CONDOMINIUM OFFERING PLAN

FOR

THE GATEWAY CONDOMINIUM

LOCATED AT
2098 EIGHTH AVENUE
NEW YORK, NEW YORK 10026

CONSISTING OF SEVENTY-FIVE (75) RESIDENTIAL UNITS
AND THREE (3) COMMERCIAL UNITS

OFFERING PRICE FOR SEVENTY-FIVE (75) RESIDENTIAL UNITS: $34,149,000

THE COMMERCIAL UNITS ARE NOT BEING OFFERED FOR SALE AT THIS TIME.

SPONSOR:	SELLING AGENT:
GATEWAY II, LLC	Halstead Property, LLC
c/o Gaetano and Associates, Inc.	784 Broadway
400 Executive Boulevard	New York, New York 10003
Ossining, New York 10562	

Date of Acceptance for Filing: October 29, 2004.

The term of the offer is twelve (12) months, unless amended or extended by a duly filed amendment.

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

PURCHASERS FOR THEIR OWN OCCUPANCY MAY NEVER GAIN CONTROL OF THE BOARD OF MANAGERS UNDER THE TERMS OF THIS PLAN.

SEE PAGE (iii) FOR SPECIAL RISKS TO PURCHASERS.

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SPECIAL RISKS.

1. Completed Building is Combination of Renovated Units and New Construction Units.

The Sponsor has completed renovating 33 units in existing 5-story buildings located in 2094, 2096, 2098 and 2104 Eighth Avenue (the "**Renovated Units**"). The Sponsor intends to construct 42 additional units, plus one superintendent's apartment, on vacant land located at 2100 and 2102 Eighth Avenue and on four additional floors above certain Renovated Units (the "**New Construction Units**"), as set forth in the Engineer's Description in Part II of the Plan. Upon completion of the New Construction, the walls between the hallways of the Renovated Units and the New Construction will be removed so that the hallways serving the Condominium will run the length of the building and be served by a single lobby, mailboxes, intercom and security system (the "**Completed Building**"). See Schedule B-2 in Section 6 for the budget for the operation of the integrated Building.

A site plan and Completed Building floor plans appear as Exhibit E in Part II.

2. Commencement of New Construction. The Sponsor cannot commence construction of the New Construction Units until title to the vacant lots is transferred to the Sponsor. Currently, the Sponsor has a "site control letter" from the City of New York for the vacant land, constituting formal acknowledgment by the City of New York that it is considering the proposed sale of the land to the Sponsor in accordance with the City's Uniform Land Use Review Procedure ("**ULURP**"). After the ULURP review is complete, and provided that all related required approvals have been obtained, title to the vacant lots will be transferred to the Sponsor. For details on ULURP and the estimated time frames for ULURP completion, see Exhibit J in Part II. Exhibit J contains a ULURP summary provided to the public by the City of New York.

3. Impact of New Construction on the Condominium.

(a) Time Period for Construction. Construction is expected to commence by Spring 2005 and continue for a period of twelve (12) months.

(b) Common Element Amenities Not Available Until the Completion of the New Construction Units. Purchasers should note that the following Condominium amenities will not be available until the completion of the New Construction Units: common roof deck, community room; air-conditioned lobby. In addition, the Units located in the 2104 building will not have elevator service or a doorman at the entrance to their building prior to the completion of the New Construction.

(c) Construction Easements. The Sponsor will reserve customary construction easements to erect temporary scaffolding, attach protective coverings over the roof of the Renovated Units, and operate equipment in connection with the New Construction Units. The Sponsor may request permission to close the sidewalk temporarily in order to avoid damage to the Condominium's property or injury to its residents, so long as the unit owners have reasonable ingress and egress to their units during such closing.

Construction will take place in accordance with Department of Buildings regulations, currently Monday through Friday between 7:00 AM and 6:00 PM. Construction debris will be removed in accordance with Code. Purchasers should be aware that construction can be noisy and can result in dirt and dust in the area.

See Section 16, Rights and Obligations of the Sponsor, for additional information.

4. Differing Expenses of Operation During First and Second Years of Condominium Operation. Due to the addition of the New Construction Units, the Condominium will have different expenses of operation during the first and second year to reflect increased staffing and operating costs. The absence of certain other non-recurring expenses from the first year will reduce expenses of operation during the second year. As a result, common charges may increase. See Section 6, Schedules B-1 and B-2 for the anticipated first and second year budgets.

5. Special Residency Requirements and Income Restrictions with respect to the Initial Sale of Certain Units. The Sponsor anticipates that The Gateway Condominium will have seven (7) one-bedroom units and seven (7) two-bedroom units (referred to herein as the "**Reserved Units**") in the New Construction which will be sold to individuals meeting special residency and income criteria, in accordance with an agreement between the Sponsor and the Department of Housing Preservation and Development ("**H.P.D.**"). The Sponsor is in the process of finalizing the agreement with H.P.D. relating to eligibility, selection of Units, and closing requirements.

For further information, see Footnote 8 to Schedule A.

6. Payment for Closing Adjustments with Condominium. At closing, the Sponsor will adjust with the Condominium certain ongoing costs that had been prepaid by the Sponsor for the first year of Condominium operation, largely prepaid water and sewer charges and insurance for the Condominium. The cost of reimbursement will be paid from the Condominium Working Capital Fund. The Working Capital Fund will be funded by the payment of an amount equal to four months common charges by each purchaser at closing, and by the Sponsor with respect to any unsold Units within 90 days after receipt of a Temporary Certificate of Occupancy for such Units. For more detailed information, See Section 23 of the Plan, entitled "Working Capital Fund".

7. Limited Financing Contingency.

(a) If a Purchaser is electing to obtain financing, the obligations of Purchaser hereunder will be conditioned upon issuance on or before the 45th day after the date of this Agreement of a written commitment from certain lending institutions to be designated by the Sponsor ("**Sponsor Designated Lender**") on or before the date of this Purchase Agreement, subject to the following conditions and limitations:

(i) The financing contingency is only applicable to mortgage financing of no more than 80 percent (80%) of the purchase price (or such lesser amount as Purchaser shall apply for) at the Sponsor Designated Lender's prevailing rate of interest and for a customary loan

term, secured by a first mortgage on the Unit;

(ii) Purchaser shall apply to at least one (1) Sponsor Designated Lender for such first mortgage loan within ten (10) days after the date of this Agreement;

(iii) Purchaser shall furnish accurate and complete information to the Sponsor Designated Lender relating to Purchaser, as required;

(iv) Purchaser shall pay all fees, points and charges required in connection with such application and loan; and

(v) Purchaser shall pursue such application with diligence, and generally cooperate in good faith with such Sponsor Designated Lender to the end of securing such first mortgage. Purchaser shall notify the Sponsor promptly of the name and address of each Sponsor Designated Lender or other lender to which Purchaser has given an application. Purchaser shall furnish Seller with a copy of such commitment promptly after receipt thereof. If Purchaser fails to obtain such a commitment from a Sponsor Designated Lender on or before the 45th day after the date of this Agreement, Purchaser shall have the right to cancel this contract by giving notice to Seller by the 50th day after the date of this Agreement. Upon cancellation, the Down Payment and accrued interest shall be promptly refunded to Purchaser, and neither party shall have any further rights against, or obligations or liabilities to the other by reason of this Agreement. If Purchaser does not give such notice to Seller on or before the 50th day after the date of this Agreement or if the Purchaser has not applied to at least one (1) Sponsor Designated Lender, this Agreement shall not be terminated by virtue of this paragraph and the Agreement shall remain in full force and effect, except that Purchaser's right to cancel under this Paragraph shall be deemed waived. A mortgage commitment conditional upon the Purchaser's selling any property that Purchaser owns, the liquidation or reduction of any existing installment debt prior to closing, or the furnishing of documents and information reasonably available to Purchaser, shall be deemed a firm mortgage commitment which satisfies the limited financing contingency clause in this Agreement.

(b) If Purchaser obtains a financing commitment from a Sponsor Designated Lender and the commitment lapses or expires before the actual closing date through no fault of Purchaser, Purchaser shall make a good faith effort to extend the commitment, including payment of a reasonable and customary extension fee and acceptance of changes in the interest rate to reflect prevailing market conditions. If the Sponsor Designated Lender is unwilling to extend the commitment on those terms, Purchaser shall have the right to cancel this Agreement by notice given to Sponsor within ten (10) days after receiving the notice of refusal to extend the commitment. In case of cancellation, the applicable provisions of subsection (a) shall apply.

(c) As used in this Agreement, "Lender" means a person or entity in the business of making loans to persons seeking to purchase residential homes. A mortgage broker who does not have independent lending capacity shall not be deemed to be a "Lender" under this Agreement.

(d) In the event that Purchaser uses a lender other than the Sponsor Designated Lenders, no financing contingency will apply to this Agreement. As a result, Purchaser will not

have the right to cancel the Purchase Agreement if the Purchaser fails to obtain mortgage financing, or if the Purchaser's existing mortgage financing lapses or is canceled.

For further details, See Section 11, "Procedure to Purchase."

8. **Payments for Upgrades and Extras**. All funds received by Sponsor for upgrades or extras will initially be placed in the Special Account maintained by Sponsor's counsel. Such funds may be released from the Special Account by the Sponsor's Counsel as long as the Sponsor uses the funds for such upgrades or extras. As a result, in the event a Purchaser is entitled to rescission, the Purchaser will not be entitled to receive a refund of any funds which were designated for upgrades or extras. See Section 11 of the Plan, entitled "Procedure to Purchase".

9. **Minimum Sales Requirements to Declare Plan Effective; Potential Market Restraints on Purchasers' Ability to Obtain Mortgage Financing.** The Regulations of the Attorney General's office require that purchase agreements be executed for at least 15 percent (15%) of the Units offered under the Plan in order to declare the Plan effective. The existing mortgage loan encumbering the Premises imposes a higher pre-sale requirement, i.e., that the Plan may be declared effective only after Purchase Agreements have been executed by bona fide Purchasers and accepted by Sponsor for the sale of at least fifteen (15) Renovated Units, which represents 20 percent (20%) of the Units offered under this Plan.

Purchasers should note that in the current real estate market, banks and other lenders may impose various restrictions on loans. Such restrictions may include requiring that a certain percentage (such as 50% or more) of the Units in the Condominium 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 Condominium 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 a Unit if prospective buyers are unable to obtain a loan due to such minimum sales requirements. See Section 11 of the Plan.

10. **Rights of Sponsor**. The Sponsor is not required to obtain the approval of the Board of Managers or meet requirements imposed upon other Unit Owners in order to exercise a number of rights described in the By-Laws. Included among these are the right to use a Unit as a model and display "For Sale", "For Rent", or "For Lease" signs, or similar signs, the right to transfer or lease a Unit without offering the Board of Managers the right of first refusal, the right to alter a Unit without obtaining the prior consent of the Board of Managers, but only in accordance with the other terms of this Plan, and the right to amend the Declaration without a vote for the sole purpose of filing the Floor Plans as required by Section 339-p of the Real Property Law. For as long as the Sponsor or its designee own title to one or more Units, the Regulations of the Condominium, By-Laws or Declaration may not be amended in a manner which would, in the sole discretion of Sponsor or its designee, adversely affect the Sponsor or its designee in any way, unless the Sponsor or its designee give their written consent to such an amendment. See Section 16(B), "Rights and Obligations of

Sponsor", and Section 19(J) of the Plan, entitled "Amendments to Condominium Declaration and By-Laws".

11. **No Bond or Security for Performance of Sponsor Obligations**. No bond or other security has been furnished to secure the performance of the Sponsor's obligations. At the time the Offering Plan is accepted for filing, the Sponsor represents that it will be financially capable of performing Sponsor's obligations, including its obligations with respect to Unsold Units. However, the subsequent ability of the Sponsor to perform its obligations will depend upon Sponsor's financial condition at that time. At this time, the project is being financed with a loan from the Community Preservation Corporation ("CPC") and Sponsor's own funds. If the Sponsor cannot perform the Sponsor's financial obligations hereunder, the Sponsor will amend the Plan, cease selling Units, and offer a right of rescission to Purchasers of Units. See Section 16, "Rights and Obligations of Sponsor."

12. **Deposits in Excess of $100,000 Not Insured by the Federal Deposit Insurance Corporation.** The Sponsor shall deposit down payments in a bank that is covered by the Federal Deposit Insurance Corporation ("FDIC"). Down payments will be held in separate subaccounts within the master escrow account. A FDIC insured bank is insured for all deposits in the amount of $100,000 or less. The portion of the deposit in excess of $100,000 is not covered by insurance. Purchasers should note that any deposit over $100,000 will not be FDIC insured in excess of $100,000. See Section 11, "Procedure to Purchase."

13. **No Separate Reserve Fund.** The Plan does not provide the Condominium with a separate reserve fund. In the event the Condominium elects to make any capital improvements or repairs, it can utilize working capital or assess the Unit Owners. The Sponsor does not foresee any major capital improvements or repairs that will be necessary during the first five (5) years of Condominium operation, other than due to ordinary use. See Section 23, "Working Capital Fund."

14. **Conditional Right of Sponsor to Offer Units for Rent**. The Sponsor represents that it will make good faith efforts to sell, in a reasonably timely manner, all of the Units in the Condominium to Purchasers for their personal occupancy or the occupancy of their immediate families, rather than retaining them for rental. Sponsor's good faith efforts to sell to Purchasers shall include listing Unsold Units with brokers, showing Unsold Units to brokers and prospective Purchasers or their representatives and otherwise engaging in customary sales activities. However, in the event that there is a decline in market values of 10 percent (10%) or more from the offering prices set forth in Purchase Agreements counted toward effectiveness for comparable Units, then the Sponsor reserves the right to rent, rather than sell, the Unsold Units until there is an upturn in the market.

15. **Control by Sponsor.** The Sponsor will have the right to control the Board of Managers until the first anniversary of the recording of the Declaration of Condominium. Thereafter, the Sponsor shall retain the right to designate a majority of the Board until the earlier of (i) the transfer of title to Units, the percentage Common Interest of which in the aggregate, equals at least 90 percent (90%), or (ii) five (5) years after the First Unit Closing (the "**Control Period**"). Until the next annual meeting following the end of the Control Period, the Sponsor will have

absolute voting control of the Board of Managers.

While the Sponsor owns an Unsold Unit, the Sponsor will have the right to, and intends to, vote the percentage of Common Interests allocated to its Unsold Residential Units for all seats on the Board, including unaffiliated members. In addition, so long as the Sponsor or a Sponsor-designee shall continue to own at least one (1) Residential Unit, the Sponsor or Sponsor-designee shall have the right to designate one (1) of the members of the Board of Managers. After the Control Period has expired, not more than one less than a majority of the members of the Board, including any board member designated by the Commercial Unit Owner, will be affiliated with the Sponsor. For further details, see Section 17 of the Plan.

During the Control Period, the Sponsor will have control of maintenance, facilities and services to be provided to Unit Owners, as well as determining the Common Charges to be paid by Unit Owners. Furthermore, the Condominium is barred from taking certain actions without Sponsor's or Sponsor-designee's prior written consent. In particular, the Board of Managers may not: (i) make any addition, alteration or improvement to the Common Elements or to any Unit at the expense of the Condominium; (ii) assess any Common Charges for the creation of, addition to or replacement of all or part of a reserve, contingency or surplus fund, except to the extent that the aggregate fund does not exceed 5 percent (5%) of the budgeted expenses of the Property; (iii) borrow money on behalf of the Condominium (except where necessary to perform work required by law to the extent that existing reserves are insufficient); or (iv) hire any employee or enter into any service or maintenance contract to perform services or work not set forth in Schedule B. As long as the Sponsor or any Sponsor-designee shall continue to own a Unit, the Board of Managers may not, without the Sponsor's or Sponsor-designee's prior written consent: (i) amend the Declaration or the By-Laws so as to in any way adversely affect the Sponsor or its designees; or (ii) interfere with the offer and sale or leasing offices at the Property or any actions necessary for construction, renovation, repair or correction at the Property required by Sponsor. The Sponsor or Sponsor-designee shall have the right to withhold its consent to any of the foregoing actions. However, notwithstanding the foregoing restrictions, the Sponsor or Sponsor-designee shall not have the right to veto expenses detailed in Schedule B, or expenditures for the making of capital repairs to the Common Elements, or assessment of any Common Charge for expenses required to remedy any notice of violation, comply with applicable law, or cure a work order of an insurance carrier.

Notwithstanding the foregoing restrictions, the Sponsor shall not have the right to veto expenditures for the expenses detailed in Schedule B in the Plan, or expenditures for the making of capital repairs to the Common elements, or assessment of any Common Charge for expenses required to remedy any notice of violation, comply with applicable law, or cure a work order of an insurance carrier.

For further information see Section 17, "Control by Sponsor."

16. **Majority of the Board of Managers Not Limited to Owner-Occupants.** After the initial Sponsor voting control period expires, a majority of the Board of Managers may be comprised of both owner-occupants and non-owner-occupants (or members of their households unrelated to

the Sponsor and its principal.) Owner-occupants and non-resident owners, including the Sponsor, may have inherent conflicts on how the Condominium should be managed because of their different reasons for purchasing. For example, an owner-occupant who is purchasing a Unit as a home may have views on repairs and capital expenditures which differ from a non-resident purchaser who has purchased of the purposes of an investment. See Section 19 for further details.

17. **Receipt of Certificate of Occupancy.** The Sponsor reserves the right to close title to Units after procuring a Temporary Certificate of Occupancy with respect to a Unit. However, the Sponsor will complete the New Construction Units and obtain a Permanent Certificate of Occupancy for the Completed Building before the Temporary Certificate of Occupancy (as same may be renewed, replaced or extended) expires. The Sponsor anticipates receipt of the Permanent Certificate of Occupancy more that three (3) years after the first unit closing. See Section 16 herein.

18. **Time of the Essence**. TIME IS OF THE ESSENCE AS TO PAYING THE PURCHASE PRICE FOR A UNIT, AND AS TO CURING ALL DEFAULTS WITHIN ANY GRACE PERIODS GRANTED HEREUNDER. FAILURE TO MAKE A PAYMENT AT THE TIME WHEN A PURCHASER IS CALLED UPON TO MAKE SUCH PAYMENT MAY RESULT IN LOSS OF THE DOWN PAYMENT AND CANCELLATION OF THE PURCHASE AGREEMENT. For a more detailed summary, see Section 11 of the Plan, entitled "Procedure to Purchase". Purchasers should consult their own attorneys prior to executing a Purchase Agreement.

19. **Management by an Affiliate of the Sponsor.** At the First Unit Closing, the Board of Managers will enter into a management agreement with Manhattan Property Managers, Inc. (an affiliate of Sponsor) to manage the Building. The management agreement may not be canceled for a period of two (2) years unless the managing agent defaults in the performance of its obligations under the agreement. See Section 24 for further details.

20. **Payment of Transfer Taxes by Purchasers**. New York State and New York City transfer taxes relating to the Unit, as follows: For the purchase of a single Unit, the state transfer tax is $2.00 per $500 of the purchase price ("NYS Tax"), and the New York City transfer tax is 1% of the purchase price, if the purchase price is less than $500,000, and 1.425% if the purchase price equals or exceeds $500,000 ("RPT Tax"). These taxes are normally paid by the Seller. However, by contractual arrangement, they will be paid by each Purchaser. For the purposes of calculating taxes payable, the amount of such taxes will be included in the total consideration subject to tax. For further information, See Section 15.

21. **Laundry Room Income May Vary from Year to Year**. The Condominium has leased laundry service equipment from Coinmach Corporation, 109 Lafayette Drive, Syosset, New York 11791. The Condominium anticipates that fees from persons who use the laundry equipment will generate $6,600 per year, assuming that each Residential Unit Owner uses one washer cycle and one dryer cycle at an estimated cost of $4.00 per week for fifty weeks per year. However, if unit owners use the equipment less frequently, total income may be less than the budgeted amount, which may result in an increase in common charges or a special assessment to make up the difference. See Section 6.

22. **Liability of Commercial Units for Cost of Certain Condominium Services**. The Commercial Units will not utilize the following services of the Condominium: labor; heat; common area electricity; and water and sewer. In addition, the Commercial Units have only limited responsibility for the cost of management services, service contracts maintained by the Condominium and supplies used within the Condominium. To the extent indicated, these services are provided for the benefit of the Residential Common Elements, and the share that the Residential Unit Owners will pay for these services will be based on their percentage of common interest in the Residential Common Elements, which percentage of common interest is slightly higher than unit owners' percentage of common interest in the general common elements.

After operation of the Condominium has commenced, it is anticipated that the methods of allocation of the Common Expenses to be paid by the Commercial Unit Owner will be periodically adjusted as provided in the By-Laws to reflect the differing proportions fairly attributable to the actual usage of such category by the Commercial Unit Owner. Any adjustment shall be in conformity with Section 339-m of the New York State Real Property Law. If any category of Unit Owner contends that any method of allocation determined by the Board is inequitable, the dispute may be submitted to arbitration as provided in the By-Laws.

See Schedule A, footnote (1), and Schedules B-1 and B-2 for further information.

23. **Interim Leases**. The Sponsor has the option to allow purchasers who have signed Purchase Agreements to occupy units before their closings pursuant to "interim leases." The interim lease is cross-defaulted with a purchaser's purchase agreement. If a purchaser becomes entitled to rescind his purchase agreement, he must vacate the leased premises within 30 days after exercising his right to rescind. If the purchaser fails to comply with the above provisions, the right of rescission will be ineffective and the purchase agreement shall be reinstated, except that the purchaser shall be in default under the purchase agreement and shall be required to cure such default within thirty (30) days thereafter. If an Interim Lessee exercises a right of rescission, the lease shall automatically terminate in all events as of the date the rescission right is exercised and will not be reinstated under any circumstances. See section 10, entitled "Interim Leases" for further details.

PARTS I AND II TOGETHER CONSTITUTE THE ENTIRE OFFERING PLAN. ALL DOCUMENTS REFERRED TO IN THE OFFERING PLAN ARE IMPORTANT. IT IS SUGGESTED THAT YOU CONSULT YOUR ATTORNEY OR FINANCIAL ADVISOR BEFORE PURCHASING AND PROVIDE HIM WITH A COPY OF THIS OFFERING PLAN.

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1. INTRODUCTION.

The Sponsor, Gateway II, LLC ("**Sponsor**"), a New York limited liability company, presents this offering plan (the "**Plan**" or the "**Offering Plan**") with the intention of setting forth herein all material information relating to the submission to Condominium ownership of the land and buildings located at 2094-2098 and 2104 Eighth Avenue (referred to herein as the "**Renovated Units**" or the "**Renovated Buildings**") and 2100-2102 Eighth Avenue (referred to herein as the "**New Construction Units**" or the "**New Construction**"), New York, New York to be integrated into a single structure to be known as "**The Gateway Condominium**". The land, buildings and appurtenances are hereinafter referred to collectively as either the "**Property**" or the "**Condominium**". The Plan may be amended from time to time to reflect changes in the terms of the offering when such amendment is filed with the New York State Department of Law and served on Purchasers and Unit Owners.

The Condominium will be organized pursuant to Article 9-B of the Real Property Law of the State of New York, as amended, commonly known as the New York Condominium Act. The Condominium will consist of a total of seventy-five (75) residential units (collectively as "**Residential Units**" or individually as "**Residential Unit**"), one superintendent's unit, and three (3) commercial units (collectively as "**Commercial Units**" or individually as "**Commercial Unit**") in a nine-story building. Construction of the Condominium will be completed over a period of approximately 18 months.

Initially, a Temporary Certificate of Occupancy will be granted for the occupancy of thirty-three (33) Residential Units and two (2) Commercial Units (referred to herein as the "**Renovated Units**"), in four (4) five-story buildings located at 2094-2098 and 2104 Eighth Avenue. The Sponsor will construct the remaining forty-two (42) Residential Units (referred to herein as the "**New Construction Units**") on two vacant lots located at 2100-2102 Eighth Avenue. The New Construction Units will extend over the roofs of the Renovated Buildings and will be partially supported by the existing structure of the Renovated Buildings. The current record owner of the vacant lots is the City of New York. Upon completion of construction, the corridors of 2094-2098 and 2104 Eighth Avenue will be connected to the corridors of 2100-2102 to create a single continuous building with central facilities to be known as 2098 Eighth Avenue.

The Sponsor represents that it will make good faith efforts to sell, in a reasonably timely manner, all of the Homes to purchasers for their personal occupancy or the occupancy of their immediate families, rather than retaining them for rental. Sponsor's good faith efforts to sell to Purchasers shall include listing Unsold Units with brokers, showing Unsold Units to brokers and prospective Purchasers or their representatives and otherwise engaging in customary sales activities. However, in the event that there is a decline in market values of 10 percent (10%) or more from the offering prices set forth in Purchase Agreements counted toward effectiveness for comparable Homes, then the Sponsor reserves the right to rent, rather than sell, the Unsold Homes until there is an upturn in the market. If the Sponsor makes a bulk sale of all or some of its Unsold Units, then the purchaser, as a successor sponsor, shall be bound by the Sponsor's representations regarding its commitment to sell Units.

The Sponsor reserves the right to close title to Units after procuring a Temporary Certificate of Occupancy with respect to a Unit. However, the Sponsor will complete the renovation and obtain a Permanent Certificate of Occupancy for the entire project before the Temporary Certificate of Occupancy (as same may be renewed, replaced or extended) expires. This period may extend longer than three (3) years from the First Unit Closing. See Section 16 herein.

The Sponsor acquired title to the Renovated Buildings in June 2000. The Sponsor has received a "site control letter" from the City of New York for the vacant land, constituting formal acknowledgment by the City of New York that it is considering the proposed sale of the land to the Sponsor in accordance with the City's Uniform Land Use Review Procedure ("**ULURP**"). After the ULURP review is complete, and provided that all related required approvals have been obtained, title to the vacant lots will be transferred to the Sponsor. For details on ULURP, see Exhibit J in Part II.

The Regulations of the Attorney General's office require that Purchase Agreements be executed for at least 15 percent (15%) of the Units offered under the Plan in order to declare the Plan effective. The existing mortgage loan encumbering the Premises imposes a higher pre-sale requirement, i.e., that the Plan may be declared effective only after Purchase Agreements have been executed by bona fide Purchasers and accepted by Sponsor for the sale of at least fifteen (15) Renovated Units, which represents 20 percent (20%) of the Units offered under this Plan.

The Sponsor has retained Halstead Property, LLC ("Selling Agent"), 784 Broadway, New York, New York 10003 as Selling Agent in connection with the offering.

