 528 as a homeowners association.

\* \* \* \* \*

I express no view as to any Federal, New York State or New York City tax consequences other than those explicitly discussed in this opinion, or as to the tax status or tax consequences of the Plan under the laws of any other U.S. or foreign jurisdiction. Moreover, this opinion, while based on existing rules of law applied to the facts and documents referred to above, is not binding on the IRS or any court. No assurances can be given that the tax laws upon which we base this opinion will not change. In no event will the Law Office of Allen M. Turek, the Sponsor, the Selling Agent or any other person be liable if there are changes in the facts on which we have relied in issuing this opinion or if there are changes in the applicable statutes, regulations, decisional law or IRS rulings on which we have relied which cause the Unit Owners not to be entitled to the income tax deductions described herein.

I hereby authorize the use of this opinion, or a reproduction hereof, in the Plan.

Very truly yours,

  
Allen M. Turek

AMT/amg

S:\7597 - Orchard\OfferingPlan\AMTTaxLtr.doc

**TUREK ROTH LLP  
ATTORNEYS AT LAW**

377 FIFTH AVENUE  
6<sup>TH</sup> FLOOR  
NEW YORK, NEW YORK 10016

Allen M. Turek  
Jeremy S. Roth  

---

Jeffrey G. Shandel

Tel: 212-223-3562  
Fax: 212-223-3614  
Email: aturek@tureklaw.com

**COUNSEL'S OPINION ON COMPLIANCE  
WITH REAL PROPERTY LAW §339(i)**

September 9, 2004

50 Orchard Associates LLC  
307 Fifth Avenue, 8<sup>th</sup> Floor  
New York, New York 10016

Re: Offering Plan for the conversion of premises  
48 Orchard Street, New York, NY to Condominium Ownership

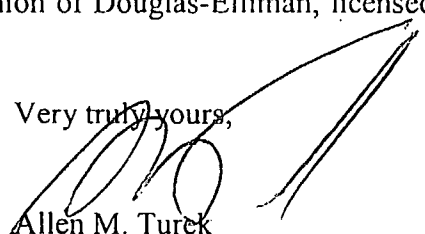
Dear Sponsor:

It is our opinion that the allocation of common interests as shown on Schedule A included in this Offering Plan is in compliance with Section 339(i)(1)(iv) of the New York Real Property Law.

The common interests have been allocated to each Condominium Unit based upon floor space, subject to the location of such space and the additional factors of relative value to other space in the Condominium, the uniqueness of the Unit, the availability of the Common Elements for exclusive or shared use and the overall dimension of a particular Unit. This allocation utilizes measurements and calculations of net square footage made by Michael Muroff Architect LLC, Sponsor's architect.

This opinion is based in part upon the opinion of Douglas-Elliman, licensed real estate brokers.

Very truly yours,

  
Allen M. Turek

AMT/amg  
S:\7597 - Orchard\OfferingPlan\AMTLtr339.doc

## WORKING CAPITAL FUND

The Purchaser of each Unit shall be required to make a contribution at Closing of his Unit(s) to the working capital fund of the Condominium (the "Working Capital Fund"). Such contribution shall be in an amount equal to two (2) month's Common Charges in effect for such Unit(s). No reserve fund is being established for the Condominium.

At the First Closing, Sponsor will apportion with the Board of Managers the following items as of midnight of the date preceding said Closing:

1. Employees' wages, vacation and severance pay, pension and welfare benefits, accruals and all other payments or obligations relative to the employees of the Building;
2. Deposits with utility companies, if any, and fees for assignable permits and/or licenses, if any;
3. Charges for electricity and other utilities for the Common Elements and Limited Common Elements;
4. Cost of fuel on hand (plus sales tax), if any;
5. Charges and receipts in connection with service, maintenance and concession contracts;
6. Water charges and sewer rents on the basis of the fiscal or calendar year for which assessed (unless separately assessed to individual Units);
7. Cost of Building supplies on hand at Sponsor's cost (including sales tax);
8. Premiums for transferable insurance policies, if any;
9. Management fees; and
10. Other customary adjustments.

If any of the foregoing items to be apportioned cannot be adjusted at the First Closing because they are not fully ascertainable, they shall be apportioned and adjusted to the extent reasonably possible at the First Closing, and final adjustment will be made as soon thereafter as the undetermined amounts are ascertained. Except as herein otherwise expressly provided, the customs in respect to title closings adopted by the Real Estate Board of New York, Inc., as amended, shall apply to apportionments and other matters herein mentioned.

The Working Capital Fund will be held and used for working capital, or for any such other appropriate purposes as will be determined by the Board of Managers and may be augmented by allocations from the Common Charges collected from each Unit. While Sponsor controls the Board of Managers (see the section entitled "Control By Sponsor"), the Working Capital Fund will not be used to reduce estimated Common Charges.

The Board of Managers will be able to utilize the money in the Working Capital Fund at any time; accordingly, no representation or warranty can be made and no assurance can be given to

the exact amount of funds available at any specific time. However, in no event shall any portion of the Working Capital Fund be used to pay any Common Charges attributable to any Unsold Unit.

Inasmuch as the Property is being completely renovated with new building systems, it does not appear to Sponsor that there is any need to provide for a reserve fund to pay for capital expenditures over the next five years. As this Plan does not provide for any reserve fund, in the event that capital expenditures for renewal or replacement of Building components of systems or to remedy major Building defects are needed, it may be necessary to increase Common Charges or make special assessments payable by all Unit Owners. Alternatively, the Condominium Board may determine to seek financing from a bank or other lending institution for such expenditures in accordance with the terms of the By-Laws and subject, in certain instances, to Unit Owner approval. In addition, pursuant to the By-Laws, the Board of Managers is entitled to determine amounts for a reserve for replacements in establishing the annual budget. No representation or warranty is made that the Working Capital Fund will be, or is intended to be, adequate to cover current or future expenses, for the first or any subsequent year of Condominium operation. Neither the Department of Law or any other government agency has passed upon the adequacy of the Working Capital Fund.

## **MANAGEMENT AGREEMENT, CONTRACTS AND LEASES**

### **A. Management Contract**

Prior to the First Closing, the Board of Managers will enter into a management agreement with Salon Realty Co., having an address at 338 East 92<sup>nd</sup> Street, New York, New York 10128 (the "Managing Agent") for a term of two (2) years. The management agreement may not be canceled by either party during its term except for cause.

The Managing Agent will receive a stated annual fee of \$7,500 for each of the two (2) years, payable in equal monthly installments. However, the Managing Agent will be entitled to additional fees for certain services performed by it. The Managing Agent's fee will be paid by the Board of Managers and will be deemed to be a Common Expense.

The duties and services to be rendered by the Managing Agent include, among others:

- (a) Billing and collecting Common Charges;
- (b) Causing the Common Elements to be maintained, and repaired in the manner deemed advisable by the Board of Managers, except that the approval of the Board of Managers is not necessary for any expenditure of less than \$2,500 for any one item of ordinary repairs of alterations or in the instance of emergency repairs;

- (c) Contracting for necessary services for the Common Elements (such as utility, exterminator, elevator and fuel services);
- (d) Purchasing all supplies necessary to properly maintain and operate the Common Elements;
- (e) Checking all bills received in connection with the operation of the Common Elements and causing all such bills and other expenses to be paid;
- (f) Supervising, hiring and discharging employees;
- (g) Rendering monthly statements of receipts and disbursements to the Board of Managers;
- (h) Maintaining payroll records and filing the necessary forms for unemployment insurance, withholding and social security tax statements and other forms relating to employment of Building employees;
- (i) Maintaining accurate sets of books for the Condominium and orderly files of common charges, insurance policies, leases, receipted bills, Unit mortgages, and the like;
- (j) Preparing and submitting to the Board of Managers, on an annual basis, proposed operating budgets setting forth the anticipated income and expenses for the ensuing year; and
- (k) Sending notices, preparing agendas and attending meetings of the Board of Managers and Unit Owners and keeping minutes thereof.

The Board of Managers of the Condominium shall have the obligation to reimburse and indemnify the Managing Agent against liability for acts properly performed by it pursuant to the agreement.

The management agreement is assignable by the managing agent and may be cancelled by either party for cause.

After the First Closing, the Property will be subject to the then existing, insurance policies and maintenance, service contracts.

Sponsor has reserved the right, prior to the First Closing to modify, renew and replace existing service, and other agreements and insurance policies, and to enter into new agreements and policies that will be binding on the Condominium. Any such new agreement or policy which has

the effect of materially increasing the first year's estimated Common Charges or is binding on the Condominium for more than two (2) years will be disclosed in a duly filed amendment to the Plan.

## IDENTITY OF PARTIES

### A. Sponsor:

The Sponsor is 50 Orchard Associates LLC, a New York limited liability company formed on (to be supplied) and its business address is, 307 Fifth Avenue, 8<sup>th</sup> Floor, New York, New York 10016. The sole manager of the Sponsor is Voyager Development Co., LLC, whose sole member is Barry M. Strauss Assoc., Ltd. Mr. Strauss is an accountant and a non-practicing attorney. The Sponsor, its principal and their affiliates have no prior experience with any offer to sell any condominiums, cooperatives, planned unit development homes or time shares. The Sponsor and its principal does not have any relationship – other than the retention for services disclosed herein – with the Selling Agent, the Managing Agent, the architect or any person or firm that will provide services to the Condominium subsequent to the commencement of condominium operation.

### B. Attorneys for Sponsor:

Turek Roth LLP, 377 Fifth Avenue, 6<sup>th</sup> Floor, New York, New York 10016, represents the Sponsor in connection with the conversion of the Property to Condominium ownership and at the Closing of individual Units. Allen M. Turek, Esq., prepared the Plan. Turek Roth LLP is also the Escrow Agent under this Plan. The fees of the Sponsor's counsel shall be paid by Sponsor, except for certain Closing fees payable by Purchasers (See Section "Unit Closing Costs and Adjustments").

### C. Managing Agent:

Salon Realty Co., the Managing Agent, has a place of business at 338 East 92<sup>nd</sup> Street, New York, New York 10128. Salon Realty Corp. and its principal have no financial interest in the Sponsor or in this Offering except his fees, as managing agent. The managing agent presently manages eighteen (18) other buildings in the metropolitan area including one condominium (366 West 11<sup>th</sup> Street, New York City) and three (3) apartment corporations (328 East 94<sup>th</sup> Street, 448 East 87<sup>th</sup> Street and 330 East 90<sup>th</sup> Street, New York City).

### D. Selling Agent:

The Selling Agent for this offering is Douglas Elliman, with its principal office located at 575 Madison Avenue, New York, New York 10022. Douglas Elliman was founded in 1910 and has become one of New York's foremost specialists in the sale of cooperatives and condominiums in Manhattan.

The Selling Agent is licensed as a real estate brokerage firm in the State of New York. The principals of the Selling Agent have been engaged in the real estate brokerage business for over twenty-five (25) years and have been actively associated with the sale and management of condominium and cooperative buildings.

E. Sponsor's Architect:

Michael Muroff Architect LLC, an architect licensed by the State of New York, has examined the physical condition of the Building and has rendered the report included in Part II of this Plan. Michael Muroff Architect LLC, maintain an office at 180 Varick Street, Suite 816, New York, New York 10014. The architect has no financial interest in the Property, the Sponsor, the Condominium, the Selling Agent or any other party interested in this transaction, except that it has been paid a fee for services rendered in connection with the report contained herein. Mr. Muroff has been a practicing architect for 25 years.

## **REPORTS TO UNIT OWNERS**

All Unit Owners will be entitled to receive annually from the Board of Managers copies of:

1. The proposed annual budget of the Condominium at least ten (10) days prior to the date set for adoption by the Board of Managers; while the Sponsor is in control of the Board of Managers, such budget shall be certified in compliance with applicable regulations of the Department of Law;
2. An annual financial statement prepared by a certified public accountant or public accountant and issued within four (4) months after the end of the fiscal year. Such statement shall be certified so long as the Sponsor is in control of the Board of Managers; and
3. Notice of the annual Unit Owner's Meeting for the purpose of electing the Board of Managers, to be sent not less than ten (10) days before the meeting.

The above dates may be changed pursuant to the By-laws.

## **DOCUMENTS ON FILE**

Copies of the Plan and all exhibits or documents referred to herein or submitted to the Department of Law in connection with the filing of the Plan will be available, for six (6) years from the date of the First Closing at the office of the Sponsor or at another designated place for inspection or copying at a reasonable charge by actual and prospective Purchasers of Units offered under the Plan or by those who have participated in the offering of such Units. All documents to be filed in connection with the recording of the Declaration of Condominium shall be delivered to the

Board of Managers promptly after the First Closing and shall be available at the office of the Board of Managers.

## GENERAL

The Plan contains a fair summary of the pertinent material provisions of the various documents referred to herein. Sponsor has not knowingly omitted any material facts from the Plan and the Plan does not contain any untrue statement of any material fact. The documents in Part II hereof are exact copies of the originals. To the extent any document in Part II is materially revised, the Plan shall be amended to disclose such material revision.

In accordance with the provisions of the laws of the State and City of New York, Sponsor represents that neither Sponsor, its agents, nor Sponsor as holder of Unsold Units will discriminate against any person because of race, creed, color, national origin, marital status, gender, sexual orientation, or ancestry, or any other basis prohibited by civil rights laws in the sale of Units under the Plan, or in leasing Units in the Building.

As of the date of presentation of the Plan, neither Sponsor, Selling Agent, nor any representative or agent thereof, has received funds, or made any preliminary offering, or binding agreement to or with tenants in occupancy, subtenants, or prospective Purchasers with respect to the Units in the Building.

There are no lawsuits, administrative proceedings, or other proceedings, the outcome of which may materially affect this Offering, the Property, Sponsor's capacity to perform all of its obligations under the Plan, the Condominium, or the operation of the Condominium. Neither the Property nor the Building has been the subject of any prior public offering.

The Plan may be amended at any time, provided that, if the amendment is a material and substantial modification which adversely affects Purchasers, then each Purchaser who has not closed on his Unit shall be given no less than fifteen (15) days after mailing or personal delivery, of such a duly filed adverse amendment to cancel his or her Purchase Agreement and to obtain a refund, in full, of all monies paid under the Purchase Agreement, together with interest, if any, earned thereon.

No person has been authorized to make any representation, or to provide any information which is not set forth herein. Any information, data, or representations not contained in this Plan or in the documents and/or exhibits referred to herein must not be relied upon by any Purchaser.

The Plan may not be changed or modified orally.

50 ORCHARD ASSOCIATES LLC, SPONSOR

**THIS PAGE INTENTIONALLY LEFT BLANK**

## LEAD PAINT DISCLOSURE

To alert home dwellers about the hazards of lead-based paint, Congress passed the Residential Lead-Based Paint Hazard Reduction Act of 1992 (the "Act"). On March 2, 1996 the Environmental Protection Agency ("EPA") approved final regulations to implement the Act. Under the Act and the 1996 regulations, sellers and lessors of residential condominiums and their agents are required to disclose known information about lead-based paint and lead-based paint hazards before selling or leasing their condominium units in buildings constructed prior to 1978, when the use of lead-based paint was banned in the United States. The Sponsor will comply with the Act and the 1996 regulations promulgated thereunder.

The Sponsor is not aware of any lead paint assessment or inspection of the Building. As part of the renovation of the Building, all painted surfaces will be covered with non-lead-based paint or otherwise encapsulated. Any Purchaser who so desires, may conduct, at his/her sole cost and expense, a risk assessment inspection for the presence of lead-based paint and/or lead-based paint hazards, within ten (10) days of their delivery to the Selling Agent, of an executed Purchase Agreement and the required down payment.

Purchasers of the Residential Units are advised that under the 1996 regulations, owners of individual residential condominium units are required to comply with the disclosure requirements in connection with a proposed sale or leasing of their respective Unit.

A copy of the pamphlet *Protect Your Family From Lead in Your Home*, published by the EPA, is reproduced in Part II below.

## **SPONSOR'S STATEMENT OF BUILDING CONDITION**

Sponsor hereby adopts the Description of Property as set forth in Part II of the Plan and represents that it has no knowledge of any material defects or need for major repairs to the Property except as may be set forth in such Description of Property. None of the materials being used to construct the Building contain asbestos.

## PART II

### *THE 50 ORCHARD STREET CONDOMINIUM*

48-52 ORCHARD STREET  
NEW YORK, NEW YORK 10002

# THE 50 ORCHARD STREET CONDOMINIUM

## PURCHASE AGREEMENT (TO BE EXECUTED IN TRIPLICATE)

Unit No.: \_\_\_\_\_ (the "Unit")  
Appurtenant Common Interest: \_\_\_\_\_ ("Common Interest")  
Purchaser's  
Name: \_\_\_\_\_ ("Purchaser")  
Address: \_\_\_\_\_  
Telephone: (Home) \_\_\_\_\_ (Business) \_\_\_\_\_  
Social Security No./Federal Employment I.D. No.: \_\_\_\_\_  
Name(s) and Manner in Which Title to the Unit Will be Taken: \_\_\_\_\_

Sponsor: 50 ORCHARD ASSOCIATES LLC

PURCHASE PRICE \$

Down Payment \$  
(10% of Purchase Price)

Mortgage Contingency \$

Balance Due at Closing \$

1. Plan. Purchaser acknowledges having received and read the Condominium Offering Plan to convert to condominium ownership the Property at 48-52 Orchard Street, New York, New York (the "Plan") at least seven (7) full business days prior to Purchaser's signing this Purchase Agreement. The Plan is hereby incorporated in this Purchase Agreement with the same force and effect as if set forth at length. In the event of any conflict between the provisions of this Purchase Agreement and those contained in the Plan, the provisions of the Plan shall govern. Capitalized terms contained in this Purchase Agreement shall have the same meaning as defined in the Plan unless otherwise expressly stated herein.

2. Agreement to Purchase and Sell. Purchaser agrees to purchase from Sponsor, and Sponsor agrees to sell, the above-numbered Unit, together with its appurtenant undivided interest in

the Common Elements (i.e., the Common Interest) and subject to, the terms and conditions set forth herein.

3. Payment of Purchase Price.

The Purchase Price for the Unit is set forth on page 1 of this Purchase Agreement, and is payable as follows:

- (i) The Down payment as set forth on page 1 hereof is due when Purchaser signs and submits this Purchase Agreement and is to be paid by check payable to the order of "TUREK ROTH LLP - THE ORCHARD CONDOMINIUM SPECIAL ACCT., receipt of which (subject to collection) is hereby acknowledged.
- (ii) The balance of the Purchase Price as set forth on page 1 hereof is due at Closing of title to the Unit and must be paid by unendorsed certified check or official cashier's check, drawn on a New York Bank to the order of the Sponsor.

If any check is returned for insufficient funds or for any other reason, Sponsor may, at its option, declare this Purchase Agreement void *ab initio* and of no further force and effect and may institute an action against Purchaser for the collection of the Down payment as liquidated damages or may declare a default by Purchaser under this Purchase Agreement which shall entitle Sponsor to exercise any of the remedies set forth in paragraph 15 hereof.

4. Financing Contingency. (DELETE THIS PARAGRAPH IF THE PURCHASE AGREEMENT WILL NOT BE CONDITIONED ON FINANCING) This Purchase Agreement is conditioned upon Purchaser obtaining a written mortgage loan commitment from a lending institution in the amount of not less than \$ \_\_\_\_\_ at the prevailing term and rate of interest (the "Mortgage Loan"). Purchaser agrees to:

- (a) Promptly (i.e. within ten (10) days after Sponsor accepts and delivers the fully executed Purchase Agreement) make and submit an application to any institutional lender of Purchaser's choice for a Mortgage Loan;
- (b) furnish truthful, accurate and complete information, data and documents on Purchaser and members of Purchaser's family, as required, and promptly submit such further information, data and documents requested by the institutional lender, if any;
- (c) pay all fees, points and charges required in connection with such application(s) and the Mortgage Loan;
- (d) pursue such application(s) with diligence;
- (e) cooperate in good faith with the institutional lender, if any, and to the end of securing the Mortgage Loan;

- (f) promptly give notice to Seller of the name and address of the institutional lender, if any, to which Purchaser has made such application; and
- (g) comply with all requirements of the Commitment (or of any Commitment accepted by Purchaser) and furnish Seller with a copy thereof promptly after receipt thereof.

The obligations of Purchaser set forth in (a) through (g) above are, collectively, referred to herein as the "Financing Obligations". Purchaser agrees to diligently comply with all of the Financing Obligations in order to qualify for the finance contingency in the Purchase Agreement.

Purchaser shall have sixty (60) days from the date Sponsor accepts and delivers the fully executed Purchase Agreement to obtain a written loan commitment for financing. In the event Purchaser fails to obtain a written loan commitment within such time period or in the event the loan commitment is subsequently withdrawn, Purchaser must notify Sponsor of such withdrawal within five (5) days subsequent to such sixty (60) day period or the date the loan commitment is withdrawn, whichever is applicable, or this financing contingency is deemed waived.

Notwithstanding the preceding provisions of this paragraph 4, if Purchaser obtains a mortgage loan commitment within the time period set forth above, this Purchase Agreement shall nonetheless be subject to Purchaser's loan commitment being in full force and effect at the Unit Closing; provided, however, that any expiration of a commitment as a result of Purchaser's refusal, inability or unwillingness to close title or delay in closing title or the revocation of a commitment by a lending institution resulting from Purchaser's acts or omissions, including but not limited to, Purchaser's failure to satisfy any of the conditions of the commitment, shall be excepted from this requirement, and Purchaser shall be deemed to have waived any financing contingency within this Purchase Agreement. Purchaser shall take all possible steps to maintain his/her commitment, including good faith application for an extension of such commitment through the same lending institution at the prevailing rate of interest. In the event Purchaser notifies Sponsor within thirty (30) days after the expiration date of his/her previous loan commitment by registered mail of his/her inability to obtain an extension of such previous loan commitment despite the Purchaser's good faith efforts to extend the commitment or a new loan commitment, this Purchase Agreement shall be null and void and Purchaser's down payment shall be returned by Sponsor. Failure to provide such notification shall be deemed a waiver of this paragraph 4 by Purchaser and this Agreement shall be deemed binding.

5. Down payment Held in Trust. Sponsor will hold in trust the down payment and any other monies received by it on account of the Purchase Price directly or through its agents, or employees until the Unit is conveyed to Purchaser or this Purchase Agreement is canceled in accordance with its terms. The down payment hereunder will be promptly placed in an individual interest bearing sub-escrow savings account at Emigrant Saving Bank, 812 Lexington Avenue, New York, New York, in the name of Purchaser, until actually employed in connection with the consummation of the Plan and this Purchase Agreement. Such funds shall be held and applied in accordance with Sections 352-e(2)(b) and 352-h of the New York General Business Law as well as

Section 71-a(3) of the New York Lien Law. Disbursement of the funds will be made only upon the signature of Allen M. Turek, Esq. or Jeremy Roth, Esq., Sponsor's attorney, as follows: (a) to Sponsor (i) if the Plan is declared effective and title to the Unit closes, (ii) if Purchaser defaults hereunder and has failed to cure such default within the applicable period for notice and time to cure, if any; (b) to Purchaser, (i) within twenty (20) days of abandonment or withdrawal of the Plan, except that if at the time the Plan is withdrawn or abandoned, Sponsor will retain as liquidated damages the down payment of the Purchaser if Purchaser is in default under this Purchase Agreement and has failed to cure such default within the applicable period for notice and time to cure, if any, or (ii) within twenty (20) days of cancellation of this Purchase Agreement due to Sponsor's failure to close, if title does not close because of Sponsor's default.

The Escrow Funds will be released in accordance with the following requirements:

(a) Under no circumstances shall Sponsor apply for a release of the escrowed funds of a defaulting Purchaser, until after consummation of the Plan. (However, mere consummation of this Plan does not relieve the Sponsor of its trust fund obligations under GBL §352-h.)

(d) The Escrow Agent shall hold the funds in escrow until otherwise directed in:

(i) a writing signed by both Sponsor and Purchaser; or

(iv) a determination of the Attorney General pursuant to the dispute resolution provisions below; or

(v) a judgment or order of a court of competent jurisdiction or until released pursuant to subparagraph (d) below.

(e) The Sponsor shall not object to the release of the escrowed funds to:

(i) A Purchaser who timely rescinds their Purchase Agreement in accordance with an offer of rescission contained in this Plan or any amendment thereto; or

(iii) All Purchasers after an amendment abandoning this Plan is accepted for filing by the Department of Law.

(d) In the event there is no written agreement between the parties to release the escrowed funds, the Escrow Agent shall not release any portion of such escrowed funds to the Sponsor until the Escrow Agent has given the Purchaser written notice of not fewer than ten (10) business days. Thereafter, the escrowed funds may be released to the Sponsor unless the Purchaser has already made application to the Department of Law pursuant to the dispute resolution provisions provided for below and has so notified the Escrow Agent in accordance with said provisions.

6. Closing Contingent on the Plan Being Declared Effective. The respective obligations of Purchaser and Sponsor hereunder are contingent upon the Plan being declared effective. The Plan shall not be declared effective except in accordance with the prerequisites set forth in the Plan, as same may be amended from time to time.

7. Closing Date and Place. The Closing of title shall occur on the date and at the time and place in the City of New York as Sponsor shall designate to Purchaser on not less than thirty (30) days' prior written notice. Sponsor shall have the right, from time to time, to adjourn such Closing date and time for Closing on written notice to Purchaser. The Closing shall not occur more than one hundred eighty (180) days after such notice unless the Closing Date is adjourned.

8. Delivery of the Deed and Residential Unit Power of Attorney.

- A. At the closing of title, Sponsor shall deliver to Purchaser a bargain and sale deed with covenants against grantor's acts conveying title to the Unit(s) to Purchaser. The Deed shall be prepared by Sponsor in substantially the form set forth in Part II of the Plan and shall be executed and acknowledged by Sponsor in form for recording. Purchaser shall pay all New York State and New York City real property transfer taxes, and Sponsor and Purchaser shall duly execute a New York City Real Property Transfer Tax return and any other forms then required by law, all of which shall be prepared by Sponsor.
- B. At the closing of title and simultaneously with the delivery of the Deed conveying the Unit(s) to Purchaser, Purchaser shall execute and acknowledge a power of attorney to the Condominium Board, the Residential Board and Sponsor substantially in the form set forth in Part II of the Plan.
- C. The Deed and power of attorney to the Board of Managers and Sponsor shall be delivered to the representative of the title company insuring Purchaser's title (or, if no such representative is present, then to Sponsor's attorney) for recording in the City Register's Office, which recording shall be at Purchaser's expense. After being recorded, the Deed shall be returned to Purchaser and the power of attorney shall be sent to the Managing Agent.

9. Marketable Title. At Closing, Sponsor shall convey to Purchaser good and marketable title to the Unit subject only to the liens, encumbrances and title conditions (hereinafter called the "Permitted Encumbrances") enumerated in Exhibit A to this Purchase Agreement. Any other liens, encumbrances, or conditions shall not be an objection to title if Royal Abstract Co., 500 Fifth Avenue, New York, New York 10110, (212) 376-0900, will insure Purchaser against its collection or enforcement out of the Unit.

10. Title Approval. Sponsor shall give, and Purchaser shall accept, such title as Royal Abstract Co., will approve and insure. Purchasers shall be entitled to use any title company of their choice.

11. Closing Adjustments

A. At Closing, Sponsor and Purchaser shall apportion, as of midnight of the day preceding the Closing:

(i). Real estate taxes and assessments, if any, on the basis of the fiscal and calendar year for which assessed, including water charges and sewer rents; and escrows for real estate taxes, if any;

(ii). Common Charges for the month in which title closes; and

(iii). Rent and other charges, if any, pursuant to any Interim Lease for the Unit.

(iv). Purchaser agrees that, if Sponsor obtains a refund for real estate taxes paid (or a credit for such taxes to be paid) on Purchaser's Unit(s), Purchaser and Sponsor will apportion the refund (as well as the costs and/or fees for obtaining the refund or credit) based on the percentage of time for which the refund or credit is obtained during which each party hereto owned the Unit(s) in question. The provisions of this subsection shall survive the Closing of title.

B. In the event the Unit has not been separately assessed for the tax year at the time of Closing, the apportionment of real estate taxes shall be based on the Unit's pro-rata share of the real estate taxes assessed against the Property. If the Unit has been separately assessed but the Closing occurs before the tax rate is fixed, then the apportionment of real estate taxes shall be based upon the latest tax rate applied to the most recent assessed valuation.

C. Any errors or omissions in computing apportionments at Closing shall be corrected and payment made to the proper party promptly after discovery. The "Customs in Respect of Title Closings" recommended by The Real Estate Board of New York, Inc., as amended to date, shall apply to the adjustments and other matters therein mentioned except as otherwise provided herein. This provision shall survive the Closing.

D. Installments of tax assessments due after the Closing, if any, shall be paid by Purchaser and shall not be considered a defect in title.

12. Purchaser's Closing Costs. At Closing, Purchaser will pay certain costs set forth in the Section of the Plan entitled "Unit Closing Costs and Adjustments". Any such Closing costs

payable to the Sponsor or its attorneys will be payable by unendorsed certified check or official cashier's check drawn on a New York Bank.

13. Binding Effect of Declaration, By-Laws and Rules and Regulations. Purchaser hereby accepts and approves the Plan (including the Declaration, By-Laws and Rules and Regulations contained therein) and agrees to abide and be bound by the terms and conditions thereof.

14. New York City/New York State Real Property Transfer Tax. Purchaser shall pay any New York City Real Property Transfer Tax and New York State Transfer Tax due in connection with this transaction. Sponsor and Purchaser shall each duly complete and sign before a notary public the transfer tax return required to be filed with the City of New York and the State of New York. The transfer tax returns shall be delivered at Closing to the representative of Purchaser's title insurance company (or, if none, to Sponsor's attorney) for filing with the proper governmental officer, together with Purchaser's check in payment of such tax. The provisions of this Paragraph shall survive the Closing hereunder.

15. Mortgage Tax Credit. In the event a mortgage recording tax credit becomes available pursuant to Section 339-ee(2) of the Condominium Act, it is specifically understood that such credit shall inure to the benefit of Sponsor. Accordingly, at Closing, a Purchaser who elects mortgage financing will be responsible to pay the full amount (but not in excess thereof) of the mortgage recording tax chargeable on the entire amount being financed. Sponsor at Closing will be reimbursed by Purchaser to the extent of any mortgage tax credit allowed.

16. Default.

A. Upon default of this Purchase Agreement by Purchaser, Sponsor shall have the right to cancel this Purchase Agreement by sending Purchaser thirty (30) days' prior written notice of its intention to do so. Purchaser shall have thirty (30) days from the giving of the cancellation notice within which to cure the default. TIME IS OF THE ESSENCE TO REMEDY SUCH DEFAULT WITHIN SAID THIRTY (30) DAY PERIOD. If the default is not timely cured, then Sponsor shall have the right to retain the Down Payment, as liquidated damages (but in no event to exceed 10% of the Purchase Price) and any sums in excess thereof shall be returned to Purchaser within forty-five (45) days thereafter. Upon cancellation of this Purchase Agreement and making such refund to Purchaser (if any), Purchaser, Sponsor and the Selling Agent will be automatically released of all further liability and obligations hereunder and under the Plan. Thereafter, the Unit may be sold to another as though this Purchase Agreement had never been made, and without accounting to Purchaser for the proceeds from such other sale.

B. If Purchaser fails for any reason to close title to his Unit(s) on the originally scheduled Closing Date the closing apportionments described in Section 11(A) of this Agreement will be made as of midnight of the day preceding the originally scheduled Closing Date, regardless

of when the actual Closing of title occurs. If, through no fault of Purchaser, Sponsor postpones the originally scheduled Closing Date, these provisions shall apply to the rescheduled Closing Date if Purchaser fails for any reason to close title to his Unit(s) on the rescheduled Closing Date.

17. Acceptance of Condition of Building and Unit. Purchaser shall accept title (without abatement) in, or credit against, the Purchase Price or any provision for escrow deposits at the Closing of title) notwithstanding the failure to complete construction of (a) minor details of the Unit or the Property, (b) other Units or (c) the Common Elements of the Property which do not prevent Purchaser's use of the Unit. Purchaser shall carefully inspect the Unit prior to the Closing of title and shall execute at such time an inspection statement acknowledging Purchaser's acceptance of the Unit in good condition and in accordance with the terms of the Plan. However, if Purchaser finds that Sponsor's improvements have not been completed, although such improvements have been substantially completed, the Sponsor and Purchaser will agree to include on the inspection statement a list of incomplete work of a material nature to be completed in the Unit by Sponsor following the Closing of title. Sponsor shall have no obligation to complete any work to the Unit which is not specifically designated on the inspection statement by Purchaser, except for work necessary to cure violations and to obtain a temporary or permanent Certificate of Occupancy covering the Unit. Purchaser will receive five (5) business days notice that the Unit(s) is available for inspection. If Purchaser fails to inspect the Unit within said five (5) day period, Purchaser shall be deemed to have accepted the Unit in good condition and in accordance with the terms of the Plan. Except as expressly provided in this Agreement or the Plan, including but not limited to subparagraph (f) of the subsection entitled "Sponsor's Obligations with Respect to the Building" of the Section entitled "Rights and Obligations of Sponsor," Sponsor shall have no obligation to repair or improve the Unit, any portion of the Property, or the appliances, equipment or fixtures attached to or used in connection with the Unit or the Property.

Sponsor will not be obligated to correct, and will not be liable to the Condominium Board or Unit Owner as a result of any defects in construction, or in the installation or operation of any mechanical equipment, appliances, other equipment, finishes, materials or fixtures (including kitchen appliances and bathroom fixtures), as specifically set forth in the Section of the Plan entitled "Rights and Obligations of Sponsor".

Notwithstanding the foregoing, Sponsor will be obligated to repair abnormal scratches in plastic laminate, vitreous china, natural stone, wood, porcelain and metallic surfaces by filling or refinishing the same, but Sponsor will not be obligated to replace any such surfaces.

18. Agreement Subject to Construction and/or Building Loan Mortgage. No encumbrance shall arise against the Property as a result of this Agreement or any monies deposited hereunder. In furtherance and not in limitation of the provisions of the preceding sentence, Purchaser agrees that the provisions of this Agreement are and shall be subject and subordinate to the lien of any mortgage, including, but not limited to, any construction or building loan mortgage, heretofore or hereafter made any advances heretofore or hereafter made thereon and any payments

or expenses made or incurred or which hereafter may be made or incurred, pursuant to the terms thereof, without the execution of any further legal documents by Purchaser. This subordination shall apply in all cases, regardless of the timing of, or cause for, the making of advances of money or the incurring of expenses. Sponsor shall, at its option, either satisfy such mortgages or obtain a release of each Unit and its undivided interest in the Common Elements from the lien of such mortgages on or prior to the Closing Date, unless Purchaser voluntarily assumes such mortgage or consents to the continuation of the lien thereof with approval of such mortgagee. The existence of any mortgage or mortgages encumbering the Property, or portions thereof, other than the Unit(s) and its (their) undivided interest in the Common Elements, shall not constitute an objection to title or excuse Purchaser from completing payment of the Purchase Price or performing all of its other obligations hereunder or be the basis of any claim against, or liability of, Sponsor, provided that any such mortgage(s) is subordinated to the Declaration.

19. Withdrawal or Abandonment of Plan. The Plan may be withdrawn or abandoned by Sponsor only under certain conditions and at certain times, as set forth in Part I of the Plan. Provided Purchaser is not then in default under this Agreement beyond any applicable grace period, if the Plan is withdrawn or abandoned, this Agreement shall be deemed cancelled and, not later than twenty (20) days thereafter, Sponsor shall return to Purchaser all sums deposited by Purchaser hereunder, together with interest earned thereon, if any, and, upon making such payment, neither party hereto shall have any further rights, obligations or liability to or against the other under this Agreement and Plan.

20. Sponsor's Inability to Convey the Units. If Sponsor is unable to deliver title to the Unit(s) to Purchaser in accordance with the provisions of this Agreement and the Plan, Sponsor shall not be obligated to bring any action or proceeding or otherwise incur any cost or expense of any nature whatsoever in excess of its obligations set forth in the Plan in order to cure such inability, and, in such case, if Sponsor notifies Purchaser of its refusal to cure such inability and if Purchaser is not in default hereunder, Purchaser's sole remedy shall be to either (a) take title to the Unit subject to such inability (without any abatement in, or credit against, the Purchase Price, or any claim or right of action against Sponsor for damages or otherwise) or (b) terminate this Agreement. If Purchaser so elects to terminate this Agreement, Sponsor shall, within thirty (30) days after receipt of notice of termination from Purchaser, return to Purchaser all sums deposited by Purchaser hereunder, together with interest earned thereon, if any, and, upon making such payment, this Agreement shall be terminated and neither party hereto shall have any further rights, obligations or liability to or against the other under this Agreement or the Plan. The foregoing remedy must be exercised by notice of Purchaser in writing to Sponsor within fifteen (15) days after the giving of Sponsor's notice of refusal to cure such inability, failing which it shall be conclusively deemed that Purchaser elected the remedy described in clause (a) above (i.e., to acquire title subject to such inability).

21. Fixtures, Appliances and Personal Property. Only those fixtures, appliances and items of personal property which are described in the Description of the Property in Part II of the

Plan or their equivalent, as being part of the Unit(s) are included in the sale of the Unit pursuant to the provisions of this Agreement. At the Closing, Sponsor shall transfer to Purchaser any assignable warranties and undertakings received by Sponsor which relate to appliances, equipment or fixtures located in the Unit(s).

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

A. The risk of loss to the Unit by fire or other casualty is assumed by Sponsor until the earlier of Closing of title or possession of the Unit by Purchaser, but without any obligation or liability by Sponsor to repair or restore the Unit. If Sponsor elects to repair or restore the Unit, this Agreement shall continue in full force and effect, Purchaser shall not have the right to reject title or receive a credit against, or abatement in the Purchase Price and Sponsor shall be entitled to a reasonable period of time within which to complete the repair or restoration. Any proceeds received from insurance or in satisfaction of any claim or action in connection with such loss shall, subject to the rights of the Board and other Unit Owners if the Declaration has theretofore been recorded, belong entirely to Sponsor and, if such proceeds are paid to Purchaser, Purchaser shall promptly upon receipt thereof turn them over to Sponsor. The provision of the preceding sentence shall survive the Closing of title.

B. In the event Sponsor notifies Purchaser that it does not elect to repair or restore the Unit, or, if the Declaration has been recorded prior thereto, the Unit Owners do not resolve to make such repairs or restoration pursuant to the By-Laws, this Agreement shall be deemed cancelled and of no further force and effect and Sponsor shall return to Purchaser all sums deposited by Purchaser hereunder, together with interest earned thereon, if any, and neither party hereto shall have any further rights, obligations or liability to or against the other hereunder or under the Plan, except that if Purchaser is then in default hereunder (beyond any applicable grace period), Sponsor shall retain all such sums deposited by Purchaser hereunder, together with any interest earned thereon, as and for liquidated damages.

23. No Representation. Purchaser acknowledges that Purchaser has not relied upon any architect's plans, sales plans, selling brochures, advertisements, representations, warranties, statements or estimates of any nature whatsoever, whether written or oral, made by Sponsor, Selling Agent or otherwise, including, but not limited to, any relating to the description or physical condition of the Property, the Building or the Unit, or the size of dimensions of the Unit or the rooms therein contained or any other physical characteristics thereof, the services to be provided to Unit Owners, the estimated Common Charges allocable to the Unit, the estimated real estate taxes on the Unit, the right to any income tax deduction for any real estate taxes or mortgage interest paid by Purchaser, the right to any income tax credit with respect to the purchase of the Unit or any other data, except as herein or in the Plan specifically represented, Purchaser having relied solely on his own judgment and investigation in deciding to enter into this Agreement and purchase the Unit. No person has been authorized to make any representations on behalf of Sponsor except as herein or in

the Plan specifically set forth. No oral representations or statements shall be considered a part of this Agreement. Sponsor makes no representation or warranty as to the work, materials, appliances, equipment or fixtures in the Unit, the Common Elements or any other part of the Property other than as set forth herein or in the Plan.

24. Notices. All notices shall be delivered personally or given in writing by registered or certified mail, return receipt requested, at the respective addresses contained in this Purchase Agreement (with a copy sent to Turek Roth LLP, 377 Fifth Avenue, 6<sup>th</sup> Floor, , New York, New York 10016). Either party may, by written notice to the other, change the address to which notices are to be sent.

25. Broker. Purchaser represents that the Selling Agent is the only broker with whom Purchaser has dealt in connection with this transaction. Sponsor agrees to pay the commission due the Selling Agent pursuant to a separate agreement. Purchaser agrees that should any claim be made against Sponsor for commissions by any broker, other than the Selling Agent, Purchaser will indemnify and hold harmless the Sponsor from any and all liabilities and expenses in connection therewith, including reasonable legal fees and disbursements. The provisions of this Paragraph shall survive the Closing.

26. Entire Agreement. This Purchase Agreement, constitutes the entire agreement between the parties.

27. Agreement May Not Be Assigned. Purchaser shall not have the right to assign or transfer this Purchase Agreement without the prior written consent of the Sponsor which consent may be withheld or delayed at Sponsor's sole and absolute discretion. If Sponsor, in its sole discretion, consents to a Purchaser's request for an assignment of this Purchase Agreement, the Purchaser shall be required to pay Sponsor's attorney a fee of \$1,000.00, in advance, for the preparation of an Assignment Agreement. Any purported assignment or transfer by Purchaser which is not made in strict compliance with this paragraph shall be void.

28. Further Assurances. Either party shall execute, acknowledge and deliver to the other party such instruments, as such other party may reasonably request in order to effectuate the provisions of this Purchase Agreement.

29. Waiver of Jury Trial. The parties expressly waive trial by jury in any arising out of, or connected with, or relating to, this Purchase Agreement.

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

herein to Articles, Sections, subsections or other provisions are references to Articles, Sections, subsections or other provisions of this Agreement.

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

32. Successors and Assigns. Subject to the provisions of Paragraph 27 hereof, the provisions of this Purchase Agreement shall bind and inure to the benefit of Purchaser and Purchaser's heirs, legal representatives and successors and shall bind and inure to the benefit of Sponsor and its successors and assigns.

33. Performance By and Liability of Sponsor. Purchaser's acceptance of the Deed for the Unit shall be deemed to be a full performance and discharge of each and every agreement and obligation on the part of Sponsor to be performed pursuant to the provisions of this Agreement, the Plan, 13 NYCRR Part 20 (the regulations of the Attorney General of the State of New York governing the acceptance for filing of the Plan) and General Business Law Section 352-e, except those (if any) herein or therein expressly stated to survive delivery of such deed.

34. Costs of Enforcing and Defending Agreement. Purchaser shall be obligated to reimburse Sponsor for any legal fees and disbursements incurred by Sponsor in defending Sponsor's rights under this Agreement or, in the event Purchaser defaults under this Agreement beyond any applicable grace period, in canceling this Agreement or otherwise enforcing Purchaser's obligations hereunder.

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

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

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

38. Rule of Construction. There shall be no presumption against the draftsman of this Agreement.

39. Lead-Based Paint Disclosure. Annexed hereto and incorporated herein as Schedule B, is the "Disclosure of Information on Lead-Based Paint and/or Lead Based Paint Hazards" required to be executed pursuant to the provisions of Federal regulation and the brochure "Protect Your Family From Lead In Your Home", prepared by the U.S. Environmental Protection Agency.

40. Amendments to the Plan. Subject to any provisions of the Plan to the contrary, if there is a substantial amendment to the Plan that materially and adversely affects Purchaser, Purchaser will have a period of fifteen (15) days from the date of presentation of said amendment within which to rescind this Agreement and, if Purchaser exercises such right of rescission, Sponsor shall return the Down Payment, together with any interest thereon, pursuant to this Agreement within thirty (30) days.

41. No Oral Changes.

THIS PURCHASE AGREEMENT CANNOT BE CHANGED ORALLY. ALL CHANGES MUST BE SIGNED BY BOTH PARTIES TO THIS PURCHASE AGREEMENT.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

Date:

Purchaser(s):

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name(s))

\_\_\_\_\_  
(Social Security Number or Federal I.D.)

\_\_\_\_\_  
(Telephone Number)

Sponsor: 50 ORCHARD ASSOCIATES LLC

By: \_\_\_\_\_

**EXHIBIT A**  
**Permitted Encumbrances**

1. Building restrictions and zoning laws and other regulations, resolutions and ordinances and any amendments thereto now or hereafter adopted by any governmental or quasi-governmental authority having jurisdiction.
2. Survey exceptions.
3. The terms, covenants, restrictions and easements, all set forth in the Declaration, the By-Laws (and the Rules and Regulations made thereunder), the Power of Attorney from Purchaser to the Condominium Board and the Sponsor and the Floor Plans, all as may be amended from time to time.
4. Consents by the Sponsor or any former owner of the Land for the erection of any structure on any street on which the Land may abut.
5. Any easement in favor of any utility company for construction, use, maintenance, of all utility lines, wires, pipes, cables, conduits, poles and other equipment and facilities on, under and across the Land and Building.
6. Revocability of licenses for vault space, if any, under the sidewalks and streets and the lien of any unpaid vault tax.
7. Encroachments of stoops, areas, cellar steps or doors, trim, copings, retaining walls, bay windows, balconies, sidewalk elevators, fences, fire escapes, cornices, foundations, footings, chutes, fuel oil lines, drainage and stand pipes, and similar projections, if any, on, the Property or the streets or sidewalks abutting the Property and the rights of governmental authorities to require the removal of any such projections and variations between record lines of the Property and retaining walls and the like, if any.
8. Leases, and service, maintenance, employment, concessionaire and license agreements, if any, of other Units or portions of the Common Elements.
9. The lien of any unpaid Common Charge, real estate tax, water charge or sewer rent, provided the same is adjusted at the Closing of title.
10. The lien of any unpaid assessment payable in installments (other than assessments levied by the Condominium Board), except that the Sponsor shall pay all such assessments due prior to the Closing Date and Purchaser shall pay all assessments due from and after such Closing Date.

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

12. Any encumbrance as to which either Royal Abstract Co. or the title insurance company which insures Purchaser's title to the Unit would be willing, without additional premium, to insure Purchaser that such encumbrance (a) will not be collected out of or enforced against the Unit and (b) will not prevent the use of the Unit for any lawful purpose.

13. Any recorded covenant, restriction and encumbrance against the Property other than a mortgage or other lien for the payment of money, which does not prevent the use of the Unit for dwelling purposes.

14. Title to any personal property, whether the same be attached to or used in connection with the Property.

15. Any lease or tenancy or occupancy of, the Unit.

16. Any violations against the Property (other than the Unit) which are the obligation of the Condominium Board or another Unit Owner to correct.

17. Standard exceptions contained in the form of fee title insurance policy then issued by the title insurance company insuring Purchaser's title to the Unit.

**Sample Disclosure Format for Target Housing Sales**  
**Disclosure of Information on Lead-Based Paint and Lead-Based Paint Hazards**

**Lead Warning Statement**

*Every purchaser of any interest in residential real property on which a residential dwelling was built prior to 1978 is notified that such property may present exposure to lead from lead-based paint that may place young children at risk of developing lead poisoning. Lead poisoning in young children may produce permanent neurological damage, including learning disabilities, reduced intelligence quotient, behavioral problems, and impaired memory. Lead poisoning also poses a particular risk to pregnant women. The seller of any interest in residential real property is required to provide the buyer with any information on lead-based paint hazards from risk assessments or inspections in the seller's possession and notify the buyer of any known lead-based paint hazards. A risk assessment or inspection for possible lead-based paint hazards is recommended prior to purchase.*

**Seller's Disclosure (initial)**

\_\_\_\_\_ (a) Presence of lead-based paint and/or lead-based paint hazards (check one below):

☐ Known lead-based paint and/or lead-based paint hazards are present in the housing (explain).  
\_\_\_\_\_  
\_\_\_\_\_

☐ Seller has no knowledge of lead-based paint and/or lead-based paint hazards in the housing.

\_\_\_\_\_ (b) Records and reports available to the seller (check one below):

☐ Seller has provided the purchaser with all available records and reports pertaining to lead-based paint and/or lead-based paint hazards in the housing (list documents below).  
\_\_\_\_\_  
\_\_\_\_\_

☐ Seller has no reports or records pertaining to lead-based paint and/or lead-based paint hazards in the housing.

**Purchaser's Acknowledgment (initial)**

\_\_\_\_\_ (c) Purchaser has received copies of all information listed above.

\_\_\_\_\_ (d) Purchaser has received the pamphlet *Protect Your Family from Lead in Your Home*.

\_\_\_\_\_ (e) Purchaser has (check one below):

☐ Received a 10-day opportunity (or mutually agreed upon period) to conduct a risk assessment or inspection for the presence of lead-based paint and/or lead-based paint hazards; or

☐ Waived the opportunity to conduct a risk assessment or inspection for the presence of lead-based paint and/or lead-based paint hazards.

**Agent's Acknowledgment (initial)**

\_\_\_\_\_ (f) Agent has informed the seller of the seller's obligations under 42 U.S.C. 4852(d) and is aware of his/her responsibility to ensure compliance.

**Certification of Accuracy**

The following parties have reviewed the information above and certify, to the best of their knowledge, that the information provided by the signatory is true and accurate.

\_\_\_\_\_  
Seller

\_\_\_\_\_  
Date

\_\_\_\_\_  
Seller

\_\_\_\_\_  
Date

\_\_\_\_\_  
Agent

\_\_\_\_\_  
Date

\_\_\_\_\_  
Agent

\_\_\_\_\_  
Date

\_\_\_\_\_  
Purchaser

\_\_\_\_\_  
Date

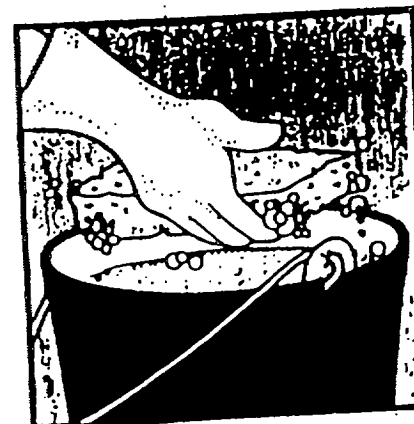
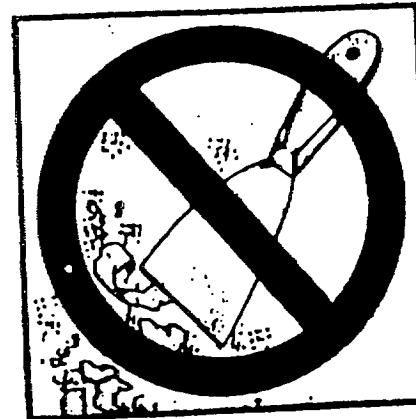
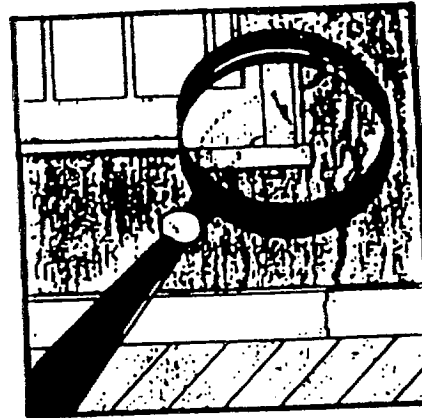
\_\_\_\_\_  
Purchaser

\_\_\_\_\_  
Date

## Simple Steps To Protect Your Family From Lead Hazards

**If you think your home has high levels of lead:**

- ◆ Get your young children tested for lead, even if they seem healthy.
- ◆ Wash children's hands, bottles, pacifiers, and toys often.
- ◆ Make sure children eat healthy, low-fat foods.
- ◆ Get your home checked for lead hazards.
- ◆ Regularly clean floors, window sills, and other surfaces.
- ◆ Wipe soil off shoes before entering house.
- ◆ Talk to your landlord about fixing surfaces with peeling or chipping paint.
- ◆ Take precautions to avoid exposure to lead dust when remodeling or renovating (call 1-800-424-LEAD for guidelines).
- ◆ Don't use a belt-sander, propane torch, dry scraper, or dry sandpaper on painted surfaces that may contain lead.
- ◆ Don't try to remove lead-based paint yourself.



# Protect Your Family From Lead In Your Home

-145-

**EPA**  
United States  
Environmental Protection  
Agency



United States Consumer  
Product Safety Commission

U.S. EPA Washington DC 20460  
U.S. CPSC Washington DC 20207

EPA747-K-94-001  
May 1995

## Are You Planning To Buy, Rent, or Renovate a Home Built Before 1978?

**M**any houses and apartments built before 1978 have paint that contains lead (called lead-based paint). Lead from paint, chips, and dust can pose serious health hazards if not taken care of properly.

By 1996, federal law will require that individuals receive certain information before renting, buying, or renovating pre-1978 housing:



**LANDLORDS** will have to disclose known information on lead based paint hazards before leases take effect. Leases will include a federal form about lead-based paint.



**SELLERS** will have to disclose known information on lead based paint hazards before selling a house. Sales contracts will include a federal form about lead based paint in the building. Buyers will have up to 10 days to check for lead hazards.



**RENOVATORS** will have to give you this pamphlet before starting work.

**IF YOU WANT MORE INFORMATION** on these requirements, call the National Lead Information Clearinghouse at 1-800-424-LEAD.

This document is in the public domain. It may be reproduced by an individual or organization without permission. Information provided in this booklet is based upon current scientific and technical understanding of the issues presented and is reflective of the jurisdictional boundaries established by the statutes governing the co-authoring agencies. Following the advice given will not necessarily provide complete protection in all situations or against all health hazards that can be caused by lead exposure.

## IMPORTANT!

### Lead From Paint, Dust, and Soil Can Be Dangerous If Not Managed Properly

**FACT:** Lead exposure can harm young children and babies even before they are born.

**FACT:** Even children that seem healthy can have high levels of lead in their bodies.

**FACT:** People can get lead in their bodies by breathing or swallowing lead dust, or by eating soil or paint chips with lead in them.

**FACT:** People have many options for reducing lead hazards. In most cases, lead-based paint that is in good condition is not a hazard.

**FACT:** Removing lead-based paint improperly can increase the danger to your family.

If you think your home might have lead hazards, read this pamphlet to learn some simple steps to protect your family.

# Lead Gets in the Body in Many Ways

**1 out of every 11 children in the United States has dangerous levels of lead in the blood-stream.**

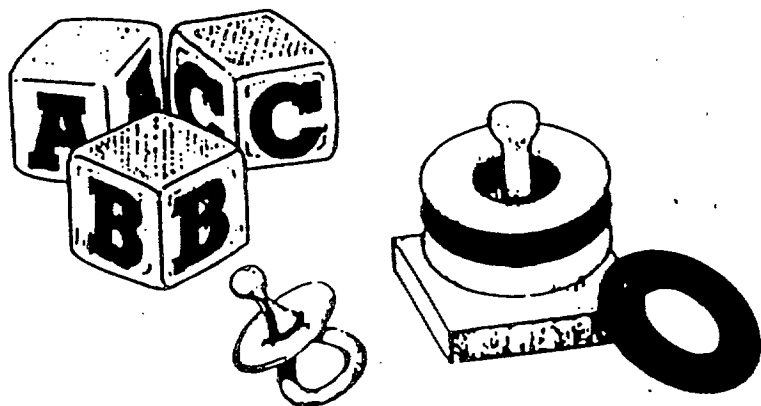
*Even children who appear healthy can have dangerous levels of lead:*

People can get lead in their body if they:

- ◆ Put their hands or other objects covered with lead dust in their mouths.
- ◆ Eat paint chips or soil that contains lead.
- ◆ Breathe in lead dust (especially during renovations that disturb painted surfaces).

Lead is even more dangerous to children than adults because:

- ◆ Babies and young children often put their hands and other objects in their mouths. These objects can have lead dust on them.
- ◆ Children's growing bodies absorb more lead.
- ◆ Children's brains and nervous systems are more sensitive to the damaging effects of lead.



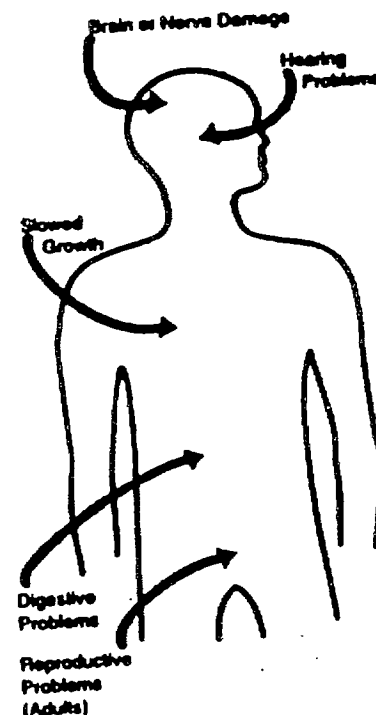
## Lead's Effects

If not detected early, children with high levels of lead in their bodies can suffer from:

- ◆ Damage to the brain and nervous system
- ◆ Behavior and learning problems (such as hyperactivity)
- ◆ Slowed growth
- ◆ Hearing problems
- ◆ Headaches

Lead is also harmful to adults. Adults can suffer from:

- ◆ Difficulties during pregnancy
- ◆ Other reproductive problems (in both men and women)
- ◆ High blood pressure
- ◆ Digestive problems
- ◆ Nerve disorders
- ◆ Memory and concentration problems
- ◆ Muscle and joint pain



**Lead affects the body in many ways.**

## Checking Your Family for Lead

**Get your children tested if you think your home has high levels of lead.**

A simple blood test can detect high levels of lead. Blood tests are important for:

- ◆ Children who are 6 months to 1 year old (6 months if you live in an older home with cracking or peeling paint).
- ◆ Family members that you think might have high levels of lead.

If your child is older than 1 year, talk to your doctor about whether your child needs testing.

Your doctor or health center can do blood tests. They are inexpensive and sometimes free. Your doctor will explain what the test results mean. *Treatment can range from changes in your diet to medication or a hospital stay.*

## Where Lead-Based Paint Is Found

**In general, the older your home, the more likely it has lead-based paint.**

Many homes built before 1978 have lead-based paint. The federal government banned lead-based paint from housing in 1978. Some states stopped its use even earlier. Lead can be found:

- ◆ In homes in the city, country, or suburbs.
- ◆ In apartments, single family homes, and both private and public housing.
- ◆ Inside and outside of the house.
- ◆ In soil around a home. (Soil can pick up lead from exterior paint, or other sources such as past use of leaded gas in cars.)

## Where Lead Is Likely To Be a Hazard

Lead-based paint that is in good condition is usually not a hazard.

**Peeling, chipping, chalking, or cracking lead-based paint** is a hazard and needs immediate attention.

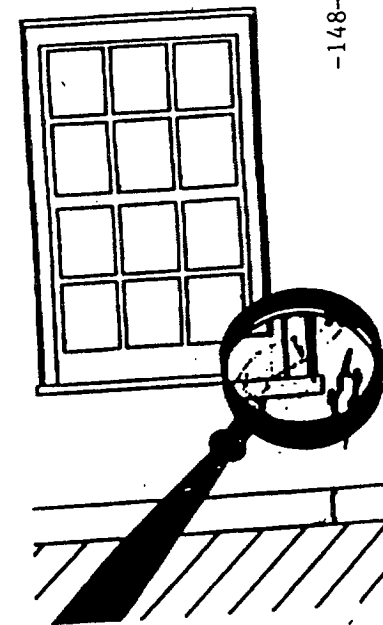
Lead-based paint may also be a hazard when found on surfaces that children can chew or that get a lot of wear-and-tear. These areas include:

- ◆ Windows and window sills.
- ◆ Doors and door frames.
- ◆ Stairs, railings, and banisters.
- ◆ Porches and fences.

**Lead dust** can form when lead based paint is dry scraped, dry sanded, or heated. Dust also forms when painted surfaces bump or rub together. Lead chips and dust can get on surfaces and objects that people touch. Settled lead dust can reenter the air when people vacuum, sweep, or walk through it.

**Lead in soil** can be a hazard when children play in bare soil or when people bring soil into the house on their shoes. Call your state agency (see page 12) to find out about soil testing for lead.

**Lead from paint chips, which you can see, and lead dust, which you can't always see, can both be serious hazards**



## Checking Your Home for Lead Hazards

**Just knowing that a home has lead-based paint may not tell you if there is a hazard.**

You can get your home checked for lead hazards in one of two ways, or both:

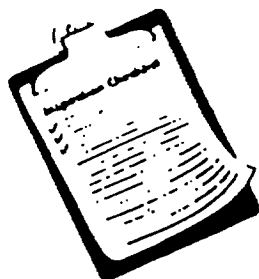
- ◆ A **paint inspection** tells you the lead content of every painted surface in your home. It won't tell you whether the paint is a hazard or how you should deal with it.
- ◆ A **risk assessment** tells you if there are any sources of serious lead exposure (such as peeling paint and lead dust). It also tells you what actions to take to address these hazards.

Have qualified professionals do the work. The federal government is writing standards for inspectors and risk assessors. Some states might already have standards in place. Call your state agency for help with locating qualified professionals in your area (see page 12).

Trained professionals use a range of methods when checking your home, including:

- ◆ Visual inspection of paint condition and location.
- ◆ Lab tests of paint samples.
- ◆ Surface dust tests.
- ◆ A portable x-ray fluorescence machine.

Home test kits for lead are available, but recent studies suggest that they are not always accurate. Consumers should not rely on these tests before doing renovations or to assure safety.



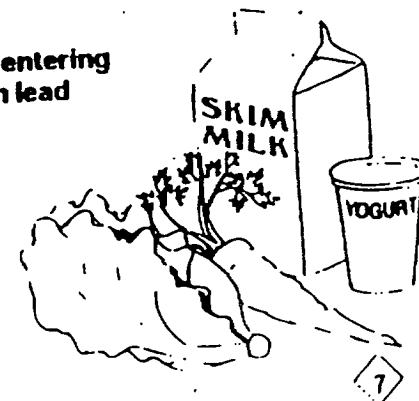
## What You Can Do Now To Protect Your Family

If you suspect that your house has lead hazards, you can take some immediate steps to reduce your family's risk:

- ◆ If you rent, notify your landlord of peeling or chipping paint.
- ◆ Clean up paint chips immediately.
- ◆ Clean floors, window frames, window sills, and other surfaces weekly. Use a mop or sponge with warm water and a general all-purpose cleaner or a cleaner made specifically for lead. **REMEMBER: NEVER MIX AMMONIA AND BLEACH PRODUCTS TOGETHER SINCE THEY CAN FORM A DANGEROUS GAS.**
- ◆ Thoroughly rinse sponges and mop heads after cleaning dirty or dusty areas.
- ◆ Wash children's hands often, especially before they eat and before nap time and bed time.
- ◆ Keep play areas clean. Wash bottles, pacifiers, toys, and stuffed animals regularly.
- ◆ Keep children from chewing window sills or other painted surfaces.
- ◆ Clean or remove shoes before entering your home to avoid tracking in lead from soil.
- ◆ Make sure children eat nutritious, low-fat meals high in iron and calcium, such as spinach and low fat dairy products. Children with good diets absorb less lead.



-149-



7

## How To Significantly Reduce Lead Hazards

**Removing lead improperly can increase the hazard to your family by spreading even more lead dust around the house.**

**Always use a professional who is trained to remove lead hazards safely.**



In addition to day to day cleaning and good nutrition:

- ◆ You can temporarily reduce lead hazards by taking actions such as repairing damaged painted surfaces and planting grass to cover soil with high lead levels. These actions (called "interim controls") are not permanent solutions and will need ongoing attention.
- ◆ To permanently remove lead hazards, you must hire a lead "abatement" contractor. Abatement (or permanent hazard elimination) methods include removing, sealing, or enclosing lead-based paint with special materials. Just painting over the hazard with regular paint is not enough.

Always hire a person with special training for correcting lead problems—someone who knows how to do this work safely and has the proper equipment to clean up thoroughly. If possible, hire a certified lead abatement contractor. Certified contractors will employ qualified workers and follow strict safety rules as set by their state or by the federal government.

Call your state agency (see page 12) for help with locating qualified contractors in your area and to see if financial assistance is available.

## Lead-Based Paint

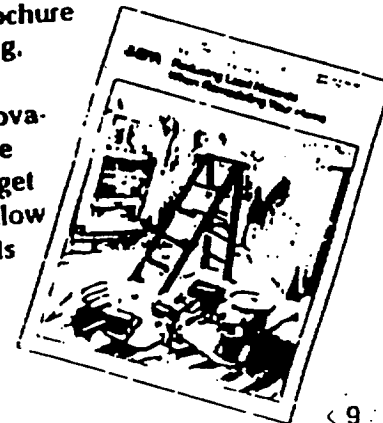
Take precautions before you begin remodeling or renovations that disturb painted surfaces (such as scraping off paint or tearing out walls):

- ◆ Have the area tested for lead-based paint.
- ◆ Do not use a dry scraper, belt-sander, propane torch, or heat gun to remove lead-based paint. These actions create large amounts of lead dust and fumes. Lead dust can remain in your home long after the work is done.
- ◆ Temporarily move your family (especially children and pregnant women) out of the apartment or house until the work is done and the area is properly cleaned. If you can't move your family, at least completely seal off the work area.
- ◆ Follow other safety measures to reduce lead hazards. You can find out about other safety measures by calling 1-800-424-LEAD. Ask for the brochure "Reducing Lead Hazards When Remodeling Your Home." This brochure explains what to do before, during, and after renovations.

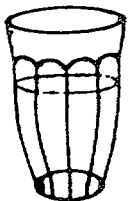
If you have already completed renovations or remodeling that could have released lead-based paint or dust, get your young children tested and follow the steps outlined on page 7 of this brochure.



**If not conducted properly, certain types of renovations can release lead from paint and dust into the air.**



## Other Sources of Lead



**While paint, dust, and soil are the most common lead hazards, other lead sources also exist.**



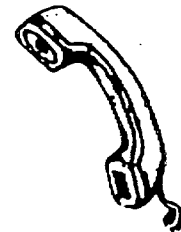
- ◆ **Drinking water.** Your home might have plumbing with lead or lead solder. Call your local health department or water supplier to find out about testing your water. You cannot see, smell, or taste lead, and boiling your water will not get rid of lead. If you think your plumbing might have lead in it:
  - Use only cold water for drinking and cooking.
  - Run water for 15 to 30 seconds before drinking it, especially if you have not used your water for a few hours.
- ◆ **The job.** If you work with lead, you could bring it home on your hands or clothes. Shower and change clothes before coming home. Launder your clothes separately from the rest of your family's.
- ◆ **Old painted toys and furniture.**
- ◆ **Food and liquids stored in lead crystal or lead-glazed pottery or porcelain.**
- ◆ **Lead smelters or other industries** that release lead into the air.
- ◆ **Hobbies** that use lead, such as making pottery or stained glass, or refinishing furniture.
- ◆ **Folk remedies** that contain lead, such as "greta" and "azarcon" used to treat an upset stomach.

## For More Information

### The National Lead Information Center

Call 1-800-LEAD-FYI to learn how to protect children from lead poisoning.

For other information on lead hazards, call the center's clearinghouse at 1-800-424-LEAD. For the hearing impaired, call, TDD 1-800-526-5456 (FAX: 202-659-1192, Internet: EHC@CAIS.COM).

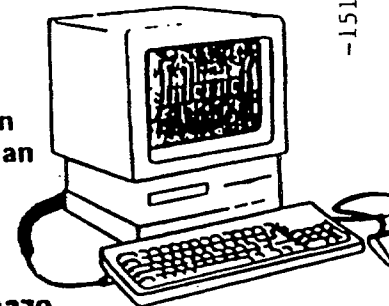


### EPA's Safe Drinking Water Hotline

Call 1-800-426-4791 for information about lead in drinking water.

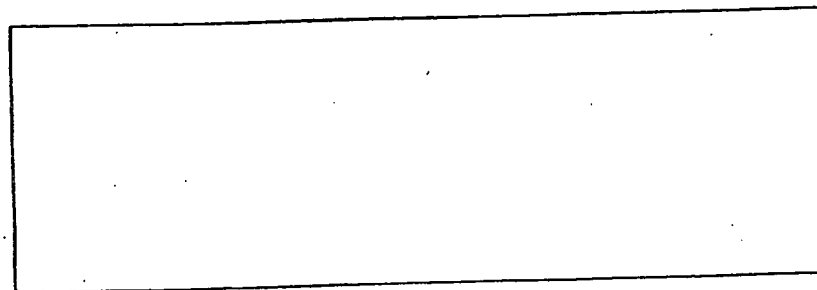
### Consumer Product Safety Commission Hotline

To request information on lead in consumer products, or to report an unsafe consumer product or a product-related injury call 1-800-638-2772. (Internet: info@cpsc.gov). For the hearing impaired, call TDD 1-800-638-8270.