The Units are to be sold as Condominium Units in accordance with the Plan at the prices noted in Schedule A. These prices have been established by the Sponsor and are not subject to the approval of the Department of Law or any other governmental agency. The offering prices are conditioned upon the use of the standard finishes, fixtures and appliances as described in section D-1 in Part II of the Plan.

Parts I and II of the Plan, including all Schedules and Exhibits, constitute the entire offer of Sponsor. The Plan and the Exhibits will be available for inspection by prospective Purchasers and their attorneys without charge at the office of the Selling Agent and are available for inspection and copying at a reasonable fee at the Department of Law, 120 Broadway, 23rd Floor, New York, New York. All documents forming a part of this Offering Plan are important. It is suggested that you consult your own attorney or financial advisor before purchasing and provide him with a copy of this Offering Plan.

The purchaser of a Residential Unit (the "**Residential Unit Owner**") owns his Unit similarly in many respects to the manner in which a private homeowner owns his home. He owns the Unit in fee and is entitled to the exclusive possession thereof. He is also the owner, in common with the owners of all other Units, of all remaining parts of the Property except for the Units themselves, including the land under the Buildings, its foundations and supports, the lobby, the exterior walls and the roofs (the "**Common Elements**"). Each Unit Owner's proportionate share (a "**Common Interest**") of the Common Elements is determined pursuant to New York State Real Property Law Sections 339-i and 339-m. Any portions of the land or Buildings (other than the Units themselves) which are reserved for the use of the Residential Unit Owners, to the exclusion of the Commercial Unit Owners, are referred to herein as a "**Residential Limited Common Element**". Any portions of the land or Buildings (other than the Units themselves) which are reserved for the use of the

owner of one or more specified Residential Units to the exclusion of all others, are referred to herein as **"Restricted Residential Limited Common Element"**.

Each Unit Owner is obligated to comply with the governing documents of the Condominium, including the Declaration of Condominium (**"Declaration"**), By-laws (**"By-Laws"**), and Rules and Regulations of the Condominium (**"Regulations"**). These documents are reproduced in Part II of the Plan.

Each Unit Owner may mortgage his Unit on the terms and in such amount as he or she chooses. However, if Purchasers seek mortgage financing to fund any part of the purchase price, they will be required to follow procedures set forth in the Procedure to Purchase section of the Plan (see Section 11) and in the Purchase Agreement in Part II of the Plan. No Unit will be subject to the lien of any mortgages placed by other Unit Owners on their Units.

Sales of Units by Unit Owners are subject to a right of first refusal by the Board of Managers of the Condominium (referred to in this Plan as either the **"Condominium Board"** or the **"Board of Managers"**) at the same price and terms as the Unit Owner has been offered. Such right of first refusal is described in Section 18 of the Plan, "Rights and Obligations of the Unit Owners". A Unit cannot be sold without a sale of the proportional Unit Interest in the Common Elements. The Board of Managers does not have the right to approve or disapprove Purchasers, except by the exercise or waiver of the right of first refusal. The Board of Managers does not have a right of first refusal with respect to the sale of Unsold Units owned by the Sponsor.

Leases of Units are subject to the consent of the Board of Managers, such consent shall not be not unreasonably withheld. See Article X of the By-Laws for further information. Notwithstanding the foregoing, the Sponsor may lease its Unsold Units without the consent of the Board of Managers.

A Unit Owner may make non-structural alterations and decorate the interior of his Unit in any way he desires, subject to local codes and the rules and regulations of the Condominium, and he is obligated for the cost of his own interior decoration, maintenance, and repairs after closing. Each Unit will be taxed as a separate tax lot for real estate tax purposes and the Unit Owner will not be responsible if any of the other Unit Owners fail to pay their real estate taxes. The Board of Managers of the Condominium will assess against each Unit Owner, in proportion to his respective Common Interest, charges (the **"Common Charges"**) for the maintenance of the Common Elements and for the operating costs of the Property (the **"Common Expenses"**), as provided in New York State Real Property Law Section 339-m. Each Unit Owner will pay for all electricity consumed within his own Unit, the charges for which will be separately metered.

In the opinion of counsel for the Sponsor, a Unit Owner, like a home owner, may deduct from his income for income tax purposes the real estate taxes and the interest paid on the mortgage encumbering the Unit(s) owned by the Unit Owner to the extent allowed by law.

Each Unit Owner will be responsible for maintaining his own Unit and for making repairs within his own Unit. The cost of maintenance and repair of the Common Elements shall be shared by all Unit Owners as provided above. Each Unit Owner shall have the same rights of access to, use of and benefit of the Common Elements (but not the Limited Common Elements). Each Unit Owner shall also be responsible for obtaining and bearing the cost of casualty and liability insurance in

connection with his respective Unit. The Board of Managers shall have the duty of obtaining casualty and liability insurance, on behalf of the Condominium, with respect to the Buildings.

The Board of Managers of the Condominium shall be elected by the Unit Owners with the number of votes allocated to each Unit Owner determined by their percentage of Common Interest. The Board of Managers shall have the authority to manage and administer the affairs of the Condominium, including, but not limited to, the determination of Common Charges and the adoption of Regulations covering the Condominium. Please see Section 19, "Rights and Obligations of Board of Managers/Summary of By-Laws" for further discussion.

Units may be purchased either by natural persons over the age of eighteen (18) years or by a duly formed partnership, corporation, trust, estate, fiduciary, unincorporated association, syndicate, joint venture, organization, government or any department or agency thereof, or any other entity permitted to own real property in the State of New York. The Plan does not limit the number of Unit Owners who may purchase for investment rather than personal occupancy; as a result, the Condominium may have a substantial percentage of Unit Owners who are non-residents.

Reference to the masculine gender in this Plan shall be deemed to include all of the above.

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

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2. DEFINITIONS.

"Board of Managers":	The governing board of the Condominium composed of representatives elected by Unit Owners voting in accordance with their percentage of Common Interest.
"Building" or "Buildings"	Refers to the structure or structures containing the Units.
"Common Charges":	Each Unit's proportionate share of Common Expenses in accordance with its Common Interest.

"Common Elements": All portions of the Property other than Units. Common Elements are comprised of General Common Elements, Limited Common Elements, Restricted Residential Common Elements, and Restricted Commercial Common Elements, which are defined as follows:

A. The General Common Elements include the following:

(1) The land on which the Building stands and all other land within the boundaries of the property, together with all easements, rights and privileges appurtenant thereto (except as otherwise expressly provided in this Article);

(2) All foundations, columns, beams, supports, bearing walls; those portions of the exterior walls and insulation beyond the unexposed face of the dry wall at the exterior face of the Building or, where applicable, those portions of the exterior walls beyond the interior face of the exterior wall; those portions of the walls and partitions dividing the Units from corridors, lobby and stairs located beyond the unexposed face of the dry walls enclosing the Unit; the subfloor and framing joists, including any framing attached to such joists from which the dry wall ceiling of the Unit below is attached; corridors, halls, stairs and stairway areas located beyond the unexposed face of the dry walls enclosing a Unit; storage and utility areas located beyond the unexposed face of the dry walls enclosing a Unit; all cellar areas which are not included within a particular Unit and are used for the benefit of all Unit Owners; any laundry facilities not located within a Unit and the entrances to and exits from the Building; and mail rooms or mailboxes. Notwithstanding the above, the foregoing excludes all windows and window frames of the Residential Units (which are considered Residential Limited Common Elements), and all doors, windows and window frames of Commercial Units (which are considered part of each Commercial Unit).

(3) All central and appurtenant installations for services such as power, light, intercom, telephone, television, gas, hot and cold water, heat (including all pipes, ducts, wires, shoots, cables and conduits used in connection therewith) and all other mechanical equipment spaces, except that installations regarding such utilities and other services that have been or will be made by the owners or tenants of Commercial Units to exclusively benefit one or more Commercial Units shall be Commercial Limited Common Elements, and any such installations exclusively serving the Residential Units or the Residential Unit Owners shall be Residential Limited Common Elements;

(4) Water service pipes and sewer pipes;

(5) Any house tank providing water to all Units and the pipes used in connection therewith;

(6) To the extent the Building is served by steam heat or hot water, portions of any steam riser and connections originating in the boiler room and distribution piping at below grade level and through the first floor;

(7) Ventilation supply system consisting of motors, duct work, fans and controls serving General Common Elements and steam and condensate return piping serving General Common Elements;

(8) All passages and corridors, mechanical and other rooms, tank room, meter room, areas and indoor or outdoor spaces located at the property serving or benefitting both the Commercial and Residential Units;

(9) Copings, flashings, leaders, gutters and parapets appurtenant to the main roof of the Building; and

(10) All other facilities of the Building, including (but not limited to) vaults, shafts, pipes, wires, ducts, vents, cables, conduits, lines, and roof over public stairways, which serve or benefit or are necessary or convenient for the existence, maintenance, operation or safety of both the Commercial Units and the Residential Units.

B. The Residential Limited Common Elements include the following:

(1) All stairs in the Building that (a) do not connect with the Commercial Units or (b) are located above the first floor of the Building;

(2) The main entrance to the Building, the lobby, service corridor and service entrance, portions of the cellar used solely for the benefit of the Residential Unit Owners, any vaults accessed only from portions of the cellar used solely for the benefit of the Residential Unit Owners, and other areas used in connection therewith. Any portion of the cellar expressly reserved for the benefit of a particular Residential Unit, without a reservation by the Board of Managers to terminate usage or change the location of such reserved area, is a Restricted Residential Limited Common Element for that particular Unit;

(3) Compactor rooms, laundry room, and boiler room (if any);

(4) All fire escapes and landings in the Building (except as set forth elsewhere in this Declaration);

(5) Passages and corridors above the first floor of the Building, including, any passages and corridors that do not serve or connect with any Commercial Unit;

(6) Trash chutes, room(s) and access doors, and any sanitizing units or compactor units serving the Residential Units, and all passageways and ducts, chutes, or other

facilities used in connection therewith;

(7) Window glass and window frames located on the perimeter of (but not exclusively serving) a Residential Unit, and all other window frames and window glass in the Building. Window frames and window glass serving a particular Commercial Unit are a Restricted Commercial Limited Common Element for that particular Commercial Unit, as per subsection (E) below, and the window glass and window frame serving a particular Residential Unit are Restricted Residential Limited Common Elements for that particular Unit as per subsection (C) below;

(8) Corridor supply risers and ducts, kitchen and toilet exhaust risers and ducts, kitchen and toilet water vents, gas risers, electric risers and shafts serving Residential Units;

(9) Gas piping serving Residential Limited Common Elements and Residential Units;

(10) All passages and corridors, mechanical and other rooms, areas and indoor and outdoor spaces located at the Property serving exclusively one or more Residential Units and which are not General Common Elements or Commercial Limited Common Elements or part of any Unit;

(11) All doors abutting on common areas other than entrance or exit doors to or from Commercial Units, including, but not limited to, doors opening from Residential Units to corridors, and the entrance and exit doors to and from the Building. Any door leading to or from the Building or a General Common Element to a Commercial Unit shall be deemed part of the Commercial Unit that it leads to or from. The front entrance doors to Residential Units shall be deemed Residential Limited Common Elements, but a Unit Owner will nevertheless be responsible for repairing and maintaining the interior surface of the front entrance door to the unit, and any locks, bells or peepholes within the front entrance door.

(12) Residential passenger elevators, including their respective shafts, pits, machine rooms, rooftop elevator room, and appurtenant facilities;

(13) Any portion of the cellar designated on the floor plans of the Condominium to be used for the residential occupants;

(14) All other facilities of the Property (including, but not limited to, shafts, pipes, wires, ducts, vents, cables, conduits and lines) which serve or benefit or are necessary or convenient for the existence, maintenance, operation or safety of the Residential Units; and

(15) All other Common Elements other than General Common Elements. Restricted Residential Limited Common Elements, or Commercial Limited Common Elements.

C. Restricted Residential Limited Common Elements. Certain portions of the Residential Limited Common Elements are limited and further restricted in use to the owners of particular Residential Units to which the Residential Limited Common Elements are appurtenant, subject to the right of the Board of Managers to enter upon any such Restricted Residential Limited Common Element to make repairs and replacements to such Restricted Residential Limited Element or any Common Element contained therein, and subject to the By-laws and Rules and Regulations

of the Condominium. The Restricted Residential Limited Common Elements include, but are not limited to, the following:

(1) Windows and window frames located on the boundary of a Residential Unit and serving exclusively that Unit.

(2) Any portion of the roof, terraces or balconies available for use by and serving exclusively one Residential Unit;

(3) Any portion of the cellar expressly reserved for the service of a particular Residential Unit without a right by the Board of Managers to terminate such use or change the location of such area.

D. Commercial Limited Common Elements. The following shall be Common Elements which shall be Commercial Limited Common Elements which shall be allocated to the specific Commercial Unit having exclusive use thereof:

(1) Any dividing wall or walls which are created in the event that any Commercial Unit is subdivided or combined which is for the exclusive use of the Commercial Unit Owners whose Units are separated by such walls;

(2) All drains, vents, flues, or other mechanical equipment installed by the owner or tenant of a Commercial Unit solely for the use of one or more Commercial Units;

(3) All other facilities of the Property (including, but not limited to, the courtyard and any shafts, pipes, wires, ducts, vents, cables, conduits and lines) which exclusively serve or benefit, or are necessary or convenient for the existence, maintenance, operation or safety exclusively of a Commercial Unit Owner.

E. Restricted Commercial Limited Common Elements. Certain portions of the Commercial Limited Common Elements are limited and further restricted in use to the owners of particular Commercial Units to which the Commercial Limited Common Elements are appurtenant, subject to the right of the Board of Managers to enter upon any such Restricted Commercial Limited Common Element to make repairs and replacements to such Restricted Commercial Limited Element or any Common Element contained therein, and subject to the By-laws and Rules and Regulations of the Condominium. The Restricted Commercial Limited Common Elements include, but are not limited to, the following:

(1) Windows and window frames located on the boundary of a Commercial Unit and serving exclusively that Commercial Unit.

(2) Any portion of a sidewalk hatch or sidewalk vault which is available for use by and serving exclusively one Commercial Unit; and

(3) Any portion of the cellar expressly reserved for the service of a particular Commercial Unit without a right by the Board of Managers to terminate such use or change the location of such area

"Common Expenses":	(a) Expenses of operation of the Property, and (b) All sums designated Common Expenses by or pursuant to the provisions of the New York Condominium Act, the Declaration or the By-Laws.
"Common Interest":	The proportionate, undivided interest expressed as a numerical percentage in the Common Elements, appertaining to each Unit, as determined in accordance with the Declaration and the Condominium Act in fee simple absolute. There are three categories of Common Interest: 1. General Common Interest: the share of percentage of common interest of each Unit in the General Common Elements of the Condominium. 2. Residential Common Interest: the share of each Residential Unit in operating the Residential Common Elements. 3. Commercial Common Interest: the share of each Commercial Unit in operating the Commercial Common Elements.
"Condominium Act":	Article 9-B of the New York Real Property Law.
"Condominium":	A form of ownership of real property in which individual Units as component parts of a whole are owned in fee simple with the right of exclusive use, by separate individuals or entities, which separate individuals and/or entities jointly own those parts of the whole designated as Common Elements. In the context of this Offering Plan "Condominium" specifically refers to "The Gateway Condominium".
"Completed Building":	The completed building shall consist of the Renovated Buildings and the New Construction Building which shall be joined together into one building upon the completion of construction.
"Declaration":	The instrument by which the Property is submitted to the provisions of the Condominium Act, and such instrument as from time to time may be amended, consistent with the provisions of the Condominium Act and the By-Laws.
"First Closing":	The first closing of title with a bona fide Purchaser of a Unit.
"Limited Common Elements":	Parts of the whole which are owned as Common Elements, but the exclusive use of which is granted to a single Unit Owner or several

	Unit Owners. See the definition of "Common Elements" above for details on the different types of Limited Common Elements.
"New Construction Building":	The building being constructed on the vacant lots located at 2100 - 2102 Eighth Avenue, New York, New York 10026
"Person":	A natural person, corporation, partnership, association, trustee or other legal entity.
"Property":	The land, Buildings 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 submitted to the provisions of the New York State Condominium Act by this Plan.
"Purchaser":	Any person over the age of 18 or entity that executes a Purchase Agreement with the Sponsor.
"Recording Officer"; "Recording" or Recorded":	Shall have the meanings stated in Section 290 of the New York State Real Property Law.
"Repairs":	Means repairs, maintenance or replacement.
"Renovated Buildings":	The renovated buildings located at 2094-98 and 2104 Eighth Avenue, New York, New York 10026.
"Selling Agent":	Halstead Property, LLC, 784 Broadway, New York, New York 10003.
"Sponsor":	The promoter of the project and/or Offering Plan to convert a particular parcel of property to Condominium ownership. Gateway II, LLC is the Sponsor of this Offering Plan.
"Unit":	Any space in the Property designated as a Unit in the Declaration, consisting of a specific Unit in the Building and an appurtenant interest in the Common Elements, includes Residential Units and Commercial Units. Portions of the plan distinguish between the Units in the Renovated Buildings and the Units in the New Construction Building by referring to "Renovated Units" and "New Construction Units", respectively.
"Unsold Unit" or "Unsold Units":	Any Unit or Units owned by the Sponsor or a designee, or an affiliate

of either, after the First Unit Closing.

"Unit Designation": Means the number, letter or combination thereof or other official designations conforming to the tax lot number, if any, designating the Unit in the Declaration and on the floor plans.

"Unit Owner": Means the person or persons, or entity owning a Unit in fee simple absolute; "Unit Owners" collectively means the respective owners of the Units.

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3. DESCRIPTION OF PROPERTY AND IMPROVEMENTS.

The Property is located in the City of New York, County of New York and it shall consist of the Units located at 2094, 2096, 2098, 2100, 2102 and 2104 Eighth Avenue, New York, New York. The lots cover an area of approximately 15,100 square feet. The property is located on the east side of Eight Avenue, between West 113th and 114th Streets.

The Sponsor has completed a renovation of the existing five-story buildings which are located at 2094, 2096, 2098 and 2104 Eighth Avenue (the "**Renovated Buildings**"). These Renovated Buildings contain thirty-three (33) Residential Units and two (2) Commercial Units. The Sponsor will construct the remaining forty-two (42) Residential Units, superintendent's unit and one (1) Commercial Unit on two vacant lots located at 2100- 2102 Eighth Avenue and over the 2094-98 buildings (collectively the "**New Construction**" or "**New Construction Units**"). The current record owner of the vacant lots is the City of New York. After the transfer of title to the Sponsor, the Sponsor anticipates that the New Construction will be completed within fourteen (14) months. For a detailed description of the Renovated Buildings and the New Construction Building, see the Description of Property and Building Condition in Part II of the Plan.

The Residential and Commercial Units will be heated with gas-fired heating systems. The cost of gas heat and hot water for the Residential Units is included in the common charges paid by Residential Unit Owners, as set forth in Schedule A. Electricity will be supplied by Consolidated Edison of New York with separate meters for each Unit. See Schedule B-1 in the Plan for the estimated electric costs of individual Residential Units. The Commercial Units will have separate meters for gas and electricity.

The Condominium is being renovated and constructed in accordance with all applicable zoning and building laws, regulations, codes and other requirements of the City of New York. Under the New York State Building and Fire Prevention Code, the Renovated Buildings are classified as a Class 3, non-fireproof structure and the New Construction will be classified as a C-1 structure.

The Sponsor reserves the right to close title to Units after procuring a Temporary Certificate of Occupancy with respect to a Unit. However, the Sponsor will complete construction and obtain a Permanent Certificate of Occupancy for the entire project before the Temporary Certificate of Occupancy (as same may be renewed, replaced or extended) expires. This period may extend longer than three (3) years from the first Unit closing. See Section 16 herein.

For a more complete description of the Property, see Section D, entitled "Description of Property and Building Condition", in Part II of the Plan.

4. LOCATION AND AREA INFORMATION.

1. Location.

The Property is located on Manhattan's Upper West Side along the eastern side of Eighth Avenue (a/k/a Frederick Douglass Boulevard), between West 113th and West 114th Streets. The surrounding neighborhood includes residential, educational, commercial and retail establishments.

2. Area Information. The Property is located in a highly urban area.

A. Transportation.

The neighborhood is very well served by public transportation. The number 2 and 3 subway lines are accessible at 110th Street and Sixth Avenue. The B and C subway lines are accessible at 110th Street and Central Park West. The M3 and M4 crosstown bus lines are accessible at 110th Street and the M2 express bus runs north and south along 7th Avenue.

B. Educational Facilities.

Public elementary and secondary schools are both located within walking distance of the property: (i) PS241, Elementary School, is located at 240 West 113th Street (grades Kindergarten through 8th); (ii) PS165, Robert Simon School, is located at 234 West 109th Street; (iii) PS145, Bloomingdale School, is located at 150 West 105th Street; (iv) Bank Street School for Children is located at 610 West 112th Street; (v) Cathedral School Preschool is located at 1047 Amsterdam Avenue and 111th Street; (vi) Jackie Robinson High School is located at 1573 Madison Avenue and 106th Street (grades 9 through 12). In addition, several colleges are located in the vicinity of the Property, including Columbia University (116th Street and Amsterdam Avenue), Teacher's College (525 West 120th Street), and City College of New York (138th Street and Convent Avenue). No representation is made that any Unit Owner's child will be able to attend any particular educational facility.

C. Religious Institutions.

There are houses of worship of most major denominations in the vicinity of the Property.

D. Parks, Recreational and Cultural Facilities.

Central Park is accessible at the 110th Street entrance; there are many activities available in the Park, including biking and jogging paths, a skating rink, zoo, and theatrical performances. The Central Park Conservancy Headquarters are near the 110th Street entrance; this organization sponsors cultural and nature-oriented activities regularly.

The Magic Johnson Theater Multiplex is located at 125th Street and 8th Avenue. The theater has nine separate cinemas. Live music and other performances are available at the Apollo Theater (125th Street and 7th Avenue) and the Cotton Club (656 West 125th Street).

The renowned Miller Theatre at Columbia University and Symphony Space, a community arts organization, are both within close proximity to the Building. The Miller Theatre (2960

Broadway at 116th Street) showcases critically-acclaimed jazz, chamber, and contemporary classical music. The Symphony Space (2537 Broadway at 95th Street) provides convenient access to film, literature, dance and family-oriented cultural events.

E. Medical Facilities.

The area is served by Mount Sinai Medical Center (101st Street and 5th Avenue), St. Luke's Roosevelt Hospital (1111 Amsterdam Avenue and 114th Street), The Jewish Home and Hospital (120 West 106th Street and Columbus), and Renaissance Health Care Network (215 West 125th Street).

F. Police, Fire, Water, Sanitation, Snow Removal and Road Maintenance.

These services are provided by the City of New York and all charges (except water) are incorporated into City taxes. The Property is located within the 28th Police Precinct, located at 2271 Eighth Avenue at 123rd Street, approximately five blocks away. The nearest Fire Department Station is Engine Company #37 (Amsterdam Avenue and 113th Street), also nearby is Engine Company #47 (502 West 113th Street), about 16 blocks away.

G. Zoning. The building is located in a R7-2 zone.

H. Mailing Address and Postal Facilities. The mailing address for the building will be: "2098 Eighth Avenue, New York, NY 10026." The post office servicing the building is conveniently located at Morningside Station, 232 West 116th Street, between 7th and 8th Avenues.

I. Shopping and Banking Facilities. The following grocery stores are located in the vicinity of the Property: Pathmark Superstore Supermarket (125th Street and Lexington Avenue), Met Foods Supermarket (112th Street and St. Nicholas), and Pioneer Supermarket (115th Street and Lenox Avenue).

Banking branches of Fleet Bank, Chase Manhattan Bank, and Carver Bank are located along Lenox Avenue and Broadway.

J. Libraries. One New York Public Library branch is located in the neighborhood at 203 West 115th Street. In addition, the New York Academy of Medicine Library is located at 1216 Fifth Avenue.