-151-

### Local Sources of Information



## State Health and Environmental Agencies

Some cities and states have their own rules for lead based paint activities. Check with your state agency (listed below) to see if state or local laws apply to you. Most state agencies can also provide information on finding a lead abatement firm in your area, and on possible sources of financial aid for reducing lead hazards.

| State/Region   | Phone Number   | Missouri       | (314) 528 4011 |
|----------------|----------------|----------------|----------------|
| Alabama        | (205) 242 5661 | Montana        | (406) 444 3871 |
| Alaska         | (907) 465 5152 | Nebraska       | (402) 471 2451 |
| Arkansas       | (501) 661 2534 | Nevada         | (702) 687 6015 |
| Arizona        | (602) 542 7307 | New Hampshire  | (603) 271 4507 |
| California     | (511) 450 2424 | New Jersey     | (609) 633 2043 |
| Colorado       | (303) 692 3012 | New Mexico     | (505) 841 8024 |
| Connecticut    | (203) 566 5808 | New York       | (800) 458 1158 |
| Washington, DC | (202) 727 9850 | North Carolina | (919) 715 3293 |
| Delaware       | (302) 739 4735 | North Dakota   | (701) 328 5188 |
| Florida        | (904) 488 3385 | Ohio           | (614) 466 1450 |
| Georgia        | (404) 657 6514 | Oklahoma       | (405) 271 5220 |
| Hawaii         | (808) 832 5860 | Oregon         | (503) 248 5240 |
| Idaho          | (208) 332 5544 | Pennsylvania   | (717) 782 2884 |
| Illinois       | (800) 545 2200 | Rhode Island   | (401) 277 3424 |
| Indiana        | (317) 382 6602 | South Carolina | (803) 035 7045 |
| Iowa           | (800) 072 2020 | South Dakota   | (605) 773 3153 |
| Kansas         | (913) 290 0180 | Tennessee      | (615) 741 5683 |
| Kentucky       | (502) 564 2154 | Texas          | (512) 834 6600 |
| Louisiana      | (504) 765 0219 | Utah           | (801) 530 4000 |
| Massachusetts  | (617) 532 9571 | Vermont        | (802) 803 7231 |
| Maryland       | (410) 631 3859 | Virginia       | (800) 523 4019 |
| Maine          | (207) 287 4311 | Washington     | (206) 753 2556 |
| Michigan       | (517) 315 8885 | West Virginia  | (304) 558 2981 |
| Minnesota      | (612) 627 5498 | Wisconsin      | (608) 266 5885 |
| Mississippi    | (601) 960 7463 | Wyoming        | (307) 777 7301 |

## EPA Regional Offices

Your Regional EPA Office can provide further information regarding regulations and lead protection programs.

### EPA Regional Offices

**Region 1** (Connecticut, Massachusetts, Maine, New Hampshire, Rhode Island, Vermont)  
John F. Kennedy Federal Building  
One Congress Street  
Boston, MA 02203  
(617) 565 3420

**Region 2** (New Jersey, New York, Puerto Rico, Virgin Islands)  
Building 5  
2891 Woodbridge Avenue  
Edison, NJ 08837 3679  
(800) 321 6671

**Region 3** (Delaware, Washington DC, Maryland, Pennsylvania, Virginia, West Virginia)  
841 Chestnut Building  
Philadelphia, PA 19107  
(215) 597 9800

**Region 4** (Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, Tennessee)  
345 Central Street, NE  
Atlanta, GA 30365  
(404) 347 4727

**Region 5** (Illinois, Indiana, Michigan, Minnesota, Ohio, Wisconsin)  
77 West Jackson Boulevard  
Chicago, IL 60604 3591  
(312) 880 1000

**Region 6** (Arkansas, Louisiana, New Mexico, Oklahoma, Texas)  
First Interstate Bank Tower  
1445 Rios Avenue, 12th Floor, Suite 1200  
Dallas, TX 75202 2733  
(214) 665 7244

**Region 7** (Iowa, Kansas, Missouri, Nebraska)  
720 Minnesota Avenue  
Kansas City, KS 66101  
(913) 551 7020

**Region 8** (Colorado, Montana, North Dakota, South Dakota, Utah, Wyoming)  
999 18th Street, Suite 500  
Denver, CO 80202 2405  
(303) 291 1601

**Region 9** (Arizona, California, Hawaii, Nevada)  
75 Hawthorne Street  
San Francisco, CA 94105  
(415) 744 1124

**Region 10** (Alaska, Oregon, Washington, Alaska)  
1200 Sixth Avenue  
Seattle, WA 98101  
(206) 553 1200

## CPSC Regional Offices

**Eastern Regional Center**  
6 World Trade Center  
Vesey Street, Room 350  
New York, NY 10048  
(212) 466 1612

**Central Regional Center**  
230 South Dearborn Street  
Room 2044  
Chicago, IL 60604 1601  
(312) 553 8260

**Western Regional Center**  
600 Harrison Street, Room 245  
San Francisco, CA 94107  
(415) 744 2960



Service Center, Philadelphia, PA 19255, even if filing the return is not otherwise required.

### U.S. Taxpayer Identification Number

The Internal Revenue law requires that certain income be reported to the Internal Revenue Service using a U.S. taxpayer identification number (TIN). This number can be a social security number assigned to individuals by the Social Security Administration or an employer identification number assigned to businesses and other entities by the Internal Revenue Service.

Payments to account holders who are foreign persons (nonresident alien individuals, foreign corporations, partnerships, estates, or trusts) generally are not subject to U.S. reporting requirements. Also, foreign persons are not generally required to have a TIN, nor are they subject to any backup withholding because they do not furnish a TIN to a payer or broker.

However, foreign persons with income effectively connected with a trade or business in the United States (income subject to regular (graduated) income tax) must have a TIN. To apply for a TIN, use Form SS-4, Application for Employer Identification Number, available from local Internal Revenue Service offices, or Form SS-6, Application for a Social Security Card, available from local Social Security Administration offices.

### Special Rules

**Mortgage Interest.**—For purposes of the reporting rules, mortgage interest is interest paid on a mortgage to a person engaged in a trade or business originating mortgages in the course of that trade or business. A mortgage interest recipient is one who receives interest on a mortgage that was acquired in the course of a trade or business.

Mortgage interest is not subject to backup withholding rules, but is subject to reporting requirements under section 6050H. Generally, however, the reporting requirements do not apply if the payer of record is a nonresident alien individual who pays interest on a mortgage not secured by real property in the United States. Use Form W-8 or substitute form to notify the mortgage interest recipient that the payer is a nonresident alien individual.

**Portfolio Interest.**—Generally, portfolio interest paid to a nonresident alien individual or foreign partnership, estate, or trust is not subject to backup withholding rules. However, if interest is paid on portfolio investments to a beneficial owner that is neither a financial institution nor a member of a clearing organization, Form W-8 or substitute form is required.

Registered obligations not targeted to foreign markets qualify as portfolio interest not subject to 30% withholding, but require the filing of Form W-8 or substitute form. See Instructions to Withholding Agents on this page for reporting rules.

See Pub. 818, Withholding of Tax on Nonresident Aliens and Foreign Corporations, for registered obligations targeted to foreign markets and when Form W-8 or substitute form is not required on these payments.

**Bearer obligations.**—The interest (or bearer obligations targeted to foreign markets is treated as portfolio interest and is not subject to 30% withholding. Form W-8 or substitute form is not required.

**Dividends.**—Any distribution or payment of dividends by a U.S. corporation sent to a foreign address is subject to the 30% (or lower treaty) withholding rate, but is not subject to backup withholding. Also, there is no backup withholding on dividend payments made to a foreign person by a foreign corporation. However, the 30% withholding (or lower treaty) rate applies to dividend payments made to a foreign person by a foreign corporation if:

- 25% or more of the foreign corporation's gross income for the three preceding taxable years was effectively connected with a U.S. trade or business, and
- The corporation was not subject to the branch profits tax because of an income tax treaty (see section 884(c)).

If a foreign corporation makes payments to another foreign corporation, the recipient must be a qualified resident of its country of residence to benefit from that country's tax treaty.

**Broker or Barter Exchanges.**—Income from transactions with a broker or barter exchanges is subject to reporting rules and backup withholding unless Form W-8 or substitute form is filed to notify the broker or barter exchange that you are an exempt foreign person as defined on page 1.

### Specific Instructions

**Name of Owner.**—If Form W-8 is being filed for portfolio interest, enter the name of the beneficial owner.

**U.S. Taxpayer Identification Number.**—If you have a U.S. taxpayer identification number, enter your number in this space (see the discussion earlier).

**Permanent Address.**—Enter your complete address in the country where you reside permanently for income tax purposes.

If you are:

An individual

A partnership or corporation

An estate or trust

Show the address of:

Your permanent residence  
Principal office

Permanent residence of principal office of any fiduciary

Also show your current mailing address if it differs from your permanent address.  
**Account Information (optional).**—If you have more than one account (savings, certificate of deposit, pension, IRA, etc.) with the same payer, list all account numbers and types on one Form W-8 or

substitute form unless your payer requires you to file a separate certificate for each account.

If you have more than one payer, file a separate Form W-8 with each payer.

**Signature.**—If only one foreign person owns the account(s) listed on this form, that foreign person should sign the Form W-8.

If each owner of a joint account is a foreign person, each should sign a separate Form W-8.

**Notice of Change in Status.**—If you become a U.S. citizen or resident after you have filed Form W-8 or substitute form, or you cease to be an exempt foreign person, you must notify the payer in writing within 30 days of your change in status.

To notify the payer, you may check the box in the space provided on this form or use the method prescribed by the payer.

Reporting will then begin on the account(s) listed and backup withholding may also begin unless you certify to the payer that:

- (1) The U.S. taxpayer identification number you have given is correct, and
- (2) The Internal Revenue Service has not notified you that you are subject to backup withholding because you failed to report certain income.

You may use Form W-8, Request for Taxpayer Identification Number and Certification, to make these certifications.

If an account is no longer active, you do not have to notify a payer of your change in status unless you also have another account with the same payer that is still active.

**False Certificate.**—If you file a false certificate when you are not entitled to the exemption from withholding or reporting, you may be subject to fines and/or imprisonment under U.S. perjury laws.

### Instructions to Withholding Agents

**Withholding Agent.**—Generally, the person responsible for payment of the items discussed above to a nonresident alien individual or foreign entity is the withholding agent (see Pub. 515).

**Retention of Statement.**—Keep Form W-8 or substitute form in your records for at least four years following the end of the last calendar year during which the payment is paid or collected.

**Portfolio Interest.**—Although registered obligations not targeted to foreign markets are not subject to 30% withholding, you must file Form 1042S, Foreign Person's U.S. Source Income Subject to Withholding, to report the interest payment. Both Form 1042S and a copy of Form W-8 or substitute form must be attached to Form 1042, Annual Withholding Tax Return for U.S. Source Income of Foreign Persons.

# Certificate of Foreign Status

|                      |                                                                                                                                                   |                                              |
|----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|
| Please print or type | Name of owner of joint account, also give joint owner's name (See Specific Instructions.)                                                         | U.S. taxpayer identification number (if any) |
|                      | Permanent address (See Specific Instructions.) (Include apt. or suite no.)                                                                        |                                              |
|                      | City, province or state, postal code, and country                                                                                                 |                                              |
|                      | Current mailing address, if different from permanent address (Include apt. or suite no., or P.O. box if mail is not delivered to street address.) |                                              |
|                      | City, town or post office, state, and ZIP code (If foreign address, enter city, province or state, postal code, and country.)                     |                                              |

|                                                                     |                |              |                |              |
|---------------------------------------------------------------------|----------------|--------------|----------------|--------------|
| Use account information here (Optional, see Specific Instructions.) | Account number | Account type | Account number | Account type |
|---------------------------------------------------------------------|----------------|--------------|----------------|--------------|

**Notice of Change in Status.**—To notify the payer, mortgage interest recipient, broker, or barter exchange that you no longer qualify for exemption, check here ☐  
**If you check this box, reporting will begin on the account(s) listed.**

|                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |  |
|------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| Please Sign Here | <b>Certification.</b> —(Check applicable box(es)). Under penalties of perjury, I certify that:<br><input type="checkbox"/> For <b>INTEREST PAYMENTS</b> , I am not a U.S. citizen or resident (or I am filing for a foreign corporation, partnership, estate, or trust).<br><input type="checkbox"/> For <b>DIVIDENDS</b> , I am not a U.S. citizen or resident (or I am filing for a foreign corporation, partnership, estate, or trust).<br><input type="checkbox"/> For <b>BROKER TRANSACTIONS</b> or <b>BARTER EXCHANGES</b> , I am an exempt foreign person as defined in the instructions below. |  |
|                  | Signature _____                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |  |
|                  | Date _____                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |  |
|                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |  |

## General Instructions

(Section references are to the Internal Revenue Code unless otherwise noted.)

### Purpose

Use Form W-8 or a substitute form containing a substantially similar statement to tell the payer, mortgage interest recipient, middleman, broker, or barter exchange that you are a nonresident alien individual, foreign entity, or exempt foreign person not subject to certain U.S. information return reporting or backup withholding rules.

**Caution:** Form W-8 does not exempt the payer from the 30% (or lower treaty) nonresident withholding rates.

### Nonresident Alien Individual

For income tax purposes, "nonresident alien individual" means an individual who is neither a U.S. citizen nor resident. Generally, an alien is considered to be a U.S. resident if:

- The individual was a lawful permanent resident of the United States at any time during the calendar year, that is, the alien held an immigrant visa (a "green card"), or
- The individual was physically present in the United States on:

- (1) at least 31 days during the calendar year, and
- (2) 183 days or more during the current year and the 2 preceding calendar years (counting all the days of physical presence in the current year, one-third the number of days of presence in the first preceding year, and only one-sixth of the number of days in the second preceding year).

See Pub. 519, U.S. Tax Guide for Aliens, for more information on resident and nonresident alien status.

**Note:** If you are a nonresident alien individual married to a U.S. citizen or resident and have made an election under section 6013(g) or (h), you are treated as a U.S. resident and may not use Form W-8.

### Exempt Foreign Person

For purposes of this form, you are an "exempt foreign person" for a calendar year in which:

1. You are a nonresident alien individual or a foreign corporation, partnership, estate, or trust.
2. You are an individual who has not been, and plans not to be, present in the United States for a total of 183 days or more during the calendar year, and
3. You are neither engaged, nor plan to be engaged during the year, in a U.S. trade or business that has effectively connected gains from transactions with a broker or barter exchange.

If you do not meet the requirements of 2 or 3 above, you may instead certify on Form 1001, Ownership, Exemption, or Reduced Rate Certificate, that your country has a tax treaty with the United States that exempts your transactions from U.S. tax.

### Filing Instructions

**When To File.**—File Form W-8 or substitute form before a payment is made. Otherwise, the payer may have to withhold and send part of the payment to the Internal Revenue Service (see Backup Withholding below). This certificate

generally remains in effect for three calendar years. However, the payer may require you to file a new certificate each time a payment is made to you.

**Where To File.**—File this form with the payer of the qualifying income who is the withholding agent (see Withholding Agent on page 2). Keep a copy for your own records.

### Backup Withholding

A U.S. taxpayer identification number or Form W-8 or substitute form must be given to the payers of certain income. If a taxpayer identification number or Form W-8 or substitute form is not provided or the wrong taxpayer identification number is provided, these payers may have to withhold 20% of each payment or transaction. This is called backup withholding.

**Note:** On January 1, 1993, the backup withholding rate increases from 20% to 31%.

Reportable payments subject to backup withholding rules are:

- Interest payments under section 6049(a)
- Dividend payments under sections 6042(a) and 6044
- Other payments (i.e., royalties and payments from brokers and barter exchanges) under sections 6041, 6041A(i), 6045, 6050A, and 6050N.

If backup withholding occurs, an exempt foreign person who is a nonresident alien individual may get a refund by filing Form 1040NR, U.S. Nonresident Alien Income Tax Return, with the Internal Revenue

(Continued on back.)

New York State Department of Taxation and Finance

# Combined Real Estate Transfer Tax Return and Credit Line Mortgage Certificate

See instructions (TP-584-I) before completing this form. Please print or type.

## Schedule A — Information Relating to Conveyance

|                                                                                                                                                       |         |                                                   |                                |
|-------------------------------------------------------------------------------------------------------------------------------------------------------|---------|---------------------------------------------------|--------------------------------|
| <input type="checkbox"/> Individual<br><input type="checkbox"/> Corporation<br><input type="checkbox"/> Partnership<br><input type="checkbox"/> Other | Grantor | Name (if individual; last, first, middle initial) | Social Security Number         |
|                                                                                                                                                       |         | Mailing address                                   | Social Security Number         |
|                                                                                                                                                       |         | City State ZIP code                               | Federal employer ident. number |
|                                                                                                                                                       |         |                                                   |                                |
| <input type="checkbox"/> Individual<br><input type="checkbox"/> Corporation<br><input type="checkbox"/> Partnership<br><input type="checkbox"/> Other | Grantee | Name (if individual; last, first, middle initial) | Social Security Number         |
|                                                                                                                                                       |         | Mailing address                                   | Social Security Number         |
|                                                                                                                                                       |         | City State ZIP code                               | Federal employer ident. number |
|                                                                                                                                                       |         |                                                   |                                |

### Location and description of property conveyed

| Tax map designation |       |     | Address | City/Village | Town | County |
|---------------------|-------|-----|---------|--------------|------|--------|
| Section             | Block | Lot |         |              |      |        |
|                     |       |     |         |              |      |        |

### Type of property conveyed (check applicable box)

|                                                    |                                                  |                                                |                                                                                                             |
|----------------------------------------------------|--------------------------------------------------|------------------------------------------------|-------------------------------------------------------------------------------------------------------------|
| 1 <input type="checkbox"/> 1 - 3 family house      | 5 <input type="checkbox"/> Commercial/Industrial | Date of conveyance<br>Month      Day      Year | Percentage of real property<br>conveyed which is residential<br>real property _____ %<br>(see instructions) |
| 2 <input type="checkbox"/> Residential cooperative | 6 <input type="checkbox"/> Apartment building    |                                                |                                                                                                             |
| 3 <input type="checkbox"/> Residential condominium | 7 <input type="checkbox"/> Office building       |                                                |                                                                                                             |
| 4 <input type="checkbox"/> Vacant land             | 8 <input type="checkbox"/> Other _____           |                                                |                                                                                                             |

### Condition of conveyance (check all that apply)

|                                                                                                                                                     |                                                                                                                                                            |                                                                                                                         |
|-----------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------|
| a. <input type="checkbox"/> Conveyance of fee interest                                                                                              | i. <input type="checkbox"/> Conveyance which consists of a mere change of identity or form of ownership or organization (attach Form TP-584.1, Schedule F) | k. <input type="checkbox"/> Contract assignment                                                                         |
| b. <input type="checkbox"/> Acquisition of a controlling interest (state percentage acquired _____ %)                                               | j. <input type="checkbox"/> Conveyance for which credit for tax previously paid will be claimed (attach Form TP-584.1, Schedule G)                         | l. <input type="checkbox"/> Option assignment or surrender                                                              |
| c. <input type="checkbox"/> Transfer of a controlling interest (state percentage transferred _____ %)                                               | h. <input type="checkbox"/> Conveyance of cooperative apartment(s)                                                                                         | m. <input type="checkbox"/> Leasehold assignment or surrender                                                           |
| d. <input type="checkbox"/> Conveyance to cooperative housing corporation                                                                           | i. <input type="checkbox"/> Syndication                                                                                                                    | n. <input type="checkbox"/> Leasehold grant                                                                             |
| e. <input type="checkbox"/> Conveyance pursuant to or in lieu of foreclosure or enforcement of security interest (attach Form TP-584.1, Schedule F) | j. <input type="checkbox"/> Conveyance of air rights or development rights                                                                                 | o. <input type="checkbox"/> Conveyance of an easement                                                                   |
|                                                                                                                                                     |                                                                                                                                                            | p. <input type="checkbox"/> Conveyance for which exemption from transfer tax is claimed (complete Schedule B, Part III) |
|                                                                                                                                                     |                                                                                                                                                            | q. <input type="checkbox"/> Conveyance of property partly within and partly without the state                           |
|                                                                                                                                                     |                                                                                                                                                            | r. <input type="checkbox"/> Other (describe) _____                                                                      |

## Schedule B — Real Estate Transfer Tax Return (Article 31 of the Tax Law)

### Part I — Computation of Tax Due

|                                                                                                                                                                                         |                                            |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|
| 1 Enter amount of consideration for the conveyance (if you are claiming a total exemption from tax, check the exemption claimed box, enter consideration and proceed to Part III) _____ | <input type="checkbox"/> Exemption claimed |
| 2 Continuing lien deduction (see instructions if property is taken subject to mortgage or lien) _____                                                                                   | 1                                          |
| 3 Taxable consideration (subtract line 2 from line 1) _____                                                                                                                             | 2                                          |
| 4 Tax: \$2 for each \$500, or fractional part thereof, of consideration on line 3 _____                                                                                                 | 3                                          |
| 5 Amount of credit claimed (see instructions and attach Form TP-584.1, Schedule G) _____                                                                                                | 4                                          |
| 6 Total tax due* (subtract line 5 from line 4) _____                                                                                                                                    | 5                                          |
|                                                                                                                                                                                         | 6                                          |

### Part II — Computation of Additional Tax Due on the Conveyance of Residential Real Property for \$1 Million or More

|                                                                                                                                        |   |
|----------------------------------------------------------------------------------------------------------------------------------------|---|
| 1 Enter amount of consideration for conveyance (from Part I, line 1) _____                                                             | 1 |
| 2 Taxable consideration (multiply line 1 by the percentage of the premises which is residential real property; see instructions) _____ | 2 |
| 3 Total additional transfer tax due* (1% of line 2) _____                                                                              | 3 |

\*Please make check(s) payable to the county clerk where the recording is to take place or if the recording is to take place in New York City, make check(s) payable to the NYC Department of Finance. If no recording is required, send this return and your check(s) made payable to the Department of Taxation and Finance, directly to the NYS Tax Department, TTB-Transfer Tax, PO Box 5045, Albany NY 12205-5045.

|                             |                                                        |               |                    |
|-----------------------------|--------------------------------------------------------|---------------|--------------------|
| For recording officer's use | Amount received<br>Part I \$ _____<br>Part II \$ _____ | Date received | Transaction number |
|-----------------------------|--------------------------------------------------------|---------------|--------------------|

**Schedule B — (continued)****Part III — Explanation of Exemption Claimed in Part I, line 1 (check any boxes that apply)**

The conveyance of real property is exempt from the real estate transfer tax for the following reason:

- a. Conveyance is to the United Nations, the United States of America, the state of New York or any of their instrumentalities, agencies or political subdivisions (or any public corporation, including a public corporation created pursuant to agreement or compact with another state or Canada)..... a ☐
- b. Conveyance is to secure a debt or other obligation..... b ☐
- c. Conveyance is without additional consideration to confirm, correct, modify or supplement a prior conveyance..... c ☐
- d. Conveyance of real property is without consideration and not in connection with a sale, including conveyances conveying realty as bona fide gifts..... d ☐
- e. Conveyance is given in connection with a tax sale..... e ☐
- f. Conveyance is a mere change of identity or form of ownership or organization where there is no change in beneficial ownership. (This exemption cannot be claimed for a conveyance to a cooperative housing corporation of real property comprising the cooperative dwelling or dwellings.) Attach Form TP-584.1, Schedule F..... f ☐
- g. Conveyance consists of deed of partition..... g ☐
- h. Conveyance is given pursuant to the federal bankruptcy act..... h ☐
- i. Conveyance consists of the execution of a contract to sell real property without the use or occupancy of such property or the granting of an option to purchase real property without the use or occupancy of such property..... i ☐
- j. Conveyance of an option or contract to purchase real property with the use or occupancy of such property where the consideration is less than \$200,000 and such property was used solely by the grantor as the grantor's personal residence and consists of a 1-, 2-, or 3-family house, an individual residential condominium unit, or the sale of stock in a cooperative housing corporation in connection with the grant or transfer of a proprietary leasehold covering an individual residential cooperative apartment..... j ☐
- k. Conveyance is not a conveyance within the meaning of section 1401(e) of Article 31 of the Tax Law (attach documents supporting such claim)..... k ☐
- l. Other (attach explanation)..... l ☐

**Schedule C — Credit Line Mortgage Certificate (Article 11 of the Tax Law)**

Complete the following only if the interest being transferred is a fee simple interest.

I (we) certify that: (check the appropriate box)

- 1 ☐ The real property being sold or transferred is not subject to an outstanding credit line mortgage.
  - 2 ☐ The real property being sold or transferred is subject to an outstanding credit line mortgage. However, an exemption from the tax is claimed for the following reason:
    - ☐ The transfer of real property is a transfer of a fee simple interest to a person or persons who held a fee simple interest in the real property (whether as a joint tenant, a tenant in common or otherwise) immediately before the transfer.
    - ☐ The transfer of real property is (A) to a person or persons related by blood, marriage or adoption to the original obligor or to one or more of the original obligors or (B) to a person or entity where 50% or more of the beneficial interest in such real property after the transfer is held by the transferor or such related person or persons (as in the case of a transfer to a trustee for the benefit of a minor or the transfer to a trust for the benefit of the transferor).
    - ☐ The transfer of real property is a transfer to a trustee in bankruptcy, a receiver, assignee or other officer of a court.
    - ☐ The maximum principal amount secured by the credit line mortgage is \$3,000,000 or more and the real property being sold or transferred is not principally improved nor will it be improved by a one- to six-family owner-occupied residence or dwelling.

Please note: for purposes of determining whether the maximum principal amount secured is \$3,000,000 or more as described above, the amounts secured by two or more credit line mortgages may be aggregated under certain circumstances. See TSB-M-96(6)-R for more information regarding these aggregation requirements.

  - ☐ Other (attach detailed explanation).
- 3 ☐ The real property being transferred is presently subject to an outstanding credit line mortgage. However, no tax is due for the following reason:
  - ☐ A certificate of discharge of the credit line mortgage is being offered at the time of recording the deed.
  - ☐ A check has been drawn payable for transmission to the credit line mortgagee or his agent for the balance due, and a satisfaction of such mortgage will be recorded as soon as it is available.
- 4 ☐ The real property being transferred is subject to an outstanding credit line mortgage recorded in \_\_\_\_\_ (insert liber and page or reel or other identification of the mortgage). The maximum principal amount of debt or obligation secured by the mortgage is \_\_\_\_\_. No exemption from tax is claimed and the tax of \_\_\_\_\_ is being paid herewith. (Make check payable to county clerk where deed will be recorded or, if the recording is to take place in New York City, make check payable to the NYC Department of Finance.)

**Signature (both the grantor(s) and grantee(s) must sign).**

The undersigned certify that the above return, including any certification, schedule or attachment, is to the best of his/her knowledge, true and complete.

|                  |                |                  |                |
|------------------|----------------|------------------|----------------|
| _____<br>Grantor | _____<br>Title | _____<br>Grantee | _____<br>Title |
|------------------|----------------|------------------|----------------|

Reminder: Did you complete all of the required information in Schedules A and B? Were you required to complete Schedule C? If you checked e, f or g in Schedule A, did you complete TP-584.1? Have you attached your check(s) made payable to the county clerk where recording will take place or, if the recording is in New York City, to the NYC Department of Finance? If no recording is required, send your check(s), made payable to the Department of Taxation and Finance, directly to the NYS Tax Department, TTB-Transfer Tax, PO Box 5045, Albany NY 12205-5045.

## POWER OF ATTORNEY

All terms used in this Power of Attorney that are used (a) in the Declaration establishing a plan for condominium ownership of the premises known as The Orchard Condominium (the "Condominium") and by the street number 48-52 Orchard Street, New York, New York, under Article 9-B of the Real Property Law of the State of New York, dated \_\_\_\_\_, 200\_, and recorded in the New York County office of The Register of the City of New York on \_\_\_\_\_, 200\_, in Reel \_\_\_, at page \_\_\_, (herein referred to in the "Declaration"), or (b) in the By-Laws of the Condominium (herein referred to as the "By-Laws") attached to, and recorded together with, the Declaration, shall have the same meanings in this Power of Attorney as in the Declaration or the By-Laws.

The undersigned, \_\_\_\_\_ residing at \_\_\_\_\_, the owner of the Condominium Unit known as Unit No. \_\_\_ in the Condominium located at 48-52 Orchard Street, New York, New York, as designated and described in the Declaration as Unit No. \_\_\_ and also designated as Tax Lot \_\_\_ in Block \_\_\_ of Section \_\_\_ of the Borough of Manhattan on the Tax Map of the Real Property Assessment Department of the City of New York and on the Floor Plans of the Condominium ("Floor Plans"), does hereby nominate, constitute and appoint the persons who may from time to time constitute the Board of Managers of the Condominium, and their successors in office, true and lawful attorneys-in-fact for the undersigned, with a power coupled with an interest, with power of substitution, (1) to acquire, in their own names as members of the Board of Managers or in the name of their designee, corporate or otherwise, on behalf of all owners of Units in said Condominium, in accordance with their respective common interests, any Condominium Unit whose owner desires to abandon or sell, transfer or assign the same, the undivided interest in the Common Elements appurtenant thereto, the interest of such Unit Owner in any other Units theretofore acquired by the Board of Managers, or its designee, on behalf of all Unit Owners, or in the proceeds of sale or lease thereof, if any, and the interest of such Unit Owner in all other assets of the Condominium (herein collectively called the "Appurtenant Interests"), or which shall be the subject of a foreclosure or other judicial sale, or to lease any Unit whose owner desires to rent the same, at such prices or at such rental, as the case may be, and on such other terms, and conditions as such attorneys-in-fact shall deem proper and thereafter to convey, sell, lease, mortgage, vote the votes appurtenant thereto (except for election of Managers), or otherwise deal in any such Unit so acquired by them, or to sublease any such Unit so leased by them, on such terms and conditions as said attorneys-in-fact may determine, granting to said attorneys-in-fact the power to do all things in the said premises which the undersigned could do if the undersigned were personally present and (2) 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, regulation, zoning resolution or requirement of the Department of Buildings, the City Planning Commission, the Board of Standards and Appeals, or any other public authority, applicable to the maintenance, demolition, construction, alteration, repair or restoration of the Condominium or (b) any agreement, 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 that such change is consistent with such Declaration and applicable Law.

The undersigned does hereby further irrevocably nominate, constitute and appoint 50 Orchard Associates LLC (herein the "Sponsor") and its successors as my (our) true and lawful attorneys-in-fact, coupled with an interest, with power of substitution, in the undersigned's name and on the undersigned's behalf to vote at any Unit Owners' meeting for, and to file an amendment to the Declaration, By-Laws, Rules and Regulations and Floor Plans of the Condominium, or any of said documents, when such amendment (1) shall be required to reflect any changes in Unsold Units and/or the reapportionment of the Common Interests of the affected Unsold Units resulting therefrom made by the Sponsor or its designee in accordance with the Declaration or (2) shall be required by (a) an Institutional Lender designated by the Sponsor to make a mortgage loan secured by a mortgage on any Unit, (b) any governmental agency having regulatory jurisdiction over the Condominium, or (c) any title insurance company selected by the Sponsor to insure title to any Unit, provided, however, that any amendment made pursuant to the terms of subdivision (1) or (2) of this paragraph shall not (i) change the Common Interest of the Unit, (ii) require a material, physical modification to the Undersigned's Unit, or (iii) adversely affect the priority or validity of the lien of any purchase money mortgage or any mortgage held by an Institutional Lender covering the Unit unless the undersigned (in the event described in subdivision (i) or (ii) of this paragraph) or the holder of such mortgage (in the event described in subdivision (iii) of this paragraph) shall consent thereto by joining in the execution of such amendment.

The terms, covenants and conditions contained in, and the powers granted pursuant to, this paragraph shall remain in full force and effect until such time as the Sponsor or its designees shall cease to own any of the Units in The 50 Orchard Street Condominium.

This Power of Attorney is irrevocable.

IN WITNESS WHEREOF, I (we) have executed this Power of Attorney this \_\_\_\_\_ day of \_\_\_\_\_, 200\_\_.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

STATE OF NEW YORK )

: ss.:

COUNTY OF NEW YORK )

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

\_\_\_\_\_  
Notary Public

STATE OF NEW YORK )

: ss.:

COUNTY OF NEW YORK )

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

\_\_\_\_\_  
Notary Public

FORM OF UNIT DEED

THIS INDENTURE, made the \_\_\_\_ day of \_\_\_\_\_, 200\_, between 50 ORCHARD ASSOCIATES LLC, a New York Limited Liability Corporation, having an office, 307 Fifth Avenue, 8<sup>th</sup> Floor, New York, New York 10016, ("Grantor") and \_\_\_\_\_, residing at \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_ ("Grantee").

WITNESSETH:

That the Grantor, in consideration of Ten (\$10) Dollars and other good and valuable consideration paid by the Grantee the receipt and adequacy of which are hereby acknowledged, does hereby grant and release onto the Grantee, the heirs or successors and assigns of the Grantee, forever:

The Condominium Unit (the "Unit") known as Unit No. \_\_\_\_ in the building (the "Building") known as THE 50 ORCHARD STREET CONDOMINIUM (the "Condominium") and by the street number 48-52 Orchard Street, in the Borough and County of the New York, City and State of New York, said Unit being designated and described as Unit No. \_\_\_\_ in that certain Declaration dated \_\_\_\_\_ made by the Grantor, pursuant to Article 9-B of the Real Property Law of the State of New York (the "Condominium Act") establishing a plan for condominium ownership of the Building and the land (the "Land") upon which the Building is situated (which Land is more particularly described in Schedule A annexed hereto and made a part hereof) which Declaration has been recorded in the New York County Office of the Register of the City of New York (the "City Register's Office") on the \_\_\_\_ day of \_\_\_\_\_, 2004, in Reel \_\_\_\_ at page \_\_\_\_ (the "Declaration"). The Unit is also designated as Tax Lot \_\_\_\_ in Block \_\_\_\_ of Section \_\_\_\_ of the County of the New York on the Tax Map of the Real Property Assessment Department of the City of New York and on the Floor Plans of said building, certified by Michael Muroff Architect, LLC, architect, on the \_\_\_\_ day of \_\_\_\_\_, 2003 and filed with the Real Property Assessment Department of the City of New York as Condominium Plan No. \_\_\_\_ and also filed in the City Register's Office on \_\_\_\_\_, 200\_, as Condominium Plan No. \_\_\_\_

TOGETHER with an undivided \_\_\_\_ (\_\_\_\_%) percent interest in the Common Elements (as such item is defined in the Declaration);

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

TOGETHER with, and subject to, the rights, obligations, easements, restrictions and other provisions set forth in the Declaration, Floor Plans and the By-Laws of the Condominium, as each of the same may be amended from time to time (said By-Laws and any amendments thereto are hereinafter collectively referred to as the "By-Laws"), all of which shall constitute covenants

running with the Land and shall bind any person having at any time any interest or estate in the Unit, as though recited and stipulated at length herein;

Subject also to such other liens, agreements, covenants, easements, restrictions, consents and other matters of record as pertain to the Unit, to the Land and/or to the Building (which Land and Building are hereinafter collectively referred to as the "Property");

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

Except as otherwise specifically permitted by the Condominium Board, the Unit is intended for residential use or for any other lawful purpose.

The Grantor covenants that the Grantor has not done or suffered anything whereby the Unit has been encumbered in any way whatever, except as set forth in the Declaration and the By-Laws.

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

By executing this deed, the Grantee accepts and ratifies the provisions of the Declaration and the By-Laws and the Rules and Regulations of the Condominium recorded simultaneously with and as part of the Declaration and agrees to comply with all the terms and provisions thereof, as the same may be amended from time to time by instruments recorded in the City Register's Office.

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

Grantor: 50 ORCHARD ASSOCIATES LLC

By: \_\_\_\_\_  
Member

Grantee: \_\_\_\_\_

Grantee: \_\_\_\_\_

STATE OF NEW YORK )

: ss.:

COUNTY OF NEW YORK )

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

\_\_\_\_\_  
Notary Public

STATE OF NEW YORK )

: ss.:

COUNTY OF NEW YORK )

On the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, before me personally came \_\_\_\_\_ to me known who being by me sworn, did depose and say that (s)he resides at \_\_\_\_\_; that he is a member of 50 Orchard Associates LLC, the Limited Liability Company described in and which executed the foregoing instrument; that he signed his name thereto pursuant to his authority granted under the Articles of Organization of such Limited Liability Company.

\_\_\_\_\_  
Notary Public

## SCHEDULE A

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 Easterly side of Orchard Street, distant 200.00 feet Southerly from the Southeasterly corner of Grand and Orchard Street;

RUNNING THENCE Southerly along the Easterly side of Orchard Street, 75.00 feet;

THENCE Easterly parallel with Grand Street, 87.00 feet 6 inches;

THENCE Northerly parallel with Orchard Street, 75.00 feet; and

THENCE Westerly parallel with Grand Street, 87.00 feet 6 inches to the point or place of BEGINNING.

## GENERAL

The premises at 50 Orchard Street will consist of a cellar and seven and ten stories. The building was an existing four-story loft building which was re-configured into a new seven and ten story mixed use building.

Work for this building will commence in two phases. The lot size is 75 X 87.5 feet. Phase I is the initial alteration of the southerly 30 X 87.5 feet section. A temporary Certificate of Occupancy will be obtained while construction continues on Phase II, the resultant northerly 45 X 87.5 feet section of the site. Phases I & II will be the basis for this Report.

Various applications have been filed at the New York City Department of Buildings for renovation work. The alteration, enlargement and conversion to residential use has been performed under NYC Department of Buildings application number 103058762.

### (A) LOCATION AND USE OF PROPERTY

- (1) The property is located at 48-50 Orchard Street, Borough of Manhattan, City of New York, and State of New York. The building is an interior lot on the east side of Orchard Street 200 feet south of Grand Street.
- (2) Building department records show that the building is located in Block 309, Lot number 3.
- (3) It is located in a C6-2 Zoning District. Zoning map 12C.
- (4) The zoning allows residential and commercial uses as of right.

### (B) STATUS OF CONSTRUCTION

- (1) Records are unclear as to the date that this building was erected, however the building was erected as a store and warehouse more than 100 years ago.
- (2) The existing building is of Class 3 Non- Fire Proof Construction (Old Code). The new ten-story building segment will Class 2 Fire Proof Construction. The two different construction classes will be separated from each other by a fire-division.
- (3) A new Certificate of Occupancy will be obtained after the Phase I seven story alteration is complete. After the construction on the Phase II ten story alteration is complete the Certificate of Occupancy will be amended. All of the new work has been filed with the New York City Department of Buildings, and inspections following construction are in place.
- (4) There is an approved set of drawings from the Department of Buildings for the alteration. The change of use was filed by Michael Muroff ARCHITECT LLC under alteration 10305872. Separate applications were filed for the sprinkler/standpipe and boiler work. The applicant for the mechanical work is Gamill Engineering.

Various separate applications have been filed for other scopes of work in other areas of the building.

(C) SITE

- (1) The site is located on Block 309, Lot 3. The site is an interior lot. New tax lot numbers will be assigned to each condominium unit at the appropriate time. The lot has a 75'-0" frontage on Orchard Street, and is 87'-6" deep. The site is 6,562.5 square feet in area.

Building segment I is seven stories high with a stair and elevator bulkhead above. Building segment II will be ten stories high. Both buildings will have separate elevators but will share the stair tower. The first floor is 75'-0" wide by 82'-6" deep. The second, third and fourth floors at building segment I is 82'-6" by 30'; at the fifth through seventh floors, the building sets back and is only 57'-6" deep. At building segment II, the second through eighth floors are 45' wide by 57'-6". At floors eight through ten, the building sets back at the front fifteen feet; and is 45'-0" wide. There is no street vault associated with the building.

The gross floors areas are as follows: the cellar is 6,562 SF; the first floor is 5,372 SF; floors two, three and four are 5,059 SF each; floors five, six and seven are 4,306 SF each; and floors eight, nine and ten are 2,154 SF each.

- (2) The building fronts on Orchard Street. The streets are paved with asphalt and will be in good condition. The sidewalks and curbs are concrete. A new sidewalk will be installed on Orchard Street.
- (3) There is a catch basin at the northeast corner of Orchard Street and Hester Street. The streets are lit with sodium vapor lights.
- (4) There are no drives or ramps on the site.
- (5) There is no landscaping on the site.

(D) UTILITIES

- (1) Electric service is provided by Consolidated Edison. Service to each unit is individually metered. The main electric meters are located in the electric meter room in the front cellar. New electrical service to each unit consists of 110-220 volt, 100 ampere service.
- (2) Gas service is provided to each unit for cooking gas. The dryers in building segment I will be gas-fired. They will be electric in the building segment II. There is a separate gas service to for the commercial unit. Gas service will be provided by Con Edison. There will be a new gas main entering the building on Orchard Street. The meters will be located in the cellar of the building. Gas service is individually metered to each unit.

- (3) Water service is provided by the City of New York. There are two water services, one for domestic purposes and one for sprinkler/standpipe. The water enters the building on Orchard Street. New water are installed. Both services are metered.
- (4) The building is provided with a sanitary sewer connection to the municipal main in the street. Sewer costs will be included in the water cost.
- (5) Telephone service will be provided into the building as Verizon Communications and/or a competitor.

(E) SUB-SOIL CONDITIONS

- (1) Load bearing capacity & Settlement

The building was originally designed to sustain floor loading consistent with light to heavy storage. As such, we expect that the bearing walls and columns in the building have sustained heavy floor loading over the lifetime of the building. New footings and structure were installed. The soil and foundations were subject to controlled inspections and no unusual conditions were encountered.

- (2) Flooding / Moisture / Seepage

The cellar level elevation is at least eleven feet below the adjacent street level. There is no current indication of water seepage or moisture problems from groundwater; however some seepage should be anticipated due to the age and type of construction. This is normal for a building of this age and type of construction.

(F) LANDSCAPING AND ENCLOSURES

- (1) There is no landscaping on the site.

G) BUILDING HEIGHT

- (1) The total height of the building will be 10 stories or 105 feet. The rooftop stair bulkhead is approximately 113'-0" above sidewalk level.
- (2) There are ten floors above grade in the proposed building. The predominant ceiling heights on the floors of the building, measured above finished floors, are approximately as follows:

|                                                 |             |
|-------------------------------------------------|-------------|
| Cellar                                          | 8'-0"       |
| 1 <sup>st</sup> Floor                           | 9'-2"       |
| 2 <sup>nd</sup> Floor -- 10 <sup>th</sup> Floor | 9'-2" each. |

- (3) There is a full cellar that extends under the entire first floor. There is a partial vault under the first floor rear commercial space. The vault is existing and extends to the rear property line.
- (4) The new egress stair bulkhead will be approximately 7'-6" above the roof.
- (5) There will be one elevator machine room at the upper (10<sup>th</sup> floor) roof, and one at the lower (7<sup>th</sup> floor) roof. There are no equipment rooms in the cellar.
- (6) There will be a parapet wall or pipe rail railing of a height of at least 3'-6" above the roof.

(H) OCCUPANCY

The building consists of one commercial story with three commercial units at the first floor. There will be nine residential units in the seven story segment and sixteen residential units in the ten story segment. There are mechanical and residential and commercial accessory storage uses at the cellar.

(I) STRUCTURAL SYSTEM

(1) Exterior of building:

(i) Existing building:

The structural system consists of exterior concrete block bearing walls at the north and south exposures at the seven story segment. The east and west facades are EIFS covered metal stud with gypsum sheathing. The framing at each floor consists of metal C-joist, and steel spanning between masonry bearing walls. The structural system will be new. The ten story segment consists of structural steel framing with metal C-joist, and metal decking. The exterior walls will be EIFS covered metal stud with gypsum sheathing.

The foundation system consists of existing rubble and brick foundation walls; and sections of new reinforced concrete foundation walls with footings bearing on un-disturbed soil. Below the first floor, steel beams and columns add structural support to the existing masonry foundation walls.

There is no deteriorated mortar, spalling or settlement crackage in the existing foundations, cellar floors or vaults. The cellar floor slab is new.

The entire foundation system and brickwork has been substantially upgraded. The exterior lintels parapets/copings, terraces and balconies are new. The parapet materials are stucco-covered concrete block or metal frame construction. They are coped with metal coping or in some cases new pre-cast concrete block.

Plans call for a new metal and glass storefront to be installed on the Orchard Street façade.

(ii) Penthouse and Roof Framing

Roof framing will consist of C-joist with plywood or metal decking. There is no penthouse proposed.

(iii) Exterior wall maintenance

NYC Local Law 11 for façade inspection does not apply to this building at this time since it was originally only four stories. It will however now apply to this building.

(iv) Landmark status:

The building is not a landmark and is not in a historic district. As such, Landmarks does not have any jurisdiction on this building at this time.

(v) Windows:

The windows proposed for the residential portion of the building will be aluminum double-hung double-glazed windows as manufactured by Champion windows. The windows are model number 3000 series. The windows come with a 5 year manufacturer's warranty on moving parts; 10 year warranty on glass and finishes. The frames are all aluminum.

The stair hall will not have windows. There will be metal stud panels with fire rated gypsum wall board at the interior; and fire-rated waterproof gypsum wall board at the exterior face. These infill panels will later be removed and used as access once the Phase II building segment is erected. There are lot-line windows proposed in building segment II. These windows are not contributable to legal light and air. In addition, these windows may be blocked by the ability of the adjacent property owner to develop his property to the lot-line.

The storefronts will be metal and glass. The glazing will be single-glazed.

(vi) Parapets, Copings and Railings:

There will be new parapet walls at the fifth floor set-back, the seventh floor set-back and the roofs of both the seven and ten story building segments. The walls will either be a minimum of 3'-6" above the roof, or there will be metal railings providing protection.

(2) Fireplaces, Chimneys and Caps:

There will be a new steel flue installed inside the building. The flue will be a new steel flue and will be enclosed within a non-combustible shaft. The flue will terminate in a chimney which is capped at the roof.

There are no fireplaces associated with the building.

(3) Roof Decks and Terraces:

There will be six roof decks associated the building. One for the second floor south, rear (unit 2B) unit; one for the second floor north, rear unit (unit 2D); one at the fifth floor rear (unit 5A) apartment; one for the seventh floor (unit 7A) apartment (with a separate stair going to the roof deck); two for the eighth floor units (units 8C & 8D); and one for the tenth floor rear (10D) unit; and one common roof deck at the tenth floor roof.

There are open balconies associated with the B-lines 2<sup>nd</sup>-7<sup>th</sup> floors; and the D-lines 2<sup>nd</sup> - 10<sup>th</sup> floor units. There will be a new wood stair and bulkhead from the seventh floor (7A) apartment to the roof deck.

When the building is altered during Phase II construction, the balcony at apartment 2 B will be directly affected when the first floor commercial space is constructed. The balcony will be removed and replaced with a roof terrace. The roof terraces will be paved with concrete paving blocks. They will be protected by parapet walls.

(4) Exterior Entrances:

There is one residential lobby exiting directly onto Orchard Street. This lobby leads to the residential elevator and to the residential scissor stair. The residential entrance and lobby will be enlarged during construction of the Phase II building segment. The second stair exits out from the building's interior to an exit passageway at the cellar which leads directly out to the street.

The commercial spaces are entered directly from Orchard Street. The doors and storefronts are metal and glass.

Incandescent and fluorescent lighting will provide illumination at the residential lobby entrances.

From the residential lobby, the stairs continue to the upper floors of the residential building.

(5) Service Entrances:

There is one set of interior concrete stairs at the north side of the building. These stairs lead down to the cellar to an exit passageway. The exist passageway leads to the interior scissor stairs that serve all floors. There is a service stair leading from the cellar stair up to the north commercial space. There is also a stair which leads to the residential lobby from the cellar.

The cellar and meter rooms are accessed either from the elevator or from the scissor stair.

(6) Roof and Roof Structures:

(i) Types of Roofs:

The roofs will be new built up roofs. The specifications call for a fifteen-year warranty coverage of materials and installation for the new modified roofing. There is new fiberglass batt insulation installed between roof framing at the fourth, seventh and tenth floors. The R-value is R-29.

(ii) Drains:

Plans call for seven roof drains; one at the lower fourth floor roof; and four at the seventh floor roof; and two at the tenth floor roof. The bulkheads drain out to scuppers and downspout directly onto the main roof. The roof drains are then connected below to the cellar to the existing combined storm sewer.

(iii) Skylights:

There are venting skylights as required by code associated with the stair and the elevator bulkheads. A separate skylight is provided over the accessory seventh floor stair bulkhead at the south side.

(iv) Bulkheads:

The stair and elevator bulkheads are new concrete block with STO EIFS covering. The stair and elevator bulkhead are all new. There will be a new STO EIFS -covered metal frame bulkhead for the south side seventh floor apartment which goes from the apartment interior to the roof.

(v) Metal Work at Roof Levels:

A new metal open tread ladder will lead from the roof to the elevator bulkhead.

(vi) Rooftop Facilities:

There will be a common rooftop area accessible from the Phase II north elevator. This roof will be open to all residents and their guests. The roof is paved with concrete pavers.

(7) Exterior Metal Work:

A new metal and glass canopy is proposed at the residential entry to the building during the Phase II construction.

(8) Yard & Courts:

There will be a small area set back at the first floor. This area will provide a new rear yard, that is open to the rear commercial space. The existing brick arches for the old foundation will be exposed in this area. These brick arches will be left un-finished and in a "rough" state of construction. They will no longer be required as structural components.

(9) Interior Stairs:

There is a new egress scissor stair in the building. One of the stairs runs from the first floor to the roof; the second one runs from the cellar to the roof. The stairs are metal pan and steel with steel handrails.

The stair construction was built with fire-rated metal stud and gypsum wall board openings in the concrete block walls. Once the Phase II construction is substantial, a fire-rated vestibule will be installed in the Phase II segment; and fire-rated doors will be installed in these openings. The fire-rating and egress of the stair construction will be maintained at all times. During the construction of the Phase II building, temporary stairs will provide access for the construction workers until proper fire-safety is in place.

(10) Interior Doors and Frames:

At all egress stairs and fire-rated mechanical rooms, the doors and frames are to be fireproof and self-closing. Each door has self-closing hinges, and hardware, which cannot deny access to the means of egress.

Doors to the apartment are metal fireproof and self-closing. The associated door frames are metal. Doors within apartment units are wood with wood doorframes. Doors to balconies or terraces are wood and glass with metal doorframes.

Doors and frames in the cellar storage rooms and at the egress stair bulkhead will be hollow metal doors and frames that are fire-proof and have self-closing hardware.

The storefront door is a metal and glass store-front door. There will be self-closing hardware associated with it. The door shall be handicap accessible.

(11) Elevators:

There are two passenger elevators planned for the building. The elevators will be new. Each will have a 2000# capacity. The elevators will be semi-automatic. The operation of the elevators is automatic with push button controls. Some of the floors will be able to be locked out. The elevators will have semi-automatic doors. There will be "Zero Clearance" doors on the apartment side of the 5A, 6A, and 7A units. The doors will be automatic, sliding at the elevator side at all floors.

The elevators are accessed from the first floor lobby. The south elevator will run from the cellar to the seventh floor. The north elevator will run from the cellar to the roof of the tenth floor building segment.

The elevators will be an overhead machine elevator with an approximate speed of 200 feet per minute. The elevators will be new.

The elevators will have new lift machinery, new controllers and a new cab. The elevator manufacturer is ROTOVELE. The elevator shaft at the south is a new concrete block installation.

(12) Elevator Cab:

The elevator cabs will have a vinyl composite floor tile with raised metal studs. The ceiling will be a polished stainless steel with recessed incandescent lighting. The walls will be stainless steel with woven steel panels. There will be a rail at the rear wall. The elevator cabs are being fabricate by Park Avenue Cab Company.

The cabs are equipped with an emergency exit hatch and an exhaust fan.

(I) AUXILLIARY FACILITIES

(1) N/A

(J) PLUMBING AND DRAINAGE

(1) Domestic Water System:

A new water service is supplied from the NYC water main. At the cellar a fire pump provides water distribution to the sprinkler system. The pump will be a 40+/- HP Peerless (or similar) pump. The water service for the building will be metered with a water meter. The water supply to the commercial and residential units is through copper distribution piping. There will be a second water main and water service for the sprinkler /standpipe system. This water service will be individually metered.

All plumbing, drainage and gas piping will be new. All utility services will be new.

Domestic hot water for the commercial unit will be provided by a separate electric DHW heater located in the bathroom of the retail space.

(2) Fire Suppression System:

A new 3" water service was installed; this will be upgraded to a new 6" service. The building will be fully sprinklered with new iron piping and approved sprinkler heads. There will be a full standpipe system located in the common stair hall. The sprinkler heads will be a combination of concealed surface mounted, concealed or open sidewall mounted and in some cases exposed pendant mounted sprinkler heads. All sprinkler heads will be MEA approved.

(3) Water pressure is provided by New York City water pressure. There will be a fire pump located in the cellar at Orchard Street.

(4) Sanitary waste is removed from the building by a gravity sewer system. Sanitary piping is cast iron.

(5) Storm water is drained by gravity through new cast iron piping. The piping is hooked up to the existing storm drain system in the building.

(K) HEATING

(1) There is one boiler plant for the building. The space in building segment I will be altered to include new boilers for building segment II. Both buildings will share the same chimney. At this time, the boilers for building segment I is in place only. Heating for each building segment is provided as follows: Heat for the commercial units is provided by one Slant-Fin boiler (Model GXH-190DPT). Output, 155,000 BTUH located in the cellar boiler rooms. Heat for the residential units is provided by two Slant-Fin boilers (Model GG-339HEC) 327,000 BTU output. Domestic hot water is provided by a Slant-Fin (Model GXH-190 DPT) by with an accessory storage tank. For each building segment, the domestic hot water is stored in two separate storage tanks (each tank has a capacity of 79.3 gallons/hr). All boilers are gas fired.

(2) The piping associated with the circulating hot water is copper distribution piping. The hot water heat is circulated through the building to Runtal or Slant-fin radiators. The radiators are located throughout the apartment units.

(3) No defects are noted or are anticipated. All components, boilers, pumps, valves, regulating devices, radiators, and piping are a complete new installation.

(4) There is no oil tank in the building noted.

(L) GAS SUPPLY

- (1) The building is provided with a low-pressure natural gas service purchased from Consolidated Edison. The gas meters will be located in the cellar. Gas is distributed throughout the building in standard weight steel pipe.
- (2) A separate gas riser is provided for the residential use.

(M) AIR CONDITIONING

- (1) The sponsor will be installing three surface mounted air-conditioning units in the Phase I commercial space. These units are split-units with compressor located at the rear of the first floor.
- (2) The residential units will have through the wall, individual room air-conditioner units. Each bedroom and living room will have one air conditioner unit. Air conditioner units will be manufactured by Friedrich or equal. The units will be either 11,000 BTUH for smaller rooms or 14,000 BTUH for larger rooms.
- (3) The air conditioning system in the units is designed to maintain an interior temperature of 75° F, when the outdoor temperature is 92° F dry bulb and 76° F wet bulb.

(N) VENTILATION

- (1) There will be central exhaust fans on the roof for the commercial bathroom on the first floor and for the residential bedrooms and kitchenettes on the second through tenth floors.

(O) ELECTRICAL

- (1) The main electrical shut off for the building will be located in the cellar. The main electrical service consists of a new four wire three-phase service of 110-208 volt, 400-ampere service for the Phase I building segment. This electrical service will be branched down for the commercial and residential units. There will be separate electrical meters for these units.

The Phase II building will have a separate incoming service of 110-208 volt 600-amperes. The service will be branched down for the commercial and residential units.

- (2) The commercial space will have a 110-208 volt, 100-ampere service. The residential units will have a 110-208 volt, 60-ampere service minimum. There will be approximately six to ten electrical circuits in each unit protected by 15-amp or 20-amp circuit breakers.
  - (3) Lighting in the cellar and the retail store will be provided by surface mounted and recessed fluorescent light fixtures. The residential spaces will be lit by a combination of surface mounted and recessed fluorescent and incandescent light fixtures. The stair halls will have fluorescent light fixtures at each landing. Where there are public corridors there will be recessed and surface mounted fluorescent and incandescent lighting. Lighting in the public areas of the building will be adequate.
  - (4) The lighting schedule for the residential units is as follows:
    - Kitchens: under-cabinet lighting, recessed incandescent;
    - Bathrooms: wall mounted incandescent light fixtures,  
surface mounted light fixture,  
additional fluorescent light fixtures in some bathrooms;
    - Living rooms: switched electrical light fixtures; various incandescent  
light fixtures;
    - Bedrooms: switched electrical outlets;
    - Hallways: recessed or surface mounted light fixtures.
- (P) INTERCOMMUNICATION AND/OR DOOR SIGNAL SYSTEMS, SECURITY  
CLOSED CIRCUIT TV
- (1) There will be a video intercom at the entrance on Orchard Street as manufactured by Seidle. The intercom will work in conjunction with the apartment units. There will be a buzzer system that opens the entry door associated with the intercom.
- (Q) PUBLIC AREA LIGHTING
- (1) The entrance lobby will be lit with recessed incandescent lighting.
  - (2) Stair halls will be lit by incandescent lighting. The common hallways off the elevator lobby will be lit by incandescent lighting.
  - (3) The cellar will be lit by a combination of incandescent and fluorescent lighting.
- (R) GARAGES AND PARKING AREAS
- (1) There is no on-site parking.
  - (2) There is street parking available. Parking on Orchard Street is not permitted Monday thru Friday 7 a.m. thru 7 p.m. There is metered parking across the street from the subject property.

(S) SWIMMING POOLS

- (1) There are no swimming pools on the premises.

(T) TENNIS COURTS, PLAYGROUNDS AND RECREATION FACILITIES

- (1) There are no tennis courts, playgrounds or recreation facilities on the premises.

(U) UNIT INFORMATION

- (1) The finishes proposed in the typical residential units on floors 2 through 10 are to be as follows:

Floors: Wide-plank Maple flooring or Slate Tile by "Hastings".  
Walls: Gypsum wallboard, painted typically.  
Base: Custom profiled wood or ceramic tile.  
Ceilings: Gypsum wallboard, painted typically.

- (2) The bathroom floors will be tumbled slate by "Hastings" with a slate base. Some walls will be tiled, some will not. The bathtub and shower enclosures will all be tiled. Additional tile will be located at various areas. The Bathroom fixtures on floors 2 through 10 are as follows:

Lavatory: Pedestal or wall mounted sink by Duravit in vitreous china with lavatory set by Jado or Domaine.  
Water Closet: Vitreous china tank toilet with toilet seat by Toto- Prominence series.  
Tub: Tea for Two by Kohler with Jado or Domaine fittings.  
Showers: Tumbled slate by "Hastings" floors and tile walls with glass shower doors.

- (3) The kitchens will have thermo-foiled imported Italian custom cabinetry with granite countertops. At this time the kitchen fixtures and accessories are specified as follows:

Floors: Wide-plank Maple flooring.  
Counters: Granite or sealed Soapstone  
Sink: Stainless steel with single lever faucet or equal.  
Dishwasher: Bosch or equal.  
Refrigerator: Approximately 20.3 cubic foot; Amana.  
Stove: Gas stove by Bosch, or equal.  
Microwave: Bosch, or equal.  
Washer/Dryer: Stackable by GE, Bosch, Amana or equal.

(V) FINISH SCHEDULE OF SPACES OTHER THAN UNITS

| <u>Room</u>   | <u>Floor</u> | <u>Walls</u>                                | <u>Ceiling</u>         | <u>Remarks</u> |
|---------------|--------------|---------------------------------------------|------------------------|----------------|
| Cellar Spaces | Concrete     | C.M.U. and exposed masonry                  | Wallboard,             | ptd.           |
| Storage Rooms | Concrete     | C.M.U. and wallboard                        | Wallboard,             | ptd.           |
| Lobby         | Stone tile   | Wood wainscot & wallboard<br>Painted above. | Wallboard              |                |
| Stairs        | Concrete     | Wallboard, C.M.U.                           | Wallboard,<br>Or metal | ptd.           |
| Trash Room    | Concrete     | Wallboard, C.M.U.                           | Wallboard,             | ptd            |

(W) SOUND ATTENUATION

- (1) Plans call for sound attenuation insulation to be installed between floor /ceiling systems, and between apartment walls.

(X) SAFETY AND WARNING DEVICES

- (1) There is an alarm system associated with the sprinkler system. This is required by building code.

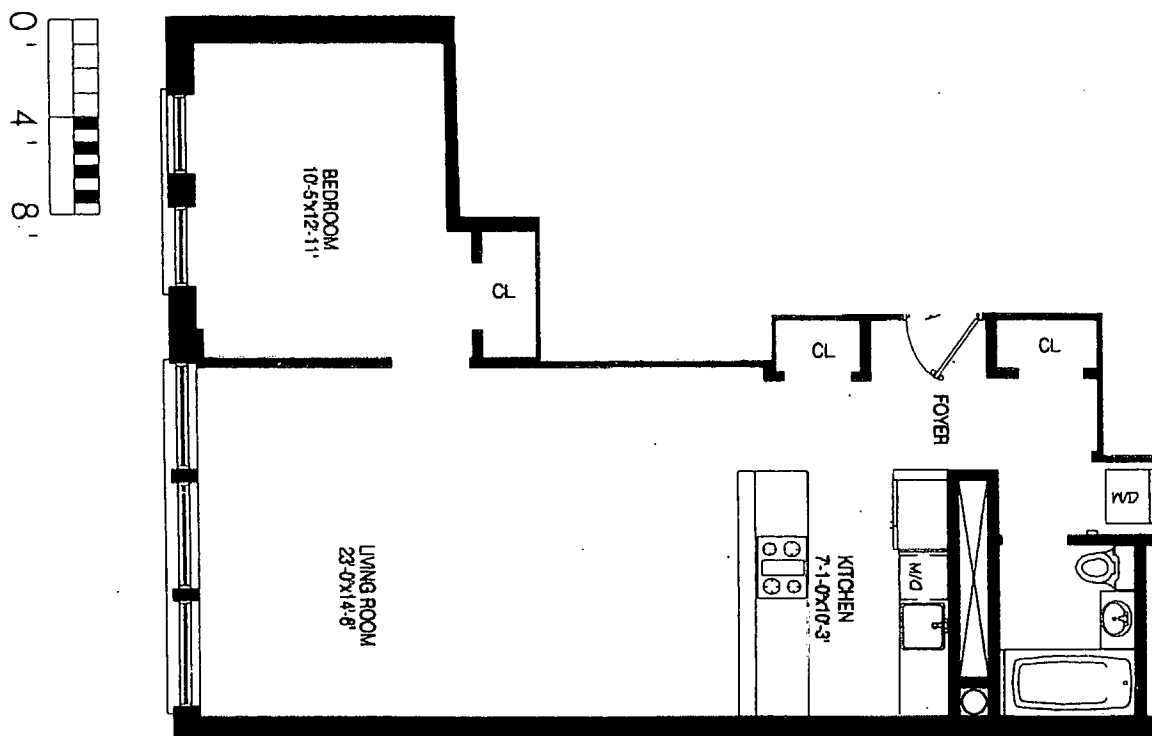
(Y) ADDITIONAL INFORMATION

- (1) FLOOR PLANS: Annexed herewith as part of this report.
- (2) PERMITS:  
A copy of the work permit application for the alteration and a building department search will follow.
- (3) Refuse for the building will be stored in a designated refuse area in the cellar until it is brought curbside by the super. It will be collected by the NYC Department of Sanitation. Commercial refuse will be contracted for by the commercial tenant.
- (4) The sidewalk pavement currently is in poor condition. Plans call for the sidewalk pavement to be completely re-paved by the sponsor.
- (5) The area at the rear where the building will be cut back to expose a rear yard will have a new 4 inch concrete slab with a yard drain cut into it.
- (6) The existing structural system that is to remain consists of the stone foundation walls. The walls are solid and in satisfactory condition. Additional steel beams will be installed atop the existing foundation to transfer the loads to new concrete footings installed.

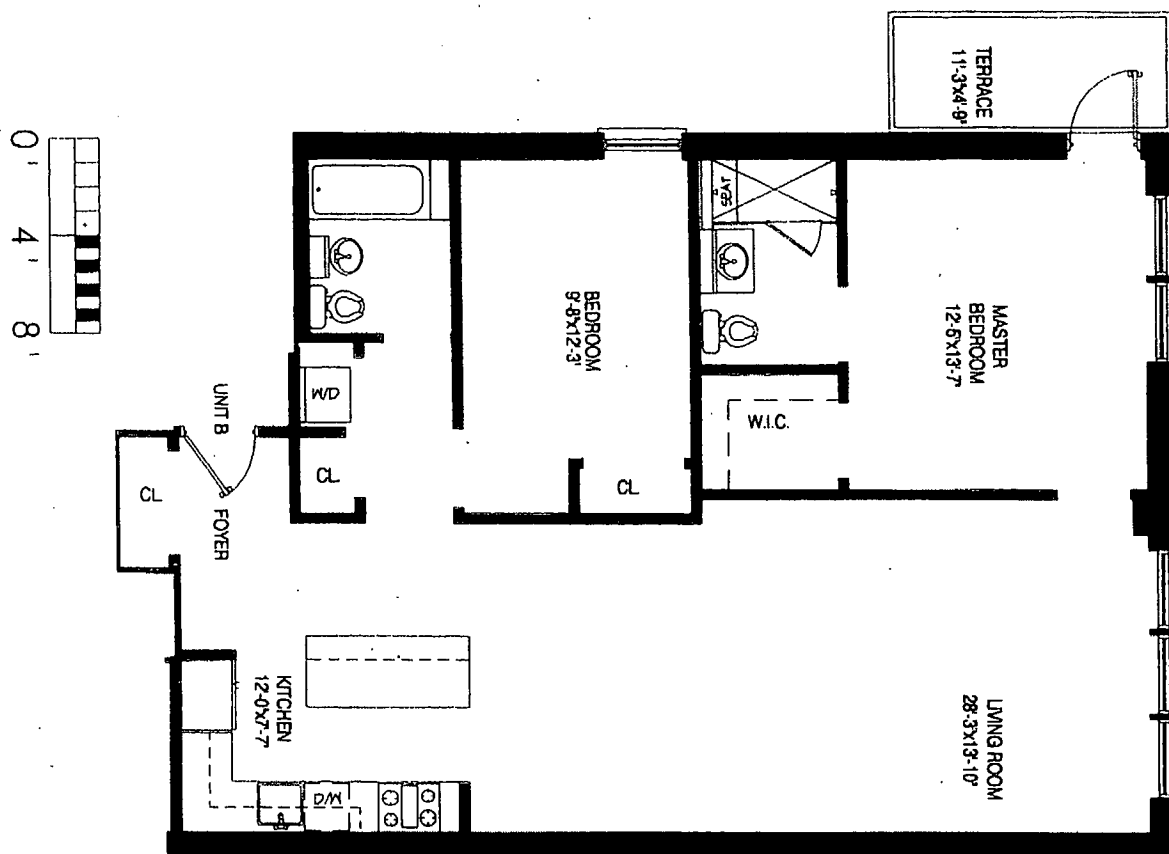
- (7) The exterior walls at the north and south are stucco covered concrete masonry. The exterior walls at the east and west are insulated steel stud and gypsum panel. The exterior walls will have an R-value of 15. The roof will be insulated with a minimum R-value of 29.
- (8) The balconies will have concrete floors. They are cantilevered from the steel framing. The railings will be steel tube and wire grill. The doors to the northerly balconies will be a wood and glass door. The doors to the easterly balconies will be a sliding wood and glass door.
- (9) The main and service entrances are all new and in good condition.
- (10) The skylights associated with the stairs and the elevator are glass and galvanized metal. They are new skylights.
- (11) Sound insulation between apartments is provided by 6" sound insulation horizontally between the floor joists and 3 1/2" sound insulation between apartments horizontally and vertically. The floor construction will have approximately 6 ml. of cork underlayment providing resiliency. The estimated STC rating between floor/ ceiling assembly is approximately 51. The estimated STC rating between wall assembly is approximately 48.
- (12) Smoke detectors are provided as a safety device in each apartment unit. There will also be an intercom system providing safety for each apartment.
- (13) The current status of construction is that the building is to be fully enclosed by July 1, 2004. Substantial completion is anticipated for September 1, 2005.
- (14) The alteration work consists of a phased construction effort to change the use and enlarge the existing building by three stories. In addition sections of the building will be partially demolished and replaced. All services will be new. All finishes will be new.
- (15) The construction work on Phase I and II has been approved by the NYC Department of Buildings under job number 103058672.
- (16) The building will comply with Local Law 58 as one of the requirements for approval by the NYC DOB.