SCHEDULE A

The Gateway Condominium

2098 Eighth Avenue, NY, NY

Schedule of Purchase Prices and Other Related Information (Projected Financial Information for the first year of Condominium operation based on commencement on January 1, 2005)

Residential Unit No.	Number of Bedooms/ Baths/ Amenities (FN5)	Interior Square Footage (FN1)	Total Square Footage of Limited Common Elements (FN 5)	Purchase Price (FN3)(FN 8)	Percentage Interest in Residential Common Elements (FN 3)	Percentage Interest in General Common Element (FN 3)	Projected Common Charges (Monthly) (FN4)	Projected Common Charges (Annually) (FN4)	Projected Real Estate Taxes (Monthly) (FN 6)	Projected Real Estate Taxes (Annually) (FN 6)	Projected Common Charges and Real Estate Taxes (Monthly) (FN 7)	Projected Common Charges and Real Estate Taxes (Annual) (FN7)
1A	3 / 2	1,140		$545,000	1.63%	1.44%	$603.18	$7,238.13	$138.20	$1,658.39	$741.38	$8,896.52
2A	3 / 2	1,102		$545,000	1.57%	1.39%	$583.07	$6,996.86	$133.59	$1,603.11	$716.66	$8,599.97
3A	3 / 2	1,102		$547,000	1.57%	1.39%	$583.07	$6,996.86	$133.59	$1,603.11	$716.66	$8,599.97
4A	3 / 2	1,102		$549,000	1.57%	1.39%	$583.07	$6,996.86	$133.59	$1,603.11	$716.66	$8,599.97
5A	3 / 2	1,102		$551,000	1.57%	1.39%	$583.07	$6,996.86	$133.59	$1,603.11	$716.66	$8,599.97
2D	2 / 1	960		$479,000	1.37%	1.21%	$507.94	$6,095.27	$116.38	$1,396.54	$624.32	$7,491.81
3D	2 / 1	960		$481,000	1.37%	1.21%	$507.94	$6,095.27	$116.38	$1,396.54	$624.32	$7,491.81
4D	2 / 1	960		$483,000	1.37%	1.21%	$507.94	$6,095.27	$116.38	$1,396.54	$624.32	$7,491.81
5D	2 / 1	960		$485,000	1.37%	1.21%	$507.94	$6,095.27	$116.38	$1,396.54	$624.32	$7,491.81
2E	2 / 1	936		$465,000	1.34%	1.18%	$495.24	$5,942.88	$113.47	$1,361.63	$608.71	$7,304.51
3E	2 / 1	936		$467,000	1.34%	1.18%	$495.24	$5,942.88	$113.47	$1,361.63	$608.71	$7,304.51
4E	2 / 1	936		$469,000	1.34%	1.18%	$495.24	$5,942.88	$113.47	$1,361.63	$608.71	$7,304.51
5E	2 / 1	936		$471,000	1.34%	1.18%	$495.24	$5,942.88	$113.47	$1,361.63	$608.71	$7,304.51
2F	2 / 1	902		$451,000	1.29%	1.14%	$477.25	$5,727.01	$109.35	$1,312.17	$586.60	$7,039.18
3F	2 / 1	902		$453,000	1.29%	1.14%	$477.25	$5,727.01	$109.35	$1,312.17	$586.60	$7,039.18
4F	2 / 1	902		$455,000	1.29%	1.14%	$477.25	$5,727.01	$109.35	$1,312.17	$586.60	$7,039.18
5F	2 / 1	902		$457,000	1.29%	1.14%	$477.25	$5,727.01	$109.35	$1,312.17	$586.60	$7,039.18
2G	2 / 1	857		$419,000	1.22%	1.08%	$453.44	$5,441.29	$103.89	$1,246.70	$557.33	$6,688.00
3G	2 / 1	857		$421,000	1.22%	1.08%	$453.44	$5,441.29	$103.89	$1,246.70	$557.33	$6,688.00
4G	2 / 1	857		$423,000	1.22%	1.08%	$453.44	$5,441.29	$103.89	$1,246.70	$557.33	$6,688.00
5G	2 / 1	857		$425,000	1.22%	1.08%	$453.44	$5,441.29	$103.89	$1,246.70	$557.33	$6,688.00
2H	1 / 1	596		$297,000	0.85%	0.75%	$315.35	$3,784.14	$72.25	$867.02	$387.60	$4,651.16
3H	1 / 1	596		$299,000	0.85%	0.75%	$315.35	$3,784.14	$72.25	$867.02	$387.60	$4,651.16
4H	1 / 1	596		$301,000	0.85%	0.75%	$315.35	$3,784.14	$72.25	$867.02	$387.60	$4,651.16
5H	1 / 1	596		$303,000	0.85%	0.75%	$315.35	$3,784.14	$72.25	$867.02	$387.60	$4,651.16
2I	1 / 1	646		$323,000	0.92%	0.82%	$341.80	$4,101.61	$78.31	$939.76	$420.11	$5,041.36
3I	1 / 1	646		$325,000	0.92%	0.82%	$341.80	$4,101.61	$78.31	$939.76	$420.11	$5,041.36
4I	1 / 1	646		$327,000	0.92%	0.82%	$341.80	$4,101.61	$78.31	$939.76	$420.11	$5,041.36
5I	1 / 1	646		$329,000	0.92%	0.82%	$341.80	$4,101.61	$78.31	$939.76	$420.11	$5,041.36
2L	2 / 1	856		$429,000	1.22%	1.08%	$452.91	$5,434.95	$103.77	$1,245.25	$556.68	$6,680.19
3L	2 / 1	856		$431,000	1.22%	1.08%	$452.91	$5,434.95	$103.77	$1,245.25	$556.68	$6,680.19
4L	2 / 1	856		$433,000	1.22%	1.08%	$452.91	$5,434.95	$103.77	$1,245.25	$556.68	$6,680.19
5L	2 / 1	856		$435,000	1.22%	1.08%	$452.91	$5,434.95	$103.77	$1,245.25	$556.68	$6,680.19
1B	1 / 1 / B	646	52	$349,000	1.00%	0.88%	$369.31	$4,431.77	$84.62	$1,015.40	$453.93	$5,447.17
2B	1 / 1 / B	646	52	$351,000	1.00%	0.88%	$369.31	$4,431.77	$84.62	$1,015.40	$453.93	$5,447.17
3B	1 / 1 / B	646	52	$353,000	1.00%	0.88%	$369.31	$4,431.77	$84.62	$1,015.40	$453.93	$5,447.17
4B	1 / 1 / B	646	52	$355,000	1.00%	0.88%	$369.31	$4,431.77	$84.62	$1,015.40	$453.93	$5,447.17
5B	1 / 1 / B	646	52	$357,000	1.00%	0.88%	$369.31	$4,431.77	$84.62	$1,015.40	$453.93	$5,447.17
1C	1 / 1 / B	684	52	$343,000	1.05%	0.93%	$389.42	$4,673.04	$89.22	$1,070.68	$478.64	$5,743.72
2C	1 / 1 / B	684	52	$345,000	1.05%	0.93%	$389.42	$4,673.04	$89.22	$1,070.68	$478.64	$5,743.72
3C	1 / 1 / B	684	52	$347,000	1.05%	0.93%	$389.42	$4,673.04	$89.22	$1,070.68	$478.64	$5,743.72
4C	1 / 1 / B	684	52	$349,000	1.05%	0.93%	$389.42	$4,673.04	$89.22	$1,070.68	$478.64	$5,743.72
5C	1 / 1 / B	684	52	$351,000	1.05%	0.93%	$389.42	$4,673.04	$89.22	$1,070.68	$478.64	$5,743.72

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SCHEDULE A
The Gateway Condominium
2098 Eighth Avenue, NY, NY
Schedule of Purchase Prices and Other Related Information (Projected Financial Information for the first year of Condominium operation based on commencement on January 1, 2005)

Residential Unit No.	Number of Bedooms/ Baths/ Amenities (FN5)	Interior Square Footage (FN1)	Total Square Footage of Limited Common Elements (FN 5)	Purchase Price (FN3)(FN 8)	Percentage Interest in Residential Common Elements (FN 3)	Percentage Interest in General Common Element (FN 3)	Projected Common Charges (Monthly) (FN4)	Projected Common Charges (Annually) (FN4)	Projected Real Estate Taxes (Monthly) (FN 6)	Projected Real Estate Taxes (Annually) (FN 6)	Projected Common Charges and Real Estate Taxes (Monthly) (FN 7)	Projected Common Charges and Real Estate Taxes (Annual) (FN7)
2J	2 / 2	914		$457,000	1.31%	1.16%	$483.60	$5,803.20	$110.80	$1,329.62	$594.40	$7,132.82
3J	2 / 2	914		$459,000	1.31%	1.16%	$483.60	$5,803.20	$110.80	$1,329.62	$594.40	$7,132.82
4J	2 / 2	914		$461,000	1.31%	1.16%	$483.60	$5,803.20	$110.80	$1,329.62	$594.40	$7,132.82
5J	2 / 2	914		$463,000	1.31%	1.16%	$483.60	$5,803.20	$110.80	$1,329.62	$594.40	$7,132.82
2K	0 / 1	510		$225,000	0.73%	0.65%	$269.84	$3,238.11	$61.83	$741.91	$331.67	$3,980.02
3K	0 / 1	510		$227,000	0.73%	0.65%	$269.84	$3,238.11	$61.83	$741.91	$331.67	$3,980.02
4K	0 / 1	510		$229,000	0.73%	0.65%	$269.84	$3,238.11	$61.83	$741.91	$331.67	$3,980.02
5K	0 / 1	510		$231,000	0.73%	0.65%	$269.84	$3,238.11	$61.83	$741.91	$331.67	$3,980.02
6M	2 / 2 / B	1,084	45	$649,000	1.61%	1.43%	$597.36	$7,168.29	$136.87	$1,642.39	$734.22	$8,810.68
7M	2 / 2 / B	1,144	50	$685,000	1.71%	1.51%	$631.75	$7,580.99	$144.75	$1,736.95	$776.49	$9,317.93
8M	2 / 2 / B	1,144	50	$689,000	1.71%	1.51%	$631.75	$7,580.99	$144.75	$1,736.95	$776.49	$9,317.93
PH M	2 / 2 / B / RD	1,144	762	$749,000	2.72%	2.41%	$1,008.47	$12,101.64	$231.06	$2,772.72	$1,239.53	$14,874.36
6N	2 / 2.5 / B	1,259	42	$749,000	1.86%	1.65%	$688.36	$8,260.35	$157.72	$1,892.60	$846.08	$10,152.96
7N	2 / 2.5 / B	1,259	42	$755,000	1.86%	1.65%	$688.36	$8,260.35	$157.72	$1,892.60	$846.08	$10,152.96
8N	2 / 2.5 / B	1,259	42	$759,000	1.86%	1.65%	$688.36	$8,260.35	$157.72	$1,892.60	$846.08	$10,152.96
PH N	2 / 2.5 / B / RD	1,259	643	$819,000	2.72%	2.41%	$1,006.35	$12,076.25	$230.57	$2,766.90	$1,236.93	$14,843.14
6O	0 / 1 / B	559	55	$259,000	0.88%	0.78%	$324.87	$3,898.43	$74.43	$893.20	$399.30	$4,791.63
7O	0 / 1 / B	559	55	$263,000	0.88%	0.78%	$324.87	$3,898.43	$74.43	$893.20	$399.30	$4,791.63
8O	0 / 1 / B	559	55	$267,000	0.88%	0.78%	$324.87	$3,898.43	$74.43	$893.20	$399.30	$4,791.63
PH O	0 / 1 / T	559	55	$279,000	0.88%	0.78%	$324.87	$3,898.43	$74.43	$893.20	$399.30	$4,791.63
6P	0 / 1 / B	550	55	$249,000	0.86%	0.77%	$320.11	$3,841.29	$73.34	$880.11	$393.45	$4,721.40
7P	0 / 1 / B	550	55	$253,000	0.86%	0.77%	$320.11	$3,841.29	$73.34	$880.11	$393.45	$4,721.40
8P	0 / 1 / B	550	55	$257,000	0.86%	0.77%	$320.11	$3,841.29	$73.34	$880.11	$393.45	$4,721.40
PH P	0 / 1 / T	550	55	$269,000	0.86%	0.77%	$320.11	$3,841.29	$73.34	$880.11	$393.45	$4,721.40
6Q	2 / 2 / B	1,171	395	$749,000	2.24%	1.98%	$828.58	$9,942.90	$189.84	$2,278.11	$1,018.42	$12,221.01
7Q	2 / 2 / B	1,171	33	$699,000	1.72%	1.52%	$637.04	$7,644.48	$145.96	$1,751.49	$783.00	$9,395.97
8Q	2 / 2 / B	1,171	33	$709,000	1.72%	1.52%	$637.04	$7,644.48	$145.96	$1,751.49	$783.00	$9,395.97
PH Q	2 / 2 / B / RD	1,171	796	$799,000	2.81%	2.49%	$1,040.75	$12,488.95	$238.45	$2,861.45	$1,279.20	$15,350.40
6R	2 / 2 / B	1,095	395	$699,000	2.13%	1.89%	$788.36	$9,460.36	$180.63	$2,167.55	$968.99	$11,627.91
7R	2 / 2 / B	1,095	29	$625,000	1.61%	1.42%	$594.71	$7,136.54	$136.26	$1,635.12	$730.97	$8,771.66
8R	2 / 2 / B	1,095	29	$635,000	1.61%	1.42%	$594.71	$7,136.54	$136.26	$1,635.12	$730.97	$8,771.66
PH R	2 / 2 / B / RD	1,095	814	$759,000	2.73%	2.42%	$1,010.06	$12,120.69	$231.42	$2,777.08	$1,241.48	$14,897.77
S	2 / 2	895			1.28%	1.11%	$473.55	$5,682.57	$108.50	$1,301.98	$582.05	$6,984.55
Residential Unit Totals for the First Year of Operation:		64,853	5160	$34,149,000	100.00%	88.56%	$37,044.08	$444,529.00	$8,487.50	$60,302.92	$45,531.58	$546,379.00

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SCHEDULE A

The Gateway Condominium

2098 Eighth Avenue, NY, NY

Schedule of Purchase Prices and Other Related Information (Projected Financial Information for the first year of Condominium operation based on commencement on January 1, 2005)

Commercial Unit No.	Number of Bedooms/ Baths/ Amenities (FN5)	Interior Square Footage (FN1)	Total Square Footage of Limited Common Elements (FN 5)	Purchase Price (FN3)(FN 8)	Percentage Interest in Commercial Elements (FN3)	Percentage Interest in General Common Element (FN 3)	Projected Common Charges (Monthly) (FN4)	Projected Common Charges (Annually) (FN4)	Projected Real Estate Taxes (Monthly) (FN 6)	Projected Real Estate Taxes (Annually) (FN 6)	Projected Common Charges and Real Estate Taxes (Monthly) (FN 7)	Projected Common Charges and Real Estate Taxes (Annual) (FN7)
CU 1	CLS	4617	4169	n/a	74%	8.50%	$413.35	$4,960.22	$2,538.26	$30,459.14	$2,951.61	$35,419.36
CU 2		765		n/a	8%	0.98%	$44.69	$536.24	$274.41	$3,292.88	$319.09	$3,829.12
CU 3		1556		n/a	18%	1.97%	$100.55	$1,206.54	$617.42	$7,408.98	$717.96	$8,615.52
Commercial Unit Totals for the First Year of Operation:		6,938	4,169		100%	11.44%	$558.58	$6,703.00	$3,430.08	$41,161.00	$3,988.67	$47,864.00
CONDOMINIUM TOTALS		71,791	18,658	$34,149,000.00		100%	$37,602.67	$451,232.00	$11,917.58	$101,463.92	$3,988.67	$47,864.00

B=Balcony
RD=Roof Deck
T=Terrace
CLS=Cellar Lower Level

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FOOTNOTES TO SCHEDULE A

1. (a) The number of rooms in each Unit is calculated in accordance with the "Recommended Method of Residential Room Count", effective January 1, 1964, from the Real Estate Board of New York. All kitchen areas are deemed to be independent rooms, whether or not separated from the living room or dining room by a demising wall.

(b) The total square footage shown on Schedule A is measured horizontally from the exterior face of exterior walls to the midpoint of the opposite interior walls, and from the midpoint of demising walls between Units to the midpoint of the opposite wall; square footage is measured vertically from the underside of the Unit's finished flooring to the exposed painted face of a concrete ceiling or the unexposed side of the Unit's drywall or plaster ceiling, as applicable. Square footage shown in the Declaration of Condominium filed with the City Surveyor will be slightly lower based on differences in criteria for measurement of boundaries of Units for purposes of distinguishing Units from common elements in the Declaration. Any floor plan or sketch shown to a prospective Purchaser is only an approximation of the dimensions and layout of a typical Unit. Each Unit should be inspected prior to purchase so that any prospective Purchaser will be able to inspect the actual dimensions, layout and physical condition. (See Part II of the Plan, Exhibit D for floor plans of each Unit).

2. The prices for these Units may be changed from those set forth in this Offering Plan so that Purchasers may pay different prices for similar Units. No such change will be made other than pursuant to a duly filed amendment, except that the Sponsor reserves the right to decrease the sales price below the Offering Plan price without filing a prior amendment to the Plan as long as the reduction in sales price does not constitute a general offering but is rather the result of an individually negotiated Unit price. (See Section 9 entitled "Changes in Prices or Units").

In addition to the payment of the balance of the sales price at the time of closing, the Purchaser will be responsible for the payment of various closing costs and adjustments. See Section 15, entitled "Unit Closing Costs and Adjustments", for a schedule of estimated closing expenses to be paid by a Purchaser.

3. Pursuant to Section 339-i (1) (iv) of the New York Real Property Law, the percentage of Common Interest of each Unit in the Common Elements is based upon floor space, subject to location of such space and the additional factors of relative value to other space in the Condominium, the uniqueness of the Unit, the availability of Common Elements for exclusive or shared use, and the overall dimensions of the particular Unit. The approximate interior square footage of the Residential Units varies from 470 to 1184 square feet, excluding the terraces, balconies, roof decks and any other outdoor Restricted Residential Limited Common Elements.

4. The monthly common charges payable by each Unit Owner are based on their Percentage of Common Interest in the Common Charges. See the footnotes to Schedule B and Schedule B-1 for a more detailed description of the expenses and services which Common Charges cover. The projected Common Charges do not cover certain costs such as repairs, replacements or alterations to the interior of Units, electricity (which is separately metered for each Unit), air conditioning, cable television service, or fire and liability insurance for improvements and furnishings in the Units, which are the responsibility of the individual Unit Owner. The Sponsor is not offering mortgage financing in connection with this Plan. If the Purchaser obtains mortgage financing, the Purchaser will be responsible for debt service on the mortgage as an additional expense.

5. Certain Units have amenities which are appurtenant to the particular Unit, such as terraces, roof decks, and balconies described on Schedule A are Restricted Residential Limited Common Elements. For a description of the rights and obligations of Unit Owners with respect to the repair and alteration of the Restricted Residential Limited Common Elements see Section 18.

6. (a) After the Condominium is divided into individual tax lots, each Unit will be taxed as a separate tax lot for real estate tax purposes and a Unit Owner will not be responsible for the payment of, nor will his or her Unit be subject to, any lien arising from the non-payment of taxes on other Units. Each Unit Owner's real estate taxes will be based on his or her percentage of common interest of the real estate taxes determined for the entire Property.

(b) (i) First Year of Condominium Operation. As set forth in the real estate tax estimate by The Mazursky Group, Inc., 42 Broadway, Suite 1744, New York, New York ("**The Mazursky Group**"), Sponsor's real estate tax appraiser, the full value of the Renovated Buildings is $2,800,000. However, the Renovated Buildings are expected to be assessed at "transitional value" for the 2004/2005 and 2005/2006 tax years. The assessed valuation for the Renovated Buildings in 2004/2005 is projected at $173,801, with a tax rate of $12.25 per $100 of assessed valuation. For the 2005/2006 tax year, the projected assessed valuation for the Renovated Buildings is $2,205,641, with a tax rate of $12.00 per $100 of assessed valuation.

Until the New Construction Units on the vacant lots are substantially complete, this portion of the Condominium will be valued as vacant and unimproved. As set forth in the opinion from The Mazursky Group, the assessed value of the vacant lots is expected to be at the "transitional value" during the 2004/2005 and 2005/2006 tax years. The assessed valuation for the vacant lots in 2004/2005 is projected at $20,808, with a tax rate of $11.25 per $100 of assessed valuation. For the 2005/2006 tax year, the projected assessed valuation for the vacant lots is $71,588, with a tax rate of $11.00 per $100 of assessed valuation.

Using the relative rental values of the Residential Renovated Units and Commercial Units, The Mazursky Group estimates that of the tax liability described above, 69% will be allocated to the Residential Units and 31% will be allocated to the Commercial Units located in the Renovated Building. The City is not bound by this allocation and it may elect to attribute a greater proportion of the real estate taxes to the Residential Units (e.g., based on the percentage pf common interest of each Unit).

Individual projected real estate taxes for both the Renovated Units and the vacant lots during the first year of Condominium operation are a composite of the 2004/2005 and 2005/2006 tax years, due to the projected closing date of January 1, 2005. The first six (6) months are based on the assessed valuation for the fiscal year beginning July 1, 2004 and the last six (6) months of taxes are based on the projected assessed value for the fiscal year beginning July 1, 2005.

(ii) Second Year of Condominium Operation. As set forth in the real estate tax estimate by The Mazursky Group, the Renovated Buildings are expected to be assessed at "transitional value" for the 2005/2006 and 2006/2007 tax years. As noted above, the assessed valuation for the Renovated Buildings in 2005/2006 is projected at $2,205,641, with a tax rate of $12.00 per $100 of assessed valuation. For the 2006/2007 tax year, the projected assessed valuation for the Renovated Buildings is $2,349,873, with a tax rate of $12.00 per $100 of assessed valuation.

Until the New Construction Units on the vacant lots are substantially complete, this portion of the Condominium will be valued as vacant and unimproved. As set forth in the opinion from The Mazursky Group, the assessed value of the vacant lots is expected to be at the "transitional value" during the 2005/2006 and 2006/2007 tax years. The assessed valuation for the vacant lots in 2005/2006 is projected at $71,588, with a tax rate of $12.00 per $100 of assessed valuation. For the 2006/2007 tax year, the projected assessed valuation for the vacant lots is $3,342,368, with a tax rate of $12.00 per $100 of assessed valuation.

Using the relative rental values of the Residential Renovated Units and Commercial Units, The Mazursky Group estimates that of the tax liability described above, 69% will be allocated to the Residential Units and 31% will be allocated to the Commercial Units located in the Renovated Building. The City is not bound by this allocation and it may elect to attribute a greater proportion of the real estate taxes to the Residential Units (e.g., based on the percentage pf common interest of each Unit).

The individual projected real estate taxes during the second year of Condominium operation are a composite of the 2005/2006 and 2006/2007 tax years. The first six (6) months are based on the assessed valuation for the fiscal year beginning July 1, 2005 and the last six (6) months of taxes are based on the projected assessed value for the fiscal year beginning July 1, 2006.

(iii) Third Year of Condominium Operation. If there are no further changes in the assessed valuation, the real estate taxes during the third year of Condominium operation will largely reflect the full value of the Completed Building, $6,300,000, which is comprised of $2,800,000 for the Renovated Building and $3,500,000 for the New Construction Building, as set forth in the opinion by The Mazursky Group.

(iv) The estimates of The Mazursky Group presume that the Sponsor begins construction on the 42 New Construction Residential Units, and 1 New Construction Commercial Unit in Fall 2004 and that construction is complete 12 months thereafter.

(c) The Sponsor makes no representation as to the accuracy of the (i) assessed value of the Property; (ii) projected assessed value of the Property; (iii) tax rate; or (iv) method of assessing real property used by the Mazursky Group.

7. The total estimated monthly carrying charges are the sum of the estimated monthly Common Charges and the estimated monthly real estate taxes. If a Purchaser obtains financing, the Purchaser's debt service will be an additional expense.

8. The Sponsor anticipates that The Gateway Condominium will have seven (7) one-bedroom units and seven (7) two-bedroom units (referred to herein as "Reserved Units") which will be sold to individuals meeting special residency and income criteria, in accordance with an agreement between the Sponsor and the Department of Housing Preservation and Development ("H.P.D."). The Sponsor is in the process of finalizing an agreement with H.P.D. relating to the eligibility, selection of units, and closing requirements.

The Purchase Prices for the Reserved Units are set on a sliding scale based upon the Purchaser's annual income, as detailed below (see table on next page:):

No. of Reserved Units Available	Size of Unit	Income Limitations	Purchase Price
2	1 bedroom	$32,000 or less	$100,000
2	1 bedroom	$40,000 or less	$125,000
2	1 bedroom	$56,000 or less	$175,000
1	1 bedroom	$72,000 or less	$260,000
2	2 bedrooms	$48,000 or less	$150,000
2	2 bedrooms	$56,000 or less	$175,000
2	2 bedrooms	$68,000 or less	$225,000
1	2 bedrooms	$84,000 or less	$300,000

9. The Sponsor cannot commence construction of the New Construction Units until title to the vacant lots is transferred to the Sponsor. Currently, the Sponsor has a "site control letter" from the City of New York for the vacant land, constituting formal acknowledgment by the City of New York that it is considering the proposed sale of the land to the Sponsor in accordance with the City's Uniform Land Use Review Procedure ("ULURP"). After the ULURP review is complete, and provided that all related required approvals have been obtained, title to the vacant lots will be transferred to the Sponsor. For details of the ULURP procedure, see Exhibit J in Part II.

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6. PROJECTED BUDGET FOR FIRST YEAR OF CONDOMINIUM OPERATION.

SCHEDULE B-1

THE GATEWAY CONDOMINIUM

2098 Eighth Avenue, New York, New York 10026

Projected Budget for First Year of Condominium Operation

January 1, 2005 to December 31, 2005 (Note 1)

ESTIMATED INCOME	CONDOMINIUM BUDGET
Residential Common Charges (Note 1)	$444,529
Commercial Common Charges (Note 1)	$ 6,703
Laundry Income (Note 1)	$ 6,600
Total Income:	$457,832

Estimated Expenses	Residential Units	Commercial Units	Total
Payroll and Related Expenses (Note 2)	$89,491	$0	$89,491
Gas for Heating/Cooking/Hot Water (Note 3)	$35,766	$0	$35,766
Electricity (Note 4)	$23,760	$0	$23,760
Water Charges/Sewer Rent (Note 5)	$18,150	$0	$18,150
Repairs and Maintenance (Note 6)	$10,000	$1,000	$11,000
Service Contracts and Supplies (Note 7)	$7,636	$264	$7,900
Insurance (Note 8)	$22,197	$2,303	$24,500
Management Fee (Note 9)	$26,000	$2,000	$28,000
Legal and Audit Fees (Note 10)	$6,000	$500	$6,500
Superintendent's Unit (Note 11)	$206,002	$0	$206,002
Reserve for Contingencies (Note 12)	$3,047	$316	$3,363
Telephone and Miscellaneous (Note 13)	$3,080	$320	$3,400
TOTALS	$451,129	$6,703	$457,832

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

(1) First Year of Condominium Operation:

Amounts are projected on the assumption that the first year of Condominium operation will run from January 1, 2005 to December 31, 2005. The actual first year of Condominium operation may begin earlier or later than that year. In the event the actual or anticipated commencement date of the first year of Condominium operation is delayed more than six (6) months, the Sponsor will amend the Plan to include a revised budget with current projections. If the amended budget exceeds this projected budget by 25 percent (25%) or more, the Sponsor will offer all Purchasers the right to rescind their Purchase Agreements within not less than fifteen (15) days after the presentation date of the amendment containing such revised budget, and any Purchasers electing rescission pursuant to such offer will have their down payments returned, together with interest earned thereon. If the date of the first closing of a Unit is delayed by twelve (12) months or more from the projected closing date, Sponsor will offer all Purchasers the right to rescind their Purchase Agreements by notice given to the Sponsor within fifteen (15) days after January 1, 2006.

These amounts represent the total Common Charges to be levied against and collected from the Units during the projected first year of Condominium operation. The Common Charges will be utilized by the Board to defray the operational expenses of the Condominium.

Common Expenses are allocated to the Residential Units and the Commercial Units on the basis of either percentage of General Common Interest or on special allocations based on anticipated consumption. Where the allocation of Common Expenses is not based on percentage of Common Interest, such circumstances are described in the following notes. The Commercial Unit Owner will be obligated to pay its fair share of the expenses of that are incurred by the Board in for operating, maintaining and repairing those Common Elements which are utilized by the Commercial Unit Owner. Except for heat and hot water, the Commercial Units are constructed and will be constructed to operate as independent Units with a minimum of common expenses or operations with the Residential Units. Common expenses to be borne by the Residential Unit Owners have been allocated on the basis of the combined percentage of Common Interest for such Units, for a total of 90.6%. Common expenses to be borne by the Commercial Unit Owner have been allocated on the basis of the combined percentage of Common Interest for such Units, for a total of 9.4%.

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

For the purposes of this budget, it is assumed that each Residential Unit Owner shall use one washer cycle and one dryer cycle at an estimated cost of $4.00 per week for fifty weeks per year.

Accordingly, the laundry room income is projected at $6,600. Since the use of the laundry room will be limited to the Residential Unit Owners, the projected income from use of the machines is used entirely to reduce the common charges payable by the Residential Unit Owners.