Prepared by: Michael Muroff AIA  
MICHAEL MUROFF ARCHITECT LLC

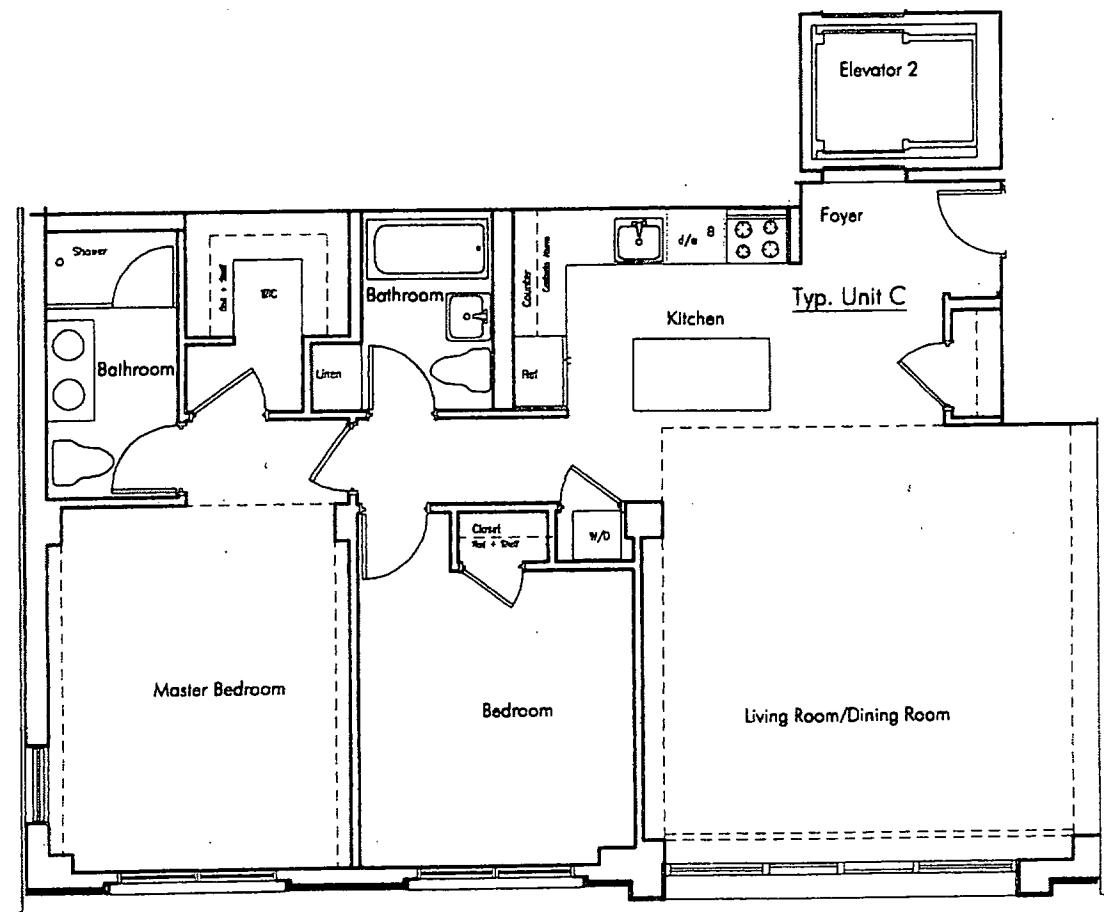




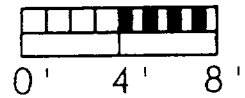
50 ORCHARD STREET  
Typ. Unit A (floors 2-4)



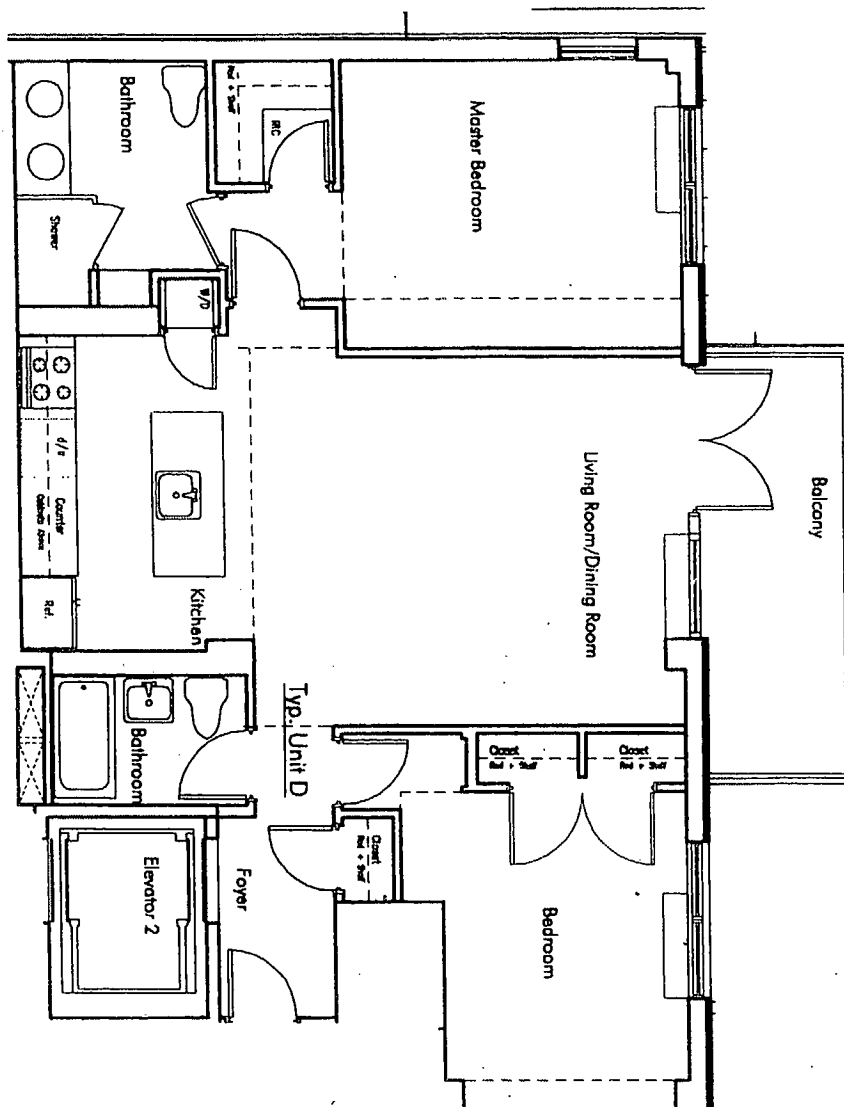
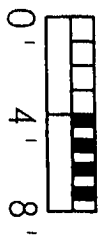
50 ORCHARD STREET  
Typ. Unit B (floors 2-4)

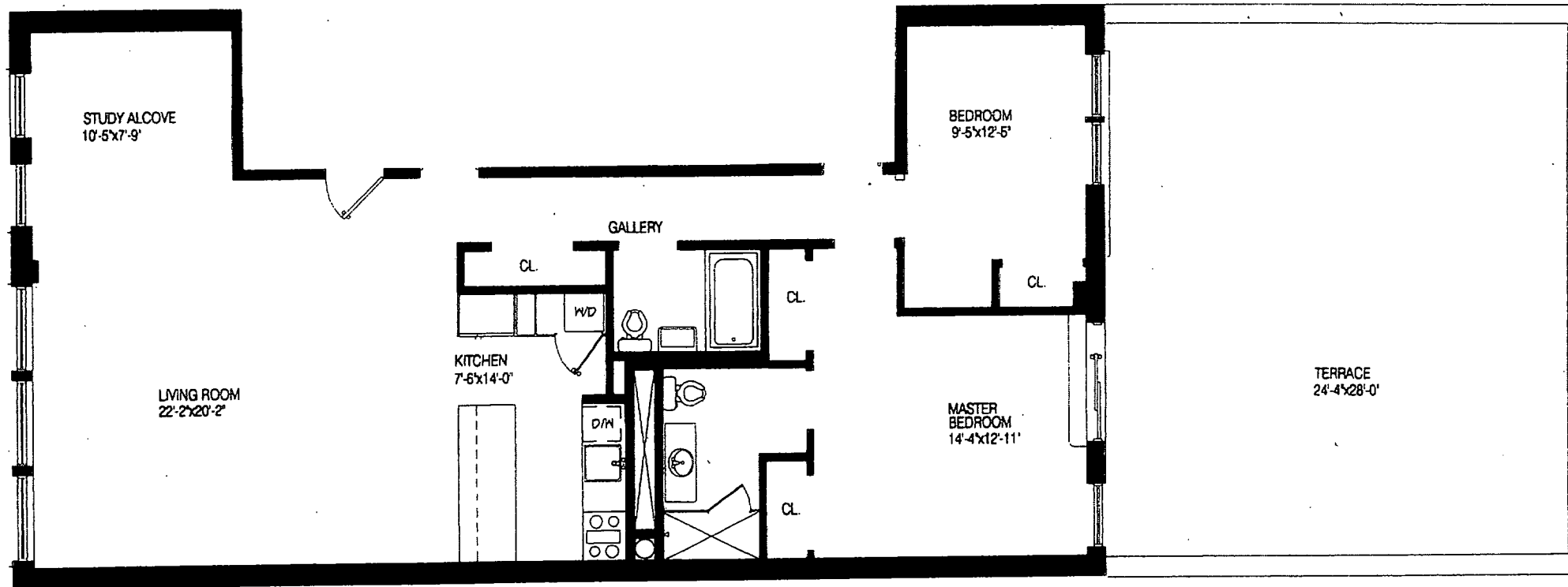


50 ORCHARD STREET  
Typ. Unit C (floors 2-7)



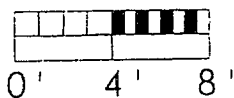
50 ORCHARD STREET  
Typ. Unit D (floors 2-7 and 9-10)

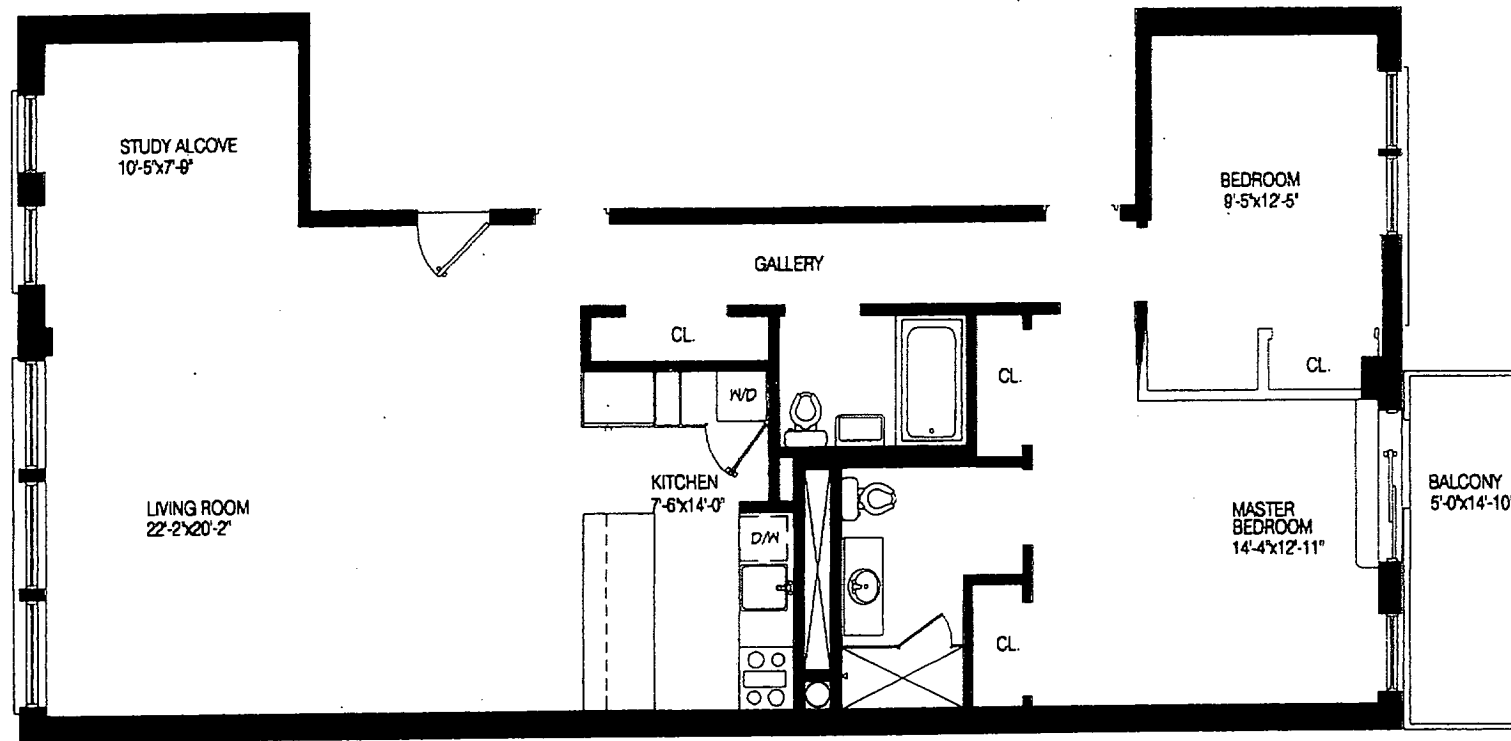




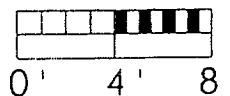
-185-

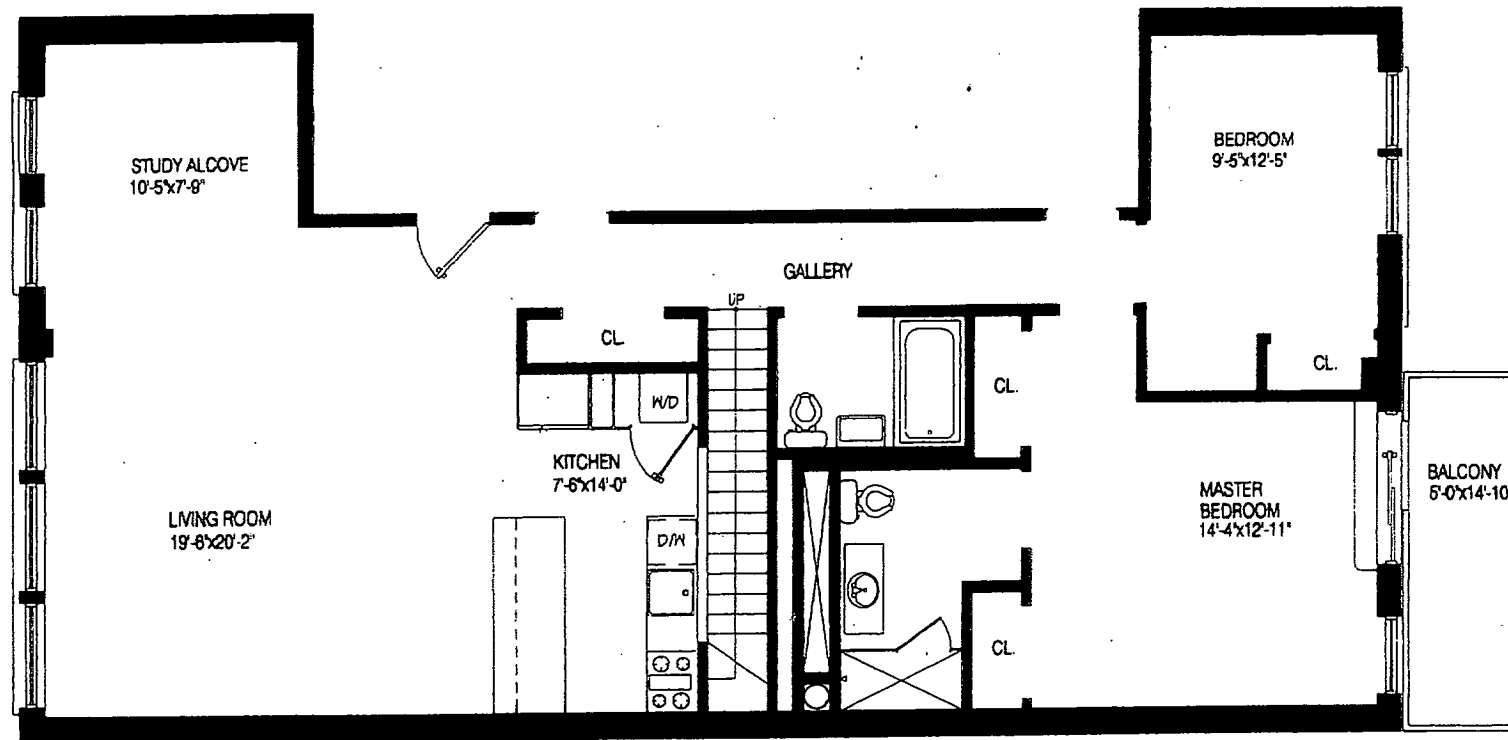
50 ORCHARD STREET  
Unit A (floor 5)





50 ORCHARD STREET  
Unit A (floor 6)

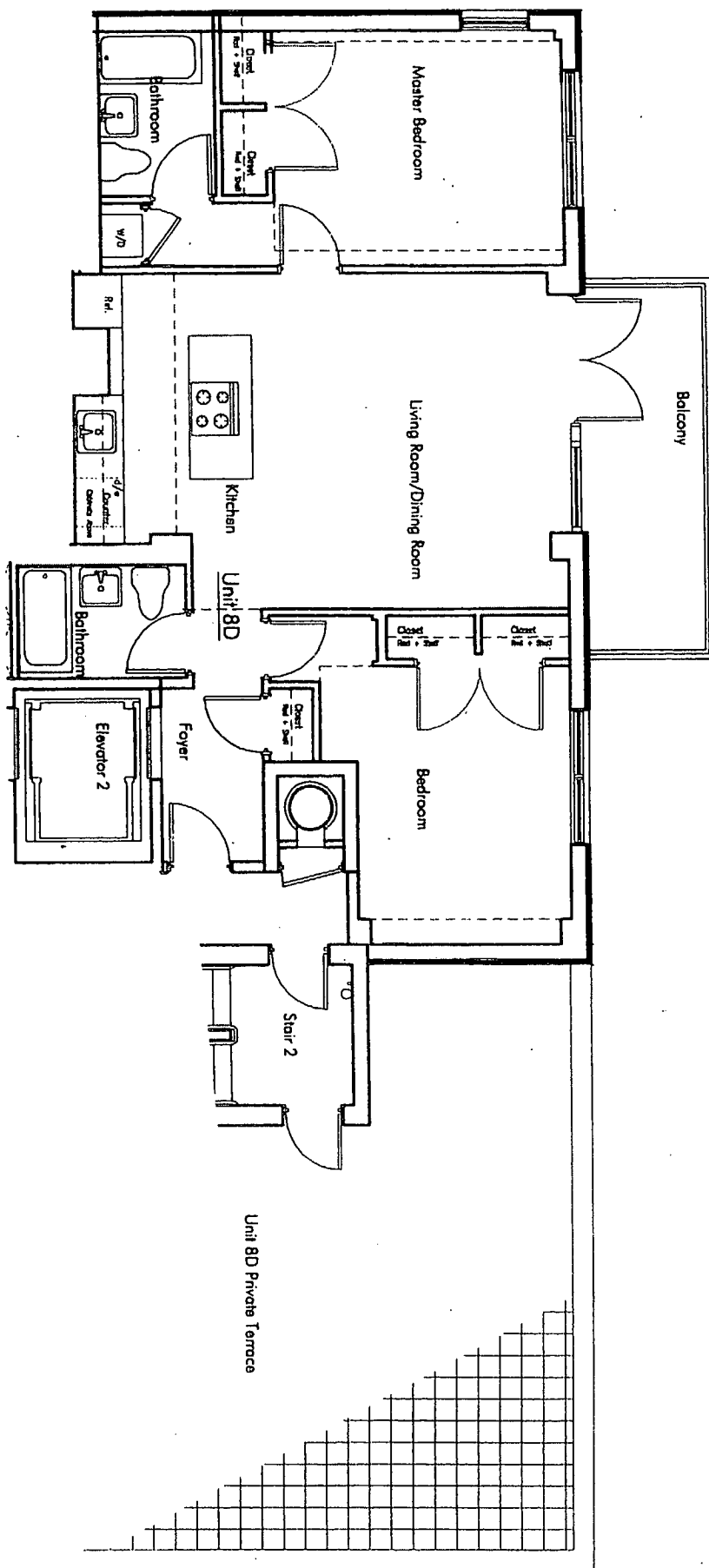
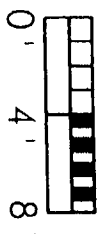




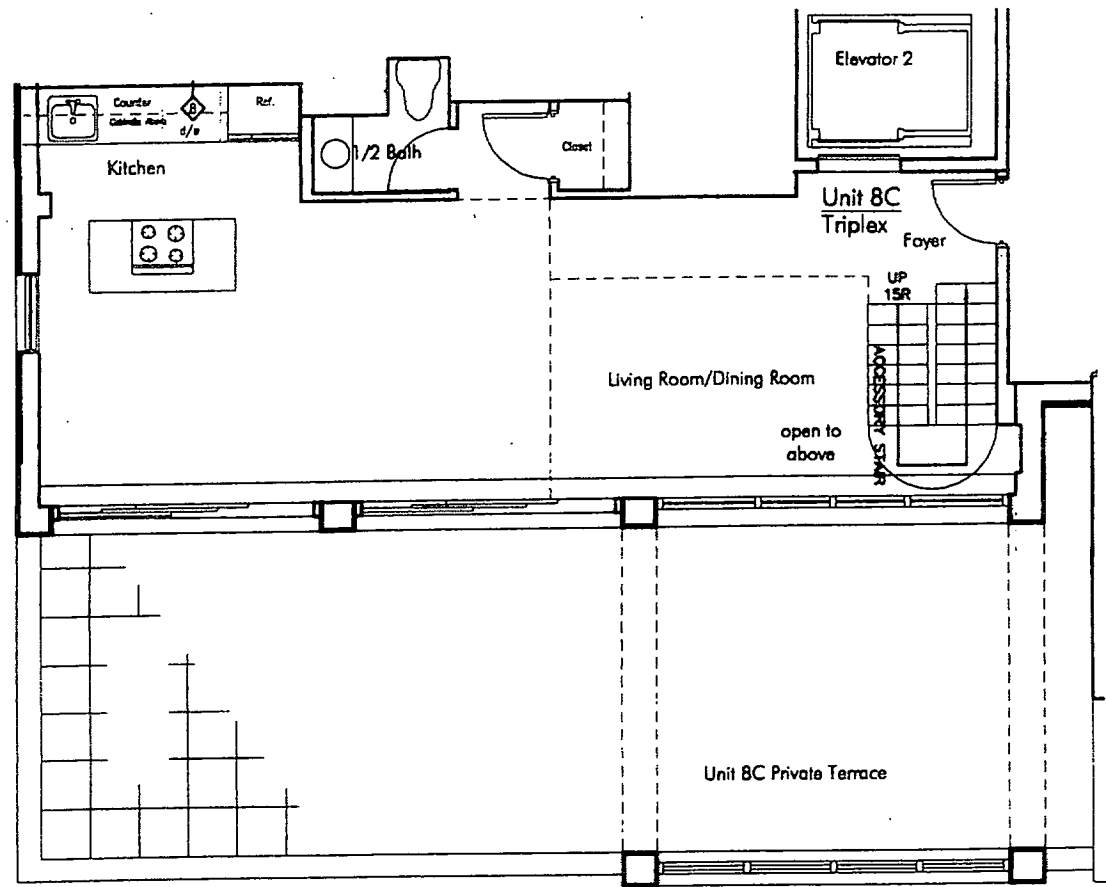
50 ORCHARD STREET  
Unit A (floor 7)

50 ORCHARD STREET

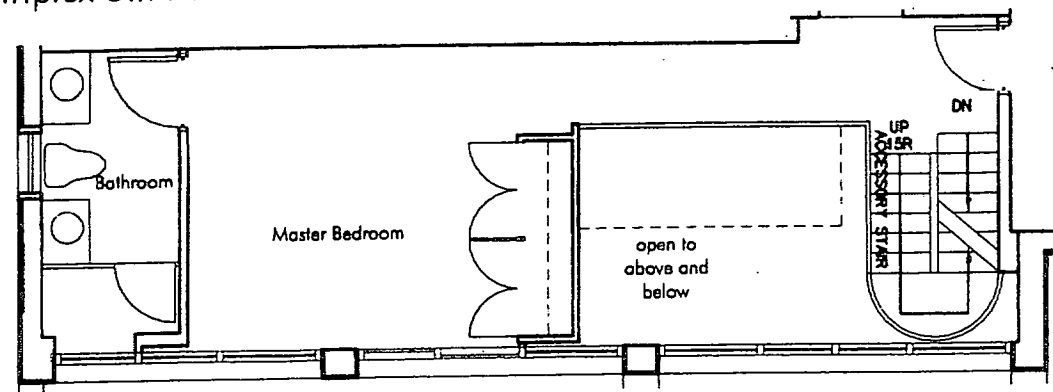
Unit 8D



P:\PROJECTS\2001 ACTIVE\50 ORCHARD STREET\PLANS FINAL R1.DWG. 09/13/2004 06:28:36 PM



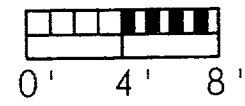
triplex 8th floor



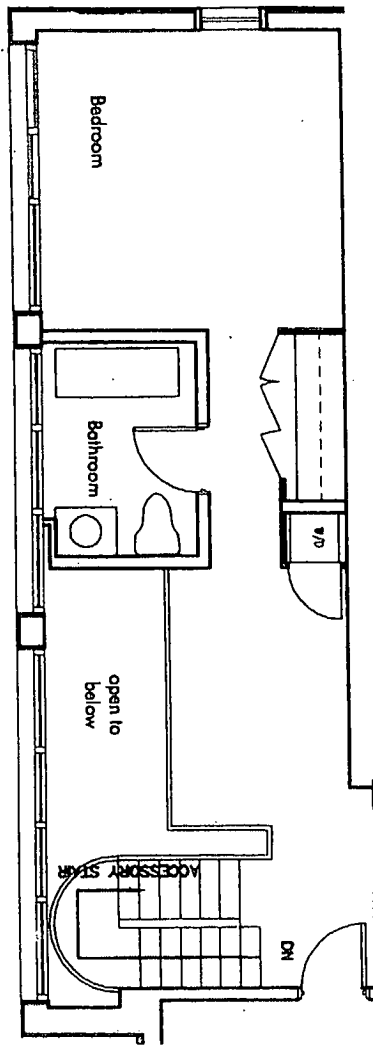
triplex 9th floor

50 ORCHARD STREET

Unit 8C Triplex

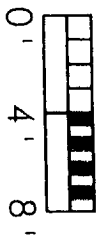


triplex 10th floor



50 ORCHARD STREET

Unit 8C Triplex



## DECLARATION OF CONDOMINIUM

ESTABLISHING PLAN OF CONDOMINIUM OWNERSHIP FOR THE PREMISES KNOWN AS THE 50 ORCHARD STREET CONDOMINIUM, 48-52 Orchard Street, New York, New York, PURSUANT TO ARTICLE 9-B OF THE REAL PROPERTY LAW OF THE STATE OF NEW YORK

NAME: THE 50 ORCHARD STREET CONDOMINIUM

DECLARANT: 50 ORCHARD ASSOCIATES LLC

BLOCK: 2060

LOT: 51

RETURN BY MAIL TO: TUREK ROTH LLP  
Attorneys for Declarant  
377 Fifth Avenue, 6<sup>th</sup> Floor  
New York, New York 10016  
Attention: Allen M. Turek, Esq.

**DECLARATION OF CONDOMINIUM**

## INDEX TO DECLARATION

| Article | Subject                                                                   | Page |
|---------|---------------------------------------------------------------------------|------|
| 1       | Definitions .....                                                         | 1    |
| 2       | Submission of the Property .....                                          | 1    |
| 3       | Name of the Condominium .....                                             | 1    |
| 4       | The Land .....                                                            | 1    |
| 5       | The Building .....                                                        | 2    |
| 6       | The Units .....                                                           | 2    |
| 7       | The Common Elements .....                                                 | 3    |
| 8       | Determination of Common Interests .....                                   | 4    |
| 9       | Use of Units .....                                                        | 4    |
| 10      | Easements for the Enjoyment of Common Elements .....                      | 5    |
| 11      | Other Easements .....                                                     | 5    |
| 12      | Alterations, Additions, Improvements and Changes<br>to Unsold Units ..... | 7    |
| 13      | Acquisitions of Units by the Condominium Board .....                      | 8    |
| 14      | Power of Attorney to Declarant and the<br>Condominium Board .....         | 9    |
| 15      | Termination of Condominium .....                                          | 9    |
| 16      | Covenant of Further Assurances .....                                      | 10   |
| 17      | Covenants to Run With the Land .....                                      | 11   |
| 18      | Amendments to this Declaration .....                                      | 12   |
| 19      | Consents of Declarant and the Condominium Board .....                     | 15   |
| 20      | Person to Receive Service .....                                           | 16   |
| 21      | Incorporation by Reference .....                                          | 16   |
| 22      | Waiver .....                                                              | 16   |
| 23      | Severability .....                                                        | 16   |
| 24      | Successors and Assigns .....                                              | 17   |
| 25      | Gender .....                                                              | 17   |
| 26      | Captions .....                                                            | 17   |
|         | Signature and Acknowledgement .....                                       | 17   |

| Exhibit | Subject                  |
|---------|--------------------------|
| A       | Description of the Land  |
| B       | Description of the Units |
| C       | Definitions              |
| D       | By-Law                   |
| E       | Power of Attorney        |

## DECLARATION OF CONDOMINIUM

### THE 50 ORCHARD STREET CONDOMINIUM (Pursuant to Article 9-B of the Real Property Law of the State of New York)

50 ORCHARD ASSOCIATES LLC, a New York Limited Liability Corporation, having an office, 307 Fifth Avenue, 8<sup>th</sup> Floor, New York, New York 10016 (hereinafter referred to as "Declarant", does hereby declare as follows:

#### PART I

#### ARTICLE 1

#### DEFINITIONS

All capitalized terms used in this Declaration that are not otherwise defined in the Articles hereof shall have the meanings set forth in Exhibit C annexed hereto, unless the context in which the same are used shall otherwise require. All capitalized terms used in this Declaration that are defined in any of the Articles hereof shall have the meanings ascribed to them in such Articles, unless the context in which the same are used shall otherwise require. Each of the said capitalized terms shall be applicable to singular and to plural nouns, as well as to verbs of any tense.

#### ARTICLE 2

#### SUBMISSION OF THE PROPERTY

Declarant hereby submits the Property to the provisions of the Condominium Act and, pursuant thereto, does hereby establish a regime for the condominium ownership of the Property as more particularly set forth herein and in the By-Laws.

#### ARTICLE 3

#### NAME OF CONDOMINIUM

The condominium shall be known as "THE 50 ORCHARD STREET CONDOMINIUM".

#### ARTICLE 4

##### THE LAND

The Land, which is located in the County of New York in the City and State of New York and is more particularly described in Exhibit A annexed hereto, is owned by Declarant in fee simple absolute and has an area of approximately 6,562 square feet.

#### ARTICLE 5

##### THE BUILDING

Included in the Property described in Article 1 is the Building located at the street address 48-52 Orchard Street, New York, New York. The Building consists of ten (10) stories with a cellar, which shall be divided into twenty-five (25) Residential Units and two (2) Commercial Units.

#### ARTICLE 6

##### THE UNITS

(a) Exhibit B annexed hereto and made a part hereof sets forth the following data 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; (v) the number of rooms contained therein; (vi) the portions of the Common Elements to which such Unit has immediate access; and (vii) the Common Interest appurtenant to such Unit. The precise location of each Unit within the Building is shown on the Floor Plans.

(b) Each Unit consists of the area measured horizontally from and including the outside face, perimeter brick, block or stucco walls or from the centerline of windowed walls, to the unexposed unit side of walls enclosing the stair and elevator, to the demising wall centerline, to include the columns, chimneys, and to include Common Elements, and the areas measured vertically from the top of the floor to the underside of the plaster ceiling at its highest level.

(c) Each Unit includes: (i) the entrance doors to such Unit; (ii) the interior walls, partitions and floor coverings and plastered ceilings affixed, attached, or appurtenant to such Unit; (iii) any and all equipment, fixtures and appliances; and (iv) all Facilities affixed attached, or appurtenant to such Unit and benefiting only that Unit.

(d) Notwithstanding anything contained in this Article 6 to the contrary, each Unit Owner shall have the right, to install, at such Unit Owner's sole cost and expense, such decorations fixtures and coverings on the surfaces of the walls, ceilings and floors that face the

interior of such Unit Owner's Unit, provided that no such installation shall impair the structural integrity of such Unit or of the Building.

## ARTICLE 7

### THE COMMON ELEMENTS

(a) The Common Elements consist of the Land and those rooms, areas, corridors and other portions of the Building (other than the Units), as well as those Facilities therein, either currently or hereafter existing for the common use of the Units or of the Unit Owners or necessary for, or convenient to, the existence, maintenance, management, operation, or safety of the Property. The Common Elements include:

(i) the Land;

(ii) all foundations, columns, beams, supports, girders, exterior walls, partitions, window frames (excluding panes), concrete floor slabs, roofs, and ceilings in, on, or under the Building, to the extent that the same are not expressly included as a part of a Unit pursuant to the terms of Article 6 hereof;

(iii) all hallways, corridors, lobbies, cellars, stairs, stairways (except for interior stairs appurtenant to penthouse Units), elevator shafts and pits, other mechanical and electrical equipment spaces and entrances to, and exits from, the Building;

(iv) all central and appurtenant installations and Facilities for services such as power, light, telephone, intercom, gas, sewer, plumbing, drainage, hot and cold water distributions, heat, garbage disposal and other mechanical and electrical systems to the extent that the same are not expressly included as a part of a Unit pursuant to the terms of Article 6 hereof; and

(v) all other parts of the Property, and all apparatus and installations now existing or hereafter constructed in the Building or on the Property, either existing for the common use of the Units or the Unit Owners or necessary for, or convenient to, the existence maintenance, or safety of the Property.

(b) The Common Elements shall remain undivided, and no Unit Owner or any other Person shall bring any action for partition thereof, except as is expressly permitted pursuant to the terms of Article 15 hereof and Section 5.5 of the By-Laws.

## ARTICLE 8

### DETERMINATION OF COMMON INTERESTS

The Common Interest of each Unit has been determined by the Declarant, pursuant to the terms of the Condominium Act, based upon the location of such space and the additional factors of relative value of such space to other space in the Condominium, uniqueness of the Unit, category of the Unit, availability of Common Elements for exclusive or shared use, and the overall dimensions of the particular Unit.

## ARTICLE 9

### USE OF UNITS

(a) Each Unit may be used for any lawful purpose.

(b) A Unit owned or leased by an individual, corporation, partnership, fiduciary, or any other entity may be occupied only by said individual, or by an officer, director, stockholder, or employee of such corporation, or by a partner or employee of such partnership, or by said fiduciary (including directors, officers, stockholders, or employees of corporate fiduciaries and partners or employees of partnership fiduciaries), or by the beneficiary of said fiduciary, or by a principal or employee of such other entity, or by Family Members or guests of any of the foregoing. Units may be leased only in accordance with the By-Laws and Rules and Regulations.

(c) Declarant may, without the consent of the Condominium Board or other Unit Owners: (i) grant permission for the use of any Unsold Units as a professional office so long as permitted by applicable zoning ordinance or for any other lawful purpose; (ii) use any Unsold Units as model units and offices for the selling, renting, management, operation and promotion of Unsold Units; and (iii) lease any Unsold Units to third parties for their occupancy or any other lawful purpose.

## ARTICLE 10

### EASEMENTS FOR THE ENJOYMENT OF COMMON ELEMENTS

(a) Subject to the terms of the By-Laws and the Rules and Regulations, Declarant, the Unit Owners, all other permitted tenants and occupants of the Building, the Condominium Board and all officers, partners, employees, agents, guests, invitees and licensees of the foregoing shall have, in common with all of the others, an easement for ingress and egress through, as well as for the use and enjoyment of, all of the Common Elements. No Person shall use or enjoy the Common Elements except in accordance with the reasonable purposes for which they are intended and without encroaching upon the rights of other Persons to do so.

(b) Declarant and its designees, successors, assignees, invitees, licensees, contractors, employees, agents and tenants shall have an easement in, over, under, through and upon the Common Elements to use the same, without being subject to any fee or charge, for all purposes

and activities in connection with the sale or renting of Unsold Units. In addition, Declarant reserves the right to use portions of the Common Elements for sales, rental or display purposes, to place "for sale", "for rent" and other signs and promotional materials, of such size and content as Declarant shall determine.

## ARTICLE 11

### OTHER EASEMENTS

(a) Subject to the terms of the By-Laws and to the Rules and Regulations, each Unit Owner shall have, in common with all other Unit Owners, an easement to use any of the Common Elements. In addition, the Condominium Board shall have an easement and a right of access to each Unit and to the Common Elements to inspect them, to remove violations therefrom and to operate, maintain, repair and replace any of the Common elements.