(2) Payroll and Related Expense: $89,491

Unless otherwise noted in these footnotes, for purposes of estimating all payroll costs in Schedule B, it has been assumed that employees will be non-union. All wage, salary and benefit costs, including applicable payroll taxes reflect that assumption.

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

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

POSITION	WAGES PER PERSON
1 part-time Superintendent	$10,000
1 full-time Porter	$22,100
1 full-time Doorman/Porter	$20,800
1 full-time Doorman/Porter	$20,800
Total Wages	$73,700

During the first year of Condominium operation, the Superintendent shall be a part-time, non-resident independent contractor. The Sponsor anticipates that the Superintendent will reside in an apartment located at 2053 Eighth Avenue, approximately one block from the Condominium. Upon the completion of the New Construction Units, the Superintendent will reside in the superintendent's unit described herein as Unit S.

The Doormen will be stationed in the lobby of the 2098 Building. The entrance to the 2104 Building will not be staffed.

It is estimated that the Condominium will pay $73,700 in wages during the first year of operation, exclusive of the benefits set forth below.

PAYROLL TAXES AND BENEFITS

Vacation Coverage	($1,500 x 3 employees)	$4,500
FICA	(projected at 8% of wages)	$5,896
Federal State Unemployment Insurance	(.8% of $7,000 x 3 employees)	$168
State Unemployment Insurance	(.4% of $8,500 x 3 employees)	$136
Workers' Compensation	(projected at 6.5% of total wages)	$4,791
Disability Insurance	(projected at $100 x 3 employees)	$300
Total Taxes and Benefits		$15,791

Since the Commercial Units will not utilize any of the labor services, the entire payroll and related expense category for the Condominium is allocated to the Residential Units.

After the first year of Condominium operation, the foregoing description of labor costs will apply, except that additional employees will be hired, thereby increasing the Payroll and Related Expenses, as set forth in Schedule B-2.

(3) Gas for Heating, Cooking and Hot Water: $35,766

The estimate is based on the projections of gas consumption for the Common Elements and Residential Units, as described in the letter dated March 10, 2004 from Steven Snyder of Engineering Solutions, PLLC.

It is impossible to predict whether the budgeted figure will reflect the actual cost of operation for the first year of condominium operation. This cost will vary with both the level of consumption of gas and the tariff rate charged by the utility. The level of consumption will be affected by the severity of the weather and any conservation measures, such as staggering the hours of heating, room temperature settings in Residential Units and Residential Common Elements adopted by the Board.

The projected gas cost of $35,766 is based on an estimated consumption of 29,805 Therms of natural gas at a rate of $1.20 per Therm, which reflects the current rate, including sales tax, plus a projected 5% increase. It is believed that the budgeted figure will be sufficient to cover any reasonable increase in the cost of gas during the first year of condominium operation. It is believed that the budgeted figure will be sufficient to cover any reasonable increase in the cost of gas during the first year of condominium operation.

This expense item is allocated entirely to the Residential Units since the Commercial Units will be separately metered for gas.

(4) Electricity: $23,760

The amount set forth is the estimate for the electricity consumed only by the Common Elements, since electricity for individual Units will be individually metered by Consolidated Edison.

The estimate is based on the projections of consumption for all Common Elements, as described in the letter dated March 10, 2004 from Steven Snyder of Engineering Solutions, PLLC. Electricity will be used to operate the elevator, water pumps and equipment, fans, lighting throughout the interior and exterior common areas, hallways, and stairs. In addition, electricity is used to operate certain equipment in the health club. The projected Common Element electricity cost is based on a consumption of 108,000 kilowatt hours of electricity at a rate of $0.22 per hour, which is the current rate, inclusive of sales tax, plus a projected 5% increase. This expense category presumes that during the first year of operation, the electricity expense will be approximately one-half of the estimated electric cost for the Completed Building.

See Schedule B-3 for the projected costs associated with individual electric consumption.

This expense item is allocated entirely to the Residential Units since the Commercial Units are separately metered for electricity and will not utilize the Residential Common Elements which account for this expense.

(5) Water Charges and Sewer Rent: $18,150

The budgeted water and sewer charge is based on a projected annual consumption of 20,000 cubic feet per Unit. Accordingly, the estimated consumption of water and sewer for 33 Units is 6,600 ccf's (hundred cubic feet) and using a combined water and sewer rate of $2.75 per hundred cubic feet, the total estimated cost is $18,150. The exact usage cannot be determined until the building is operative with thirty-three (33) Residential Units. Water charges and sewer rent will be allocated among the Unit Owners based on their percentage of common interest.

The estimate for water charges and sewer rent is based on the projections of consumption for all Units and Common Elements as described in the letter, dated March 10, 2004, from Steven Snyder, P.E. of Engineering Solutions, PLLC.

Water meters will be installed to measure actual water usage for billing purposes. It is believed that the budgeted amount should be sufficient to cover any reasonable increase in the cost of utilities during the first year of Condominium operation. However, no budget item is warranted as to its accuracy, sufficiency or otherwise.

Each of the Commercial Units will be on a water and sewer submeter and the Condominium will bill the Commercial Unit Owners on the basis of submetered consumption. Accordingly, the Commercial Unit Owners will not pay any portion of this Condominium expense.

(6) Repairs and Maintenance: $11,000

This figure represents the estimated cost for ordinary maintenance and repairs of the Common Elements, including periodic painting, and supplies such as cleaning supplies, lubricants, bulbs, fixtures, hardware, rubbish compactor bags, etc. used in connection with the operation of the Common Elements.

This estimate is based on experience of Sponsor's budget expert, Stephen G. Kliegerman, in operating comparable buildings and does not include repairs to the roof, the heating system, or the Building exterior, all of which are new or substantially renovated.

The total cost of repair and maintenance for the Residential Units and Commercial Units has been calculated as follows: repair and maintenance expenses to the General Common Elements have been allocated among all Units on the basis of percentage of Common Interest. Repairs and maintenance to the Residential Limited Common Elements have been allocated solely to the Residential Units, and repairs and maintenance to the Commercial Limited Common Elements have been allocated to the Commercial Unit. For the first year of operation, it is estimated that repairs to the Residential Limited Common Elements shall cost $10,000 and repairs to the Commercial Limited Common Elements shall cost 1,000.

(7) Service Contracts: $7,900

The Condominium anticipates entering into the following service contracts during the first year of Condominium operation:

a) an elevator maintenance contract with Action Elevator, Inc., 963 Van Duzer Street, Staten Island, New York 10304 at an estimated annual cost $3,000;

b) boiler maintenance contract with New York Heating Corp., 354 Humboldt Street, Brooklyn, New York 11211 at an estimated annual cost of $2,800;

c) laundry room equipment lease with Coinmach Corporation, 109 Lafayette Drive, Syosset, New York 11791 at a cost of $2,100 for the first year and escalating each year thereafter for a term of five (5) years.

For the purposes of this budget category, the Commercial Units will only share in the expense of the boiler maintenance contract Accordingly, the $2,800 maintenance contract is allocated 90.6% to the Residential Units and 9.4% to the Commercial Units.

(8) Insurance: $24,500

The insurance premiums are based on a letter from Ira Ilowite Agency, 1509 Voorhies Avenue, Brooklyn, New York 11235, setting forth the following coverage:

PROPERTY: All Risk, Agreed Amount, Replacement Cost, $1,000 Deductible ($3,560,000) **(Greenwich Insurance Company)**

Building Value (Replacement cost)	$3,560,000
Comprehensive General Liability	$1,000,000
Hired/Non-Owned Auto	$1,000,000

This is a one-year policy with no specific prohibitions against renewal.

DIRECTORS' & OFFICERS' LIABILITY (Sirius America Insurance Company)

Directors & Officers Liability	$1,000,000

Total Premiums: $24,500

Water damage is not included the insurance coverage described above, but it may be available at extra cost.

In the opinion of Ira Ilowite, the foregoing coverage is sufficient to replace the building (exclusive of footings and foundations) in the event of a total loss during the first year of Condominium operation.

This quotation is a projection of rates for the first year of operation. However, because conditions in the insurance marketplace are volatile, it is not possible to predict exactly what the premiums will be for the first year of Condominium operation. Purchasers should be aware of the possibility of rate increases.

Sponsor will procure on behalf of the Board, on or before the date of the first closing, the fire, casualty, and general liability insurance required to be carried by the Condominium. The insurance carried by the Sponsor prior to the date of the first closing meets the requirements of the Sponsor's mortgage lender.

The insurance budget provides that the Condominium will have public liability insurance at closing. The casualty and general liability insurance carried by the Condominium will provide that

each Unit Owner is an additional insured party; that there will be no cancellation without notice to the Board of Managers; a waiver of subrogation; a waiver of invalidity because of the acts of the insured and Unit Owners; and a waiver of pro-rata reduction if Unit Owners obtain additional coverage.

Insurance expenses for the Condominium have been allocated among all Units on the basis of percentage of Common Interest. It is suggested that individual Unit Owners procure additional insurance at their own expense to cover such risks as fire and casualty losses to Unit contents, replacements, additions, fixtures and improvements, and liability coverage for occurrences within the Unit, or (where applicable) on limited common elements.

This expense item is allocated 90.6% to the Residential Units and 9.4% to the Commercial Units.

(9) Management Fee: $28,000

Based on the management agreement to be entered into with Manhattan Property Managers, Inc., 282A West 114th Street, New York, New York 10026, or another reputable management company, on or before the First Closing. In the opinion of Stephen G. Kliegerman, a licensed real estate broker with Halstead Property, LLC, 784 Broadway, New York, New York 10003, the fee for the Managing Agent for the first year of Condominium operation is comparable to the fees charged for such services at similar buildings. The Managing Agent will receive an annual fee of $60,000 for the second (2nd) year contract. Reference should be made to the Management Agreement for further discussion of its terms (See Section 24, entitled "Management Agreement and Other Contractual Obligations").

The management agreement may not be canceled for a period of two (2) years, commencing on the date of the First Unit Closing, unless the managing agent shall default in the performance of its obligations under the agreement.

This expense item is allocated $26,000 to the Residential Units and $2,000 to the Commercial Units based upon the fair allocation of the managing agent's services.

(10) Legal and Audit Fees: $6,500

Based upon the estimate of Sheer & Jampol, P.C., dated February 4, 2004, $4,500 has been budgeted for fees to be incurred in connection with the preparation of the financial statements for the Condominium's first year of Condominium operation and its Federal, New York State and New York City income tax returns. The financial statements will be certified by the accountants for the Condominium every year, for as long as the Sponsor is in control of the Board of Managers. The

balance of the budgeted amount ($2,000) has been estimated to provide for minor legal services to be rendered in connection with the operation of the Building such as attendance at Board meetings, preparation of Board minutes and negotiation of minor agreements.

The Residential Unit Owners will pay $6,000 of this expense item based upon a fair allocation of the service and the Commercial Unit Owners will pay $500 of this expense .

(11) Superintendent's Unit: $206,002

During the first year of Condominium operation, the Condominium will have a part-time, non-resident Superintendent. Upon the completion of the New Construction Units, the Condominium will have a Superintendent who resides in the New Construction Unit S, to be acquired by the Condominium on the terms set forth below. The projected costs associated with the ongoing occupancy of such Unit are detailed in the Second Year Budget.

At the First Unit Closing, the Condominium will acquire the Superintendent's Unit for a purchase price of $199,000, payable in monthly installments over a period of one year. The Superintendent's Unit will be occupied by the superintendent upon the issuance of a Certificate of Occupancy for the unit. The expenses attributable to the Superintendent's Unit (mortgage payments, common charges, real estate taxes, electricity and telephone) will be allocated only to the Residential Unit Owners.

The budgeted amount consists of monthly mortgage amortization payments of $16,583, estimated monthly common charges of $480.00, and estimated monthly real estate taxes of $108.00. Utility services will be paid when the unit is occupied.

The purchase price of the Superintendent's Unit will be financed by a purchase money promissory note given by the Sponsor for the total purchase price of the Unit (the "Note"). The Note will call for monthly payments in the amount of $16,583 applied in reduction of principal only.

Amount Financed:$199,000.

Installment Payments: Equal monthly payments of $16,583 each, which is an amount calculated to fully amortize the loan over a period of one year.

Maturity Date: 1 year after the closing of title with the Board.

Prepayment: The loan may be prepaid in full or in part at any time. Partial prepayments will be applied to reduce the outstanding principal balance, and monthly installments thereafter shall be adjusted accordingly.

Restrictions:	The unpaid principal will be immediately due at the option of the Lender, in the event the Unit is sold or occupied by other than the superintendent.
Late Charge:	A late charge of $0.04 for each dollar remaining unpaid for more than ten (10) days after the date when due, and interest at the rate of 1.5% per month on such unpaid amounts, together with reasonable attorneys' fees and expenses incurred for collection.
Grace Period:	Ten (10) days after the due date to pay any installments of principal or other sum under the Mortgage Documents and fifteen (15) days after notice for any non-monetary default under the Mortgage Documents.

Contingent reduction in purchase price. Notwithstanding the terms of the Note, if a Temporary Certificate of Occupancy is issued for the New Construction Units before the maturity date of the Note, the Sponsor will forgive any further payments of principal under the Note. The purchase price of the Unit will be adjusted accordingly.

Closing Costs. Closing costs in connection with the transfer will be paid by the Sponsor.

(12) Reserve for Contingencies: $3,000

This amount is to cover possible increases in expenses not now foreseen and for expenses not included. The budget may be modified from time to time prior to commencement of, or during, the first year of Condominium operation to increase items of expenses and decrease the contingency reserve.

This expense item is allocated 90.6% to the Residential Units and 9.4% to the Commercial Units.

(13) Telephone and Miscellaneous: $3,400

This estimate is included to provide for the estimated cost of miscellaneous administrative and other costs including, but not limited to, extermination fees, inspection fees, license fees, permits, stationery, postage, printing and pager.

The estimated budget does not include an estimate for income taxes payable by the Condominium. More than 85 percent (85%) of the total square footage of all Units of the Condominium will be used by individuals for residential purposes. Accordingly, the Condominium

may elect to be treated as a homeowner's association under Section 528 of the Internal Revenue Code. (See the Sections of the Plan entitled, "Income Tax Deductions to Unit Owners and Tax Status of the Condominium" and "Opinion of Counsel" (Sections 21 and 22 of the Plan, respectively, for further discussion.)

In the opinion of Stephen G. Kliegerman, a licensed real estate broker with experience in managing rental and condominium properties in the New York metropolitan area, the projected income for the Condominium is adequate to meet the estimated expenses for the first year of Condominium operation, assuming that such first year is the fiscal year commencing January 1, 2005. The budget, however, is not intended, and should not be taken, as a guarantee by anyone that the annual Common Charges or Common Expenses for the first or any subsequent year of operation of the Property by the Board will be as set forth in the budget. In fact, it is likely that the actual income and expenses for the first year of Condominium operation will vary from the amounts shown in the budget.

This expense item is allocated 90.6% to the Residential Units and 9.4% to the Commercial Units.

Special Note re: Closing Adjustments: At closing, the Sponsor will adjust with the Condominium certain ongoing costs that had been prepaid by the Sponsor for the first year of Condominium operation, largely water and sewer charges and insurance for the Condominium. The Condominium will reimburse the Sponsor for net adjustments in favor of the Sponsor from the Condominium Working Capital Fund. The Sponsor estimates that net adjustments will not exceed $30,000. For more detailed information, see Section 15(B).

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SCHEDULE B -2

THE GATEWAY CONDOMINIUM
2098 Eighth Avenue, New York, New York 10026
Projected Budget for Second Year of Condominium Operation
January 1, 2006 to December 31, 2006 (Note 1)

ESTIMATED INCOME	**CONDOMINIUM BUDGET**
Common Charges:	
Residential Common Charges (Note 1):	$430,453
Commercial Common Charges (Note 1):	11,161
Laundry Income (Note 1):	6,600
Total:	**$448,214**

Estimated Expenses	Residential Units	Commercial Units	Total
Payroll and Related Expenses (Note 2)	$118,664	$0	$118,664
Gas for Heating/Cooking/Hot Water (Note 3)	$77,280	$0	$77,280
Electricity/Air Conditioning (Note 4)	$40,000	$0	$40,000
Water Charges/Sewer Rent (Note 5)	$41,250	$0	$41,250
Repairs and Maintenance (Note 6)	$21,744	$2,256	$24,000
Service Contracts and Supplies (Note 7)	$11,311	$209	$11,520
Insurance (Note 8)	$46,749	$4,851	$51,600
Management Fee (Note 9)	$57,800	$2,200	$60,000
Legal and Audit Fees (Note 10)	$6,342	$658	$7,000
Superintendent's Unit (Note 11)	$6,400	$0	$6,400
Reserve for Contingencies (Note 12)	$5,889	$611	$6,500
Telephone and Miscellaneous (Note 13)	$3,624	$376	$4,000
Total	$437,053	$11,161	$448,214

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

(1) Second Year of Condominium Operation:

Amounts are projected on the assumption that the second year of Condominium operation will run from January 1, 2006 to December 31, 2006.

These amounts represent the total Common Charges to be levied against and collected from the Units during the projected second year of Condominium operation. The Common Charges will be utilized by the Board to defray the operational expenses of the Condominium.

Common Expenses are allocated to the Residential Units and the Commercial Units on the basis of either percentage of General Common Interest or on special allocations based on anticipated consumption. Where the allocation of Common Expenses is not based on percentage of Common Interest, such circumstances are described in the following notes. The Commercial Unit Owner will be obligated to pay its fair share of the expenses of that are incurred by the Board in for operating, maintaining and repairing those Common Elements which are utilized by the Commercial Unit Owner. The Commercial Units are constructed and will be constructed to operate as independent Units with a minimum of common expenses or operations with the Residential Units. Common expenses to be borne by the Residential Unit Owners have been allocated on the basis of the combined percentage of Common Interest for such Units, for a total of 90.6%. Common expenses to be borne by the Commercial Unit Owner have been allocated on the basis of the combined percentage of Common Interest for such Units, for a total of 9.4%.

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

For the purposes of this budget, it is assumed that each Residential Unit Owner in the Renovated Units, which do not have washers and dryers in the Unit, shall use one washer cycle and one dryer cycle at an estimated cost of $4.00 per week for fifty weeks per year. Accordingly, the laundry room income is projected at $6,600. Since the use of the laundry room will be limited to the Residential Unit Owners, the projected income from use of the machines is used entirely to reduce the common charges payable by the Residential Unit Owners.

(2) Payroll and Related Expenses: $118,664

Unless otherwise noted in these footnotes, for purposes of estimating all payroll costs in Schedule B, it has been assumed that employees will not be union members. All wage, salary and

benefit costs, including applicable payroll taxes reflect that assumption.

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

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

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

POSITION		**WAGES PER PERSON**
1 full-time Resident Manager	**(wages do not incorporate the fair market value for use of the superintendent's apartment)**	**$19,500**
1 full-time Porter		**$22,100**
1 full-time Doorman/Porter		**$20,800**
1 full-time Doorman/Porter		**$20,800**
1 part-time Doorman		**$16,640**
Total Wages		**$99,840**

In addition to annual wages, the following additional expenses will be incurred for each employee, except for the part-time Doorman:

PAYROLL TAXES AND BENEFITS

Vacation Coverage	**($1,500 x 4 employees)**	**$6,000**
FICA	**(projected at 8% of wages)**	**$6,656**

Federal State Unemployment Insurance	**(.8% of $7,000 x 4 employees)**	**$224**
State Unemployment Insurance	**(.4% of $8,500 x 4 employees)**	**$136**
Workers' Compensation	**(projected at 6.5% of total wages)**	**$5,408**
Disability Insurance	**(projected at $100 x 4 employees)**	**$400**
Total Taxes and Benefits		**$18,824**

Since the Commercial Units will not utilize any of the labor services, the entire payroll and related expense category for the Condominium is allocated to the Residential Units.

(3) Gas for Heating, Cooking and Hot Water: $77,280

The estimate is based on the projections of gas consumption for the Common Elements and Residential Units, as described in the letter dated March 10, 2004 from Steven Snyder of Engineering Solutions, PLLC.

It is impossible to predict whether the budgeted figure will reflect the actual cost of operation for the second year of condominium operation. This cost will vary with both the level of consumption of gas and the tariff rate charged by the utility. The level of consumption will be affected by the severity of the weather and any conservation measures, such as staggering the hours of heating, room temperature settings in Residential Units and Residential Common Elements adopted by the Board.

The projected gas cost of $77,280 is based on an estimated consumption of 64,400 Therms of natural gas at a rate of $1.20 per Therm, which reflects the current rate, including sales tax, plus a projected 5% increase. It is believed that the budgeted figure will be sufficient to cover any reasonable increase in the cost of gas during the second year of condominium operation.

This expense item is allocated entirely to the Residential Units since the Commercial Units will be separately metered for gas.

(4) Electricity: $40,000

The amount set forth is the estimate for the electricity consumed only by the Common Elements, since electricity for individual Units will be individually metered by Consolidated Edison.

The estimate is based on the projections of consumption for all Common Elements, as described in the letter dated March 10, 2004 from Steven Snyder of Engineering Solutions, PLLC. Electricity will be used to operate elevators, water pumps and equipment, fans, lighting throughout the interior and exterior common areas, hallways, and stairs. In addition, electricity is used to operate certain equipment in the health club and the air conditioning equipment for the lobby. The projected Common Element electricity cost of $40,000 is based on a consumption of 181,500 kilowatt hours of electricity at a rate of $0.22 per hour, which is the current rate, inclusive of sales tax, plus a projected 5% increase.

See Schedule B-3 for the projected costs associated with individual electric consumption.

This expense item is allocated entirely to the Residential Units since the Commercial Units are separately metered for electricity and will not utilize the Residential Common Elements which account for this expense.

(5) Water Charges and Sewer Rent: $41,250

The budgeted water and sewer charge is based on a projected annual consumption of 20,000 cubic feet for each Residential Unit in the Completed Building. The estimated consumption of water and sewer is 15,000 ccf's with a combined water and sewer rate of $2.75 per hundred (100) cubic feet. The exact usage cannot be determined until the building is operative with seventy-five (75) Residential Units. Water charges and sewer rent will be allocated among the Unit Owners based on their percentage of common interest.

The estimate for water charges and sewer rent is based on the projections of consumption for all Units and Common Elements as described in the letter, dated March 10, 2004, from Steven Snyder, P.E. of Engineering Solutions, PLLC.

Water meters will be installed to measure actual water usage for billing purposes. It is believed that the budgeted amount should be sufficient to cover any reasonable increase in the cost of utilities during the second year of Condominium operation. However, no budget item is warranted as to its accuracy, sufficiency or otherwise

Each of the Commercial Units will be on a water and sewer submeter and the Condominium will bill the Commercial Unit Owners on the basis of submetered consumption. Accordingly, the Commercial Unit Owners will not pay any portion of this Condominium expense.

(6) Repairs and Maintenance: $24,000

This figure represents the estimated cost for ordinary maintenance and repairs of the Common Elements, including periodic painting, and supplies such as cleaning supplies, lubricants, bulbs, fixtures, hardware, rubbish compactor bags, etc. used in connection with the operation of the

Common Elements.

This estimate is based on experience of Sponsor's budget expert, Stephen G. Kliegerman, in operating comparable buildings and does not include repairs to the roof, the heating system, or the Building exterior, all of which are new or substantially renovated.

The total cost of repair and maintenance for the Residential Units and Commercial Units has been calculated as follows: repair and maintenance expenses to the General Common Elements have been allocated among all Units on the basis of percentage of Common Interest. Repairs and maintenance to the Residential Limited Common Elements have been allocated solely to the Residential Units, and repairs and maintenance to the Commercial Limited Common Elements have been allocated to the Commercial Unit.

(7) Service Contracts and Supplies: $11,520

The Condominium anticipates entering into the following service contracts during the second year of Condominium operation:

a) an elevator maintenance contract with Action Elevator, Inc., 963 Van Duzer Street, Staten Island, New York 10304 at an estimated annual cost $6,000;

b) a boiler maintenance contract with New York Heating Corp., 354 Humboldt Street, Brooklyn, New York 11211 at an estimated annual cost of $2,800; and

c) laundry room equipment lease with Coinmach Corporation, 109 Lafayette Drive, Syosset, New York 11791 at a cost of $2,220 for the first year and escalating each year thereafter for a remaining term of four (4) years.

The budgeted item also includes cleaning and maintenance supplies at a cost of $500 per year, all of which are allocated to the residential units.

The Commercial Units will not utilize elevator or laundry services, so for the purposes of this budget category, the Commercial Units will only share in the expense of the boiler maintenance contract. Accordingly, the $2,800 maintenance contract is allocated 90.6% to the Residential Units and 9.4% to the Commercial Units.

(8) Insurance: $51,600

The insurance premiums are based on a letter from Ira S. Ilowite Agency, setting forth the following coverage:

PROPERTY: All Risk, Agreed Amount, Replacement Cost, $1,000 Deductible ($11,550,000)(**Greenwich Insurance Company**)

Building Value	$11,550,000
Comprehensive General Liability	$1,000,000
Hired/Non-Owned Auto	$1,000,000

This is a one-year policy with no specific prohibitions against renewal.

DIRECTORS' & OFFICERS' LIABILITY (Sirius American Insurance Co.)

Directors & Officers Liability	$1,000,000
Umbrella Liability	$25,000,000

Total Premiums: $51,600

Water damage is not included in the insurance coverage described above, but it may be available at extra cost.

In the opinion of Ira Ilowite, the foregoing coverage is sufficient to replace the building (exclusive of footings and foundations) in the event of a total loss during the first year of Condominium operation.

This quotation is a projection of rates for the second year of operation. However, because conditions in the insurance marketplace are volatile, it is not possible to predict exactly what the premiums will be for the second year of Condominium operation. Purchasers should be aware of the possibility of rate increases.

Sponsor will procure on behalf of the Board, on or before the date of the first closing, the fire, casualty, and general liability insurance required to be carried by the Condominium. The insurance carried by the Sponsor prior to the date of the first closing meets the requirements of the Sponsor's mortgage lender.

The insurance budget provides that the Condominium will have public liability insurance at closing. The casualty and general liability insurance carried by the Condominium will provide that each Unit Owner is an additional insured party; that there will be no cancellation without notice to the Board of Managers; a waiver of subrogation; a waiver of invalidity because of the acts of the

insured and Unit Owners; and a waiver of pro-rata reduction if Unit Owners obtain additional coverage.

Insurance expenses for the Condominium have been allocated among all Units on the basis of percentage of Common Interest. It is suggested that individual Unit Owners procure additional insurance at their own expense to cover such risks as fire and casualty losses to Unit contents, replacements, additions, fixtures and improvements, and liability coverage for occurrences within the Unit, or (where applicable) on limited common elements.

This expense item is allocated 90.6% to the Residential Units and 9.4% to the Commercial Units.

(9) Management Fee: $60,000

Based on the management agreement to be entered into with Manhattan Property Managers, Inc., 282A West 114th Street, New York, New York 10026, or another reputable management company, on or before the First Closing. In the opinion of Stephen G. Kliegerman, a licensed real estate broker with Halstead Property, LLC, 784 Broadway, New York, New York 10003, the fee for the Managing Agent for the second year of Condominium operation is comparable to the fees charged for such services at similar buildings. Reference should be made to the Management Agreement for further discussion of its terms (See Section 24, entitled "Management Agreement and Other Contractual Obligations").

The management agreement may not be canceled for a period of two (2) years, commencing on the date of the First Unit Closing, unless the managing agent shall default in the performance of its obligations under the agreement.

This expense item is allocated $57,800 (96.3%) to the Residential Units and $2,200 (3.7%) to the Commercial Units based upon the fair allocation of the managing agent's services.

(10) Legal and Audit Fees: $7,000

Based upon the estimate of Sheer & Jampol, P.C., dated February 4, 2004, $5,000 has been budgeted for fees to be incurred in connection with the preparation of the financial statements for the Condominium's second year of Condominium operation and its Federal, New York State and New York City income tax returns. The financial statements will be certified by the accountants for the Condominium every year, for as long as the Sponsor is in control of the Board of Managers. The balance of the budgeted amount ($2,000) has been estimated to provide for minor legal services to be rendered in connection with the operation of the Building such as attendance at Board meetings, preparation of Board minutes and negotiation of minor agreements.

The Residential Unit Owners will pay 90.6% of this expense item based upon a fair

allocation of the service and the Commercial Unit Owners will pay 9.4% of this expense.

(11) Superintendent's Unit: $6,400

The Superintendent's Unit will be owned by the Condominium. It is estimated that common charges allocated to the Unit will be approximately $185 per month and real estate taxes approximately $140 per month. The Condominium will pay the heat, hot water, cooking, electricity, and water/sewer expenses of the Superintendent's Unit as a Common Expense. The estimate is based on the projections of consumption within a similar Unit as described in the letter, dated March 10, 2004, from Steven Snyder, P.E. of Engineering Solutions, PLLC.

Since the Commercial Unit Owners will not utilize the services of the Superintendent, this entire expense is allocated to the Residential Unit Owners.

(12) Reserve for Contingencies: $6,500

This amount is to cover possible increases in expenses not now foreseen and for expenses not included. The budget may be modified from time to time prior to commencement of, or during, the first year of Condominium operation to increase items of expenses and decrease the contingency reserve.

This expense item is allocated 90.6% to the Residential Units and 9.4% to the Commercial Units.

(13) Telephone and Miscellaneous: $4,000

This estimate is included to provide for the estimated cost of miscellaneous administrative and other costs including, but not limited to, extermination fees, inspection fees, license fees, permits, stationery, postage, printing and pager. This expense item is allocated 90.6% to the Residential Units and 9.4% to the Commercial Units.

The estimated budget does not include an estimate for income taxes payable by the Condominium. More than 85 percent (85%) of the total square footage of all Units of the Condominium will be used by individuals for residential purposes. Accordingly, the Condominium may elect to be treated as a homeowner's association under Section 528 of the Internal Revenue Code. (See the Sections of the Plan entitled, "Income Tax Deductions to Unit Owners and Tax Status of the Condominium" and "Opinion of Counsel" (Sections 21 and 22 of the Plan, respectively, for further discussion.)

In the opinion of Stephen G. Kliegerman, a licensed real estate broker with experience in managing rental and condominium properties in the New York metropolitan area, the projected income for the Condominium is adequate to meet the estimated expenses for the second year of Condominium operation, assuming that such second year is the fiscal year commencing January 1,

2006. The budget, however, is not intended, and should not be taken, as a guarantee by anyone that the annual Common Charges or Common Expenses for the first or any subsequent year of operation of the Property by the Board will be as set forth in the budget. In fact, it is likely that the actual income and expenses for the second year of Condominium operation will vary from the amounts shown in the budget.

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7. BUDGET FOR INDIVIDUAL ENERGY COSTS, SCHEDULE B-3.

By letter dated March 10, 2004, Steven Snyder, P.E. of Engineering Solutions, PLLC provided the following estimate of annual electric costs for lighting, and operating typical electrical appliances, including air conditioning, in each Unit. Gas for cooking is paid as a common expense.

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

Estimated Electric Charges Metered to Unit Owners:

Class of Unit	Sq. Ft. Range	Est. Annual KWH Used	Est. Annual Electric Cost w/o Air Conditioning (Note 1)
Studio	470	1200	$396
1 bedroom	612-650	1650	$528
2 bedrooms	931-1184	2550	$792
3 bedrooms	1104-1167	2900	$880

Estimated Electric Charges Metered to Unit Owners for Air Conditioning:

Class of Unit	Sq. Ft. Range	Est. Annual KWH Used	Est. Annual Electric Cost for Air Conditioning
Studio	470	880	$194
1 bedroom	612-650	1200	$264
2 bedrooms	931-1184	2200	$484
3 bedrooms	1104-1167	2200	$484

Note 1. The electric estimate is based on a cost of $0.22 per kWH.

Note re: Utility Charges. In view of the varying costs of energy, it is not possible to predict

with certainty whether the estimated figures will reflect the actual cost to be incurred during the first year of Condominium operation, although it is believed that reasonable provisions for increased costs have been made. The actual cost for electricity will vary depending upon various factors, including the amount of consumption, the severity of the weather, conservation measures, if any, adopted by the Board or individual residents, the rates of the utility company (which fluctuate periodically), and the possibility of changes in the methods of calculating charges by the utility company.

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HALSTEAD

Dated: March 29, 2004

Gateway II, LLC
c/o Gaetano and Associates
400 Executive Blvd.
Ossining, NY 10562

Re: 2098 Eighth Avenue
New York, New York

8. OPINION RE: COMPLIANCE WITH RPL 339-i

Gentlemen:

I am a licensed real estate broker in the City of New York. I have been involved in the ownership, operation, appraisal, and sale of multifamily residential buildings, condominiums and cooperatives for more than 20 years. I have been retained as the Selling Agent and expert consultant in connection with this Plan.

I have reviewed the allocation of common interest as shown on Schedule A to be included in the condominium offering plan for the subject premises.

The common interest has been allocated to each condominium unit based upon floor space, subject to the location of such space and the additional factors of relative value to other space in the condominium, the uniqueness of the Unit, the availability of common elements for exclusive or shared use, and the overall dimensions of the particular Unit, in accordance with Section 339-i (1) (iv) of the NYS Real Property Law. This allocation is based on measurements and calculation of net square footage made by LPE Engineering, P.C., the Sponsor's engineer.

Very truly yours,

Stephen G. Kliegerman, L.R.E.

Sworn to before me this
29th day of March, 2004

Notary Public

FRANK CAMERA
NOTARY PUBLIC, STATE OF NEW YORK
No. 01CA6072473
QUALIFIED IN KINGS COUNTY
MY COMMISSION EXPIRES APRIL 8, 2006

SoHo: 451 West Broadway, New York, NY 10012 212-475-4200 Fax: 212-614-0430
Eastside 1356 Third Avenue, New York, NY 10021 212-734-0010 • Westside: 408 Columbus Avenue, New York, NY 10024 212-769-3000
Greenwich Village 384 Broadway, New York, NY 10003 212-253-9300 • Midtown 770 Lexington Avenue, New York, NY 10021 212-317-7800
www.halstead.com

9. CHANGES IN PRICES OR UNITS.

The Offering prices set forth in Schedule A for each Unit may be increased in all cases (including individual price increases) only by amendment to the Offering Plan, and decreased only by amendment if the change of price is an across-the-board change affecting one or more lines of Units or Unit models or is to be advertised. As set forth in the Notes to Schedule A, offering prices are negotiable. Accordingly, the Sponsor may enter into a Purchase Agreement with a Purchaser to sell one or more Units at prices less than those set forth in Schedule A without filing an amendment before entering into the Purchase Agreement. As a result of the negotiability of offering prices and the right to change them, certain Purchasers may pay or may have paid more or less than other Purchasers under this Plan for similar Units. However, no change will affect the percentage of Common Interest allocated to a Unit as to which the amount of the Offering prices was changed.

Except as otherwise provided in the Plan, no changes will be made in the size or number of Units or their respective percentage of Common Interest, and any material adverse change will be made in the size, amount or quality of Common Elements only with the consent of all Unit Owners directly affected and by Amendment to the Plan, and also by Amendment to the Declaration if the Declaration was filed prior to such change.

Changes in the size, layout or percentages of Common Interest of a Unit for which a Purchase Agreement has been executed by Purchaser and Sponsor and delivered to Sponsor or changes in the amount or quality of Common Elements directly affecting or servicing a Unit for which a Purchase Agreement has been executed by Purchaser and Sponsor and delivered to Sponsor shall be made only with the written consent of the Purchaser of such Unit. If Purchaser is in default then Purchaser's consent shall not be required. Notwithstanding the foregoing, such changes may be made provided all directly affected Unit Owners consent in writing to such a change and all directly affected Purchasers who are contract vendees and who are not then in default either consent in writing to such a change or are given the right to rescind for fifteen (15) days from the date of mailing or personal delivery of written notice from Sponsor. If Purchaser exercises such right of recission then Sponsor will promptly return any deposit or refund the down payment.

The Sponsor also reserves the right to substitute for any of the materials specified in either the Building Plans, the Description of Property and Building Condition, or elsewhere in the Plan, materials of equal or better quality. The Sponsor's intention is to use the materials, fixtures, appliances and other equipment described in this Plan and in the architectural plans on file, but, due to unavailability of materials and supplies or for any other reason, Sponsor may substitute materials, fixtures, appliances and equipment of equal or better quality for any of those set forth in the specifications or otherwise in this Plan.

The Sponsor may enter into additional agreements with Purchasers for the purpose of

providing upgrades within a particular Unit. Among the items which may be upgraded are electrical fixtures, appliances, cabinetry, flooring, painting, or similar items or work at a cost above the prices listed in Schedule A, the offering prices. Each such agreement shall be separately negotiated from the Purchase Agreement price.

10. INTERIM LEASES.

The Sponsor reserves the right to rent or lease Unsold Units to Purchasers prior to the closing of title. There are no rental protection laws which are applicable to interim leases or lessees.

The term of an interim lease shall be for a period which will expire on the earlier of the date of closing of title (in the event this plan shall be declared effective) or one year after the date of execution of the lease. Such lease will also provide that an uncured default by the Purchaser under his Purchase Agreement will constitute a default under the lease entitling the landlord (i.e., Sponsor), at its sole option, to immediately terminate such lease. The Purchase Agreement contains a similar cross-default provision entitling the Sponsor to cancel the Purchase Agreement if the Purchaser fails to cure a default under his lease within the applicable grace period (if any) and such default results in his eviction from the Unit (whether by voluntary removal or by court order). If the Purchaser defaults under the interim lease, an order of eviction or other judgment or order from a court or agency of competent jurisdiction against the Purchaser-tenant must be obtained or the Purchaser-tenant must have vacated the Unit before the Sponsor may declare the down payment under the Purchase Agreement forfeited. No portion of the rental paid under such lease will be credited toward the Unit's Total Purchase Price.

The lessee shall have thirty (30) days to vacate the Unit after notice of a default under the Purchase Agreement.

If a right of rescission is offered in the future, and exercised by Purchaser, then the Purchaser's right to rescind will be conditioned upon his surrendering the Interim Lease and possession of the Unit and leaving the same vacant, in good condition and broom clean within thirty (30) days after he elects to rescind. He must also pay any rent due under his Interim Lease. Nothing contained herein shall relieve any Purchaser of liability for damage caused to the Unit.

IF THE PURCHASER FAILS TO COMPLY WITH THE ABOVE PROVISIONS, THE RIGHT OF RESCISSION WILL BE INEFFECTIVE AND THE PURCHASE AGREEMENT SHALL BE REINSTATED, EXCEPT THAT THE PURCHASER SHALL BE IN DEFAULT UNDER THE PURCHASE AGREEMENT AND SHALL BE REQUIRED TO CURE SUCH DEFAULT WITHIN THIRTY (30) DAYS THEREAFTER, AND THE INTERIM LESSEE AND THE SPONSOR WILL CONTINUE TO BE ENTITLED TO ALL OF THEIR RESPECTIVE RIGHTS UNDER THE PURCHASE AGREEMENT. If an Interim Lessee exercises a right of

rescission, the lease shall automatically terminate in all events as of the date the rescission right is exercised and will not be reinstated under any circumstances.

11. PROCEDURE TO PURCHASE.

1. How to Purchase; Acceptance of Purchase Agreements. A person desiring to purchase a Unit in the Condominium shall be required to execute four (4) copies of the Purchase Agreement in the form contained in Exhibit A and return the executed Agreements to the Sponsor's Counsel, Smith, Buss & Jacobs, LLP, 733 Yonkers Avenue, Yonkers, New York 10704, together with a check in an amount equal to 10 percent (10%) of the total purchase price for the Unit, drawn to the order of "SBJ-The Gateway Condominium Special Account".

Purchase Agreements will be binding on Purchasers who have had an opportunity to review the Offering Plan and any filed amendments for not less than three (3) business days prior to their executing a Purchase Agreement. Within twenty (20) days after receiving four (4) executed copies of a Purchase Agreement, together with the required down payment, the Sponsor will return to the Purchaser a fully executed copy of the Purchase Agreement or reject the Purchase Agreement by returning to Purchaser the down payment tendered. If Sponsor takes no action within said twenty (20) day period, the Purchase Agreement shall be deemed null and void.

2. Interest on Down Payment. Interest will accrue on the down payment for the benefit of the Purchaser until the closing or termination of the Purchase Agreement.

3. Disbursement of Funds. Counsel for the Sponsor, Smith, Buss & Jacobs LLP ("Escrow Agent"), 733 Yonkers Avenue, Yonkers, NY 10704 (914-476-0600) will hold all monies received directly or through its agents or employees in trust until the closing of title to a particular Unit in a special account, SBJ-The Gateway Condominium Special Account or similar name (the "Escrow Account") at Carver Federal Savings Bank, 75 West 125th Street, New York, New York 10027 within five (5) business days after execution and delivery of a Purchase Agreement to all parties. The following attorneys with Smith, Buss & Jacobs, LLP are signatories on the account: Thomas W. Smith; Jeffrey D. Buss; Kenneth R. Jacobs; and Domenick J. Tammaro. The funds will bear interest at the prevailing rate for such accounts, currently 0.75%. Within ten (10) business days after tender of the deposit submitted with the Purchase Agreement, the Escrow Agent shall notify the Purchaser that such funds have been deposited, together with the account number and the rate of interest. After the closing of title to the Unit, such funds will be payable to Sponsor. Any interest earned on the deposits will be payable to the Purchaser at closing. The signature of a member of Escrow Agent shall be required to withdraw any of such funds.

Before the Escrow Agent is changed, or funds are transferred to a new escrow account, the Plan will be amended to disclose the changes made. The Escrow Agent will maintain all records as to the escrow account for a period of seven years after release of the funds.

The Sponsor reserves the right to secure a bond from a New York insurance company or letter of credit from a New York bank in favor of each Purchaser of a Unit at The Gateway Condominium in an amount equal to the down payments received by Sponsor, directly or through its agents or employees, to guarantee the return of the down payments. In order to use security in the form of surety bonds or a letter of credit in lieu of escrow of such funds, the Sponsor must first apply and receive approval from the Attorney General. If Sponsor's application is granted, then the terms of such alternate security shall be disclosed in a promptly filed amendment to the Plan.

All funds received by Sponsor will be handled in accordance with the provisions of Section 352-h and 352-e(2)(b) of the General Business Law and Lien Law and shall be employed by Sponsor only in connection with the consummation of the Plan. Such deposit together with any interest accumulated thereon shall remain the property of the Purchaser until consummation of the Plan.

All funds received by Sponsor for upgrades or extras must initially be placed in the Escrow Account. However, Purchasers should note as a Special Risk that such funds may be released from the Escrow Account by the Sponsor's Counsel as long as the Sponsor uses the funds for such upgrades or extras. As a result, in the event a Purchaser is entitled to rescission, the Purchaser will not receive a refund of any funds used for upgrades or extras.

The following provisions of Section 71-a(3) of the Lien Law are included in the Plan for explanatory purposes only, and not to supersede any other rights granted to Purchaser in this Section 11. Section 71-a (3) of the Lien Law requires, at the Purchaser's option, that the deposit be placed in escrow in an interest-bearing escrow account in a bank, trust company, savings bank, state or federal savings and loan association located in New York. Said monies must be deposited within five (5) business days after entering into the contract. The Sponsor must advise the Purchaser, in writing, within ten (10) business days after the deposit has been made. Such deposit, together with the interest accumulated thereon, shall remain the property of the Purchaser until consummation of the transaction or until such time as either party is entitled to said funds pursuant to the terms of the Purchase Agreement and the Offering Plan. All interest shall be the property of the Purchaser unless the Purchaser defaults under the Purchase Agreement.

If the Purchaser does not receive notice of such deposit within fifteen (15) business days after tender of the deposit, he may cancel the Purchase Agreement and rescind within ninety (90) days after tender of the deposit, or may apply to the Attorney General for relief. Rescission may not be afforded where proof satisfactory to the Attorney General is submitted establishing that the escrowed funds were timely deposited in accordance with these regulations and requisite notice was timely mailed to the Purchaser.

If insufficient funds are raised through the offering or otherwise to effectuate the contemplated transaction, or if Sponsor is unable for any reason to perform in accordance with the terms of the Purchase Agreement, and if the Purchase Agreement has been subsequently

terminated as set forth above, such monies will be fully returned to him with interest, if any.

The form of Escrow Agreement governing the disbursement of funds from the Escrow Account and the resolution of disputes relating thereto is contained in Exhibit H. For further information regarding the terms of the Escrow Agreement, see subsections (11) and (12) below.

Any provision of an agreement with a Purchaser by which a Purchaser purports to waive or indemnify Escrow Agent with respect to any obligation of Escrow Agent holding trust funds is absolutely void.

4. Events of Default. The following will be Events of Default under the Purchase Agreement:

(a) Failure to pay the balance of the Total Cash Payment or any other fees or charges under the Purchase Agreement when due, which failure is not cured within thirty (30) days after written notice; or

(b) Failure to comply with any other requirements of the Purchase Agreement, which failure is not cured within thirty (30) days after written notice.

If an Event of Default occurs, the Sponsor will have the right to terminate the Purchase Agreement and to retain as liquidated damages the down payment, plus the cost of any special work done for the Purchaser. This will be the Sponsor's sole remedy.

TIME IS OF THE ESSENCE WITH RESPECT TO ALL TIME PERIODS TO MAKE PAYMENTS AND TO COMPLY WITH OTHER OBLIGATIONS UNDER THE PURCHASE AGREEMENT, AND WITH RESPECT TO ALL GRACE PERIODS FOR CURING DEFAULTS. FAILURE OF A PURCHASER TO COMPLY WITH ITS OBLIGATIONS WITHIN APPLICABLE TIME PERIODS MAY RESULT IN LOSS OF THE DOWN PAYMENT AND CANCELLATION OF THE PURCHASE AGREEMENT. If the Purchase Agreement is canceled, the Sponsor will have the right to sell the Unit to others as though the Agreement had never been made (and without accounting to Purchaser for the proceeds of such sale), and Purchaser, and Sponsor shall be relieved of all further liability and obligations thereunder and under the Plan.

5. Closing, Payment of Balance Due. After the Plan is declared effective, Purchasers shall be given not less than thirty (30) days notice of the closing of title to their Units. This notice period may be waived by Purchasers. The notice shall provide that the balance of the purchase price shall be due at closing of title. The balance of the cash portion of the purchase price must be paid by cash, unendorsed certified, teller's or cashier's check made payable to the order of Sponsor or as the Sponsor may direct. Failure to make this payment when a Purchaser is called upon to make such payment may result in loss of the down payment and cancellation of the Purchase Agreement.

6. Fees. Counsel for the Sponsor will charge $1250, payable by the Unit Purchasers, in connection with the preparation of closing documents and attendance at the closing. In addition, if the closing takes place outside of the Manhattan offices of Counsel for the Sponsor, an additional fee of $250 will be charged, and if the Purchaser uses a title company other than the designated Title Company in Section 15, an additional fee of $750 will be charged.

For further information regarding closing fees and adjustments, see Section 15.

7. Risk of Loss. The risk of loss from fire or other casualty with respect to each Unit shall remain with Sponsor until the closing of title, but without any obligation or liability by Sponsor to repair or restore any Unit. In case of damage or destruction of a Unit due to fire or other casualty prior to the closing, but after a Purchase Agreement has been signed, the Sponsor will have the right to elect whether to repair or restore the Unit, which election shall be in the Sponsor's sole discretion. If the Sponsor elects to restore the Unit, the Purchase Agreement shall continue in full force and effect, and the Purchaser shall not have the right to reject title or receive a credit or abatement against the purchase price for the Unit. In that event the Sponsor shall be entitled to a reasonable period of time within which to complete the repair or restoration, and any insurance proceeds shall belong solely to the Sponsor. If the Sponsor elects not to restore the Unit, or (if the damage occurs after the establishment of the Condominium but before closing of title to the subject Unit) the Board of Managers elects not to restore the common elements of the Condominium, the Purchase Agreement shall be deemed canceled, the Sponsor shall return to Purchaser all sums deposited thereunder (together with interest) and the parties shall have no further liability to each other. However, if a Purchaser is in default under the Purchase Agreement at such time, the Sponsor may retain all sums paid as liquidated damages.

As stated above, in the event a Purchaser enters into actual possession of a Unit prior to the closing of title, the Purchaser shall bear the risk of loss or other casualty with respect to the Unit (i.e., the Purchaser will be obligated to bear the cost of restoring the Unit to the same extent as if the Purchaser had already taken title). Accordingly, any Purchaser who takes possession of a Unit prior to the closing of title would be well advised to obtain insurance coverage for the Unit prior to taking possession. A Purchaser should consult with an attorney and/or an insurance agent as to the Purchaser's insurance needs.

8. Limited Financing Contingency. Purchase Agreements are subject to a limited financing contingency. If a Purchaser is electing to obtain financing, the obligations of Purchaser hereunder will be conditioned upon issuance on or before the 45th day after the date of the Agreement of a written commitment from certain lending institutions to be designated by the Sponsor ("Sponsor Designated Lender") on or before the date of the Purchase Agreement, subject to the following conditions and limitations:

(a) The financing contingency is only applicable to mortgage financing of no more than

80 percent (80%) of the purchase price (or such lesser amount as Purchaser shall apply for) at the Sponsor Designated Lender's prevailing rate of interest and for a customary loan term, secured by a first mortgage on the Unit;

(b) Purchaser shall apply to at least one (1) Sponsor Designated Lender for such first mortgage loan within ten (10) days after the date of the Agreement;

(c) Purchaser shall furnish accurate and complete information to the Sponsor Designated Lender relating to Purchaser, as required;

(d) Purchaser shall pay all fees, points and charges required in connection with such application and any other "points" or charges if the Purchaser accepts the commitment;

(e) Purchaser shall pursue such application with diligence, and generally cooperate in good faith with such Sponsor Designated Lender to the end of securing such first mortgage. Purchaser shall notify the Sponsor promptly of the name and address of each Sponsor Designated Lender or other lender to which Purchaser has given an application. Purchaser shall furnish Seller with a copy of such commitment promptly after receipt thereof. If Purchaser fails to obtain such a commitment from a Sponsor Designated Lender on or before the 45th day after the date of the Agreement, Purchaser shall have the right to cancel the Purchase Agreement by giving notice to Seller by the 50th day after the date of the Agreement. Upon cancellation, the Down Payment and accrued interest shall be promptly refunded to Purchaser, and neither party shall have any further rights against, or obligations or liabilities to the other by reason of the Agreement. If Purchaser does not give such notice to Seller on or before the 50th day after the date of the Agreement or if the Purchaser has not applied to at least one (1) Sponsor Designated Lender, the Agreement shall not be terminated by virtue of this paragraph and the Agreement shall remain in full force and effect, except that Purchaser's right to cancel under this Paragraph shall be deemed waived. A mortgage commitment conditional upon the Purchaser's selling any property that Purchaser owns, the liquidation or reduction of any existing installment debt prior to closing, or the furnishing of documents and information reasonably available to Purchaser, shall be deemed a firm mortgage commitment which satisfies the limited financing contingency clause in the Agreement;

(f) If Purchaser obtains a financing commitment from a Sponsor Designated Lender and the commitment lapses or expires before the actual closing date through no fault of Purchaser, Purchaser shall make a good faith effort to extend the commitment, including payment of a reasonable and customary extension fee and acceptance of changes in the interest rate to reflect prevailing market conditions. If the Sponsor Designated Lender is unwilling to extend the commitment on those terms, Purchaser shall have the right to cancel the Agreement by notice given to Sponsor within ten (10) days after receiving the notice of refusal to extend the commitment. In case of cancellation, the applicable provisions of subsection (a) shall apply;

(g) As used in the Agreement, "Lender" means a person or entity in the business of making

loans to persons seeking to purchase residential homes. A mortgage broker who does not have independent lending capacity shall not be deemed to be a "Lender" under the Agreement; and

(h) In the event that Purchaser uses a lender other than the Sponsor Designated Lenders, no financing contingency will apply to the Agreement. As a result, Purchaser will not have the right to cancel the Purchase Agreement if the Purchaser fails to obtain mortgage financing, or if the Purchaser's existing mortgage financing lapses or is canceled.

9. Conflicts between Plan and Purchase Agreement. Any conflict between this Plan and the Purchase Agreement will be resolved in favor of the Plan. In no event may the Purchase Agreement contain, or be modified to contain, any provision waiving Purchaser's rights, other than the ability of Purchaser to waive his right to thirty (30) days notice prior to the closing of title to Purchaser's Unit. In no event may the Purchase Agreement contain, or be modified to contain, any provision abrogating Sponsor's obligations under the Plan or under Article 23-A of the General Business Law.

10. Minimum Sales Requirement. Under state law, the Sponsor has the right to declare the Plan effective upon the execution of Purchase Agreements for 15 percent (15%) of all Units offered, i.e., 12 units. However, the Sponsor has agreed with its lender that it shall not declare the Plan effective until it has executed Purchase Agreements for the sale of at least fifteen (15) units to bona fide purchasers, representing 20 percent (20%) of all of the Units offered.