(b) If (i) any portion of the Common Elements now encroaches upon any Unit, (ii) any Unit now encroaches upon any other Unit or upon any portion of the Common Elements or (iii) any such encroachment shall hereafter occur as a result of (x) the settling or shifting of the Building, (y) any repair or alteration made to the Common Elements in accordance with the terms of this Declaration and the By-Laws by, or with the consent of, the Condominium Board, by Declarant, or its designee or (z) any repair or restoration made to the Building or any portion thereof, to any Unit, or to the Common Elements in accordance with the terms of this Declaration and the By-Laws, then, in any such event, a valid easement shall exist for such encroachment and for the maintenance of the same for so long as the Building or the affected Unit or Common Elements shall stand.

## ARTICLE 12

### ALTERATIONS, ADDITIONS, IMPROVEMENTS AND CHANGES TO UNSOLD UNITS

Declarant or its designee shall have the right, without the consent or approval of the Condominium Board, any other Unit Owner, or Person, to:

(i). make alterations or improvements, whether structural or non-structural to such Unsold Units;

(ii). change the layout, or number of rooms, in, any of such Unsold Units;

(iii). change the size and/or number of Unsold Units by (w) subdividing one or more such Unsold Units into two or more separate Units, (x) combining two or more or separating such Unsold Units into one or more Unsold Units, (y) altering the boundary walls of any of such Unsold Units; and

(iv). reapportion among such Units affected by such change in size or number their respective Common Interests.

### ARTICLE 13

#### ACQUISITIONS OF UNITS BY THE CONDOMINIUM BOARD

If (i) any Unit Owner surrenders his Unit to the Condominium Board pursuant to the terms of the By-Laws or of the Condominium Act or (ii) the Condominium Board, pursuant to the By-Laws, either (x) acquires or leases a Unit, or (y) purchases a Unit, at a foreclosure or other similar sale, then, in any such event, title or the leasehold estate, as the case may be, to such Unit shall be held by the Condominium Board or its designee, on behalf of all Unit Owners.

### ARTICLE 14

#### POWER OF ATTORNEY TO DECLARANT AND THE CONDOMINIUM BOARD

(a) Each Unit Owner shall be deemed to have appointed as such Unit Owner's attorney-in-fact, which power is irrevocable and coupled with an interest and with power of substitution, Declarant, to amend the Condominium Documents pursuant to the terms of Article 18 hereof and (ii) the Persons who shall from time to time constitute the Condominium Board, jointly, to:

(x) acquire or lease any Unit (1) whose owner desires to sell, or lease or surrender the same or (2) that becomes the subject of a foreclosure or other similar sale, in the name of the Condominium Board or its designee;

(y) sell, lease, mortgage, or otherwise deal with (but not to vote the Common Interest appurtenant to) any Unit so acquired; and

(z) execute, acknowledge and deliver (1) any declaration or other instrument affecting the Condominium that the Condominium Board deems necessary or appropriate to comply with any Law applicable to the maintenance, demolition, construction, alteration or repair of the Condominium or (2) any consent, covenant, restriction, easement, or

declaration, or any amendment thereto, affecting the Condominium or the Common Elements that the Condominium Board deems necessary or appropriate.

(b) In confirmation of the foregoing power of attorney, each Unit Owner, upon the request of either Declarant or the Condominium Board, shall duly execute, acknowledge and deliver to the requesting party, for recording in the Register's Office, a Power of Attorney in the form set forth as Exhibit E to this Declaration.

## ARTICLE 15

### TERMINATION OF CONDOMINIUM

The Condominium shall continue until terminated by (i) casualty loss, condemnation, or eminent domain, as more particularly provided in the By-Laws or (ii) withdrawal of the Property from the provisions of the Condominium Act by a vote of a least eighty (80%) percent of all Unit Owners, both in number and in aggregate Common Interests. In the event that said withdrawal is authorized the Property shall be subject to an action for partition by any Unit Owner or lienor as if owned in common, in which event the net proceeds of sale shall be divided among all Unit Owners in proportion to their respective Common Interests, provided, however, that no payment shall be made to a Unit Owner until there has first been paid, out of such Unit Owner's share of such net proceeds, all liens on the Unit Owner's Unit, in the order of priority of such liens.

## ARTICLE 16

### COVENANT OF FURTHER ASSURANCES

(a) Any Person who is subject to the terms of this Declaration, whether such Person is a Unit Owner, a lessee of a Unit Owner, or otherwise, shall, at the expense of any such other Person requesting the same, execute, acknowledge and deliver to such other Person such instruments, in addition to those specifically provided for herein, and take such other action, as such other Person may reasonably request to effectuate the provisions of this Declaration or of any transaction contemplated herein or to confirm or perfect any right to be created or transferred hereunder or pursuant to any such transaction.

(b) If any Unit Owner or any other Person who is subject to the terms of this Declaration fails or refuses to execute, acknowledge, or deliver any instrument, or fails or refuses, within ten (10) days after request therefor, to take any action that such Unit Owner or Person is required to take pursuant to this Declaration, then the Condominium Board is hereby authorized as attorney-in-fact for such Unit Owner or other Person, which power is irrevocable and deemed to be coupled with an interest and with power of substitution to execute, acknowledge and deliver such instrument, or to take such action, in the name of such Unit Owner or other Person, and such document or action shall be binding on such unit owner or other Person.

(c) If any Unit Owner or the Condominium Board or any other Person who is subject to the terms of this Declaration fails or refuses to execute, acknowledge, or deliver any instrument, or fails or refuses, within ten (10) days after request therefor, to take any action that the Condominium Board, Unit Owner, other Person is required to take pursuant to this Declaration at the request of Declarant, then Declarant is hereby authorized as attorney-in-fact for the Condominium Board, such Unit Owner or other Person, which power is irrevocable and deemed to be coupled with an interest and with power of substitution to execute, acknowledge and deliver such instrument, or to take such action, in the name of the Condominium Board, such Unit Owner or other Person, and such document or action shall be binding on the Condominium Board, such Unit Owner or other Person, as the case may be.

## ARTICLE 17

### COVENANTS TO RUN WITH THE LAND

All provisions of this Declaration, the By-Laws and the Rules and Regulations, shall be perpetual and be construed to be covenants running with the Land. All present and future Owners, tenants and occupants of Units shall be subject to, and shall comply with, the provisions of this Declaration, the By-Laws and the Rules and Regulations, as they may be amended from time to time.

## ARTICLE 18

### AMENDMENTS TO THIS DECLARATION

(a) Any provision of this Declaration may be amended or deleted by the vote of at least 66 2/3% of all Unit Owners, both in number and in aggregate Common Interests, taken in accordance with the provisions of the By-Laws. No such amendment or deletion shall be effective until recorded in the Register's Office. Articles 9, 10, 11, 12, 14 and 15 of this Declaration may not be amended or deleted unless eighty (80%) percent, both in number and in aggregate Common Interests, of all Unit Owners approve such amendment or deletion.

(b) Declarant or its designee shall have the right, at its sole cost and expense and without the vote or consent of any other Unit Owners, or the Condominium Board, to execute and record in the Register's Office amendments to this Declaration, together with such documents, plans and maps as Declarant or such designee deems appropriate to effectuate the same:

(i) to reflect any changes in Unsold Units and/or the reapportionment of the Common Interest of the affected Unsold Units resulting therefrom made by Declarant or such designee in accordance with the terms of Article 12 hereof; or

(ii) required by (x) an Institutional Lender designated by Declarant to make a loan secured by a mortgage on any Unit, (y) any governmental agency having regulatory jurisdiction over the Condominium or (z) any title insurance company selected by Declarant to insure title to any Unit. Provided, however, that any amendment made pursuant to the terms of subparagraph (i) or (ii) of this paragraph shall not (1) change the Common Interest of any Unit other than a Unit owned by Declarant, (2) require a material, physical modification of any Unit other than a Unit owned by Declarant or (3) adversely affect the priority or validity of the lien of any purchase money mortgage or any mortgage held by an Institutional Lender unless the owner of such affected Unit (in the event describe in subparagraph (1) or (2) of this paragraph) or the holder of such mortgage (in the event described in subparagraph (3) of this paragraph) shall consent thereto by joining in the execution of such amendment.

(c) No amendment to the Condominium Documents shall be adopted for so long as Declarant or its designee owns any Unit if the same would (i) unreasonably interfere with the sale, lease, or other disposition of a Unit owned by Declarant or such designee; (ii) abridge, modify, suspend, eliminate, or otherwise affect any right, power, easement, privilege, or benefit reserved to Declarant or such designee or (iii) impose any discriminatory charge or fee against Declarant or such designee without the consent of Declarant or its designee.

(d) So long as the Declarant owns at least two (2) Units, the provisions of this Article 18 may not be modified, amended, added to, or deleted, in whole or in part, without the prior written consent of Declarant or its designee.

## ARTICLE 19

### CONSENTS OF DECLARANT AND THE CONDOMINIUM BOARD

Wherever the consent or approval of Declarant or its designee is required under this Declaration or the By-Laws, such consent or approval shall not be required when Declarant or such designee no longer owns any Units. All consents required to be given by Declarant or the Condominium Board shall be given in writing.

## ARTICLE 20

### PERSON TO RECEIVE SERVICE

Turek Roth LLP, 377 Fifth Avenue, 6<sup>th</sup> Floor, New York, NY 10016, or any designated successor, is hereby designated to receive service of process in any action that may be brought against the Condominium. In addition, in accordance with Section 339-n of the Real Property Law, the Secretary of State of the State of New York is hereby designated as an agent of the Board of Managers to receive service of process in any action brought against the Condominium.

## ARTICLE 21

### SEVERABILITY

If any provision of the Condominium Documents is invalid or unenforceable the remainder of the Condominium Documents shall not be affected thereby.

## ARTICLE 22

### GENDER

A reference in this Declaration to any one gender, masculine, feminine, or neuter, includes the other two, and the singular includes the plural, and vice-versa, unless the context otherwise requires.

## ARTICLE 23

### CAPTIONS

The index hereof and the captions herein inserted are included only as a matter of convenience and for reference, and in no way define, limit, or describe the scope of this Declaration or the intent of any provision hereof.

IN WITNESS WHEREOF, Declarant has caused this Declaration to be  
executed as of the day \_\_\_\_ of \_\_\_\_\_, 200\_.

50 ORCHARD ASSOCIATES LLC,  
DECLARANT

By: \_\_\_\_\_

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

On the \_\_\_\_ day of \_\_\_\_\_, 200\_, before me personally came  
to me known, who being by me duly sworn, did depose and say that he is a manager/member of  
50 Orchard Associates LLC, the Limited Liability Company described in and which executed the  
foregoing instrument; that he signed his name thereto by virtue of his authority under the Articles  
of Organization of the Limited Liability Company.

\_\_\_\_\_  
Notary Public

EXHIBIT A TO THE DECLARATION  
OF  
THE 50 ORCHARD STREET CONDOMINIUM

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 easterly side of Orchard Street, distant 200 feet southerly from the southeasterly corner of Grand and Orchard Streets;

RUNNING THENCE southerly along the easterly side of Orchard Street, 75 feet;

THENCE easterly parallel with Grand Street, 87 feet 6 inches;

THENCE northerly parallel with Orchard Street, 75 feet; and

THENCE westerly parallel with Grand Street 87 feet 6 inches to the point or place of BEGINNING.

EXHIBIT B TO THE DECLARATION  
OF THE  
THE 50 ORCHARD STREET CONDOMINIUM  
DESCRIPTION OF UNITS

EXHIBIT C TO THE DECLARATION  
OF  
THE 50 ORCHARD STREET CONDOMINIUM  
  
DEFINITIONS

1. **Appurtenant Interest**: With respect to any Unit, the undivided interest of the owner of such Unit in and to: (i) the Common Elements; (ii) any other assets of the Condominium.

2. **Board of Managers**: Sometimes "Condominium Board" or "Board". The governing board of the Condominium composed of representatives designated by the Sponsor or selected by Unit Owners voting to supervise and manage the affairs of the Condominium in accordance with the By-laws of the Condominium.

3. **Building**: The building known as 48-52 Orchard Street, New York, New York, New York, New York.

4. **Commercial Units**. Refers to the Commercial Units in the Condominium.

5. **Closing Date**: The date of the transfer of title to any specific Unit, as scheduled by Sponsor by written notice to any Purchaser (which notice may not be less than 30 days) and any adjournment of such date as may be agreed by Sponsor in writing.

6. **Common Area Work**: The improvements and renovations to the Common Areas of the Building necessary to obtain a final Certificate of Occupancy pursuant to the Construction Plans and Specifications.

7. **Common Charges**: Each Unit's proportionate share of the Common Expenses in accordance with its Common Interest.

8. **Common Elements**: All portions of the Property other than Units, including, but not limited to the land, the foundations, roofs and supports of the Building and all areas or facilities for the common use of the Units and Unit Owners.

9. **Common Expenses**: The aggregate of (a) expenses of the operation of the Property, and (b) all sums designated as Common Expenses by the Condominium Act, the Declaration or By-laws. The projected Common Expenses for the first year of operation are set forth in Schedule B.

10. **Common Interest**: The proportionate undivided interest of each Unit Owner in the Common Elements as determined in accordance with the Declaration. The total of all Common Interest percentages of all Unit Owners equals 100%. The Common Interest of a Unit is the basis for determining, among other things, a Unit Owner's undivided ownership interest in the Common Elements and share of Common Expenses and of any distributions upon termination of the Condominium.

11. **Condominium**: The Units and Common Elements constituting The 50 Orchard Street Condominium.

12. **Condominium Act**: Article 9-B of the Real property Law of the State of New York.

13. **Condominium Board**: The Board of Managers of the Condominium.

14. **Condominium Documents**: The Declaration, the By-laws, Rules and Regulations and Floor Plans, as same may be amended from time to time.

15. **Construction Plan and Specifications**: The Plans and Specifications for the Building which are filed with and approved by the New York City Department of Buildings as same may be amended from time to time, pursuant to which the Building will be converted to its intended use as described in this Plan.

16. **Declarant**: Shall mean 50 Orchard Associates LLC, a New York Limited Liability Corporation, having an address, 307 Fifth Avenue, 8th Fl., New York, New York 10016.

17. **Declaration or Declaration of Condominium**: The instrument, including the By-laws, by which the Property is submitted to the provisions of the Condominium Act.

18. **Escrow Agent**: Turek Roth LLP, 377 Fifth Avenue, 6<sup>th</sup> Floor, New York, New York 10016, (212) 223-3562 or its successors, as per an amendment to this Plan.

19. **Family Members**: The spouse, children (natural and adopted), stepchildren, grandchildren, siblings, parents, parents-in-law, grandparents, great-grandparents and aunts and uncles of a Unit Owner who reside in such Unit Owner's Unit.

20. **First Closing**: The Closing of title for the first Unit to be conveyed pursuant to a Purchase Agreement and this Plan.

21. **Floor Plans**: The floor plans of the Units certified by Michael Muroff Architect LLC, or such architect designated by Sponsor, and filed with the City Register's Office

simultaneously with the recording of the Declaration, together with any supplemental floor plans thereto.

22. **Land**: All that certain tract, plot, piece and parcel of land, situate, lying and being in the County of New York State of New York, as more particularly described in Exhibit A to the Declaration, and located at 48 Orchard Street, New York, New York.

23. **Limited Common Elements**: Portions of the Property which are owned as Common Elements, but the exclusive use of which is granted to a single Unit Owner or several Unit Owners, such as designated portions of the roof adjacent to the fifth floor apartment.

24. **Managing Agent**: Salon Realty Co., currently having its office at 338 East 92<sup>nd</sup> Street, New York, New York 10128.

25. **North Section**: That portion of the Building containing all C & D Units.

26. **Offering Plan**: This document, as may be amended from time to time, filed with the New York State Department of Law pursuant to which individual Units in the Condominium are offered for sale.

27. **Permitted Mortgage**: Any mortgage covering a Unit that is placed thereon in compliance with the terms of the By-laws.

28. **Permitted Mortgagee**: Any holder of a Permitted Mortgage.

29. **Person**: A natural person, corporation, partnership, limited liability company, association, trustee or other legal entity.

30. **Power of Attorney**: The document, signed by Unit Owners, which appoints: (a) the Board of Managers as attorney-in-fact to acquire or lease Units on behalf of all Unit Owners; and (b) the Sponsor as attorney-in-fact to amend the Condominium Documents under the conditions set forth in the Power of Attorney.

31. **Property**: Includes the Land, the Building and all other improvements thereon, owned in fee simple absolute, and all easements, rights and appurtenances belonging thereto, and all other property, personal or mixed, intended for use in connection therewith, which have been or are intended to be subject to the provisions of the Condominium Act.

32. **Purchaser**: Any Person who has entered into an agreement with Sponsor to purchase a Unit and who is not in default thereunder.

33. **Residential Unit:** Any of the 25 units to be used for residential and other ancillary uses as permitted by the Building's Certificate of Occupancy.

34. **Rules and Regulations:** The rules and regulations of the Condominium, which are annexed as an addendum to the By-laws, as they may be amended, from time to time.

35. **Selling Agent:** Douglas Elliman, 575 Madison Avenue, New York, New York 10022.

36. **South Section:** That portion of the Building containing all A & B Units.

37. **Special Assessments:** The charges allocated and assessed by the Board of Managers to the Unit Owners, pro rated in accordance with their respective percentage interest in the Common Elements (except as may be otherwise provided in the Declaration or in the By-laws).

38. **Sponsor:** 50 Orchard Associates LLC, a New York limited liability company.

39. **Sponsor Designee:** Any person designated by the Sponsor to hold title to any Unsold Unit. Sponsor-designee shall have the right to designate person(s) to succeed to its rights and any such designee shall also be deemed a "Sponsor-Designee".

40. **Unavoidable Delays:** Refers to delays due to strike, lockout, or other labor, civil or industrial disturbance, future order of any government, court or regulatory body, war, act of the public enemy, riot, sabotage, blockade, embargo, shortage of, failure or inability to secure materials or labor by reason of priority or similar regulation or order of any government or regulatory body or act of God or any cause similar to any of the foregoing; provided, however, that for purposes of this definition, lack of funds or inability to obtain financing, shall not be deemed to be a cause similar to the foregoing clauses.

41. **Unit:** Any one of the 25 Residential Units and/or the 2 Commercial Units in the Building together with such Units' Common Interest.

42. **Unit Deed:** The bargain and sale deed transferring title to a specified Unit from Sponsor to a Purchaser in fee simple absolute.

43. **Unit Designation:** The number, letter or combination thereof, or other official designation confirming the tax lot number of a Unit.

44. **Unit Owner**: The person owning a Unit in fee simple absolute. Collectively, the term "Unit Owners" means all of the owners of the Units.

45. **Unsold Unit**: Any Unit owned by Sponsor or a Sponsor-Designee. Collectively, the term "Unsold Units" means all Units owned by Sponsor or a Sponsor-designee.

**CONDOMINIUM BY-LAWS**  
**OF**  
**THE 50 ORCHARD STREET CONDOMINIUM**

Prepared by:

Attorneys for Declarant

TUREK ROTH LLP  
377 Fifth Avenue, 6<sup>th</sup> Floor  
New York, New York 10016

By: Allen M. Turek, Esq.

## INDEX TO BY-LAWS

### ARTICLE 1 GENERAL

|         |     |                                     |
|---------|-----|-------------------------------------|
| SECTION | 1.1 | Purpose                             |
| SECTION | 1.2 | Definitions                         |
| SECTION | 1.3 | Applicability of By-Laws            |
| SECTION | 1.4 | Application of By-Laws              |
| SECTION | 1.5 | Principal Office of the Condominium |

### ARTICLE 2 BOARD OF MANAGERS

|         |      |                                                 |
|---------|------|-------------------------------------------------|
| SECTION | 2.1  | General                                         |
| SECTION | 2.2  | Status of the Condominium Board                 |
| SECTION | 2.3  | Powers and Duties of the Condominium Board      |
| SECTION | 2.4  | Exercise and Delegation of Powers and Duties    |
| SECTION | 2.5  | Number, Election and Qualification of Members   |
| SECTION | 2.6  | Term of Office of Managers                      |
| SECTION | 2.7  | Removal and Resignation of Managers             |
| SECTION | 2.8  | Vacancies                                       |
| SECTION | 2.9  | Organizational Meeting of the Condominium Board |
| SECTION | 2.10 | Regular Meetings of the Condominium Board       |
| SECTION | 2.11 | Special Meetings of the Condominium Board       |
| SECTION | 2.12 | Waiver of Notice of Meetings                    |
| SECTION | 2.13 | Quorum of the Condominium Board                 |
| SECTION | 2.14 | Conduct of Meetings                             |
| SECTION | 2.15 | Decisions by the Condominium Board              |
| SECTION | 2.16 | Compensation of Managers                        |
| SECTION | 2.17 | Interested Managers on the Condominium Board    |
| SECTION | 2.18 | Liability of the Condominium Board              |

### ARTICLE 3 OFFICERS

|         |     |                |
|---------|-----|----------------|
| SECTION | 3.1 | General        |
| SECTION | 3.2 | President      |
| SECTION | 3.3 | Vice President |

|         |     |                                                      |
|---------|-----|------------------------------------------------------|
| SECTION | 3.4 | Secretary                                            |
| SECTION | 3.5 | Treasurer                                            |
| SECTION | 3.6 | Election, Term of Officer Qualifications of Officers |
| SECTION | 3.7 | Removal and Resignation of Officers                  |
| SECTION | 3.8 | Vacancies                                            |
| SECTION | 3.9 | Compensation of Officers                             |

#### ARTICLE 4 UNIT OWNERS

|         |      |                                              |
|---------|------|----------------------------------------------|
| SECTION | 4.1  | Annual Meetings of the Unit Owners           |
| SECTION | 4.2  | Special Meetings of the Unit Owners          |
| SECTION | 4.3  | Place of Meetings                            |
| SECTION | 4.4  | Notice of Meetings                           |
| SECTION | 4.5  | Quorum of the Unit Owners                    |
| SECTION | 4.6  | Conduct of Meetings                          |
| SECTION | 4.7  | Order of Business                            |
| SECTION | 4.8  | Voting                                       |
| SECTION | 4.9  | Election of Members of the Condominium Board |
| SECTION | 4.10 | Action Without a Meeting                     |

#### ARTICLE 5 OPERATION OF THE PROPERTY

|         |      |                                                                     |
|---------|------|---------------------------------------------------------------------|
| SECTION | 5.1  | Maintenance and Repairs                                             |
| SECTION | 5.2  | Alterations, Additions, Improvements,<br>or Repairs in and to Units |
| SECTION | 5.3  | Alterations, Additions, or Improvements<br>to the Common Elements   |
| SECTION | 5.4  | Insurance                                                           |
| SECTION | 5.5  | Casualty or Condemnation                                            |
| SECTION | 5.6  | Use of the Property                                                 |
| SECTION | 5.7  | Use of the Units                                                    |
| SECTION | 5.8  | Use of the Common Elements                                          |
| SECTION | 5.9  | Rights of Access                                                    |
| SECTION | 5.10 | Modification of the<br>Rules and Regulations                        |
| SECTION | 5.11 | Real Estate Taxes,<br>Water Charges and Sewer Rents                 |

ARTICLE 6  
COMMON CHARGES

|         |     |                                                                  |
|---------|-----|------------------------------------------------------------------|
| SECTION | 6.1 | Determination of Common Expenses<br>and Fixing of Common Charges |
| SECTION | 6.2 | Payment of Common Charges                                        |
| SECTION | 6.3 | Statement of Common Charges                                      |
| SECTION | 6.4 | Default in Payment of Common Charges                             |

ARTICLE 7  
SELLING AND LEASING OF UNITS

|         |     |                                                                 |
|---------|-----|-----------------------------------------------------------------|
| SECTION | 7.1 | General                                                         |
| SECTION | 7.2 | Right of First Refusal                                          |
| SECTION | 7.3 | Acceptance of Offer                                             |
| SECTION | 7.4 | Failure to Accept Offer                                         |
| SECTION | 7.5 | Termination of, and Exceptions to the<br>Right of First Refusal |
| SECTION | 7.6 | No Severance of Ownership                                       |
| SECTION | 7.7 | Payment of Common Charges                                       |
| SECTION | 7.8 | Power of Attorney                                               |
| SECTION | 7.9 | Gifts and Devises, Etc.                                         |

ARTICLE 8  
MORTGAGING OF UNITS

|         |     |         |
|---------|-----|---------|
| SECTION | 8.1 | General |
|---------|-----|---------|

ARTICLE 9  
CERTAIN REMEDIES

|         |     |                     |
|---------|-----|---------------------|
| SECTION | 9.1 | Self Help           |
| SECTION | 9.2 | Remedies Cumulative |
| SECTION | 9.3 | Costs and Expenses  |

ARTICLE 10  
ARBITRATION

|         |      |                        |
|---------|------|------------------------|
| SECTION | 10.1 | Procedure              |
| SECTION | 10.2 | Variation by Agreement |
| SECTION | 10.3 | Binding Effect         |
| SECTION | 10.4 | Costs and Expenses     |

ARTICLE 11  
NOTICES

|         |      |         |
|---------|------|---------|
| SECTION | 11.1 | General |
|---------|------|---------|

ARTICLE 12  
AMENDMENTS TO BY-LAWS

|         |      |                    |
|---------|------|--------------------|
| SECTION | 12.1 | General            |
| SECTION | 12.2 | Special Amendments |

ARTICLE 13  
FURTHER ASSURANCES

|         |      |                           |
|---------|------|---------------------------|
| SECTION | 13.1 | General                   |
| SECTION | 13.2 | Failure to Deliver or Act |

ARTICLE 14  
MISCELLANEOUS

|         |      |                         |
|---------|------|-------------------------|
| SECTION | 14.1 | Inspection of Documents |
| SECTION | 14.2 | Waiver                  |
| SECTION | 14.3 | Conflicts               |
| SECTION | 14.4 | Severability            |
| SECTION | 14.5 | Successors and Assigns  |
| SECTION | 14.6 | Gender                  |
| SECTION | 14.7 | Captions                |

ADDENDUM

Rules and Regulations of The 50 Orchard Street Condominium

**CONDOMINIUM BY-LAWS  
OF  
THE 50 ORCHARD STREET CONDOMINIUM**

**ARTICLE I**

**GENERAL**

SECTION 1.1 Purpose. The purpose of these By-laws is to set forth the rules and procedures concerning the conduct of the affairs of the Condominium.

SECTION 1.2 Definitions. All capitalized terms used in these By-Laws that are not otherwise defined in any of the Articles hereof shall have the meanings set forth in Exhibit C to the Declaration, unless the context in which the same are used shall otherwise require. Each of the aforescribed capitalized terms shall be applicable to singular and to plural nouns, as well as to verbs of any tense.

SECTION 1.3 Applicability of By-Laws. These By-Laws are applicable to the Property and to the use and occupancy thereof.

SECTION 1.4 Application of By-Laws. All present and future Unit Owners, mortgagees, lessces, sublessees and occupants of Units, and employees and guests of Unit Owners, as well as all other Persons who may use the Property, shall be subject to the Declaration, these By-Laws and the Rules and Regulations, as each of the same may be amended from time to time. The acceptance of a Deed or the execution of a lease or sublease for, or the act of occupancy of, a Unit shall constitute an agreement that the provisions of the Declaration, these By-Laws and the Rules and Regulations, as each of the same may be amended from time to time, are accepted, ratified and will be complied with.

SECTION 1.5 Principal Office of the Condominium. The principal office of the Condominium shall be located either at the Property or at such other place in the City of New York reasonable convenient thereto as may be designated from time to time by the Condominium Board.

**ARTICLE 2**

**BOARD OF MANAGERS**

SECTION 2.1 General. The affairs of the Condominium shall be governed by the Condominium Board. In exercising its powers and performing its duties under the Declaration and

these By-Laws, the Condominium Board shall act as, and shall be the agent of the Unit Owners, subject to, and in accordance with, the terms of the Declaration and these By-Laws.

SECTION 2.2 Status of the Condominium Board. Unless and until the Condominium Board shall incorporate in accordance with the terms of Section 2.4 hereof, the Condominium Board shall have the status conferred upon unincorporated associations under, or pursuant to the General Association Law of the State of New York. If the Condominium Board shall incorporate in accordance with the terms of Section 2.4 hereof, the Condominium Board shall have, the status conferred upon it by the applicable statutes of the State of New York. In either event, however, the Condominium Board shall also have the status conferred upon it by the Condominium Act.

SECTION 2.3 Powers and Duties of the Condominium Board. The Condominium Board shall have all of the powers and duties necessary for, or incidental to, the administration of the affairs of the Condominium. The Condominium Board shall have the following specific powers and duties:

- (i). to operate, maintain, repair and replace the Common Elements;
- (ii). to acquire real and personal property deemed necessary or proper by the Condominium Board for use in connection with the ownership and operation of the Property as a condominium;
- (iii). to maintain books and records of the Condominium;
- (iv). to adopt a budget for the Condominium for each fiscal year thereof;
- (v). to establish and to collect, the Common Charges and Special Assessments from the Unit Owners;
- (vi). to borrow money on behalf of the Condominium;
- (vii). to open and maintain bank accounts on behalf of the Condominium;
- (viii). to use the Common charges and Special Assessments collected from Unit Owners, as well as all other funds held by the Condominium Board or received in connection with the operation of the Property, for the administration of the Condominium;
- (ix). to obtain insurance for the Property, including the Units;

- (x). to adjust and settle claims under insurance policies;
- (xi). to make repairs, maintenance, additions and improvements to the Property after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings, all in accordance with the terms of these By-Laws;
- (xii). to obtain, in its sole discretion fidelity bonds, in amounts deemed appropriate by the Condominium Board: (a) members of the Condominium Board; (b) officers and employees of the Condominium and (c) the Managing Agent;
- (xiii). to accept the surrender of any Unit pursuant to the terms of paragraph (C) of Section 6.2 hereof;
- (xiv). to purchase, lease, or otherwise acquire Units offered for sale or lease by their owners;
- (xv). to purchase Units at foreclosure or other judicial sales;
- (xvi). to sell, lease, sublease, mortgage and otherwise deal with Units acquired by the Condominium Board or its designee;
- (xvii). to adopt and amend the Rules and Regulations and to levy and collect fines against Unit Owners for violations of the same;
- (xviii). to enforce the terms, covenants and conditions contained in the Condominium Documents;
- (xix). to incorporate, pursuant to the Condominium Act, provided, however, that: (a) the certificate of incorporation and by-laws of any such resulting corporation shall conform as closely as practicable to the terms of the Declaration and these By-Laws and (b) the terms of the Declaration and these By-Laws shall prevail in the event of any inconsistency or conflict between the terms thereof and the terms of such certificate of incorporation and by-laws;
- (xx). to organize corporations to act as the designees of the Condominium Board;
- (xxi). to execute, acknowledge and deliver: (a) any declaration or other instrument affecting the Property that the Condominium Board deems necessary or appropriate and (b) any

consent, covenant, restriction, easement or declaration affecting the Property that the Condominium Board deems necessary or appropriate;

(xxii). to execute and record on behalf of all Unit Owners, as their attorney-in-fact, coupled with an interest, a restatement of the Declaration or these By-Laws, whenever, in the Condominium Board's estimation, it is so advisable;

(xxiii). to challenge any real estate tax assessment or increase thereof, on behalf of the Condominium and all Unit Owners and to retain an attorney and/or other professional, who in the Board's discretion are necessary or advisable to obtain the best result possible, whose fees shall be payable as an expense of the Condominium, together with the right to initiate tax certiorari and/or other proceedings necessary to reduce the real estate tax liability of the Condominium and/or its Unit Owners and to accept any settlement thereof in order for the Condominium to file and/or maintain tax certiorari proceedings on behalf of any given Unit Owner. Such Unit Owner shall first be required to indemnify the Board from and against all claims, costs and expenses (including, without limitation, reasonable attorneys' fees) resulting from such proceedings

(xxiv). to establish a reserve fund; and

(xxv). to carry out any other duties imposed upon the Condominium Board pursuant to the Declaration and these By-Laws.

SECTION 2.4 Exercise and Delegation of Powers and Duties. (A) Any act within the power of the Condominium Board to perform, shall be performed by the Condominium Board or by the agents, employees or designees of the Condominium Board.

(B) The Condominium Board may appoint an Executive Committee which shall have all of the powers of the Condominium Board, during the intervals between the meetings of the Condominium Board. In addition, the Condominium Board may from time to time appoint, such other committees as the Condominium Board may deem appropriate to perform such duties and services as the Condominium Board shall direct.

(C) The Condominium Board may employ a Managing Agent to serve at a compensation to be established by the Condominium Board and to perform such duties and services as the Condominium Board shall direct.

(D) Notwithstanding anything to the contrary contained in this Section, the Managing Agent shall not exercise the powers or duties described in subparagraphs (ii), (iv), (v), (vi), (vii), (x), (xiii), (xiv), (xv), (xvi), (xvii), (xix), (xx), and (xxi) of Section 2.4 hereof.

SECTION 2.5 Number, Election and Qualification of Managers. The Condominium Board shall consist of three (3) individuals to be designated from time to time by Declarant until the first annual meeting. After the first annual meeting of the Unit Owners, the Condominium Board shall consist of between three (3) and five (5) individuals to be elected by the Unit Owners pursuant to the terms of Section 4.9 hereof. Within thirty (30) days after the later of (a) the date when the Sponsor or its designee no longer owns Unsold Units constituting less than fifty (50%) percent of the Common Elements and (b) the second (2nd) anniversary of the First Unit Closing, Sponsor shall call a special meeting of the Unit Owners for the purpose of electing a new Board of Managers; commencing with and subsequent to such special meeting, a majority of the Board of Managers must be owner-occupants and/or members of an owner-occupant's household who are unrelated to the Sponsor and its principals. So long as Sponsor owns at least two units, Sponsor shall have the right to designate one member of the Condominium's Board of Managers; but in no event shall the Sponsor or its designee be able to designate more than the number of managers that the Sponsor could elect into office by virtue of the percentage of common interest still owned by the Sponsor or its designee at such time and under no circumstances shall the Sponsor be able to designate and/or elect such managers as would enable the Sponsor or its designee to control the Board of Managers after the period of Sponsor's control as provided above. Except for members designated or elected by Declarant or its designee pursuant to the terms of this Section 2.7 or of Section 2.10 or 4.9 hereof, all members of the Condominium Board shall be either: (i) individual Unit Owners; (ii) individual Permitted Mortgagees; (iii) individual officers, directors, shareholders, partners, principals, employees, or beneficiaries of corporations, partnerships, fiduciaries, or any other entities that are Unit Owners or Permitted Mortgagees; or (iv) adult Family Members of any of the foregoing. Moreover, a majority of the managers must be owner-occupants of the building who are unrelated to the Sponsor or its principals, following the conclusion of the period of Sponsor control of the Board of Managers.

SECTION 2.6 Term of Office of Managers. The term of office of each individual elected and qualified at the first annual meeting of the Unit Owners shall be for one year. At each annual meeting of the Unit Owners subsequent to the first such meeting, the members of the Condominium Board shall be elected pursuant to the terms of Section 4.9 hereof to serve a term of office fixed at one year. Notwithstanding anything to the contrary contained in this Section 2.8, however, each manager of the Condominium Board shall serve until his successor shall be elected and qualified. There shall be no limit on the number of terms of office, successive or otherwise, that a member of the Condominium Board may serve.

SECTION 2.7 Removal and Resignation of Managers. (A) Any member of the Condominium Board who was elected thereto either by the Unit Owners, pursuant to the terms of Section 4.9 hereof, or by the Condominium Board, pursuant to the terms of Section 2.10 hereof, may be removed from office with or without cause by a vote of a Majority of Unit Owners. Any member of the Condominium Board who was designated as such or elected by Declarant or its

designee, pursuant to the terms of Section 2.7, 2.10, or 4.9 hereof may be removed, with or without cause, only by Declarant or the said designee. Any member of the Condominium Board whose proposed removal is to be acted upon at a meeting of the Unit Owners shall be give prior written notice thereof and an opportunity to be present and heard thereat.

(B) Any member of the Condominium Board may resign as a manager at any time by giving written notice thereof to the Condominium Board and, with respect to members of the Condominium Board designated as such by Declarant or its designee to Declarant or such designee.

SECTION 2.8 Vacancies. (A) Any vacancy on the Condominium Board that is caused by the removal, resignation, or death of a manager who was elected thereto by the Unit Owners shall be filled by an individual who is qualified to be a manager pursuant to the terms of Section 2.7 hereof and who is elected by a vote of the majority of the members of the Condominium Board then in office. A special meeting of the Condominium Board shall be held for the purpose of filling any such vacancy promptly after the occurrence thereof, and the election held thereat shall be effective to fill such vacancy even if the number of managers present at such meeting shall not constitute a quorum.

(B) Any vacancy on the Condominium Board that is caused by the removal, resignation, or death of a manager who was designated as such or elected by Declarant or its designee shall be filled by an individual designated by Declarant or such designee.

(C) Each member of the Condominium Board who is elected thereto or designated as such to fill a vacancy pursuant to the terms of paragraph (A) or (B), respectively, of this Section 2.10 shall serve as a member of the Condominium Board for the remainder of the term of the member he replaced and until his successor shall be selected and qualified at the appropriate annual meeting of the Unit Owners pursuant to the terms of Section 4.9 hereof.

SECTION 2.9 Organizational Meeting of the Condominium Board. The first meeting of the Condominium Board following each annual meeting of the Unit owners shall be held within ten (10) days of such annual meeting, at such time and place in the City of New York as shall be both fixed informally by a majority of the members of the Condominium Board and designated in a written notice given to all members thereof by personal delivery, mail, or telegram not later than five (5) business days prior to such date.

SECTION 2.10 Regular Meetings of the Condominium Board. Regular meetings of the Condominium Board may be held at such time and place in the City of New York as shall be determined from time to time by a majority of the members thereof. Written notice of all regular

meetings of the Condominium Board shall be given to each member thereof by personal delivery, mail, or telegram at least five (5) business days prior to the day named for such meeting.

SECTION 2.11 Special Meetings of the Condominium Board. The President may call a special meeting of the Condominium Board whenever he deems the same to be necessary or desirable. However, the President shall call such a meeting upon the written request of two (2) members of the Condominium Board. Written notice of all special meetings shall be given to each member thereof by personal delivery, mail, or telegram at least five (5) business days prior to the day named for such meeting, which notice shall state the time, place (in the City of New York) and purpose of the meeting.

SECTION 2.12 Waiver of Notice of Meetings. Any member of the Condominium Board may waive notice of any meeting thereof in writing and such waiver shall be deemed equivalent to the giving of notice. Attendance by a member of the Condominium Board at any meeting whereof shall constitute a waiver by him of notice of the time and place thereof. If all of the members of the Condominium Board are present at any meeting thereof, no notice of such meeting shall be required and any business may be transacted at such meeting.

SECTION 2.13 Quorum of the Condominium Board. For purposes of all meetings of the Condominium Board, a majority of the members thereof shall constitute a quorum for the transaction of business. One or more members of the Condominium Board may participate in any meeting thereof by means of a conference telephone or similar communications equipment permitting all individuals participating in the meeting to hear each other at the same time, and such participation shall constitute presence at such a meeting for all purposes. If, at any meeting of the Condominium Board, there shall be less than a quorum present, a majority of the members of the Condominium Board in attendance may adjourn the meeting 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 but for the lack of a quorum may be transacted without further notice.

SECTION 2.14 Conduct of Meetings. The President shall preside at all meetings of the Condominium Board, and the Secretary shall record the minutes thereof, which minutes shall include the full text of all resolutions duly adopted by the Condominium Board and a record of all transactions and proceedings occurring thereat.

SECTION 2.15 Decisions by the Condominium Board. Except as otherwise expressly provided in the Declaration or these By-Laws, the vote of a majority of the members of the Condominium Board present at a meeting thereof at which a quorum is present shall constitute the decision of the Condominium Board.

SECTION 2. 16 Compensation of Managers. No manager on the Condominium Board shall receive any compensation from the Condominium for acting as such.

SECTION 2.17 Interested Managers on the Condominium Board. No contract or other transaction between the Condominium Board and either (i) any of its managers or (ii) any corporation, partnership, firm or other entity in which any of the members of the Condominium Board are officers, directors, employees, partners or principals shall be deemed either void or voidable, provided, however, that either:

(x) the fact thereof is disclosed to, or known by, a Majority of Unit Owners, and a Majority of Unit Owners shall, approve, or ratify such contract or transaction; or

(y) the contract or transaction is commercially reasonable to the Condominium Board at the time that the same is, approved, ratified or otherwise consummated.

Any such member of the Condominium Board may be counted in determining the presence of a quorum of any meeting of the Condominium Board that approves or ratifies any such contract or transaction, but no such member shall be entitled to vote thereat to approve or ratify such contract or transaction.

SECTION 2.18 Liability of the Condominium Board. (A) The members of the Condominium Board shall have no liability to the Unit Owners for errors of judgment, negligence, or otherwise, except that each member of the Condominium Board shall be liable thereto for his own bad faith or willful misconduct. Members of the Condominium Board designated as such by Declarant shall not be deemed either to be in bad faith or to have committed willful misconduct by reason of any self-dealing in connection with any contract made, or other transaction entered into, between the Condominium Board and Declarant or its agents, provided that any compensation paid, to Declarant or its agents in connection with any such contract or transaction is disclosed in the Plan or an amendment thereto or is at competitive rates for goods sold or services rendered in the City of the New York.

(B) The Unit Owners shall jointly and severally indemnify and hold each member of the Condominium Board harmless from and against any claim or liability to others arising from his acts or omissions as, or by reason of the fact that such individual is or was, a member of the Condominium Board, except, however, to the extent that such claim or liability shall be due to, the bad faith or willful misconduct of such member.

### ARTICLE 3

## OFFICERS

SECTION 3.1 General. The principal officers of the Condominium shall be the President, the Vice President, the Secretary and the Treasurer. The Condominium Board may appoint an Assistant Treasurer, an Assistant Secretary and such other officers as in its discretion may be necessary or desirable.

SECTION 3.2 President. The President shall be chief executive officer of the Condominium and shall preside at all meetings of the Unit Owners and of the Condominium Board. The President shall have all of the general powers and duties that are incident to the office of president of a stock corporation organized under the Business Corporation Law of the State of New York (hereinafter referred to as the "BCL").

SECTION 3.3 Vice President. The Vice President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If both the President and the Vice President are unable to act, the Condominium Board shall appoint some other member of the Condominium Board to act in the place of the President on an interim basis. The Vice President shall also perform such other duties as shall be imposed upon him from time to time by the Condominium Board or by the President.

SECTION 3.4 Secretary. The Secretary shall keep the minutes of all meetings of the Unit Owners and of the Condominium Board. The Secretary shall have charge of such books and papers as the Condominium Board shall direct and, in general, shall perform all of the duties that are incident to the office of secretary of a stock corporation organized under the BCL.

SECTION 3.5 Treasurer. The Treasurer shall have the care and custody of the funds and securities of the Condominium and shall be responsible for keeping full and accurate financial records and books of account thereof, showing all receipts and disbursements necessary for the preparation of all required financial data. The Treasurer shall be responsible for the deposit of all funds and other securities in the name of the Condominium Board or in the name of the Managing Agent in such depositories as may from time to time be designated by the Condominium Board and, in general, shall perform all of the duties incident to the office of treasurer of a stock corporation organized under the BCL.

SECTION 3.6 Election, Term of Office and Qualifications of Officers. Each of the officers of the Condominium Board shall be elected annually by a majority vote of the Condominium Board and shall serve at the pleasure of the Condominium Board. The President and the Vice President shall be elected from amongst the members of the Condominium Board. The

other officers of the Condominium, however, need not be Unit Owners or members of the Condominium Board.

SECTION 3.7 Removal and Resignation of Officers. Any officer of the Condominium may be removed from office, with or without cause, by an affirmative vote of a majority of the members of the Condominium Board. Any officer may resign at any time by giving written notice to the Condominium Board. If the President or the Vice President of the Condominium shall cease to be a member of the Condominium Board during his term of office, such officer shall be deemed to have resigned his office effective upon the date upon which his membership shall cease.

SECTION 3.8 Vacancies. Any vacancy in an office shall be filled by a majority vote of the Condominium Board at any regular meeting of the Condominium Board or at a special meeting thereof called for such purpose.

SECTION 3.9 Compensation of Officers. No officer of the Condominium shall receive any compensation from the Condominium for acting as such.

## ARTICLE 4

### UNIT OWNERS

SECTION 4.1 Annual Meetings of the Unit Owners. The first annual meeting of the Unit Owners shall be held not later than four (4) months after the First Closing, at which meeting the incumbent three-member to five-member Condominium Board shall resign and a successor three-member Condominium Board shall be elected by the Unit Owners, as provided both in this Article 4 and in Article 2 hereof. Thereafter, annual meetings of the Unit Owners shall be held on or about the second Wednesday in January of each year. At each such subsequent meeting, the Unit Owners shall elect successors to the members of the Condominium Board whose term of office expires on the day of such meeting and shall transact such other business as may properly come before such meeting.

SECTION 4.2 Special Meetings of the Unit Owners. The President shall call a special meeting of the Unit Owners whenever so directed by a duly adopted resolution of the Condominium Board or upon receipt by the Secretary of a petition calling for such a meeting signed by Unit Owners having, in the aggregate, not less than 25% of the Common Interests of all Unit Owners. Each such resolution or petition shall set forth, in reasonable detail, the purposes for calling such a meeting, and no business shall be transacted at such special meeting except business reasonably related to such stated purposes.

SECTION 4.3 Place of Meetings. Meetings of the Unit Owners shall be held at the principal office of the Condominium or at such other suitable and convenient place in the City of New York as may be designated by the Condominium Board.

SECTION 4.4 Notice of Meetings. The Secretary of the Condominium shall give notice of each annual or special meeting of the Unit Owners to all Unit Owners then of record entitled to vote at such meeting, which notice shall set forth the purpose, time and place of such meeting. Such notice may be given to any Unit Owner by personal delivery, mail or telegram not later than ten (10) business days prior to the day fixed for the meeting.

SECTION 4.5 Quorum of the Unit Owners. The presence, in person or by proxy, of Unit Owners owning Units to which fifty (50%) percent or more of the aggregate Common Interests shall constitute a quorum at all meetings of the Unit Owners. If, at any meeting of the Unit Owners, there shall be less than a quorum present, a majority of the Unit Owners 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 fixed for the original meeting.

SECTION 4.6 Conduct of Meetings. The President shall preside at all meetings of the Unit Owners, and the Secretary shall record the minutes thereof.

SECTION 4.7 Order of Business. The order of business at all meetings of the Unit Owners shall be as follows:

- (i). Roll call;
- (ii). Proof of notice of meeting;
- (iii). Reading of the minutes of the preceding meeting;
- (iv). Reports of officers of the Condominium;
- (v). Reports of committees;
- (vi). Election of inspectors of election;
- (vii). Election of members of the Condominium Board;
- (viii). Unfinished business; and
- (ix). New business.

SECTION 4.8 Voting. (A) Subject to the terms of Section 4.9 hereof, each Unit Owner shall be entitled to cast one vote at all meetings of the Unit Owners for each .01% of Common Interest attributable to his Unit(s).

(B) Neither the Condominium Board nor any designee thereof shall be entitled to vote the Common Interest appurtenant to any Unit owned by the Condominium Board or such designee.

(C) A fiduciary shall be the voting member with respect to a Unit owned in a fiduciary capacity. If two or more Persons own a Unit, they shall designate one Person to vote the Common Interest appurtenant to their Unit in a writing given to the Secretary of the Condominium, and the vote of such designee shall be binding upon all of such Persons.

(D) Except when otherwise required by law or otherwise provided in the Declaration or in these By-Laws, the affirmative vote of a Majority of Unit Owners shall be binding upon all Unit Owners for all purposes.

SECTION 4.9 Election of Members of the Condominium Board. (A) When voting for members of the Condominium Board, each Unit Owner including Declarant or its designee, for so long as Declarant or such designee shall own Unsold Unit(s) shall be entitled to cast one vote for each .01% of Common Interest attributable to his Unit(s) per member to be elected. However, nothing contained herein shall be deemed either to permit any Unit Owner to cumulate the votes attributable to the ownership of any one Unit in favor of any one for more members to be elected.

(B) All elections of members of the Condominium Board shall be by written ballot.

(C) All elections of members of the Condominium Board shall be determined by plurality vote.

SECTION 4. 10 Action Without a Meeting. Any action to be taken by the Unit Owners at a duly constituted meeting may be taken without such a meeting if the number of Unit Owners sufficient to approve such an action at a meeting consent in writing to the adoption of a resolution approving such action. All written consents given by Unit Owners pursuant to this Section shall be retained in the records of the Condominium together with a true copy of the resolution to which they relate.

## ARTICLE 5

### OPERATION OF THE PROPERTY

SECTION 5.1 Maintenance and Repairs. (A) Except as otherwise provided in the Declaration or in these By-Laws, all painting, decorating, maintenance, repairs and replacements, whether structural or non-structural, ordinary or extraordinary:

(i) in or to any Unit shall be performed by the owner of such Unit at such Unit Owner's cost and expense; and

(ii) in or to the Common Elements (other than any Common Elements incorporated into one or more Units).

(B) Notwithstanding anything to the contrary provided in paragraph (A) of this Section 5.1, however, the exterior and interior glass surfaces of all windows of each Unit are to be washed and cleaned by the Owner of such Unit at such Unit Owner's sole cost and expense. In addition, if any painting, decorating, maintenance, repairs, or replacements to the Property or any part thereof, is necessitated by the negligence, misuse or abuse of any Unit Owner, the entire cost and expense thereof shall be borne by such Unit Owner. Similarly, each Unit Owner shall be responsible for any and all damage to any Unit or to the Common Elements resulting from such Unit Owner's failure to maintain, repair, or replace his Unit or any portion thereof as required herein.

(C) Each Unit and the Common Elements shall be kept in first-class condition, order and repair (and free of snow, ice and accumulation of water with respect to any roof or other part of the Property exposed to the elements) by the Unit Owner or the Condominium Board, whichever is responsible for the maintenance thereof as set forth herein, and such Unit Owner or the Condominium Board, as the case may be, shall promptly perform all maintenance work that is necessary in connection therewith. In addition, the public areas of the Building and those areas exposed to public view shall be kept in good appearance, in conformity with the dignity and character of the Building, by (i) the Condominium Board, with respect to such parts of the Building required to be maintained by it, and (ii) each Unit Owner, with respect to the interior and exterior surfaces of windows and shades, venetian or other blinds, drapes, curtains or other window decorations in or appurtenant to his Unit.

SECTION 5.2 Alterations, Additions, Improvements, or Repairs in and to Units. (A) Subject to the terms of paragraph (B) of this Section 5.2, no Unit Owner shall make any structural alteration or repair to his Unit without the prior written approval of the Condominium Board. In the event, however, that the Condominium Board shall fail to answer any written, reasonably detailed

request for such approval within thirty (30) days after such request is received, such failure to respond shall constitute the Condominium Board's consent thereto. As a condition of the granting of any such approval, the Condominium Board may, at its sole option require the Unit Owner to procure and maintain such insurance as the Condominium Board may reasonably prescribe and to execute an agreement, in form and substance satisfactory to the Condominium Board, setting forth the terms and conditions under which such alteration, addition, improvement or repairs may be made, including, without limitation an indemnification of the Condominium, the Condominium Board, the Board Members and all other Unit Owners from any loss or claim, including reasonable legal fees arising out of such alteration, addition, improvement or repairs, as well as the days and hours during which any such work may be done.

(B) Notwithstanding anything to the contrary contained in paragraph (A) of this Section 5.2, however, Declarant or its designee shall have the right without the approval of the Condominium Board to (i) make any alterations, additions, improvements or repairs in or to any Unsold Units whether structural or non-structural, interior or exterior, ordinary or extraordinary; and (ii) subdivide, combine and change the boundary walls of Unsold Units.

(C) All alterations, additions, improvements and repairs by Unit Owners shall be made in compliance with Law.

#### SECTION 5.3 Alterations, Additions, or Improvements to the Common Elements.

Except as otherwise provided in the Declaration or in these By-Laws, all necessary or desirable (as determined by the Board of Managers) alterations, additions or improvements in, or to any of the Common Elements shall be made by the Condominium Board, and the cost and expense thereof shall constitute a Common Expense.

SECTION 5.4 Insurance. (A) If obtainable, the Condominium Board shall secure, and maintain in full force and effect, fire insurance policies with all risk extended coverage, vandalism and malicious mischief endorsements, insuring the Building and all service machinery contained therein, but not including appliances or any furniture, furnishings, decorations, belongings, or other personal property supplied or installed by Unit Owners or the tenants of Unit Owners. Each of the said policies shall contain to the extent obtainable;

(i). waivers of (a) subrogation, (b) any defense based upon co-insurance or other insurance, (c) invalidity arising out of any acts of the insured and (d) pro-rata reduction of liability;

(ii). a provision that any adjustment of loss will be made by the Condominium Board and that all proceeds thereof shall be paid to either the Condominium Board or the Insurance Trustee, as provided in Section 5.5 hereof;

(iii). a New York standard mortgagee clause in favor of each Permitted Mortgagee, which shall provide that the proceeds thereof shall be paid to such Permitted Mortgagee as its interest may appear, subject, however, to the loss payment provisions in favor of the Condominium Board and the Insurance Trustee set forth in paragraph (ii) above and in Section 5.5 hereof; and

(iv). a provision that such policy may not be either canceled or substantially modified except upon at least ten (10) days' prior written notice to all of the insurers, including all Permitted Mortgagees.

(B) The Condominium Board shall also obtain and maintain, to the extent practicable:

(i). comprehensive general liability insurance, covering all claims for personal injury or property damage arising out of any occurrence on the Property and listing as co-insurers (a) the Condominium Board and each member thereof, (b) the Managing Agent or manager (if any), (c) each officer of the Condominium and (d) each Unit Owner (except, however, that such insurance shall not cover any liability of a Unit Owner arising from occurrences within his own Unit);

(ii). rent insurance;

(iii). workers; compensation and New York State disability benefits insurance;

(iv). boiler and machinery insurance;

(v). water damage legal liability insurance;

(vi). elevator liability and collision insurance; and

(vii). such other insurance as the Condominium Board shall from time to time determine.

(C) All policies of insurance to be maintained by the Condominium Board shall contain such limits as the Condominium Board shall from time to time determine:

SECTION 5.5 Casualty or Condemnation. (A) In the event that either (i) the Building is damaged or destroyed by fire or other casualty (hereinafter referred to as a "Casualty Loss") or (ii) the Common Elements or any part thereof is taken in condemnation or by eminent domain (hereinafter referred to as a "Taking"), the net insurance proceeds payable under the insurance policies maintained by the Condominium Board the net condemnation awards receivable, shall be payable either to the Condominium Board, or to the Insurance Trustee. In either instance, all such monies actually received (hereinafter referred to as the "Trust Funds" shall be disbursed pursuant to the terms of this Section 5.5.

(B) Subject to the terms of paragraph (D) hereof, the Condominium Board shall arrange for the prompt repair or restoration (hereinafter referred to as the "Work") of: (i) in the event of a Casualty Loss, the portions of the Building (but not including appliances or any furniture, furnishings or other personal property supplied or installed by either Unit Owners or the tenants of Unit Owners) affected by such Casualty Loss or (ii) in the event of a Taking, the portion of the Common Elements affected by such taking.

(C) In the event that Work shall be performed pursuant to the terms of paragraphs (B) and (D) of this Section 5.5, the Condominium Board or the Insurance Trustee, as the case may be, shall disburse the Trust Funds to the contractors engaged in the Work in appropriate progress payments. If the Trust Funds shall be less than sufficient to the Work, the Condominium Board shall levy a Special Assessment against all Unit Owners for the amount of such deficiency in proportion to their respective Common Interests. If the Trust Funds shall be more than sufficient to pay for the Work, such excess shall be paid to all Unit Owners in proportion to their respective Common Interests.

(D) If either 75% or more of the Building is destroyed or substantially damaged by fire or other casualty or 75% or more of the Common Elements are taken in a Taking, the Work shall not be performed unless 75% or more of all Unit Owners, both in number and in aggregate Common Interests, shall promptly resolve to proceed with the same. In the event that a sufficient number of Unit Owners shall so resolve, the Work shall be performed pursuant to the terms of paragraphs (B) and (C) hereof. Conversely, in the event that a sufficient number of Unit Owners shall either fail or refuse to so resolve, the Work shall not be performed and the Property shall be subject to an action for partition by any Unit Owner or lienor, as if owned in common, in which event the net proceeds of the resulting sale, together with any Trust Funds, shall be paid to all Unit Owners in proportion to their respective Common Interests, except that no payment shall be made to a Unit Owner until there first has been paid, out of such Unit Owner's share of such funds, such amounts as may be necessary to reduce unpaid liens on the Unit Owner's Unit (other than mortgages that are not Permitted Mortgages) in the order of priority of such liens.

(E) In the event that the damage resulting from a Casualty Loss shall (i) render one or more Units wholly or partially unusable for the purposes permitted herein and in the Declaration or (ii) destroy the means of access to one or more Units, the installments of Common Charges otherwise payable by the owner of any Unit so affected thereby shall proportionately abate until such Unit shall be rendered useable for such purposes and/or until the means of access thereto shall be restored, as the case may be. Notwithstanding the foregoing, however, if such Casualty Loss shall be caused by the act, the omission to act, or the negligence of the owner of a Unit so affected thereby, by a Family Member of such Unit Owner, or by a tenant or other occupant of such Unit, such installments of Common Charges shall abate only to the extent of any proceeds of rent insurance actually collected by the Condominium board with respect to such Unit.

(F) Any dispute that may arise under this Section 5.5 between Unit Owners or between any Unit Owner(s) and the Condominium Board shall be resolved by arbitration pursuant to the terms of Article 10 hereof.

**SECTION 5.6 Use of the Property.** (A) No nuisance shall be allowed on the Property, nor shall any use or practice be allowed that either is a source of annoyance to its residents or interferes with the peaceful possession or proper use of the Property by its residents or occupants. No immoral, improper, offensive or unlawful use shall be made of the Property or any portion thereof, and all Laws relating to any portion of the Property shall be complied with at the full cost and expense of the respective Unit Owners or the Condominium Board, whoever shall have the obligation to maintain or repair such part of the Property.

(B) Nothing shall be done or kept in any Unit or in any of the Common Elements that would increase the rate of insurance for the Property, except upon the prior written consent of the Condominium Board. No Unit Owner shall permit anything to be done or kept in a Unit or in the Common Elements that will result in the cancellation of insurance on the Property or in the contents thereof, or that would be in violation of any Law. No waste shall be committed in the Common Elements.

(C) Nothing shall be done in any Unit or in, on, or to the Common Elements that will impair the structural integrity of the Property or that will structurally change the Building, except as is otherwise provided in the Declaration or in these By-Laws. In no event shall interior partitions contributing to the support of any Unit or the Common Elements be altered or removed.

**SECTION 5.7 Use of the Units.** (A) The use of Units shall be restricted to, and shall be in accordance with, the terms contained in the balance of this Section 5.7.

(B) Each Unit shall be used only as a residence or for any other lawful purpose.

(C) A Unit owned or leased by an individual, corporation, partnership or any other entity may be occupied by said individual, or by an officer, director, stockholder, or employee of such corporation, or by a partner or employee of such partnership, or by a principal or employee of such other entity, respectively, or by Family Members or guests of any of the foregoing. Additionally, in no event shall a portion of a Unit (as opposed to the entire Unit) be sold, conveyed, leased or subleased, and no transient occupant (other than a guest permitted under this paragraph (C)) may be accommodated therein.

(D) Notwithstanding anything to the contrary contained in this Section 5.7 Declarant may, without the consent of either of the Condominium Board or the Unit Owners use any one or more Unsold Units as model units and offices for the sales, promotions, rental, management and operation of the Unsold Units or for any other purpose, subject only to compliance with Law.

SECTION 5.8 Use of the Common Elements. (A) Subject to the terms of paragraphs (B) and (C) of this Section 5.8, the Common Elements may be used only for the furnishing of the services and facilities, and for the other uses, for which they are reasonably suited and capable.

(B) The owner of a Units, if such Unit is the only Unit serviced by any Common Element adjacent to such Unit (for example, that portion at the end of any hallway that is directly adjacent to any such Unit) shall, with the consent of the Condominium Board (which consent shall not be unreasonably withheld or delayed), have the right to use such Common Elements exclusively, as if it were a part of such Units (including the right to enclose such portion), and no amendment to the Declaration or reallocation of Common Interests shall be made by reason thereof. In such an event, however, such owner or owners shall, at his sole cost and expense, both (i) operate, maintain and repair such Common Element for so long as such owner(s) exercise such exclusive right of use and (b) restore such Common Element to its original condition, reasonable wear and tear excepted, after such owner(s) cease to exercise such exclusive right of use.

(C) The terms of paragraph (A) of this Section 5.8 shall not apply to Declarant or its designee for so long as there are any Unsold Units. Declarant or its designee shall have the right, without charge or limitation, to: (i) erect and maintain signs, of any size or content determined by Declarant or such designee, on or about any portion of the Common Elements chosen by Declarant or such designee, including, without limitation, on the exterior walls of the Building or adjacent to the main entrance thereof; (ii) have its employees, contractors, subcontractors and sales agents present on the Property; and (iii) do all things necessary or appropriate, including use the Common Elements, to sell, lease, manage, or operate Unsold Units, to complete any work or repairs to the

Building expressly undertaken by Declarant and to comply with Declarant's obligations under the Plan and the Condominium Documents.

SECTION 5. 9 Rights of Access. (A) Subject to the right of existing tenants and other occupants of Unsold Units, each Unit Owner shall grant to the Condominium Board, to the Managing Agent or manager (if any), to the superintendent and/or to any other Person authorized by any of the foregoing a right of access to his Unit for the purposes of:

(i). making inspections of, or removing violations noted or issued by any governmental authority against, the Common Elements or any other part of the Property;

(ii). curing defaults hereunder or under the Declaration or violations of the Rules and Regulations committed by such Unit Owner or correcting any conditions originating in his Unit and threatening another Unit or all or a portion of the Common Elements;

(iii). performing maintenance, installations, alterations, repairs, or replacements to the mechanical or electrical services, or other portions of the Common Elements located within his Unit or elsewhere in the Building;

(iv). reading, maintaining, or replacing utility meters relating to the Common Elements, to his Unit, or to any other Unit; or

(v). correcting any condition that violates the provisions of any Permitted Mortgage encumbering another Unit.

(B) Each Unit Owner shall grant a right of access to his Unit and the Condominium Board shall grant rights of access to the Common Elements, to Declarant and its contractors, subcontractors, agents and employees for the purpose of fulfilling Declarant's obligations as Sponsor as set forth in the Plan or in any amendment thereto provided that access thereto shall be exercised to the extent reasonably practicable, with respect to any Unit in such a manner as will not unreasonably interfere with the use of such Unit for its permitted purposes.

SECTION 5.10 Modification of the Rules and Regulations. The Condominium Board shall have the right to amend or delete any of the Rules and Regulations from time to time, provided, however, that any such amendment or deletion may be overruled by a vote of a Majority of Unit Owners. Copies of the text of any amendments, modifications, additions, or deletions to the Rules and Regulations shall be furnished to all Unit Owners not less than thirty (30) days prior to the effective date thereof.

SECTION 5.11 Real Estate Taxes, Water Charges and Sewer Rents. Water and sewer rents for the Building shall be supplied by the City of New York and paid by the Condominium Board as a Common Expense.

## ARTICLE 6

### COMMON CHARGES

SECTION 6.1 Determination of Common Expenses and Fixing of Common Charges. (A) From time to time, but not less frequently than once a year, the Condominium Board shall: (i) adopt a budget for the Condominium; (ii) determine the aggregate amount of Common Charges necessary to be charged to the Unit Owners in order to meet the Common Expenses; and (iii) allocate and assess such Common Charges amongst the Unit Owners pro-rata, in accordance with their respective Common Interests.

(B) The Condominium Board shall have the right, to levy Special Assessments to meet the Common Expenses. All Special Assessments shall be levied against all Unit Owners in proportion to their respective Common Interests and may be payable either in one lump sum or installments, as the Condominium Board shall determine.

SECTION 6.2 Payment of Common Charges. (A) All Unit Owners shall be obligated to pay Common Charges and Special Assessments assessed by the Condominium Board. Unless otherwise determined by the Condominium Board, Common Charges shall be payable in installments on the first day of every month in advance. The Condominium Board shall have a lien on each Unit, on behalf of all Unit Owners, for unpaid Common Charges and Special Assessments assessed against such Unit.

(B) No Unit Owner shall be liable for the payment of any part of the Common Charges and any Special Assessments assessed against his Unit subsequent to a sale, transfer, or other conveyance by him of such Unit, together with its Appurtenant Interests, made in compliance with the terms of Article 7 hereof. A Purchaser or other successor-in-title to the owner of a Unit shall be liable for the payment of all Common Charges and any Special Assessments accrued and unpaid against such Unit prior to his acquisition thereof.

(C) Subject to the terms and conditions contained in these By-Laws, any Unit Owner may convey his Unit, together with its Appurtenant Interests, to the Condominium Board or to its designee, without being compensated therefor, and, in such event, be exempt from the payment of Common Charges and Special Assessments thereafter accruing.

(D) No Unit Owner shall be exempted from liability for the payment of Common charges or Special Assessments by waiving the use or enjoyment of any or all of the Common Elements or by abandoning his Unit.

SECTION 6.3 Statement of Common Charges. The Condominium Board shall promptly provide a written statement of all unpaid Common Charges due from any Unit Owner upon its receipt of a written request therefor from such Unit Owner. In addition, each Unit Owner shall be permitted to examine the books of account of the Condominium at reasonable times on business days, but not more frequently than once a month.

SECTION 6.4 Default in Payment of Common Charges. (A) The Condominium Board shall take prompt action to collect any Common Charges due to the Condominium Board that remain unpaid for more than thirty (30) days after the due date for the payment thereof.

(B) In the event that any Unit Owner shall fail to make prompt payment of Common Charges, such Unit Owner shall be obligated to pay interest thereon at the highest rate chargeable to individuals pursuant to Law, to be computed from the due date thereof until paid in full, together with all costs and expenses paid or incurred by the Condominium Board, the Managing Agent, or the manager (if any) in connection with collecting such unpaid Common Charges and/or in foreclosing the aforementioned lien, including, without limitation, reasonable attorneys fees and disbursements and court costs. In addition, if the Condominium Board shall bring an action to foreclose the aforementioned lien, the defaulting Unit Owner will be required to pay a reasonable rental for the use of his Unit, and the plaintiff in such foreclosure action shall be entitled to the appointment of a receiver to collect the same. All such interest, costs and expenses and rentals shall be added to and shall constitute Common Charges payable by such Unit Owner.

(C) In any action brought by the Condominium Board to foreclose a lien on a Unit because of unpaid Common Charges, the Condominium Board shall have, on behalf of all Unit Owners, the power to purchase such Unit at the foreclosure sale thereof and to acquire, hold, lease, mortgage, convey, or otherwise deal with such Unit (but not to vote the votes appurtenant to the same). In the event that the net proceeds received on such foreclosure (after deduction of all legal fees and disbursements, advertising costs, brokerage commissions, court costs and other costs and expenses paid or incurred in connection therewith) shall be insufficient to satisfy the defaulting Unit Owner's obligations to the Condominium, such Unit Owner shall remain liable for the deficit. Any surplus on such foreclosure sale shall be paid to the defaulting Unit Owner after first paying all liens on such Unit Owner's Unit in the order of priority of such liens.

## ARTICLE 7

### SELLING AND LEASING OF UNITS

SECTION 7.1 General. Subject to the terms of Section 7.5 hereof, no Unit Owner may sell or lease his Unit except in compliance with the applicable provisions of this Article 7.

SECTION 7.2. Right of First Refusal. (A) Subject to the terms of Sections 7.5 and 7.9 hereof, promptly after a Sale or Lease Agreement shall be fully executed, the Unit Owner executing the same (hereinafter referred to as the "Offeree Unit Owner") shall send written notice thereof to the Condominium Board by certified or registered mail, return receipt requested, which notice shall be accompanied by a fully executed, original counterpart of the Sale or Lease Agreement, as the case may be, containing all of the terms offered in good faith by the prospective Purchaser or tenant (hereinafter referred to as the "Outside Offerer").

(B) The sending of the notice referred to in paragraph (A) of this Section 7.2 shall constitute an offer by the Offeree Unit Owner to sell his Unit, together with its Appurtenant Interests, or to lease his Unit, as the case may be, to the Condominium Board or to its designee, upon the same terms and conditions as are contained in such Sale or Lease Agreement, subject, however, to any variance therefrom provided in Section 7.3 hereof. The giving of such notice shall further constitute a representation and warranty by the Offeree Unit Owner to the Condominium Board, that such Offeree Unit Owner believes the Sale or Lease Agreement to be bona fide and complete in all respects. Thereafter, upon the written demand of the Condominium Board, the Offeree Unit Owner shall submit to the Condominium Board, in writing, such further information with respect to the Outside Offeror and the Sale or Lease Agreement as the Condominium Board may reasonably request.

(C) The Condominium Board may elect, by sending written notice thereof to the Offeree Unit Owner by certified or registered mail not later than thirty (30) days (in the event of a proposed sale) and thirty (30) days (in the event of a proposed lease) after receipt of the notice referred to in paragraph (A) hereof together with such further information as may have been requested pursuant to the terms of paragraph (B) hereof, to purchase such Unit together with its Appurtenant Interests or to lease such Unit together with its Appurtenant Interests, as the case may be upon the same terms and conditions as were contained in the Sale or Lease Agreement and stated in the response(s) by the Offeree Unit Owner to any requests for additional information pursuant to the terms of paragraph (B) hereof. Notwithstanding anything to the contrary contained herein, however, the Condominium Board shall not exercise any option set forth in this Section 7.2 to purchase or lease any Unit without the prior approval of a Majority of Unit Owners.

SECTION 7.3. Acceptance of Offer. In the event that the Condominium Board shall elect to purchase a Unit together with its Appurtenant Interests, or to lease such Unit, title shall close or a lease shall be executed, in either event in accordance with the terms of the Sale or Lease Agreement, at the office of the attorneys for the Condominium within forty-five (45) days after the day upon which the Condominium Board shall give notice of its election to accept such offer.