Purchasers should note that in the current real estate market, banks and other lenders may impose various restrictions on loans. Such restrictions may include requiring that a certain percentage (such as 50% or more) 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 a Unit if prospective buyers are unable to obtain a loan due to such minimum sales requirements.

11. Procedures for Release of Funds under Escrow Agreement between Sponsor and Special Closing Counsel. In addition to the provisions in the Disbursement of Funds subsection above, the release of escrow funds shall be governed by the following:

(a) Under no circumstances shall the Sponsor apply for release of escrowed funds of a defaulting Purchaser until after consummation of the Plan. Consummation of the Plan does not relieve the Sponsor of its obligations pursuant to GBL Section 352-h.

(b) The escrow agent shall hold the funds in escrow until otherwise directed in (i) a writing

signed by both the Sponsor and Purchaser or (ii) a determination of the Attorney General, or (iii) a judgment or order of a court competent jurisdiction, or until released pursuant to subsection (d) below.

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

(d) If there is no written agreement between the parties to release the escrowed funds, the Escrow Agent shall not pay the funds to the Sponsor until the Escrow Agent has given the Purchaser written notice of not fewer that ten (10) business days. Thereafter, the funds may be paid to the Sponsor, unless the Purchaser has already made an application to the Department of Law and notified the Escrow Agent pursuant to the dispute resolution provisions described in subsection (12) below.

12. <u>Disputes Relating to Release of Funds</u>.

(a) In the event of a dispute, the Sponsor shall apply and the Purchaser or the Escrow Agent holding the down payments in escrow may apply to the Attorney General for a determination on the disposition of the down payment and any interest earned thereon. Forms for this purpose will be available from the Department of Law. The party applying shall contemporaneously send to all other parties a copy of such application.

(b) Pending the determination of the Attorney General to grant or deny the application, the Sponsor, the Purchaser and the Escrow Agent shall abide by any interim directive issued by the Attorney General.

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

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

(e) If the application seeking release of funds is denied, the Escrow Agent shall continue to hold the deposit and any interest earned thereon until (i) both the Sponsor and Purchaser direct payment to a specified party in accordance with a written direction signed by both the Sponsor and Purchaser or (ii) a judgment or order of a court of competent jurisdiction is served on the Escrow Agent or (iii) the Escrow Agent deposits the disputed amount into court.

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

A copy of the form of Application to the Attorney General for dispute resolution appears as Exhibit I in Part II of the Plan.

13. Effect of Delays in Closing Date. The Sponsor anticipates the First Unit Closing will occur on or before January 1, 2005. If the date of the first closing of a Home is delayed beyond December 31, 2005, Sponsor will offer all Purchasers the right to rescind their Purchase Agreements by notice given to the Sponsor within fifteen (15) days after January 1, 2006.

14. Power of Attorney to Board of Managers . At closing, Purchasers are required to execute a Power of Attorney in favor of the Board of Managers of the Condominium in the form contained in Exhibit B in Part II of the Plan. For further information see Section 19(K) of the Plan.

15. Prepayment of Upgrades and Extras. Any funds paid to the Sponsor for the purposes of upgrades or extras are non-refundable and shall not be governed by the escrow requirements detailed in this Section.

16. Deposits in Excess of $100,000 Not Insured by the Federal Deposit Insurance Corporation. The Sponsor shall deposit down payments in a bank that is covered by the Federal Deposit Insurance Corporation ("FDIC"). A FDIC insured bank is insured for all deposits in the amount of $100,000 or less; however, the portion of the deposit in excess of $100,000 is not covered by insurance. Purchasers should note that any deposit over $100,000 will not be FDIC insured in excess of $100,000.

12. ASSIGNMENT OF PURCHASE AGREEMENTS.

Purchase Agreements are not assignable. Any purported assignment shall be void *ab initio*. See Paragraph 10 of the Purchase Agreement.

13. EFFECTIVE DATE OF PLAN.

All Purchase Agreements signed by Sponsor shall be contingent upon Sponsor's declaring the Offering Plan effective pursuant to the requirements and terms of the Plan. These requirements, stated below, must be satisfied within one (1) year of the date the Plan is accepted for filing unless the Plan is amended so as to extend this period. The closing of title to any Unit may not occur until

after the Plan has been declared effective and an amendment has been filed with the Department of Law substantiating same, and the Condominium Declaration, By-Laws, and Floor Plans have been duly recorded.

The Plan will be declared effective by the mailing or personal delivery of written notice to all Purchasers. Within three (3) business days after such notice is given, an amendment to the Plan will be submitted to the Department of Law by the Sponsor stating that the Plan has been declared effective.

The Plan may be declared effective when Purchase Agreements have been executed by bona fide Purchasers and accepted by Sponsor for the sale of at least fifteen (15) Units, which represents 20 percent (20%) of the Units offered under this Plan. The Plan must be declared effective only when Purchase Agreements have been both executed and accepted by Sponsor for the sale of Units representing a minimum of at least 80 percent (80%) of the 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; (ii) as to which the Purchaser was not afforded the opportunity to review the Plan and all amendments for at least three (3) business days before signing a Purchase Agreement; or (iii) with any Purchaser who is the Sponsor, the Selling Agent, the Managing Agent, or is a principal of any of the foregoing, or related to any of the foregoing by blood, marriage or adoption or as a business associate, employee, shareholder or limited partner (except that such a Purchaser (other than the Sponsor or a principal thereof) may be included if the Sponsor submits satisfactory proof to the Department of Law establishing that the Purchaser is bona fide).

The Plan may be abandoned, at Sponsor's sole option, at any time before it is declared effective and before 80 percent (80%) of the Units have been purchased. If the Plan is abandoned, Sponsor shall promptly file an amendment to the Plan and a notice of abandonment on Form RS-3 with the Department of Law. Such notice shall explain the basis for abandonment and must state how any funds received pursuant to the Plan will be distributed. All monies paid by Purchasers pursuant to Purchase Agreements shall be refunded to them in full, with interest, if any, within twenty (20) days of such abandonment.

The Sponsor also reserves the right to abandon the Plan after it has been declared effective, but prior to the First Unit Closing, for any defect in title which cannot be cured without litigation or cannot be cured for less than 0.5 percent (0.5%) of the total offering price, or due to substantial damage or destruction of any portion of the Building by fire or other casualty which cannot be repaired for less than 0.5 percent (0.5%) of the total offering price (as estimated by the insurance adjuster retained by the Sponsor); or the taking of any material portion of the Property by

condemnation or eminent domain. Attorneys' fees are excluded from the calculation that determines whether the resolution of an above-described title defect, damage to the Building, or taking by condemnation or eminent domain costs 0.5 percent (0.5%) or more of the total offering price. The cost of curing a title defect or determination of any authority or regulatory association, which exists on the date of presentation of the Plan and is either known to the Sponsor or is a matter of public record, will not be grounds to abandon the Plan after it is declared effective.

Notwithstanding anything contained herein to the contrary, the Sponsor may not abandon the Plan without the consent of the holder of the first mortgage on the property, Carver Federal Savings Bank.

If the holder of any blanket mortgage acquires title to any portion of the Property (prior to the first Unit closing) or to the Unsold Units (after the first Unit Closing) due a default by the Sponsor under such mortgage, such holder will have the right to act as the agent and attorney-in-fact for the Sponsor to direct the abandonment of the Plan, the filing of an RS-3, and the return of down payments to prospective purchasers.

14. TERMS OF SALE.

A. Generally.

The Units, when sold by the Sponsor, will be sold in fee simple to Purchasers who may be individuals, a duly formed partnership, corporation, trust, estate, fiduciary, unincorporated association, syndicate, joint venture, organization, government, any department or agency thereof, or any other entity which is permitted to own property in the State of New York. The sale of the Units will be made at the respective sales prices as set forth in Schedule A (as such prices may be changed by the Sponsor), and will include the respective undivided interests in the Common Elements. The Sponsor will convey good and marketable title to the Units and its appurtenant interests in the Common Elements by Bargain and Sale Deed with Covenant against Grantor's Acts and containing the provisions set forth in subdivision 5, Section 13 of the Lien Law, free and clear of all liens and encumbrances other than:

1. Any state of facts an accurate survey or physical inspection of the Unit may show, but policy will insure that any encroachment of the Unit onto the common elements or onto other Units may remain undisturbed as long as the building stands;

2. Zoning and building ordinances, resolutions, restrictions and regulations of municipal authorities having jurisdiction and any amendments thereto, now or hereafter adopted, providing same will not be violated by the contemplated structures and use;

3. The Declaration, By-Laws, Maps and Floor Plans of the Condominium to be recorded in the Office of the City Register, New York County, as the same may be amended from time to

time;

4. Easements in favor of adjoining Units and in favor of the Common Elements for the continuance of all encroachments of such adjoining Units or Common Elements on the Unit, existing as a result of the renovation of the Building, or renovation of the individual Units, or which may have come or may come into existence as a result of settling or shifting of the Building, or as a result of repair of the Building or any portion thereof, or of any adjoining Unit or of the Common Elements made by or with the consent of the Board of Managers after damage or destruction by fire or other casualty or after a taking in condemnation or eminent domain proceedings, or by reason of any alteration or repair to the Common Elements, made by or with the consent of the Board of Managers, so that any such encroachments may remain so long as the Building shall stand. Each Unit shall be subject to the aforesaid easements in favor of all other Units. In addition, each Unit shall have, and shall be subject to, easements of subjacent support and necessity in favor of such Unit or in favor of other Units and the Common Elements;

5. Easements in favor of the other Units to use the pipes, wires, ducts, conduits, cables, public utilities, and other Common Elements located in the Unit or elsewhere on the Property and serving such other Units;

6. Revocability of the right to maintain street vaults and other areas, if any, under sidewalks;

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

8. Any easement or right of use created in favor of any public utility company for electricity, steam, gas, telephone, water or other service, and the right to use, maintain and repair wires, cables, terminal boxes, lines, service connections, poles, mains, facilities and the like upon, under and across the Property;

9. Service, maintenance and union contracts, and agreements, if any, in effect on the date of the First Unit Closing and to be assumed by the Condominium;

10. Encroachments of stoops, areas, cellar steps, doors, ledges, window sills, bay windows, trim, coping, cornices, vaults, chutes, fuel oil lines, drainage pipes, standpipes, sewer pipes, foundations, footings, retaining walls, fences, fire escapes, air conditioning units, canopy and similar projections, if any, on, over or under the Property or the streets or sidewalks or property abutting the Property and rights of governmental authorities and adjoining property owners to require the removal of any such projections, and variations between record lines of the Property and fences, walls, retaining walls and the like, if any;

11. All covenants, restrictions, reservations, agreements and easements of record, if any,

which are still in force and effect on the date of the First Unit Closing, provided that they are not violated by and do not prevent residential use of the Units at the Property nor prevent the existence of the present structure;

12. Beams and beam rights and party walls and party wall agreements, if any;

13. The lien of any unpaid real estate tax, and the lien of any water charges or sewer rents generally (which shall be apportioned at closing);

14. Any variations between tax lot lines and lines of record title;

15. Standard printed exceptions contained in the form of title insurance policy then issued by the title insurance company insuring Purchaser's title to his Unit;

16. Any restrictions imposed by the provisions of Section 35 of the General City Law;

17. Any state of facts an accurate survey would show.

If the Unit is materially damaged between the date of the Purchase Agreement and the Closing Date, and the Sponsor has not elected to abandon the Plan, either the Sponsor or the Purchaser will have the right to cancel this Agreement by notice given to the other within thirty (30) days after the date of the damage. However, if the Sponsor elects to cancel this Agreement, provided the damage relates solely to an individual Unit and does not affect the common elements of the Condominium, then a Purchaser may, within ten (10) days notice, nullify the Sponsor's election to cancel and agree to take title subject to the damage without abatement or reduction in the purchase price. The Purchaser will then receive an assignment of all insurance proceeds allocable to the repair of the Unit. If the Purchase Agreement is canceled, the down payment and all accrued interest shall be returned to the Purchaser and the parties shall have no further liability. If the Purchase Agreement is canceled by the Sponsor and subsequently reinstated, then at closing the Sponsor shall assign to the Purchaser all insurance proceeds allocable to the Unit and the Sponsor shall have no further responsibility to repair the Unit. If the Purchase Agreement is not canceled, the Sponsor will repair the Unit with all reasonable dispatch, subject to receipt of insurance proceeds and force majeure. In that case, the Sponsor will be entitled to reasonable adjournments of the Closing Date in order to complete repairs, subject to the other rights of rescission of the Purchaser contained in the Plan.

All personal property located within the Unit on the date the Purchase Agreement is signed, or located within the common elements on the date the Declaration is filed, owned by the Sponsor or the owner of the property, is included in the conveyance subject to the next sentence. The foregoing does not include any personal property of the Sponsor or its agents or contractors used for the renovation of the Unit or the common elements, or in connection with the sales of Units or the operation of the Condominium (other than the Unit).

B. Closing Adjustments with Condominium Board.

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

(a) Common Charges for the period from the First Unit Closing to the end of the month in which same occurs;

(b) wages, vacation and severance pay, pension and welfare benefits and all other payments or obligations relative to the employees of the Building, if any;

(c) fees for assignable permits and licenses, if any;

(d) charges for electricity for the Common Elements, for which the Sponsor shall obtain a reading;

(e) charges under service and maintenance contracts and concession agreements, if any;

(f) water charges and sewer rents on the basis of the fiscal or calendar year for which assessed;

(g) supplies on hand at Sponsor's cost (plus sales tax);

(h) premiums for transferable insurance policies, provided that the amount and the extent of coverage conforms to the disclosures in this Plan in Schedule B;

(i) survival of tax certiorari rights and obligations;

(j) oil in tanks; and

(k) such other items as are customarily included in closing adjustments in the State of New York.

At the time of the closing of title to each Unit, the Sponsor will collect the equivalent of four (4) months' of common charges for the Working Capital Fund of the Condominium, based upon the common charges set forth in Schedule A. Within ninety (90) days after First Unit Closing, the Sponsor shall pay into the Working Capital Fund of the Condominium the equivalent of four (4) months' common charges for any remaining Unsold Units in the Renovated Buildings. Thereafter, when title to an Unsold Renovated Unit is conveyed by the Sponsor, the Purchaser of such Unit shall reimburse the Sponsor at the closing of title for the amount contributed to the Working Capital Fund.

The Sponsor will obtain a Temporary Certificate of Occupancy ("TCO") prior to closing title on any New Construction Units. At the time of the closing of title to each New Construction Unit, the Sponsor will collect the equivalent of four (4) months' of common charges for the Working Capital Fund of the Condominium. Within ninety (90) days of receipt of such TCO, the Sponsor shall make an additional Working Capital Fund contribution which is the equivalent of four (4) months' of common charges for any Unsold New Construction Units. Thereafter, when title to an Unsold New Construction Unit is conveyed by the Sponsor, the Purchaser of such Unit shall reimburse the Sponsor at the closing of title for the amount contributed to the Working Capital Fund.

The Sponsor's contributions to the Working Capital Fund are special contributions which are separate from the obligations of the Sponsor to pay common charges.

The Condominium Association will reimburse the Sponsor for net adjustments in favor of the Sponsor from the Condominium Working Capital Fund. The Sponsor estimates that net adjustments will not exceed $30,000, comprised mostly of reimbursement for insurance and prepaid water and sewer charges. In that case, the adjustments can be paid entirely from the Working Capital Fund without any additional common charges being required.

C. <u>Conditions for Closing of Title to Individual Units</u>.

At the closing of title to a Unit the Purchaser will pay to the Sponsor the balance of the purchase price for the Unit and the Sponsor will deliver to the Purchaser a Bargain and Sale Deed with Covenant against Grantor's Acts.

Closing of title shall take place concurrently with or after the following events have occurred:

(1) The issuance of a Temporary Certificate of Occupancy for the Unit or a Permanent Certificate of Occupancy for the Completed Building.

If the Sponsor has not obtained a Permanent Certificate of Occupancy for the Completed Building prior to closing of title to the last Unit, it shall retain an amount in escrow, certified by the Sponsor's architect or engineer, sufficient to perform any work required within the common areas of the Building to obtain a Permanent Certificate of Occupancy for the project. The amount retained in escrow may be disbursed only to pay for work or services in connection with completing the renovation and obtaining a Permanent Certificate of Occupancy. Any balance in the account after obtaining a Permanent Certificate of Occupancy will be disbursed to Sponsor.

Notwithstanding the foregoing, the Sponsor shall not be required to escrow funds if it has sufficient alternate means, either from capital contributions from its members or a firm construction loan commitment, to finance the remaining work required to obtain a Permanent

Certificate of Occupancy for the Completed Building.

(2) The recordation in the City Register's Office of the Declaration, the By-Laws and the filing in that office of a set of as-built floor plans of the Building showing the layout, location and approximate dimensions of the Units and the Unit designations. Such filings will be certified by the Tax Assessor of the County of New York as conforming to the official tax lot number for each such Unit and include an Architect's statement required by Section 339-p of Article 9-B of the Real Property Law of the State of New York which certifies that the plans fully and fairly depict the layout, location, Unit designations and approximate dimensions of the particular Unit or Units as built;

(3) The discharge of all duly recorded liens affecting the Unit to be closed and its undivided Common Interest, or the recording of a partial release which releases such Unit and its undivided Common Interest from such lien, if any, as required by Section 339-r of the Real Property Law;

(4) Service by personal delivery or ordinary mail to the Purchaser of written notice of the closing date not less than thirty (30) days prior to closing of title, unless Purchaser elects to waive the thirty (30) day requirements. The notice of closing will require the Purchaser to inspect the Unit or Common Elements during normal business hours prior to closing, or the Purchaser will be deemed to have accepted the Unit in "as is" condition; and

(5) Acceptance by the Department of Law of an amendment substantiating that the Plan has been declared effective.

The Sponsor will assign to the Unit Owner any manufacturer's warranties with respect to equipment and appliances installed within a Unit at the closing of title to that Unit. Sponsor will assign to the Board of Managers any warranties with respect to equipment and appliances installed in Common Elements at the First Unit Closing.

15. UNIT CLOSING COSTS AND ADJUSTMENTS.

1. General.

The estimated closing costs, expenses and adjustments to be borne by each Purchaser of a Unit are described in detail below and summarized in subsection (E). Such costs are only estimates and are subject to change.

A. Costs and Expenses.

a. Fee title insurance must be ordered from First American Title Insurance Co. of New York ("First American"), 188 East Post Road, White Plains, New York 10601. If Purchaser

elects to obtain title insurance. Fee title insurance rates in the State of New York as of the date of this Plan are as follows: $541.25 for up to $100,000 of coverage, plus $3.05 per thousand dollars of the additional purchase price up to $500,000, and $2.80 per thousand dollars of the additional purchase price in excess of $500,000. A Purchaser may obtain title insurance from a company other than First American, subject to an additional fee of $750 payable to counsel for the Sponsor for coordinating the satisfaction of title requirements with Purchaser's new title insurer. See subsection (d) below.

b. Title search charges and recording fees for recording the deed and Unit owner's power of attorney.

c. If a mortgage is obtained from a lending institution, the Purchaser may expect to incur the following costs:

(i) Points, application fee, appraisal costs, survey update or Condominium endorsement if required, legal fees and other customary costs of the lending institution;

(ii) Mortgage title insurance policy costs for a mortgage title insurance policy naming the lending institution as the insured. Mortgage title insurance rates in the State of New York as of the date of this Plan for a borrower simultaneously obtaining fee title insurance are $138.00 for up to $100,000 of coverage, plus $0.77 per thousand dollars of the additional purchase price up to $500,000, and $0.70 per thousand dollars of the additional purchase price in excess of $500,000 to $1,000,000, and $0.64 per thousand dollars of the additional purchase price in excess of $1,000,000. For a Unit with a $500,000 mortgage simultaneously obtaining fee title insurance, the cost would be about $446.00.

A Purchaser may obtain mortgage title insurance from a company other than its fee insurance company, or without obtaining fee title insurance. However, the cost of mortgage title insurance under those circumstances would be substantially higher ($2.54 per thousand for additional coverage up to $500,000 and $2.32 per thousand from $500,000 to $1,000,000.)

(iii) Mortgage recording tax (currently 2% of the amount of the mortgage for mortgages in the amount of less than $500,000, and 2.125% of the amount of the mortgage if the loan equals or exceeds $500,000, less 1/4% of the loan amount (plus $25.00) paid by the mortgage lender for a residential Purchaser). For a mortgage of $500,000, the cost to a Purchaser would be approximately $10,625. Please note the discussion of Mortgage Tax Credit in Section 15(1)(D) below;

(iv) Recording fee for recording of the mortgage, approximately $350.00.

(v) A deposit towards the payment of real estate taxes and hazard insurance based upon a multiple of estimated monthly real estate taxes and insurance, which will vary with

the closing date.

d. Fees and expenses of Sponsor's counsel for closing of title ($1250.00, plus $250.00 if the closing takes place anywhere except in counsel's offices and an additional $750.00 fee if Purchaser uses a title company other than First American to insure Purchaser's title), as well as those of Purchaser's own attorney, if any. The additional fee for use of a different title company results from the substantial additional work required to clear title with a company unfamiliar with the property, based on the complexity of the original purchase of the building and subsequent reconfiguration of the base tax lot on which the Unit is located.

e. Four months Common Charges to be paid into the Working Capital Fund, unless previously contributed by the Sponsor, in which case they shall be paid to the Sponsor. Based on the common charges during the second year of Condominium operation this would total approximately $1,080 to $4,163 depending on the Unit.

f. New York State and New York City transfer taxes relating to the Unit, as follows: For the purchase of a single Unit, the state transfer tax is $2.00 per $500 of the purchase price ("NYS Tax"), and the New York City transfer tax is 1% of the purchase price, if the purchase price is less than $500,000 and 1.425% if the purchase price equals or exceeds $500,000 ("RPT Tax"). THESE TAXES ARE NORMALLY PAID BY THE SELLER. HOWEVER, BY CONTRACTUAL ARRANGEMENT, THIS WILL BE PAID BY EACH PURCHASER. Therefore, for purposes of calculating the taxes payable, the amounts of such taxes will be included in the consideration subject to tax. The steps to compute the tax for a Unit costing $500,000 or more are:

(i) Multiply the purchase price by 1.425% to compute the preliminary RPT Tax.

(ii) Multiply the purchase price by .4% to compute the preliminary NYS Tax.

(iii) Add the preliminary taxes to the purchase price.

(iv) Multiply the total by 1.425% to get the final RPT Tax.

(v) Multiply the total by .4% to get the final NYS Tax.

Example: If the Purchase Price is $500,000:

(1) $500,000 x 1.425%	$ 7,125.00
(2) $500,000 x .4%	$ 2,000.00
(3) $500,000 + $7,125 + $2,000	$ 509,125.00 [taxable consideration]

(4) ($509,125 x 1.425%) + $50 filing fee		$ 7,305.03	[RPT Tax]
(5) $509,500* x .4% *(rounded up by law)	=	$ 2,038.00	[NYS Tax]

The NY City tax rate also varies according to the type of purchase. If the purchase is considered a purchase of commercial property and costs more than $500,000, the rate is 2.625%. The NY City Department of Finance currently does not aggregate the purchase price of two or more Units in calculating the tax rate; however, the purchase of two or more units is considered a commercial purchase. There is no guarantee that the City may not take a different position with respect to the purchase of two or more Units by the same Purchaser.

g. A title company service charge estimated at $150.00 per Unit for creating ACRIS cover pages and submitting transfer tax forms to the appropriate New York City agency.

h. If the purchase price of the Unit exceeds $1,000,000, an additional New York State tax due under Article 31 of the Tax Law (the "Additional Tax"), currently equal to 1% of the purchase price.

B. Adjustments.

All adjustments shall be made as of the scheduled closing date, unless the closing is adjourned at the Sponsor's request. Adjustments include the following:

(1) Real estate taxes from the midnight preceding the date of the closing through the end of the half-year tax payment period within which the closing date occurs, provided, however, that Sponsor shall be reimbursed by Purchaser for the cost of any real estate taxes which Sponsor would not otherwise have had to pay, but for an adjournment in closing of title by Purchaser.

(2) Common Charges assessed during the month in which title closes shall be adjusted with the Sponsor as of the midnight preceding the closing date, provided, however, that Sponsor shall be reimbursed by Purchaser for the cost of any Common Charges which Sponsor was obligated to pay to the Board of Managers as a result of any delay in closing of title at the request of Purchaser. The amount of such Common Charges to be assessed against each Unit will be fixed by the Board of Managers. Common Charges to be initially assessed are expected to conform to those shown in Schedule A of the Plan.

(3) Interest on the purchase price at 12 percent (12%) per annum due to any adjournment in closing of title to Purchaser's request beyond the time limits imposed by Sponsor

to compensate the Sponsor for lost opportunity costs on the unpaid amount.

The above closing costs are cumulative to the extent applicable to any individual closing.

C. Escrows with and Payments to Condominium at Closing.

1. Escrows for Real Estate Taxes until Units are Separately Assessed for Real Estate Taxes.

If the Units have not been separately assessed for real estate tax purposes prior to the closing of title to a Unit, then at closing, real estate taxes for the tax year in which the closing occurs will be adjusted with the Sponsor as per Section 15(1)(B) above. In addition, the Unit Owner will place in escrow with the Condominium an amount equal to the real estate taxes allocable to the Unit for the next succeeding half tax year. For example, if the closing occurs on or before January 1, 2005, pro-rata taxes for the half tax year July 1, 2004 - December 31, 2004 will be collected at closing, and the Unit Owner will place in escrow with the Condominium the projected allocable taxes for the tax period January 1, 2005 - June 30, 2005. The Condominium will then apply such payments toward the taxes due for the Property for the applicable tax year. When the Units are separately assessed, any amounts held in escrow on behalf of a particular Unit will be returned to the Unit Owner or as he or she may direct.

If no separate Unit apportionment has occurred by the time of a Unit closing, the real estate taxes allocable to each Unit shall be on the basis of the percentage of Common Interest attributable to such Unit. If a subsequent adjustment needs to be made when the tax lots are apportioned to correct any discrepancy between the adjustment on the basis of percentage Common Interest and adjustment on the basis of actual apportionment, it shall be made at that time.

The Sponsor will not be obligated to put any amounts in escrow with the Condominium Board unless tax lots remain unapportioned as of the first day of the last month before the next tax payment period. Thereafter, the Sponsor shall be entitled to reimbursement from a Unit Owner for real estate taxes that the Sponsor has placed in escrow with the Condominium.

2. Next Month's Common Charges. At closing, each Unit Owner will pay the common charges (and real estate tax installment, if applicable) to the Condominium for the next month after the month in which the Closing Date occurs. Such payment is being made at closing to avoid potential delays in collection due to move-ins and changes of address. Such payments will be applied to the common charges and real estate taxes applicable to that month.

D. Summary: Typical Closing Costs, Adjustments, Escrows.

A Purchaser of a Unit costing $500,000 will pay the following typical estimated costs:

Fee Title Insurance	$ 1,761.25
Title search	$ 500.00
Recording charges	$ 450.00
Legal Fees (Sponsor)	$ 1250.00
NYC Real Property Transfer Tax	$ 7,305.03
NYS Transfer Tax	$ 2,038.00
ACRIS Fee	$ 150.00

In addition, a Purchaser will make a mandatory contribution to the Working Capital Fund of approximately $1,080 to $4,163, depending on the Unit.

If the Purchaser is obtaining mortgage financing in the amount of $500,000, the Purchaser can anticipate the following expenses of financing:

Mortgage title insurance (simultaneous rate)	$ 446.00
NYS and NYC mortgage tax	$ 10,625.00
Recording charges	$ 400.00

The Purchaser will likely incur other financing charges, such as commitment fee, application fee, appraisal, legal fees for the lender, a survey update or a Condominium endorsement if required, and other customary costs of the lending institution. Since these costs vary greatly from lender to lender, no estimate is provided here.

At closing, the Purchaser will also make cash payments for escrow deposits for real estate taxes with either the lender or the Condominium; the following month's common charges; and loan interest to its lender through the end of the month in which the closing occurs. In addition, the Purchaser will adjust with the Sponsor for prepaid real estate taxes and common charges. However, none of these payments are additional closing costs, but represent reimbursement or prepayment of actual expenses of ownership of the Unit and operation of the Condominium. Likewise, the mortgage tax credit under Section 339-ee does not change the total mortgage tax payment owed by a Purchaser, merely whether such tax is paid to the lender or used to reimburse the Sponsor.

Purchasers are advised to read the detailed analysis of costs in this Section for further information.

16. RIGHTS AND OBLIGATIONS OF SPONSOR.

No bond or other security has been furnished to secure the performance of the Sponsor's

obligations. Although at the time the Offering Plan is accepted for filing, the Sponsor represents that it will be financially capable of performing Sponsor's obligations, including its obligations with respect to Unsold Units, the subsequent ability of the Sponsor to perform its obligations will depend upon Sponsor's financial condition at that time. The Sponsor used mortgage financing on the Property for the acquisition of the Property and improvements. The mortgage shall be satisfied at the First Unit Closing. If the Sponsor cannot perform the Sponsor's financial obligations hereunder, the Sponsor will amend the Plan, cease selling Units, and offer a right of rescission to Purchasers of Units.

A. <u>General Representations:</u>

The Sponsor makes the representations set forth below with respect to certain obligations under the Plan.

1. The Sponsor represents that it will make good faith efforts to sell, in a reasonably timely manner, all of the Units in the Condominium to Purchasers for their personal occupancy or the occupancy of their immediate families, rather than retaining them for rental. Sponsor's good faith efforts to sell to Purchasers shall include listing Unsold Units with brokers, showing Unsold Units to brokers and prospective Purchasers or their representatives and otherwise engaging in customary sales activities. However, in the event that there is a decline in market values of 10 percent (10%) or more from the offering prices set forth in Purchase Agreements counted toward effectiveness for comparable Units, then the Sponsor reserves the right to rent, rather than sell, the Unsold Units until there is an uptum in the market.

Bona fide Purchasers may purchase Units for personal occupancy or for rental operation. Units rented to tenants will receive the same Building services and use of the Building's common areas as owner-occupants. However, a tenant may not have the same economic interest in the maintenance and care of the Building's facilities and amenities as the owners of the Units. In addition, resident and non-resident Unit Owners may disagree as to expenditures for items such as lobby and hallway decorations and capital improvements, to exercise the Board's right of first refusal to purchase or lease a unit, or to borrow money to alter or improve the Building.

If the Sponsor (its successors, assigns or designees) does offer Unsold Units for rent, then the Purchasers of any leased Units will be purchasing Units that have been previously occupied. Sponsor will notify Purchasers of Units that have been previously occupied prior to the execution of a Purchase Agreement of such occupancy and will set forth the condition in which such Unit will be delivered (including outstanding warranties, if any). There shall be no obligation on the part of Sponsor or any other offeror of such Unit to decorate, repaint, refurbish or in any way repair such Unit.

2. Sponsor shall be obligated to defend any suits or proceedings arising out of its acts or

omissions and to indemnify the Board of Managers or the Unit Owners against any such suits or proceedings.

3. All representations under the Plan, all obligations 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 deed.

4. The Sponsor will pay or cause to be paid all contractors, subcontractors and materialmen and all others involved in the renovation of the Units and Common Elements for the authorized and proper work performed and fixtures, material and equipment supplied or installed in said renovation.

5. Sponsor will pay all Common Charges, real estate taxes, special assessments and other expenses allocable to any Units owned by the Sponsor, so long as Sponsor shall continue to own the same, subject to the terms and limitations contained herein. However, if Purchaser has adjourned the closing of title, Sponsor shall be entitled to certain reimbursements for real estate taxes, Common Charges and interest on the purchase price at the rate of 12 percent (12%) per annum to compensate the Sponsor for lost opportunity costs.

6. The risk of loss from fire or other casualty with respect to each Unit shall remain with Sponsor until the closing of title to the Unit, unless a Purchaser takes possession prior to purchasing his or her Unit (in which case the Purchaser shall bear the risk of loss or other casualty with respect to that Unit, i.e., the Purchaser will be obligated to bear the cost of restoring the Unit as if the Purchaser had already taken title.) For specific details see Procedure to Purchase, Section 11.

7. Prior to the First Unit Closing, Sponsor shall procure on behalf of and at the expense of the Condominium, fire and casualty insurance policies pursuant as set forth in Schedule B. The cost of such insurance will be adjusted with the Board of Managers at the First Unit Closing and repaid from the Working Capital Fund of the Condominium.

8. The Sponsor shall not voluntarily dissolve or terminate prior to the First Unit Closing. In the event of a dissolution or liquidation of the Sponsor after the transfer of fifteen (15) or more Units or 20 percent (20%) or more of the total number of Units in the Condominium, the principals of the Sponsor will provide financially responsible entities or individuals who will assume the status and all of the obligations of the sponsor for those Units under the offering Plan, applicable law or regulations.

9. Currently, the Sponsor does not have a firm loan commitment for the construction financing of the New Construction. The Sponsor anticipates obtaining a construction commitment for the New Construction in December 2004. The construction lender may impose requirements on the Sponsor regarding minimum payments to the lender in order to release its lien and requirements regarding the Sponsor's right to rent depending upon market conditions. If the lender places

restrictions or conditions upon the Sponsor which are inconsistent with the terms set forth herein, then the Sponsor shall amend the plan to reflect the relevant terms of the construction loan agreement.

In the event that the Sponsor is unable to obtain the necessary financing and is therefore unable to complete the New Construction portion of the Condominium, Purchasers will be granted a right of recission for a period of not less than fifteen (15) days after notice from the Sponsor.

10. The Sponsor will diligently, expeditiously and at Sponsor's own cost, complete the renovation of the Units and Common Elements substantially in accordance with the plans and specifications described in the Plan. If any work still remains to be done to complete such work, then provided such work will not prevent the issuance of a new permanent Certificate of Occupancy, the Sponsor, at Sponsor's own cost and expense, will perform or cause all such work to be performed and will supply or cause all material therefor to be supplied and will pay for such work and materials and discharge or bond all mechanic's liens which may be filed as a result of the renovation of the Units or Common Elements.

The Sponsor reserves the right to substitute for any of the materials specified in either the Plans, the Description of Property and Building Condition or elsewhere in the Plan, materials of equal or better quality and design. The Sponsor's intention is to use the materials, fixtures, appliances and other equipment described in this Plan and in the architectural plans on file, but, due to the possible unavailability of materials and supplies, Sponsor may substitute materials, fixtures, appliances and equipment of equal or better quality and design for any of those set forth in the specifications or otherwise in this Plan.

No change will be made in the size, location of the Building or Units or other improvements or common elements if such changes affect the percentage of common interests or adversely affect the value of any Unit to which title has closed or for which a Purchase Agreement has been executed and is in effect, unless all affected Unit Owners and contract vendees consent in writing to such change. Notwithstanding the foregoing, such changes may be made provided all directly affected Unit Owners have consented in writing to such change and all directly affected Purchasers who are still contract vendees and who are not then in default, are given the right to rescind their Purchase Agreement and receive from Sponsor a return of any deposit or down payment for fifteen (15) days from the date of mailing or personal delivery of written notice from Sponsor.

11. The Sponsor reserves the right to close title to Units after procuring a Temporary Certificate of Occupancy with respect to a Unit. However, the Sponsor will complete the renovation and obtain a Permanent Certificate of Occupancy for the entire project before the Temporary Certificate of Occupancy (as same may be renewed, replaced or extended) expires. This period may extend longer than three (3) years from the First Unit Closing.

In order to secure the Sponsor's obligation, if the Sponsor closes title to a Unit based on a

Temporary Certificate of Occupancy, the Sponsor shall retain in escrow from the closing an amount, certified by an engineer or architect designated by the Sponsor, sufficient to perform any work required to complete the public portions and common areas of the Building. The amount retained in escrow may be disbursed only to pay for work or services in connection with completing the renovation and obtaining a Permanent Certificate of Occupancy. Any balance in the account after obtaining a Permanent Certificate of Occupancy will be disbursed to Sponsor.

Notwithstanding the foregoing, the Sponsor shall not be required to escrow funds if it has sufficient alternate means, either from capital contributions from its members or a firm construction loan commitment, to finance the remaining work required to obtain a Permanent Certificate of Occupancy for the Completed Building.

12. Sponsor shall keep copies of the Plan, Exhibits and documents referred to in the Plan on file at Sponsor's offices for six (6) years from the date the Declaration is recorded.

13. In accordance with Section 339-p of the Real Property Law, a registered architect or licensed professional engineer shall certify within reasonable tolerances that the floor plans filed with the recording of the Declaration are a substantially accurate copy of portions of the plans of the Buildings as filed with and approved by the municipal or other governmental subdivision having jurisdiction over the issuance of permits for the renovation of buildings.

14. During the time the principals of the Sponsor control the Board, it is within their sole power to enforce the obligations of the Sponsor pursuant to the Plan and pertaining to the Common Elements. Therefore, Sponsor agrees that during such period it will, in its capacity as the Board of Managers, enforce such obligations when required to do so by a resolution duly passed by a majority of the Unit Owners, excluding Sponsor, at a special meeting of the Unit Owners called for such purpose.

15. The Sponsor will assign to the Unit Owner any manufacturer's warranties with respect to equipment and appliances installed within a Unit at the closing of title to that Unit. Sponsor will assign to the Board of Managers any warranties with respect to equipment and appliances installed in Common Elements at the First Unit Closing.

16. The Sponsor will pay all expenses incurred prior to the establishment of the Condominium in connection with its operation and will bear and pay all costs and expenses incurred in connection with the creation of the Condominium whenever such costs or expenses are incurred, or in connection with the sale of all of the Units held or owned by the Sponsor, and will pay or have paid, except as otherwise provided in the Plan, all selling expenses of Sponsor, including, but not limited to, advertising and printing costs, architect's fees, organization costs, engineer's fees, appraisal and any surveying fees and costs. The above does not obligate the Sponsor to perform any work for the Purchaser prior to closing of title except as specifically described in the Purchase Agreement or elsewhere in this Plan.

17. Prior to the First Unit Closing, all liens affecting the Property shall be paid and satisfied or bonded or the Units being conveyed and their appurtenant Common Interest shall be released therefrom by partial release duly recorded.

18. Sponsor shall deliver to the Board of Managers a set of "as built" architectural plans upon completion of the project.

19. No bond or other security has been furnished to secure the performance of the Sponsor's obligations. At the time the Offering Plan is accepted for filing, the Sponsor represents that it will be financially capable of performing Sponsor's obligations, including its obligations with respect to Unsold Units. The Sponsor intends to fund its obligations to the Condominium through income from projected sales. If sales do not meet the Sponsor's projections then Sponsor may require a capital contribution from its principal or enter into lease agreements for the Unsold Units. The subsequent ability of the Sponsor to perform its obligations will depend upon Sponsor's financial condition at that time. At this time, the project is being financed with Sponsor's own funds. If the Sponsor cannot perform the Sponsor's financial and construction obligations hereunder, the Sponsor will amend the Plan, cease selling Units, and offer a right of rescission to Purchasers of Units.

20. The Sponsor and Sponsor's attorneys will comply with the escrow and trust fund provisions of Section 352-e (2) (b), 352-h of the General Business Law and Section 71-a (3) of the Lien Law.

21. Sponsor will not be liable for, and a purchaser may not make a claim for, incidental, consequential, special, or indirect damages. The Sponsor will not be responsible for correcting any latent defects of construction or renovation or defects in the installation or operation of any appliances, equipment or fixtures with respect to which assignable warranties or other undertakings (however denoted) from contractors, materialmen, or others, have been assigned to the Condominium or individual Unit Owners. Also, in no event shall the Sponsor be responsible for any condition resulting from normal wear and tear or natural deterioration or from the normal settling or shifting of the Building or normal spalling of concrete, or for other minor defects, such as, without limitation, nail pops, ridging on sheet rock walls, lumber shrinkage, door sticking due to weather, door warpage, bath tile grouting, or consequential damage resulting from settlement (including, without limitation, concrete cracks which do not impair the structural soundness of the Building or slight separation between base and floor), normal plumbing and heating noises, any leakage from balcony doors, or floor discoloring and stretching.

B. <u>Sponsor's Rights of Access, Alterations, Repairs</u>.

1. <u>General</u>.

As a condition of sales of Units pursuant to this Plan, Sponsor reserves to itself, its principal

shareholders, successors, assigns, designees, invitees, contractors, agents, employees and tenants any and all easements and rights of access, in and to Units, Common Elements and Limited Common Elements consistent with the purposes of the Plan and Sponsor's rights and obligations thereunder.

2. Examples of Specific Easements and Rights of Access Reserved by Sponsor.

Without in any way limiting the generality of rights reserved in Paragraph "1" above, such rights reserved to Sponsor and its designee(s) specifically include the following:

a) The right to maintain any vacant and Unsold Unit(s) as general and sales and leasing office(s) and/or Model Unit(s) and to maintain personnel at the Property, to post signs, and to conduct other activities connected with promotion, sales or leasing, such as inspection by and display of vacant or leased Units, as well as all Common Elements and Limited Common Elements, to prospective Purchasers or lessees;

b) The right of access in and to Units, Common Elements, Limited Common Elements and adjoining lots for purposes of renovation, construction, repair, refurbishment, correction, alterations, finishing, servicing (including but not limited to garbage collection) and similar work;

c) The right to show vacant or leased Units; and

d) Utility and other easements to alter any Unit or General or Limited Common Elements subject to filed amended plans and/or specifications, and consistent with the terms of this Plan.

3. Alterations.

Sponsor (and its successors, assigns and designees) shall have the right to alter any Unit, Common Element or Limited Common Element subject to filed amended plans and/or specifications, and consistent with the terms of this Plan.

4. Repairs; Interference.

Sponsor agrees to repair damage resulting to a Unit from exercise of the above rights of access and to exercise such rights so as to limit, to the extent practicable, unnecessary interference with use of the Property by Unit Owners. However, under no circumstances will the Sponsor be obligated to repair or replace improvements or decorations to a Unit made by a Unit Owner.

5. Construction Easements.

(a) The Sponsor reserves the easements, licenses, rights and privileges of a right-of-

way in, through, over, under and across the common elements of the Condominium for the purpose of completing construction of the Building and facilities in the Condominium and sale of a Unit and towards this end, reserves the right to grant and reserve easements and rights-of-way in, through, under, over and across the common elements of the Condominium for the installation, maintenance and inspection of water, gas, electric, heating, telephone lines and appurtenances for public or private water, sewer, drainage, cable television, and other utilities; the right to alter, reconstruct, remove, and relocate any common elements of the Condominium in order to complete construction of the Building; the right of access to bring onto the Condominium and the right to install any other materials or services necessary for the completion of the work. Such easements include, without limitation, (i) attachment of protective covering over the roof of the Building, (ii) construction and maintenance of non-permanent scaffolding over and encroaching upon the Building and adjacent to the Building, (iii) operation of a crane or like equipment over the Building, for the non exclusive use and enjoyment of the Sponsor and its agents, employees, licenses, invitees and/or contractors, and (iv) the right to apply for permission to close the sidewalk adjoining the Building, provided that reasonable means of ingress and egress to and from the Building is maintained during such closing.

(b) The Sponsor reserves the right to alter, relocate, install and connect with and make use of all utility lines, wires, pipes, conduits, cable television, sewers and drainage lines which may from time to time be in or along the streets and roads in any portions of the common elements in order to complete construction of the Building or any Units or operate the Commercial Units

C. Warranties.

Except as expressly provided in this Plan, the Sponsor will not be obligated to correct, repair or replace any defects relating to renovation of the Units or the General or Limited Common Elements, or the installation or operation of any appliances, fixtures, or equipment therein. The 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 this offering.

D. Power of Attorney.

At closing all Unit Owners must execute a Power of Attorney in favor of the Sponsor to amend the Declaration, By-Laws and the Regulations of the Condominium to effect reallocations of percentages of common interest among Sponsor owned Units and to permit the Sponsor to implement various rights reserved to the Sponsor under the Condominium Documents. See Power of Attorney, Exhibit B, and Declaration of Condominium, Exhibit E, in Part II of the Plan.

17. CONTROL BY SPONSOR.

Title to all Units which have not been sold by the time of the First Unit Closing will remain with the Sponsor or its designee(s) until such Units shall thereafter be sold to bona fide Purchasers.

Sponsor sales do not require a waiver of the right of first refusal from the Board of Managers.

The Sponsor shall have absolute voting control of the Board of Managers until the next Annual Meeting after the earlier of (i) the transfer of title to Units, the percentage Common Interest of which, in the aggregate, equals at least 90 percent (90%) or (ii) five (5) years after the First Unit Closing ("Control Period"). During the Control Period, the Sponsor will have control of maintenance, facilities and services to be provided, as well as determining the Common Charges to be paid by Unit Owners.

So long as the Sponsor or a Sponsor-designee shall continue to own at least one (1) Unit, the Sponsor or Sponsor-designee shall have the right to designate one (1) of the members of the Board of Managers. While the Sponsor owns a Unit, the Sponsor will have the right to, and intends to, vote the percentage of Common Interests allocated to all of its Units for all seats on the Board. However, after the Control Period has expired, not more than one less than a majority of the members of the Board, excluding any board member designated by the Commercial Unit Owner, will be affiliated with the Sponsor and the majority of the Board will then be elected by the Unit Owners of the Condominium.

Until such time as the Unsold Units constitute less than 90 percent (90%) of the Common Interest, or five (5) years from the First Unit Closing (whichever is sooner), the Board of Managers may not, without the Sponsor's or Sponsor-designee's prior written consent: (i) make any addition, alteration or improvement to the Common Elements or to any Unit at the expense of the Condominium; (ii) assess any Common Charges for the creation of, addition to or replacement of all or part of a reserve, contingency or surplus fund, except to the extent that the aggregate fund does not exceed 5 percent (5%) of the budgeted expenses of the Property; (iii) borrow money on behalf of the Condominium (except where necessary to perform work required by law to the extent that existing reserves are insufficient); or (iv) hire any employee or enter into any service or maintenance contract to perform services or work not set forth in Schedule "B". As long as the Sponsor or any Sponsor-designee shall continue to own a Unit, the Board of Managers may not, without the Sponsor's or Sponsor-designee's prior written consent: (i) amend the Declaration or the By-Laws so as to in any way adversely affect the Sponsor or its designees; or (ii) interfere with the offer and sale or leasing offices at the Property or any actions necessary for construction, renovation, repair or correction at the Property required by Sponsor. The Sponsor or Sponsor-designee shall have the right to withhold its consent to any of the foregoing actions. However, notwithstanding the foregoing restrictions, the Sponsor or Sponsor-designee shall not have the right to veto expenses detailed in Schedule B, or expenditures for the making of capital repairs to the Common Elements, or assessment of any Common Charge for expenses required to remedy any notice of violation, comply with applicable law, or cure a work order of an insurance carrier.

Members of the Board of Managers will serve without compensation. All officers of the Condominium shall also serve without compensation. Sponsor represents that for as long as it or any of its designees are members of the Board of Managers neither it nor any of its designees will vote

for remuneration for either members of the Board of Managers or officers of the Condominium.

Except for a member of the Board of Managers designated by the Sponsor, a member of the Board of Managers may be removed from office with or without cause by the affirmative vote of Unit Owners owning in the aggregate a percentage of Common Interest in excess of 50 percent (50%) of the Common Interest of the Condominium. A member of the Board of Managers designated by the Sponsor may only be removed for cause or by the Sponsor, and in either event, only the Sponsor shall have the right to designate a replacement.

An officer may be removed, with or without cause, by an affirmative vote of a majority of the members of the Board of Managers.

18. RIGHTS AND OBLIGATIONS OF UNIT OWNERS.

A. Sale or Lease of Units.

(1) Each Unit Owner may freely sell his Unit provided he first gives the Board, on behalf of all Unit Owners, an opportunity to purchase such Unit at the same price and on the same terms as were offered in good faith by a prospective Purchaser as more specifically provided for in the By-Laws. The Unit Owner will indicate whether or not the prospective buyer will be an owner-occupant. After receipt of the initial notice, the Board of Managers reserves the right to request additional information regarding the proposed Purchaser and the transaction, and to request a personal interview. If the Board fails to notify the Unit Owner of its election to purchase the Unit within forty-five (45) days after receipt of the offering Unit Owner's notice (or, if additional information has been requested after reviewing the submissions of the Unit Owner, within thirty (30) days after receipt of all additional information reasonably required by the Board), the Unit Owner will have sixty (60) days to accept the outside offer of the prospective Purchaser, failing which the Unit Owner will be required to again first offer same to the Board.

A Unit Owner may lease his Unit, subject to the consent of the Board of Managers, such consent shall not be unreasonably withheld. After receipt of the initial notice, the Board of Managers reserves the right to request additional information regarding the proposed tenant and the transaction, including a personal interview. If the Board fails to notify the Unit Owner of its election to lease the Unit within thirty (30) days after receipt of the offering Unit Owner's notice (or, if additional information has been requested after reviewing the Unit Owner's submissions, within thirty (30) days after receipt of all additional information reasonably requested by the Board), consent will be deemed to have been given.

Leases of Units may be subject to additional restrictions including, but not limited to, a minimum term length and rights after a default. See Article X of the By-Laws for further details. Any lease of a Unit shall be in the form then recommended by the Real Estate Board of New York, Inc., for residential space except for such changes therein as may be provided in the By-Laws as the Regulations of the Condominium.

(2) Title to a Unit may not be conveyed nor may a Unit be leased unless all unpaid Common Charges and liens against such Unit (other than a permissible mortgage) are paid and satisfied at or prior to closing.

(3) Each conveyance of a Unit by a Unit Owner shall include as part of the property to be conveyed such Unit Owner's (i) undivided interest in the Common Elements; (ii) interest in any Unit or Units acquired by the Board from Unit Owners (or the proceeds received at a foreclosure or other judicial sale of a Unit); and (iii) interest in any other assets of the Condominium.

(4) Notwithstanding the foregoing restrictions, a Unit Owner may lease, sell or convey the Unit to a spouse, adult child, parents, parents-in-law or adult sibling, or may convey his Unit by gift, may devise his Unit by will, or have it pass by intestacy, without first offering the Unit to the Condominium; however, each succeeding Unit Owner shall be bound by, and his Unit shall be subject to, the preceding restrictions.

The restrictions upon the sale and lease of Units set forth in this Section shall not apply to Units owned by the Sponsor, its designees, or to any first mortgagee acquiring title in foreclosure or by deed in lieu of foreclosure; they shall be free to sell or lease without first offering to sell or lease to the Board, and without any form of consent.

B. Mortgage of Units.

Each Unit Owner is free to mortgage his Unit. Prior to or simultaneously with the closing of any mortgage transaction, the Unit Owner must satisfy any arrearage for any unpaid Common Charges and assessments owed by such Unit Owner and discharge any liens therefor. The By-Laws provides that the Board of Managers may request that it be notified by each Unit mortgagee of any default of a mortgage on a Unit.

C. Easements and Right of Access.

Each Unit Owner shall have an easement in common with the Owners of other Units to use and maintain all pipes, ducts, cables, wires, conduits, air conditioning condensers (if any), public utility lines or other Common Elements located in other Units and serving his Unit. In addition, each Unit Owner shall have an easement for the continuance of any encroachment by the Unit on any adjoining Unit or on any Common Element, now existing or which may come into existence hereafter as a result of the settling or shifting of the Building, or as a result of restoration of the Building or a Unit after damage by fire or other casualty, or as a result of condemnation or eminent domain proceedings, or by reason of any alteration made by the Board of Managers to the Common Elements so that any such encroachment may remain undisturbed so long as the Building stands. The Board of Managers, through a designated manager, managing agent, or their employees or other designee shall have a right of access to such Unit to inspect and make repairs to the Unit to prevent damage to the Common Elements, Limited Common Elements or any other Unit.

D. Use and Occupancy of Units.

The Units may be used only for private residential use, or any home occupation use permitted under applicable zoning law and ordinances, building code or other rules and regulations of governmental authorities having jurisdiction. Such Units may also be used as professional offices by a resident thereof provided such professional use does not violate any zoning law and ordinances and provided further that the prior written consent of the Board of Managers to such professional use is obtained. No illuminated or other sign may be used in connection with the aforementioned use, except for a professional sign, non-illuminated, not larger than the size permitted by the Board of Managers.

Except as set forth above, no industry, business, trade, occupation or profession of any kind, commercial, religious, educational or otherwise, designed for profit, altruism, or otherwise, shall be conducted, maintained or permitted in any part of the Units, nor shall any "For Sale", "For Rent" or "For Lease" signs or other window displays or advertising be maintained or permitted in any Unit therein or adjoining Common Elements, nor shall any Unit be rented for transient, hotel or motel purposes. The right is reserved by the Sponsor, its designee and the Board of Managers, or its agent, to place "For Sale", "For Rent", or "For Lease" or similar signs on any Unsold or unoccupied Units. Additionally, as previously set forth, the right is reserved by Sponsor and its designee to maintain and staff one or more vacant and Unsold Units in the Building as a sales office and/or model Unit. Sponsor and its designee shall have the right to place "For Sale", "For Rent" or "For Lease" signs or similar signs on or in the vicinity of the Building without regard to size.