SECTION 7.4. Failure to Accept Offer. (A) In the event that the Condominium Board shall fail to accept an offer pursuant to the terms of Section 7.2 hereof the Offeree Unit Owner shall be free to consummate the transaction embodied in the Sale or Lease Agreement within one hundred-twenty (120) days after (i) notice of refusal is sent to the Offeree Unit Owner by the Condominium Board or (ii) the expiration of the period within which the Condominium Board might have accepted such offer. If the Offeree Unit Owner shall fail to consummate the transaction embodied in the Sale or Lease Agreement within such one hundred-twenty (120) day period, then, should the Offeree Unit Owner thereafter elect to sell such Unit together with its Appurtenant interest or to lease such Unit, the Offeree Unit Owner shall be required again to comply with all of the terms and provisions of Sections 7.2, 7.3 and 7.4 hereof.

SECTION 7.5. Termination of, and Exceptions to, the Right of First Refusal. (A) A certificate executed an officer of the Condominium or the Managing Agent, stating that the provisions of Section 7.2 hereof have been met by a Unit Owner or that the right of first refusal provided for therein has been waived by the Condominium Board and that, as a result thereof, the rights of the Condominium Board thereunder have terminated, shall be conclusive upon the Condominium Board and all Unit Owners in favor of all persons who rely upon such certificate in good faith.

(B) The terms and conditions contained in Section 7.2, 7.3 and 7.4 hereof shall not apply with respect to any sale, lease or conveyance of a Unit, together with its Appurtenant Interests, by:

(i). the owner of such Unit to any of his adult Family Members, or to a trust for the benefit of any of them or, with respect to a Unit Owner that is not an individual, to any entity or individual that owns more than fifty (50%) percent of the legal and beneficial interest of such Unit Owner or to any entity with respect to which such Unit Owner (individual or otherwise) owns more than fifty (50%) percent of the legal and beneficial interest thereof;

(ii). Declarant or its designee, with respect to the Unsold Units;

(iii). the Condominium Board;

(iv). any proper officer conducting the sale of a Unit in connection with the foreclosure or a mortgage or other lien covering such Unit or delivering a deed in lieu of such foreclosure; or

(v). any Permitted Mortgagee or his nominee, who has acquired title to any Unit at any foreclosure sale of his Permitted Mortgage or by deed in lieu thereof delivered in a bona fide transaction provided, however, that each succeeding Unit Owner shall be bound by, and his Unit shall continue to be subject to, all of the terms and conditions of this Article 7.

SECTION 7.6. No Severance of Ownership. No Unit Owner shall execute any deed or any other instrument conveying title to his Unit without including therein its Appurtenant Interests. 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.

SECTION 7.7. Payment of Common Charges. No Unit Owner shall be permitted to convey or lease his Unit unless he shall have paid in full to the Condominium Board all unpaid Common Charges and Special Assessments theretofore assessed against such Unit and shall have satisfied all unpaid liens, other than that of Permitted Mortgages, levied against such Unit.

SECTION 7.8. Power of Attorney. At the time of acquiring title to a Unit and as a condition thereof, the new Unit Owner shall duly execute, acknowledge and deliver to the representative of his title insurance company (or, if no such representative is present, to the Condominium Board) for recording in the Register's Office the Power of Attorney required in Article 14 of the Declaration, in the form set forth as Exhibit E to the Declaration.

SECTION 7.9. Gifts and Devises, Etc. Any Unit Owner shall be free to convey or transfer his Unit, together with its Appurtenant Interests, by gift, or to devise the same by will or to have the same pass by intestacy, without restriction, provided, however, that each succeeding Unit Owner shall be bound by, and his Unit shall be subject to, the provisions of this Article 7.

## ARTICLE 8

### MORTGAGING OF UNITS

SECTION 8.1. General. Each Unit Owner shall have the right to mortgage his Unit. Any Unit Owner who mortgages his Unit, or the holder of such mortgage, shall supply the Condominium Board with the name and address of his mortgagee and shall file a conformed copy of the note and mortgage with the Condominium Board. Any Unit Owner who satisfies a mortgage

covering his Unit shall so notify the Condominium Board and shall file a conformed copy of the satisfaction of mortgage with the Condominium Board. The Secretary of the Condominium shall maintain such information in a book entitled "Mortgages of Units."

## ARTICLE 9

### CERTAIN REMEDIES

SECTION 9.1. Self Help. If any Unit Owner shall violate or breach any of the provisions of the Condominium Documents on his part to be observed or performed, and shall fail to cure such violation or breach within five (5) days after receipt of written notice of the same from the Condominium Board, the Managing Agent, or any manager, the Condominium Board shall have the right to enter such Unit Owner's Unit and summarily to abate, remove or cure such violation or breach without thereby being deemed guilty or liable in any manner of trespass. In addition, if the Condominium Board shall determine that the abatement, removal or cure of any such violation or breach is immediately necessary for the preservation or safety of the Building or for the suspension of any necessary service in the Building, the Condominium Board may take such action immediately, without prior notice and without allowing the said Unit owner any period of time within which to cure or to commence to cure such violation or breach.

SECTION 9.2. Remedies Cumulative. The remedies granted to the Condominium Board or to Declarant or its designee in this Article 9 or elsewhere in the Condominium Documents shall be cumulative and shall be in addition to all other remedies obtainable at law or in equity. Further, the exercise of any remedy shall not operate as a waiver, or preclude the exercise, of any other remedy.

SECTION 9.3. Costs and Expenses. All sums of money expended, and all costs and expenses incurred, by (i) the Condominium Board in connection with the abatement, enjoinder, removal or cure of any violation, or breach by a Unit Owner of the Condominium Documents (ii) Declarant in connection with any abatement, enjoinder or remedy of any violation or breach of the Condominium Documents, shall be immediately payable by (a) in the event set forth in subparagraph (i) hereof, such Unit Owner to the Condominium Board or (b) in the event set forth in subparagraph (ii) hereof, the offending party (i.e., the Condominium Board or the Unit Owner) to Declarant as the case may be, which amount shall, in either event, bear interest (to be computed from the date expended) at the rate of two (2%) percent per month (but in no event in excess of the maximum rate chargeable to such Unit Owner pursuant to Law). All sums payable by a Unit Owner to the Condominium Board pursuant to the terms of this Section 9.4 shall, for all purposes hereunder, constitute Common Charges payable by such Unit Owner.

## ARTICLE 10

## ARBITRATION

SECTION 10.1. Procedure. Any matter required or permitted to be determined by arbitration pursuant to the terms of the Condominium Documents shall be submitted for resolution by a single arbitrator in a proceeding held in the City of New York in accordance with the then existing rules of the American Arbitration Association or any successor organization thereto.

SECTION 10.2. Variation by Agreement. The parties to any dispute to be resolved by arbitration pursuant to the terms of the Condominium Documents may, by written agreement, vary any of the terms of Section 10.1 hereof with respect to the arbitration of such dispute or may agree to resolve their dispute in any manner, including, the manner set forth in Section 3031 of the New York City Practice Law and Rules and known as "New York Simplified Procedure for Court Determination of Disputes".

SECTION 10.3. Binding Effect. The decision in any arbitration conducted pursuant to the terms of Sections 10.1 and 10.2 hereof shall be binding upon all of the parties thereto and may be entered in any court of appropriate jurisdiction.

SECTION 10.4. Costs and Expenses. All costs and expenses incurred by the Condominium Board in connection with any arbitration held hereunder, including, the fees and expenses of counsel and expert witnesses, shall constitute Common Expenses.

## ARTICLE 11

### NOTICES

SECTION 11.1. General. All notices to be given hereunder shall be sent by registered or certified mail, return receipt requested, postage prepaid addressed:

(i). if to the Condominium Board, to the Condominium Board at its principal office as set forth in Section 1.5 hereof, with a photocopy sent to the Managing Agent (if any) at its principal office address as aforesaid;

(ii). if to a Unit Owner other than Declarant or its designee, to such Unit Owner at his address at the Property;

(iii). if to Declarant or its designee, to Declarant or such designee c/o Turek Roth LLP, 377 Fifth Avenue, 6<sup>th</sup> Floor, New York, New York 10016;

(iv). if to a Permitted Mortgagee, to such Permitted Mortgagee at its latest address designated in writing to the Condominium Board; or

Any of the foregoing parties may change the address to which notices are to be sent, or may designate additional addresses for the giving of notice, by sending written notice to the other parties as aforesaid.

## ARTICLE 12

### AMENDMENTS TO BY-LAWS

SECTION 12.1. General. (A) Any provision of these By-Laws may be amended, by the affirmative vote of not less than 66 2/3% in number and aggregate Common Interests of all Unit Owners either taken at a duly constituted meeting thereof or given in writing without a meeting as provided in Section 4.10 hereof. No such amendment, shall be effective until it shall be duly recorded in the Register's Office.

(B) Notwithstanding anything to the contrary contained in paragraph (A) hereof:

(i). the Common Interest appurtenant to any Unit, as set forth in the Declaration, shall not be altered without the consent of the Unit Owner thereof, except as otherwise provided in paragraph (F) of Section 5.5 hereof;

(ii). the terms of Section 5.7 hereof may not be amended, unless not less than eighty (80%) percent in number and in aggregate Common Interests of all Unit Owners affected thereby shall approve such amendment, modification, addition or deletion in writing.

SECTION 12.2. Special Amendments. Notwithstanding any provision contained herein to the contrary, no amendment, of these By-Laws shall be effective in any respect against Declarant or its designee, any Unsold Unit, unless the Declarant or such designee, and/or such holder (as the case may be) shall consent to the same in writing.

## ARTICLE 13

### FURTHER ASSURANCES

SECTION 13.1. General. Any Person who is subject to the terms of these By-Laws, whether such Person is a Unit Owner, a lessee of a Unit Owner or otherwise, shall, at the expense of any Person requesting the same, execute, acknowledge and deliver to such other Person such instruments, in addition to those specifically provided for herein, and take such other action as such other Person may reasonably request in order either to effectuate the provisions of these By-Laws or any transaction contemplated herein or to confirm or perfect any right to be created or transferred hereunder or pursuant to any such transaction.

SECTION 13.2. Failure to Deliver or Act. (A) If any Unit Owner or other Person that is subject to the terms of these By-Laws fails to execute, acknowledge or deliver any instrument, or fails or refuses, within ten (10) days after request therefor, to take any action that such Unit Owner or Person is required to execute, acknowledge and deliver or to take pursuant to these By-Laws, then the Condominium Board is hereby authorized, as attorney-in-fact for such Unit Owner or other Person, coupled with an interest, to execute, acknowledge and deliver such instrument, or to take such action, in the name of such Unit Owner or other Person, and such document or action shall be binding on such Unit Owner or other Person.

(B) If the Condominium Board, any Unit Owner, or other Person that is subject to the terms of these By-Laws fails to execute, acknowledge or deliver any instrument, or fails or refuses, within ten (10) days after request therefor, to take any action that the Condominium Board, such Unit Owner, or Person is required to execute, acknowledge and deliver or to take pursuant to these By-Laws at the request of Declarant, then Declarant is hereby authorized, as attorney-in-fact for the Condominium Board, such Unit Owner, or other Person, coupled with an interest, to execute, acknowledge and deliver such instrument, or to take such action, in the name of the Condominium Board, such Unit Owner, or other Person, and such document or action shall be binding on the Condominium Board, such Unit Owner or other Person.

## ARTICLE 14

### MISCELLANEOUS

SECTION 14.1. Inspection of Documents. Copies of the Declaration, these By-Laws, the Rules and Regulations and the Floor Plans, as the same may be amended from time to time, shall be maintained at the office of the Condominium Board and shall be available for inspection by Unit Owners and their authorized agents during reasonable business hours.

SECTION 14.2. Waiver. No provision contained in these By-Laws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, regardless of the number of violations or breaches that may occur.

SECTION 14.3. Conflicts. In the event that any provision of these By-Laws or of the Rules and Regulations shall be construed to be inconsistent with any provision of the Declaration or of the Condominium Act, the provision contained in the Declaration or in the Condominium Act shall control.

SECTION 14.4. Severability. If any provision of these By-Laws is invalid or unenforceable, the remainder of these By-Laws shall not be affected thereby.

SECTION 14.5. Successors and Assigns. The rights and/or obligations of Declarant as set forth herein shall inure to the benefit of, and shall be binding upon, any successor or assignee of Declarant or, with the consent of Declarant, any transferee of an Unsold Unit.

SECTION 14. 6. Gender. A reference in these By-Laws to any one gender, masculine, feminine or neuter, includes the other two, and the singular includes the plural, and vice-versa, unless the context otherwise requires. ...

SECTION 14.7. Captions. The index hereof and the captions herein inserted are included 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 hereof.

**CONDOMINIUM RULES AND REGULATIONS  
OF  
THE 50 ORCHARD STREET CONDOMINIUM**

1. The sidewalks, entrances, passages, public halls, elevators, vestibules, corridors and stairways of or appurtenant to the Building shall not be obstructed or used for any purpose other than ingress to and egress from the Units.

2. No tricycles, bicycles, scooters, baby carriages or similar vehicles shall be allowed to stand in the public passageways or other public areas of the Building.

3. No article (including, but not limited to, garbage cans, bottles or mats) shall be placed or stored in any of the halls or on any of the staircases of the Building, nor shall any fire exit thereof be obstructed in any manner.

4. Nothing shall be hung or shaken from any doors, windows, or placed upon the window sills of the Building, and no Unit Owner shall sweep or throw, or permit to be swept or thrown, any dirt, debris or other substance therefrom.

5. The Condominium Board or the Managing Agent may, from time to time, curtail or relocate any portion of the Common Elements devoted to storage, or service purposes in the Building.

6. Nothing shall be done or be kept in any Unit or in the Common Elements that will increase the rate of insurance of the Building, or the contents thereof, without the prior written consent of the Condominium Board. No Unit Owner shall permit anything to be done or kept in his Unit or in the Common Elements that will result in the cancellation of insurance on the Building, or the contents thereof, or that would be in violation of any Law. No Unit Owner or any of his Family Members, agents, servants, employees, licensees or visitors shall, at any time, bring into or keep in his Unit any inflammable, combustible, or explosive fluid, material, chemical, or substance, except as shall be necessary and appropriate for the permitted uses of such Unit.

7. No Unit Owner shall make, cause, or permit any unusual, disturbing, or objectionable noises or odors to be produced upon or to emanate from his Unit or permit anything to be done therein that will interfere with the rights, comforts, or conveniences of the other Unit Owners. No Unit Owner shall play upon or suffer to be played upon any musical instrument, or shall operate or permit to be operated a phonograph, radio, television set, or other loudspeaker in such Unit Owner's Unit between midnight and the following 8:00 A.M., if the

same shall disturb or annoy other occupants of the Building, and in no event shall any Unit Owner practice or suffer to be practiced either vocal or instrumental music between the hours of 10:00 P.M. and the following 9:00 A.M. No construction, repair work, or other installation involving noise shall be conducted in any Unit except on weekdays (not including legal holidays) and only between the hours of 8:00 A.M. and 5:00 P.M., unless such construction or repair work is necessitated by an emergency.

8. No window guards or other window decorations shall be used in or about any Unit, except such as shall have been approved in writing by the Condominium Board or the Managing Agent, which approval shall not be unreasonably withheld or delayed. In no event, however, shall any exterior glass surfaces of any windows at the Property be colored or painted.

9. No ventilator or air-conditioning device shall be installed in any Unit without the prior written approval of the Condominium Board, which approval may be granted or refused in the sole discretion of the Condominium Board.

10. No radio or television aerial shall be attached to or hung from the exterior of the Building, and no sign, notice, advertisement, or illumination (including, without limitation, "For Sale", "For Lease" or "For Rent" signs) shall be inscribed or exposed on or at any window or other part of the Building, except such as are permitted pursuant to the terms of the Declaration and/or the By-Laws or shall have been approved in writing by the Condominium Board or the Managing Agent. Nothing shall be projected from any window of a Unit without similar approval.

11. 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.

12. Water-closets and other water apparatus in the Building shall not be used for any purpose other than those for which they were designed, and no sweepings, rubbish, rags or any other article shall be thrown into the same. Any damage resulting from misuse of any water-closets or other apparatus in a Unit shall be repaired and paid for by the owner of such Unit.

13. Each Unit Owner shall keep his Unit in a good state of preservation, condition, repair and cleanliness in accordance with the terms of the By-Laws.

14. The agents of the Condominium Board or the Managing Agent, and any contractor or workmen authorized by the Condominium Board or the Managing Agent, may enter any room or Unit at any reasonable hour of the day, on at least one day's prior notice to the Unit Owner, for the purpose of inspecting such Unit for the presence of any vermin, insects, or other pests and for the purpose of taking such measures as may be necessary to control or exterminate any such vermin, insects, or other pests; however, such entry, inspection and extermination shall be done in a reasonable manner so as not to unreasonably interfere with the use of such Unit for its permitted purposes.

15. The Condominium Board or the Managing Agent may retain a pass-key to each Unit. If any lock is altered or a new lock is installed, the Condominium Board or the Managing Agent shall be provided with a key thereto immediately upon such alteration or installation. If the Unit Owner is not personally present to open and permit entry to his Unit at any time when entry therein is necessary or permissible under these Rules and Regulations or under the By-Laws, and has not furnished a key to the Condominium Board or the Managing Agent, then the Condominium Board or Managing Agent or their agents (but, except in an emergency, only when specifically authorized by an officer of the Condominium or the Managing Agent) may forcibly enter such Unit without liability for damages or trespass by reason thereof (if, during such entry, reasonable care is given to such Unit Owner's property).

16. If any key or keys are entrusted by a Unit Owner, by any Family Member thereof, or by his agent, servant, employee, licensee, or visitor to an employee of the Condominium or of the Managing Agent, whether for such Unit Owner's Unit or an automobile, trunk, or other item of personal property, the acceptance of the key shall be at the sole risk of such Unit Owner, and neither the Condominium Board nor the Managing Agent shall (except as provided in Rule 16 above) be liable for injury, loss, or damage of any nature whatsoever, directly or indirectly resulting therefrom or connected therewith.

17. Unit Owners and their respective Family Members, guests, servants, employees, agents, visitors, or licensees shall not at any time or for any reason whatsoever enter upon, or attempt to enter upon, the roof of the Building except for those areas clearly delineated as roof terraces.

18. No occupant of the Building shall send any employee of the Condominium or of the Managing Agent out of the Building on any private business.

19. Any consent or approval given under these Rules and Regulations may be amended, modified, added to, or repealed at any time by resolution of the Condominium Board. Further, any such consent or approval may, in the discretion of the Condominium Board or the Managing Agent, be conditional in nature.

ATTORNEY GENERAL  
OF THE STATE OF NEW YORK  
MODEL FORM  
FOR ESCROW AGREEMENT

AGREEMENT made this 1<sup>st</sup> day of August, 2003, between 50 Orchard Associates LLC ("SPONSOR") as sponsor of the offering plan and Law Office of Allen M. Turek, ("ESCROW AGENT") as escrow agent.

WHEREAS, Convent Properties LLC is the sponsor of an offering plan to convert to condominium ownership the premises located at 48 Orchard Street, New York, New York; and

WHEREAS, the Law Office of Allen M. Turek is authorized to act as an escrow agent hereunder in accordance with General Business Law ("GBL") Section 352-e(2-b) and the Attorney General's regulations promulgated thereunder; and

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

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

1. ESTABLISHMENT OF THE ESCROW ACCOUNT

- 1.1 SPONSOR and ESCROW AGENT hereby establish an escrow account with ESCROW AGENT for the purpose of holding deposits or payments made by purchasers. The escrow account has been opened with Emigrant Savings Bank, at its branch located at 812 Lexington Avenue, New York, New York. The account number is \_\_\_\_\_.
- 1.2 The name of the account is "Allen M. Turek - Orchard Street Condominium Escrow Account", Account No. \_\_\_\_\_.
- 1.3 Allen M. Turek is the sole signatory on the account.
- 1.4 The escrow account shall be an interest-bearing account as disclosed in the offering plan.
- 1.5 The escrow account is not an IOLA established pursuant to Judiciary Law Section 497.

## 2. DEPOSITS INTO THE ESCROW ACCOUNT

2.1 All funds received from prospective purchasers 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 to the order of Allen M. Turek, Esq., as escrow agent for Offering Plan regarding 48 Orchard Street, New York, New York. 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 purchaser 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 purchaser who timely rescinds in accordance with an order of rescission contained in the plan or an amendment to the plan.
- 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 not notified ESCROW AGENT in accordance with such provisions.

#### 4. RECORD KEEPING

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

#### 5. GENERAL OBLIGATIONS OF ESCROW AGENT

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

#### 6. RESPONSIBILITIES OF SPONSOR

- 6.1 SPONSOR agrees that SPONSOR and its agents, including any selling agents, shall immediately deliver all deposits and payments received by them prior to closing of an individual transaction to ESCROW AGENT.

6.2 SPONSOR agrees that it shall not interfere with ESCROW AGENT'S performance of its fiduciary duties and compliance with the Attorney General's regulations.

7. TERMINATION OF AGREEMENT

7.1 This Agreement shall remain in effect unless and until it is canceled, by either:

(a) Written notice by SPONSOR or ESCROW AGENT of cancellation of designation of ESCROW AGENT to act in said capacity, which cancellation shall take effect only upon the filing of an amendment with the Department of Law providing for a successor ESCROW AGENT; or

(b) The resignation of ESCROW AGENT upon giving notice to SPONSOR of its desire to so resign, which resignation shall take effect only upon the filing of an amendment with the Department of Law providing for a successor ESCROW AGENT; or

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

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

8. SUCCESSORS AND ASSIGNS

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

9. GOVERNING LAW

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

10. ESCROW AGENT'S COMPENSATION

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

11. SEVERABILITY

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

12. ENTIRE AGREEMENT

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

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

LAW OFFICE OF ALLEN M. TUREK,  
ESCROW AGENT

By: /s/

50 ORCHARD ASSOCIATES LLC, SPONSOR

By: /s/

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  
[ ] a cooperative.  
[ ] a condominium.  
[ ] a homeowners association.  
[ ] a timeshare.  
[ ] other: \_\_\_\_\_
7. Name and Address  
of Sponsor: \_\_\_\_\_  
\_\_\_\_\_
8. Name and Address  
of Escrow Agent: \_\_\_\_\_  
\_\_\_\_\_
9. If downpayments are maintained in an escrow account:  
(a) Name of account \_\_\_\_\_  
(b) Name and address  
of bank \_\_\_\_\_  
(c) Account number (if known) \_\_\_\_\_  
(d) Initial interest rate (if known) \_\_\_\_\_
10. If downpayments have been secured by bonds:  
(a) Name and address of  
bond issuer or surety: \_\_\_\_\_  
\_\_\_\_\_  
(b) Copy of bond included in this application. (DO NOT  
SEND ORIGINAL 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: \_\_\_\_\_

---

---

---

2/6/92

- 5 -

Note: You are required to mail a copy of this Application to all other affected parties.

In filing this application, I understand that the Attorney General is not my private attorney, but represents the public in enforcing laws designed to protect the public from unlawful business practices. I also understand that if I have any questions concerning my legal rights or responsibilities I may contact a private attorney. The above application is true and accurate to the best of my knowledge. False statements made herein are punishable as a Class A Misdemeanor under Section 175.30 and/or Section 210.45 of the Penal Law.

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Name (Printed): \_\_\_\_\_

Telephone: (Home) \_\_\_\_\_

(Business) \_\_\_\_\_

Mailing Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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

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

Attention: Real Estate Financing Bureau

Re: The 50 Orchard Street Condominium  
48-52 Orchard Street  
New York, New York

The undersigned, certify as follows:

We are the sponsor and the principals<sup>1</sup> of sponsor of the condominium offering plan for the captioned property. We understand that we have primary responsibility for compliance with the provisions of Article 23-A of the General Business Law, the regulations promulgated by the Department of Law in Part 20 and such other laws and regulations as may be applicable.

We have read the entire offering plan. We have investigated the facts set forth in the offering plan and the underlying facts. We have exercised due diligence to form a basis for making this certification. We jointly and severally certify that the offering plan does, and that all 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

---

<sup>1</sup>"Principals" means all individual sponsors; all general partners of the sponsors that are partnerships; all officers, directors and shareholders of a corporate sponsor that are actively involved in the planning and consummation of the offering; and all other individuals who both own an interest in or control sponsor and actively participate in the planning and consummation of the offering, regardless of the form of organization of sponsor.

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 representations or statement made.

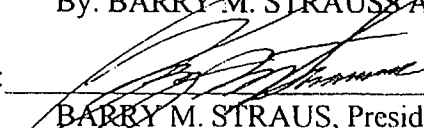
This certification is made under penalty of perjury for the benefit of all persons to whom this offer is made. We understand that violations are subject to the civil and criminal penalties of the General Business Law and Penal Law.

50 ORCHARD ASSOCIATES LLC, Sponsor

By: VOYAGER DEVELOPMENT CO., LLC, Manager

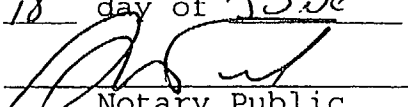
By: BARRY M. STRAUSS ASSOC., LTD, Member

By:

  
BARRY M. STRAUS, President

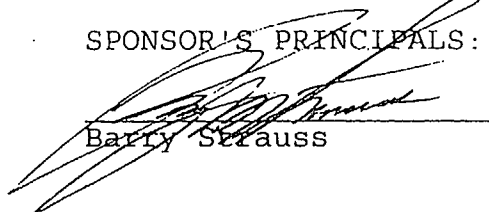
Sworn to before me this

18 day of JUNE, 2003

  
Notary Public

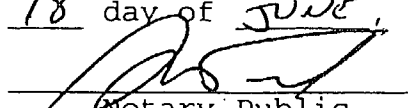
ALLEN M. TUREK  
Notary Public, State of New York  
No. 4613441  
Qualified in New York County  
Commission Expires July 31, 2005

SPONSOR'S PRINCIPALS:

  
Barry Strauss

Sworn to before me this

18 day of JUNE, 2003

  
Notary Public

ALLEN M. TUREK  
Notary Public, State of New York  
No. 4613441  
Qualified in New York County  
Commission Expires July 31, 2005

**CERTIFICATION OF SPONSOR'S  
ARCHITECT PURSUANT TO SEC. 20  
OF THE REGULATIONS ISSUED PURSUANT TO  
GENERAL BUSINESS LAW, ARTICLE 23-A,  
AS AMENDED**

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

Attention: Real Estate Financing Bureau

Re: The 48 Orchard Street Condominium  
48-52 Orchard Street, New York, New York

The undersigned, certifies as follows:

The sponsor of the offering plan to convert the captioned property to condominium ownership retained our firm to prepare a report describing the construction and/or renovation of the property (the "Report"). I/we visually inspected existing portions of the renovated property, if any on June 3, 2004, and I/we examined the building plans and specifications that were prepared by Michael Muroff Architect LLC dated Feb. 20 2004, and prepared the Report dated June 6, 2004, a copy of which is intended to be incorporated into the offering plan so that prospective Purchasers may rely upon the Report.

I am a registered architect in the State of New York.

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

I have read the entire report and investigated the facts set forth in the Report and the facts underlying it with due diligence in order to form a basis for this certification. This certification is made for the benefit of all persons to whom this offer is made.

I certify that the Report:

- (i) sets forth in narrative form the description and/or physical condition of the entire property as it will exist upon completion of renovation and/or construction, provided that renovation and/or construction is in accordance with the plans and specifications that I examined;
- (ii) in my professional opinion affords potential investors, purchasers and participants

an adequate basis upon which to found their judgment concerning the description and/or physical condition of the property as it will exist upon completion of renovation and/or construction, provided that renovation and/or construction is in accordance with the plans and specifications that I examined;

- (iii) does not omit any material fact;
- (iv) does not contain any untrue statement of a material fact;
- (v) does not contain any fraud, deception, concealment or suppression;
- (vi) does not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;
- (vii) Does not contain any representation or statement which is false, where I:
  - (a) knew the truth;
  - (b) with reasonable effort could have known the truth;
  - (c) made no reasonable effort to ascertain the truth, or
  - (d) did not have knowledge concerning the representations or statement made.

I further certify that I am not owned or controlled by and have no beneficial interest in the sponsor and that my compensation for preparing 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 guaranty or warranty of the physical condition of the property.

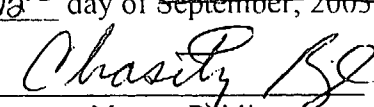
MICHAEL MUROFF ARCHITECT LLC

By:

  
MICHAEL MUROFF

Sworn to before me this

~~30<sup>th</sup>~~ day of September, ~~2003~~ June, 2004

  
Notary Public

**CHASITY RUIZ**  
Notary Public, State of New York  
No. 01RU6081231  
Qualified in New York County  
Commission Expires September 30, 2008

338 East 92nd Street • New York, N.Y. 10128  
212-534-3131 • Fax: 212-534-6237

**CERTIFICATION OF ADEQUACY OF BUDGET  
PURSUANT TO SEC. 20  
OF THE REGULATIONS ISSUED PURSUANT TO  
GENERAL BUSINESS LAW, ARTICLE 23-A,  
AS AMENDED**

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

Attention: Real Estate Financing Bureau

Re: The 50 Orchard Street Condominium  
48-52 Orchard Street, New York, New York

The undersigned, certify as follows:

The Sponsor of the condominium offering plan for the captioned property retained our firm to prepare Schedule B containing projections of income and expenses for the first year of condominium operation. Our experience in this field includes: The management of approximately 18 buildings including one condominium (366 West 11<sup>th</sup> Street) and four cooperatives (252 East 89<sup>th</sup> Street, 330 East 90<sup>th</sup> Street, 448 East 87<sup>th</sup> Street and 328 East 94<sup>th</sup> Street) in the Borough of Manhattan, City 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.

We have prepared the Schedule and investigated the facts set forth in the Schedule and the facts underlying it with due diligence in order to form a basis for this certification. We also have relied on our experience in managing residential buildings.

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

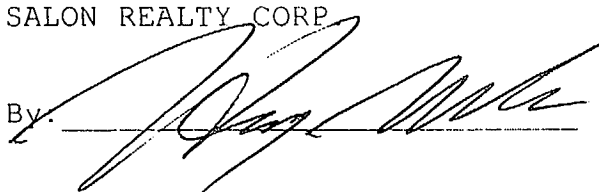
We certify that the Schedule:

- (i) sets forth in detail the projected income and expenses for the first year of condominium operation;
- (ii) affords potential investors, purchasers and participants an adequate basis upon which to found their judgment concerning the first year of condominium operation;
- (iii) does not omit any material fact;
- (iv) does not contain any untrue statement of a material fact;
- (v) does not contain any fraud, deception, concealment, or suppression;
- (vi) does not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;
- (vii) does not contain any representation or statement which is false, where we:
  - (a) knew the truth;
  - (b) with reasonable effort could have known the truth;
  - (c) made no reasonable effort to ascertain the truth, or
  - (d) did not have knowledge concerning the representations or statement made.

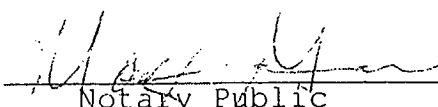
We further certify that we are not owned or controlled by the sponsor. We understand that a copy of this certification is intended to be incorporated into the offering plan. This statement is not intended as a guarantee or warranty of the income and expense for the first year of condominium operation.

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

SALON REALTY CORP.

By. 

Sworn to before me this  
15 day of September, 2004

  
Notary Public

MARISA VELEZ-GARCIA  
Notary Public, State of New York  
No. 03-5000461

MARISA VELEZ-GARCIA  
Notary Public, State of New York  
No. 03-5000461  
Qualified in Bronx County  
Commission Expires Aug. 8, 2006

338 East 92nd Street • New York, N.Y. 10128  
212-534-3131 • Fax: 212-534-6237

**CERTIFICATION OF ADEQUACY OF BUDGET  
OF COMMON CHARGES PAYABLE  
BY THE COMMERCIAL UNIT OWNER  
PURSUANT TO SEC. 20  
OF THE REGULATIONS ISSUED PURSUANT TO  
GENERAL BUSINESS LAW, ARTICLE 23-A,  
AS AMENDED**

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

Attention: Real Estate Financing Bureau

Re: The 50 Orchard Street Condominium  
48-52 Orchard Street  
New York, New York

The undersigned, certify as follows:

The Sponsor of the condominium offering plan for the captioned property retained our firm to prepare Schedule B which includes projections of common charges payable by the owner of the commercial units. Our experience in this field includes: The management of approximately 18 buildings including one condominium (366 West 11<sup>th</sup> Street) and four cooperatives (252 East 89<sup>th</sup> Street, 330 East 90<sup>th</sup> Street, 448 East 87<sup>th</sup> Street and 328 East 94<sup>th</sup> Street) in the Borough of Manhattan, City 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 23, insofar as they are applicable to the commercial unit listed in Schedule B.

We have prepared the Schedule as it impacts upon the commercial unit and investigated the facts underlying it with due diligence in order to form a basis for this certification. We have also relied on our experience in managing residential buildings.

We certify that the projections in Schedule B for common charges payable by the owner of the commercial unit appears reasonable and adequate under existing circumstances to meet the anticipated operating expenses fairly attributable to such commercial unit for the projected first year of condominium operation, and that the allocation of common charges attributable to the commercial unit also reflects special or exclusive use or availability or exclusive control of particular common areas.

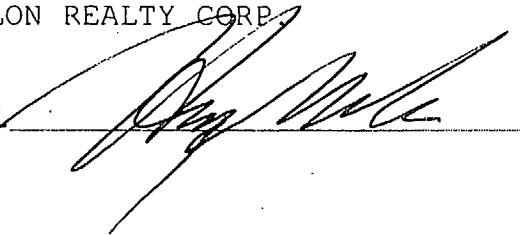
We certify that the estimate in Schedule B for the common charges payable by the owner of the commercial unit:

- (i) set forth in detail the projected common charges for the commercial unit 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 common charges payable by the owner of the commercial unit;
- (iii) does not omit any material fact;
- (iv) does not contain any untrue statement of a material fact;
- (v) does not contain any fraud, deception, concealment, or suppression;
- (vi) does not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;
- (vii) does not contain any representation or statement which is false, where we:
  - (a) knew the truth;
  - (b) with reasonable effort could have known the truth;
  - (c) made no reasonable effort to ascertain the truth, or
  - (d) did not have knowledge concerning the representations or statement made.

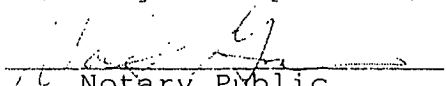
We further certify that we are not owned or controlled by the sponsor. We understand that a copy of this certification is intended to be incorporated into the offering plan. This statement is not intended as a guarantee or warranty of the common charges fairly attributable to the commercial unit for the first year of condominium operation.

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

SALON REALTY CORP.

By: 

Sworn to before me this  
13 day of September, 2004

  
Notary Public

MARISA VELEZ-GARCIA  
Notary Public, State of New York  
No. 03-5000461  
Qualified in Bronx County  
Commission Expires Aug. 8, 2006