No exterior of a Unit, the windows or doors thereof, or any other portions of the Common Elements shall be painted or decorated by any Owner in any manner without prior written consent of the Board of Managers.

No Unit shall be used or be occupied in such manner as to obstruct or interfere with the enjoyment of occupants or owners for adjoining Units; nor shall any nuisance or immoral or illegal activity be committed or permitted to occur in or about any Unit or upon any part of the Common Elements.

No Unit shall harbor more than three (3) pets, without the written consent of the Board of Managers.

Certain parts of the Common Elements are intended for use for the purpose of affording pedestrian movement within the Condominium and for providing access to the Units. No part of the Common Elements shall be obstructed as to interfere with its use for the purposes hereinabove recited; nor shall any part of the Common Elements be used for general storage purposes, except maintenance storage or where specifically designated as such; nor shall anything be done thereon in any manner which shall increase the rate of hazard and liability insurance

covering said area and improvements situated thereon.

No immoral, improper, offensive, or unlawful use shall be made of the Property or any part thereof, and all valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction thereof shall be observed. Violations of laws, orders, rules, regulations or requirements of any governmental agency having jurisdiction thereof, relating to any portion of the Property, shall be eliminated, by and at the sole expense of the Unit Owners, or the Board of Managers, whichever shall have the obligation to maintain or repair such portion of the Property.

No portion of a Unit other than the entire Unit may be leased.

Under the Condominium Regulations, guests of Unit Owners may occupy Units for up to thirty (30) days at a time, without a Unit Owner being required to comply with the right of first refusal and minimum term requirements described in Article X of the By-Laws, provided that the Unit Owner advises the Managing Agent of the identity of the guest and the length of the stay. The Board of Managers may establish additional restrictions on short-term occupancy of Units, whether or not consideration is being paid by the occupant to a Unit Owner.

Complaints regarding the management of the Building and grounds or regarding the actions of other Unit Owners shall be made in writing to the Board of Managers.

For a more complete discussion see the Declaration of Condominium and the Regulations which are reproduced in full in Part II of the Plan.

E. <u>Determination of Common Charges and Liens for Nonpayment of Common Charges</u>.

Each Unit Owner shall have an obligation to pay Common Charges and assessments on other expenses when due. Common Charges for each Unit shall be determined by multiplying that Unit's percentage of Common Interest by the total annual net expenses incurred or anticipated to be incurred for those items listed in Schedule B in the Plan, together with the expense of any special repairs, major capital improvements or other expenses deemed by the Board of Managers to be part of the Common Expenses and to be paid as Common Charges, all in accordance with Article VI of the By-Laws of the Condominium. Common Charges will be established on an annual basis and paid in equal monthly installments, due and payable on the first day of each month. In accordance with Article VI of the By-Laws, The Board of Managers may also, impose special assessments as it deems necessary to meet unanticipated or extraordinary expenses, including but not limited to, expenses incurred for major capital improvements. Any such special assessment to be paid by each Unit Owner shall also be determined in accordance with the Unit Owner's percentage of Common Interest. Common Charges also include late payment charges, fees and expenses of collection or enforcement of the Condominium Documents (including attorneys' fees), accrued interest, and fines charged to a Unit Owner.

Common Charges which remain unpaid for more than thirty (30) days shall bear interest at the maximum rate permitted by law.

Under the provisions of Section 339-z of the Real Property Law of the State of New York, the Board of Managers on behalf of the Unit Owners will have a lien on each Unit for unpaid Common Charges assessed by the Board of Managers. Such lien will be subordinate only to liens for real estate taxes on the Unit and to any sums unpaid on a first mortgage of record thereon in excess of six (6) months common charges and attorneys fees for collection thereof. Any lien for unpaid Common Charges against a Unit shall be effective from and after the filing of notice thereof in the office of the Register of the City of New York, County of New York and until all sums secured thereby with the interest thereon shall have been fully paid or until six (6) years from the date of filing (unless foreclosure of such lien is started within such six (6) year period), whichever may be earlier. Such lien may be foreclosed by a suit brought in the name of the Board of Managers acting on behalf of the Unit Owners in like manner as the foreclosure of a mortgage on real property or an action may be brought by the Board of Managers to recover the unpaid Common Charges without foreclosing the lien.

Upon the failure of a Unit Owner to pay any portion of Common Charges for the Unit within fifteen (15) days of the same becoming due and payable, the Board of Managers shall have the right to place a lien against the Unit Owner's Unit for the unpaid Common Charges as set forth above, and to impose late charges and administrative fees of up to $100 as additional Common Charges with respect to each new violation to cover the additional costs of administration. The Sponsor will cause the Board of Managers to file a lien as provided in Real Property Law Section 339-aa on Units in which the Sponsor is more than thirty (30) days in arrears of common charges while the Sponsor controls the Board. Failure of the Board of Managers to place such a lien or impose such charges shall not constitute a waiver of the right to do so at a later date or with respect to a subsequent failure to pay within the designated time.

No Unit Owner shall be liable for the payment of any part of the Common Charges assessed against his Unit subsequent to a sale, transfer, or other conveyance made by him of his Unit, with appurtenant Common Elements, in accordance with the Declaration and By-Laws.

All Unit Owners shall be required to comply with the Declaration, By-Laws, Regulations of the Condominium and with any other requirements duly imposed by the Board of Managers pursuant to the authority granted to them. The Board of Managers shall have the power to impose appropriate sanctions where a Unit Owner is in default. Such sanctions include placing a lien against the Unit Owner's Unit, instituting foreclosure proceedings and filing suit against a Unit Owner.

The Board of Managers may also impose fines on Unit Owners who violate the Condominium Documents. The amount and administration of such fines shall be established in the

Board's reasonable discretion. Such fines shall be deemed additional Common Charges.

Section 339-kk of the Real Property Law. Under the provisions of Section 339-kk of the Real Property Law of the State of New York, the Board of Managers also shall be entitled to collect all rental payments due from a tenant to a non-occupying Unit Owner if the non-occupying Unit Owner fails to make payments to the Board of Managers for Common Charges, assessments or late fees when due, and if such non-payment shall continue for a period of sixty (60) days after the expiration of any grace period for payment provided for in the Declaration and By-Laws.

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F. **Repairs.**

All maintenance, repairs and replacements to any Unit, ordinary or extraordinary, and to the doors (except painting the exterior side of a Unit entrance door), windows (except painting exterior side of windows), electrical (except Common Elements), plumbing (except Common Elements) and heating fixtures and air conditioning units within the Unit or belonging to the Unit Owner shall be made at the Unit Owner's expense, except as otherwise specifically provided in the By-Laws.

All maintenance, repairs and replacements (individually and collectively "Repairs") to the General Common Elements (as defined in the Declaration) and the painting and decorating of the exterior side of Unit entrance doors and windows shall be made by the Board of Managers and be charged to all the Unit Owners as a Common Expense, except to the extent that the Repairs are necessitated by the negligence, misuse or neglect of a Unit Owner, in which case the expense shall be charged to such Unit Owner.

Repairs in or to the Residential Limited Common Elements (as defined in the Declaration) will be performed by, and at the expense of, the following persons under the following circumstances: (a) the Board of Managers as a Common Expense, if such Limited Common Element is for use by all Residential Unit Owners, (b) the Board of Managers at the expense of the Unit Owner, if it is a Restricted Residential Limited Common Element and the Repair involves structural or extraordinary maintenance, repairs or replacements (including, but not limited to the repair of leaks), (c) by the Unit Owner having direct and exclusive access the Restricted Limited Common Element at his sole cost and expense, if involving nonstructural or ordinary Repairs.

Repairs in or to the Commercial Limited Common Elements (as defined in the Declaration) will be performed by the Commercial Unit Owner having direct and use of or who benefits from the particular Commercial Limited Common Element at his sole cost and expense.

Notwithstanding the foregoing: (i) the Condominium will have the right to enter any Unit upon reasonable notice for the purpose of making Repairs in an emergency, or if the Condominium determines (in its sole discretion) that it is necessary or appropriate for the Condominium to make the Repair, whether or not for the account of the Unit Owner, and to charge the cost thereof to the appropriate person under the Condominium Documents; and (ii) the Condominium will also have the right, but not the obligation, to require a Unit Owner to make a Repair to a Restricted Residential Limited Common Element (also at the expense of the Unit Owner) in the discretion of the Board.

G. **Additions, Alterations and Improvements.**

A Unit Owner may make a non-structural alteration to a Unit that does not affect the exterior of the Building, the utility systems of the Condominium, or the value of other Units without the consent of the Board of Managers. However, the Board of Managers may establish regulations

governing access, insurance and other matters relating to the performance of any work within a Unit. No other installations or alterations may be made to a Unit without the consent of the Board of Managers as described below. No Unit Owner, other than the Sponsor may make a structural alteration in a Unit, install any fixtures or appliances (other than electrical appliances), or make any alteration affecting the utility systems of the Building without the prior written approval of the Board of Managers, which shall not be unreasonably withheld. Any approval, if granted, shall provide that such alteration shall be at the Unit Owner's sole cost and expense, that work shall be done in accordance with all governmental or quasi-governmental laws, rules, regulations, codes and ordinances, that all work shall be done by reputable contractors with adequate liability, property damage and workmen's compensation insurances, (certificates for which shall be delivered to the Board of Managers prior to the commencement of construction), that any additions shall be maintained in their entirety by said Unit Owner (who shall also be responsible for any repairs, including structural repairs, to such addition under all circumstances, and to the Unit and any Common Elements where such repairs become necessary due to additional stresses caused by the structural alteration or due to improper design or construction of the structural alteration). Such approval shall further provide that the Unit Owner shall reimburse the Board of Managers for any out-of-pocket expenses incurred by the Board of Managers in connection with the granting of such approval and in connection with any services provided to such alteration. The Unit Owner shall sign an alteration agreement to the effect of the foregoing and incorporating such other terms as the Condominium may require.

No Unit Owner may alter or improve a Restricted Residential Limited Common Element without the consent of the Board of Managers.

Unit Owners may combine two or more Units, subject to the conditions and limitations set forth in this Section.

The Board of Managers and managing agent shall have a right of access to any Unit for the purpose of inspection, making any repairs or replacements to any of the Common Elements or Limited Common Elements contained in such Unit or elsewhere in the Building, remedying any condition which would result in damage to any other Unit or to the Common Elements or Limited Common Elements or which would violate the provisions of any mortgage encumbering another Unit, or for the purpose of complying with any laws, orders, rules or regulations of any governmental body having jurisdiction thereof, or to cure any defaults by a Unit Owner or for any other purpose permitted by the By-Laws.

All alterations are subject to the regulations of the Condominium regarding the time and manner of performance, security, insurance, responsibility for interruption of services, and liability for future repairs. Unit Owners may be required to execute an Alteration Agreement incorporating such terms, which agreement may be recorded and will bind future owners of the Unit.

Notwithstanding the foregoing, the consent of the Board of Managers is not required in order for the Sponsor to make alterations or additions to Unsold Units, whether or not such

alterations are structural or nonstructural, ordinary or extraordinary, so long as they do not materially adversely affect the structure or utility systems of the Building. The Condominium hereby appoints the Sponsor as its attorney in fact, coupled with an interest, to execute such documents on behalf of the Condominium as may be required in order to obtain any necessary licenses or permits to make or complete an alteration, and grants to the Sponsor an easement of access, ingress and egress to make any such alterations.

H. Use of Limited Common Elements.

Certain Units have access to a terrace, garden, balcony or portion of the roof reserved for the exclusive use of the owner of the owner of the Unit. These areas are deemed Limited Common Elements. The location and dimensions of such areas are detailed on the floor plans attached in Part II of the Plan.

The use of the Limited Common Elements by Unit Owners is governed by the terms of the Declaration and By-Laws, including the following:

No alteration or improvement may be made to the Limited Common Elements without the consent of the Board of Managers, including alterations (such as decking) which do not require the consent of the Building Department or other City agency. Certain improvements (i.e., enclosing a roof area) may also require the consent of the Building Department and the Board of Standards and Appeals, depending on whether such enclosures are deemed to use development rights belonging to the Condominium. The Board of Managers must approve any application to such agencies.

All alterations are subject to the regulations of the Condominium regarding the time and manner of performance, security, insurance, responsibility for interruption of services, and liability for future repairs. Unit Owners may be required to execute an Alteration Agreement incorporating such terms, which agreement may be recorded and will bind future owners of the Unit.

The Board of Managers will have the right to enter any Limited Common Element for the purpose of inspecting or making repairs to the General Common Elements. The Unit Owner will be responsible for removing all personal property or improvements to a Unit in order to provide such access, at his or her expense.

Repairs in or to the Limited Common Elements (as defined in the Declaration) will be performed by, and at the expense of, the following persons under the following circumstances: (a) the Board of Managers, as a Common Expense, if such Limited Common Element is for use by all Unit Owners, (b) the Board of Managers at the expense of the Unit Owner having direct and exclusive access, if it is a Limited Common Element and the Repair involves structural or extraordinary maintenance, repairs or replacements (including, but not limited to, the repair of leaks), or (c) the Unit Owner having direct and exclusive access to the Restricted Residential Limited Common Element or Restricted Commercial Limited Common Element at his sole cost and expense,

if involving nonstructural or ordinary Repairs. The Condominium will also have the right, but not the obligation, to require a Unit Owner to make a Repair to a Limited Common Element (also at the expense of the Unit Owner) in the discretion of the Board.

I. Insurance.

The insurance policies obtained by the Board of Managers shall provide that each Unit Owner shall be an additional insured. These policies shall provide fire and casualty insurance for the Building, liability insurance, water damage, and legal liability insurance. The specific amounts of coverage are noted in footnote 9 of Schedule B.

The insurance coverage does not include coverage for losses either due to fire, theft or other casualty to the personal property of a Unit Owner contained within the Unit or a Limited Common Element or the cost of living elsewhere if a Unit is greatly damaged. Nor does it include liability coverage for a Unit Owner for occurrences within a Unit or a Restricted Residential Limited Common Element. Unit Owners should consult their insurance agents as to the availability of this insurance and any additional coverage which might be recommended.

J. Miscellaneous.

The Sponsor is not required to obtain the approval of the Board of Managers or meet requirements imposed upon other Unit Owners in order to exercise a number of rights described in the By-Laws, including but not limited to: (i) the right to use a Unit as a model and display "For Sale", "For Rent", or "For Lease" signs, or similar signs; (ii) the right to transfer or lease a Unit without offering the Board of Managers the right of first refusal; (iii) the right to alter a Unit without obtaining the prior consent of the Board of Managers (but only in accordance with the other terms of this Plan); and (iv) the right to amend the Declaration without a vote for the sole purpose of filing the Floor Plans as required by Section 339-p of the Real Property Law. For as long as the Sponsor or its designee own title to one or more Units, the Regulations of the Condominium, By-Laws or Declaration may not be amended in a manner which would, in the sole discretion of Sponsor or its designee, adversely affect the Sponsor or its designee in any way, unless the Sponsor or its designee give their written consent to such an amendment.

19. RIGHTS AND OBLIGATIONS OF BOARD OF MANAGERS AND SUMMARY OF BY-LAWS.

Principal provisions of the By-Laws are summarized in this Section. It is suggested that Purchasers make reference to the full By-Laws, a copy of which is set forth in Part II of the Plan.

A. Board of Managers.

Under the By-Laws of the Condominium, the affairs of the Condominium will be managed

by a Board of Managers consisting of not less than three (3) and not more than nine (9) persons. The Unit Owners shall hold annual meetings and at each such meeting they shall elect members of the Board of Managers. Each Unit Owner, including the Sponsor or its designee, shall be entitled to cast one vote for each 0.01% of interest in the Common Elements attributable to their Unit(s) on all matters put to a vote at all meetings of the Unit Owners except that when voting for the election of members of the Condominium Board, each Unit Owner: (i) shall be entitled to one (1) vote for each 0.01% of Common Interest attributable to his Unit per member to be elected, and (ii) shall not have the right to cumulate his votes in favor of any one or more members to be elected. If Units are owned by more than one person or entity as joint tenants, tenants by the entirety or as tenants in common, the persons or entities owning that Unit shall agree among themselves and cast the votes for their Unit.

Unit Owner meetings to elect Board members shall be held on an annual basis. In addition, special meetings of Unit Owners may be held from time to time pursuant to the By-Laws at the direction of the Board of Managers or upon receipt by the Secretary of a petition signed by more than one-third (1/3rd) of the Unit Owners.

The Sponsor contemplates that the first three Board members will be Steven C. Gaetano (a principal of the Sponsor), Matthew A. Gaetano (a principal of the Sponsor), and Michael A. Gaetano (a principal of the Sponsor). These members, or other Sponsor designees, shall be the only Board members until the first anniversary of the recording of the Declaration of Condominium. Thereafter, the Sponsor shall retain the right to designate a majority of the Board until the earlier of (i) the transfer of title to Units, the percentage Common Interest of which in the aggregate, equals at least 90 percent (90%), or (ii) five (5) years after the First Unit Closing (the "**Control Period**").

The Sponsor will have absolute voting control of the Board of Managers until the next annual meeting after the expiration of the Control Period, and will thus have control of maintenance, facilities and services to be provided, as well as determining the Common Charges to be paid by Unit Owners. Subject to the foregoing limitations, the Sponsor will cause the Condominium to hold a meeting of Unit Owners within thirty (30) days after the expiration of the Control Period to elect new Board members unaffiliated with the Sponsor.

While the Sponsor owns any Residential Unsold Unit, the Sponsor will have the right to, and intends to, vote the percentage of Common Interests allocated to its Residential Unsold Units for all the available seats on the Board, including unaffiliated Unit Owners. However, after the Control Period has expired, not more than one less than a majority of the members of the Board, including the Board member designated by the Commercial Unit Owner, will be affiliated with the Sponsor. So long as the Sponsor or Sponsor-designee owns at least one (1) Unit, the Sponsor or Sponsor-designee shall have the right to designate one of the members of the Board of Managers. (See Section 17 of the Plan).

After the Control Period expires, the number of Managers may be changed by a vote of the

Unit Owners at their annual meetings prior to the election of the next Board of Managers. The Managers shall be elected at each annual meeting of the members and shall serve staggered terms, as set forth in the By-Laws. To the extent that the Sponsor or the Commercial Unit Owner is entitled to designate members of the Board of Managers, such designations shall reduce the number of Managers elected by the Unit Owners during that year.

To be eligible for election, members of the Board of Managers, except for those members elected or designated by the Sponsor, must be either a Unit Owner, the principal or officer of a Unit Owner, or the spouse, son, daughter, or parent of a Unit Owner.

After the Sponsor voting Control Period expires, the Board of Managers may be comprised of both owner-occupants and non-owner-occupants (or members of their households unrelated to the Sponsor and its principal). Owner-occupants and non-resident owners, including the Sponsor, may have inherent conflicts on how the Condominium should be managed because of their different reasons for purchasing. For example, an owner-occupant who is purchasing a Unit as a home may have views on repairs and capital expenditures which differ from a non-resident purchaser who has purchased of the purposes of an investment.

Except for a member of the Board of Managers designated by Sponsor, managers may be removed from office, with or without cause, by the affirmative vote of Unit Owners owning, in the aggregate, a percentage of Common Interest in excess of 50 percent (50%) of the Common Interest of the Condominium. A member of the Board of Managers designated by the Sponsor may be removed without cause only by the Sponsor and only the Sponsor shall have the right to designate a replacement. The Unit Owners may transact such other business at such meetings as may properly come before them. All members of the Board of Managers shall serve without compensation, and the Sponsor represents that, for as long as it or any of its designees are members of the Board of Managers, neither it nor any of its designees will vote for remuneration for either members of the Board of Managers or officers of the Condominium. Any Board member may be removed from the Board of Managers for cause, including members designated by the Sponsor, by the affirmative vote of a majority of disinterested members of the Board

The Board of Managers shall have the powers and duties necessary for the administration of the affairs of the Condominium, including but not limited to: determination of the Common Charges, adoption of rules and regulations covering the details of the Property, opening of bank accounts, purchasing, leasing or otherwise acquiring Units, selling, leasing, or mortgaging of Units owned by the Board of Managers and generally managing or supervising the Condominium property as provided in the Declaration and By-Laws. The Common Expenses shall include such amounts as the Board of Managers deem proper for the operation and maintenance of the Property, including, without limitation, an amount for working capital of the Condominium, for a general operating reserve, for a reserve fund for capital replacements and to make up any deficit in the Common Expenses for any prior year. The Board, in its discretion, may delegate such managerial powers as it sees fit to the officers of the Condominium. The Board of Managers is authorized to employ a

Managing Agent for the Condominium, on such terms as the Board of Managers may deem proper.

In order to limit the liability of the Unit Owners, the members of the Board of Managers, the Managing Agent, if any, and any officers of the Condominium, any contract or other commitment shall be made by the Board of Managers or the Managing Agent or an officer of the Condominium, as the case may be, only as agent for the Unit Owners. The members of the Board of Managers, the Managing Agent or the officer, as the case may be, shall have no personal liability on any such contract or commitment (except as Unit Owners), and the liability of any Unit Owner on any such contract or commitment shall be limited to such proportionate share of the total liability thereunder as the Common Interest of such Unit Owner bears to the aggregate Common Interest of all Unit Owners. The Board of Managers and the officers of the Condominium shall have no liability to the Unit Owners for errors of judgment, negligence, or otherwise, except for willful misconduct or bad faith. The Unit Owners shall severally indemnify the members of the Board of Managers and the officers of the Condominium against any liability or claims except those arising out of the bad faith or willful misconduct of the members of the Board of Managers or the officers of the Condominium, but the liability of any Unit Owner on account of such indemnification shall be limited to such proportionate share thereof as the Common Interest of such Unit bears to the aggregate Common Interest of all Unit Owners. Members of the Board of Managers and any officers of the Condominium who handle or are responsible for Condominium funds shall be bonded.

Upon the transfer of title to any Unit, the Unit Owners will be required to execute a Power of Attorney in favor of the Board of Managers to exercise certain rights on behalf of the Condominium, such as exercising or waiving a right of first refusal to purchase or lease a Unit (and taking such steps as may be needed to implement such action), borrowing funds to repair the Common Elements pursuant to Real Property Law Section 339-jj, protesting the Condominium's real estate tax valuations with the City of New York, or amending the Declaration and By-Laws of the Condominium. The form of Power of Attorney appears as Exhibit B in Part II.

B. <u>Officers</u>.

The principal officers of the Condominium shall be: the President, the Vice President, the Secretary and the Treasurer, all of whom shall be elected by the Board of Managers. The President must be a member of the Board of Managers and either a Unit Owner, the principal or officer of a Unit Owner, or the spouse, son, daughter, or parent of a Unit Owner. Other officers need not be either a Unit Owner, principal or officer or a Unit Owner or the relative of a Unit Owner or a member of the Board of Managers. The President and Treasurer may not be the same person. The Board of Managers may appoint an Assistant Treasurer and an Assistant Secretary, and such other officers as in its judgment may be necessary. All officers shall serve without compensation from the Condominium. The President shall be the chief executive officer of the Condominium and shall preside at all meetings of the Board of Managers and of Unit Owners. The Vice President shall take the place of the President in his or her absence. The Secretary shall be empowered to take and keep minutes of all meetings and to keep the books and records of the Condominium. The Treasurer shall

be responsible for the funds of the Condominium and for accurately keeping the financial records and books of the Condominium. The Board of Managers, in its discretion, shall delegate such powers to the officers as it deems necessary or appropriate in order to, among other things, execute agreements, contracts, deeds, leases and checks on behalf of the Condominium.

C. **Repairs.**

As used in this section, repairs, maintenance and replacements of any portion of the Unit or Common Element whether ordinary or extraordinary, are referred to as "**Repairs**". All Repairs to any Unit, and to the doors (except painting the exterior side of a Unit entrance door), windows (except painting exterior side of windows), electrical (except Common Elements), plumbing (except Common Elements) and heating fixtures and air conditioning units within the Unit or belonging to the Unit Owner shall be made at the Unit Owner's expense, except as otherwise specifically provided in the By-Laws.

Repairs to the General Common Elements (as defined in the Declaration) and the painting and decorating of the exterior side of Unit entrance doors and windows shall be made by the Board of Managers and be charged to all the Unit Owners as a Common Expense, except to the extent that the Repairs are necessitated by the negligence, misuse or neglect or a Unit Owner, in which case the expense shall be charged to such Unit Owner. Repairs in or to the Limited Common Elements (as defined in the Declaration) will be performed by, and at the expense of, the following persons under the following circumstances: (a) the Board of Managers as a Common Expense, if such Limited Common Element is for use by all Residential Unit Owners; (b) the Board of Managers at the expense of the Unit Owner, if it is a Limited Common Element and the Repair involves structural or extraordinary maintenance, repairs or replacements (including, but not limited to, the repair of leaks), or (c) by the Unit Owner having direct and exclusive access to a Restricted Residential Limited Common Element at his sole cost and expense, if involving nonstructural or ordinary Repairs.

Notwithstanding the foregoing: (i) the Condominium will have the right to enter any Unit upon reasonable notice for the purpose of making Repairs in an emergency, or if the Condominium determines (in its sole discretion) that it is necessary or appropriate for the Condominium to make the Repair, whether or not for the account of the Unit Owner, and to charge the cost thereof to the appropriate person under the Condominium Documents; and (ii) the Condominium will also have the right, but not the obligation, to require a Unit Owner to make a Repair to a Limited Common Element (also at the expense of the Unit Owner) in the discretion of the Board.

D. **Additions, Alterations or Improvements by Board of Managers.**

Whenever in the judgment of the Board of Managers the Common Elements shall require additions, alterations or improvements, and the Board determines to require the placement of a lien on the Common Elements or an assignment of common charges payable by the Unit Owners, and

(if required by law and not otherwise delegable to the Board of Managers) the making of such additions, alterations or improvements shall have been approved by 50 percent (50%) in number and in Common Interest of the Unit Owners present in person and/or by proxy and voting at a meeting duly held in accordance with these By-Laws (and by the holders of Unit mortgages, if such approval is required), the Board of Managers shall have the right to proceed with such additions, alterations or improvements and to assess all Unit Owners for the cost thereof as a Common Charge. Any additions, alterations or improvements which do not require a lien to be placed on the Common Elements or an assignment of the common charges payable by the Unit Owners may be made by the Board of Managers, without approval of the Unit Owners or the holders of Unit mortgages, and the cost thereof (unless paid from the Working Capital Fund in accordance with the Plan of Condominium Ownership) shall constitute part of the Common Expenses. As long as Sponsor or its designee own a Unit, or for a period of five (5) years from the first Closing of Title to a Unit, whichever is earlier, the Board of Managers may not make any addition, alteration, or improvement to the Common Elements without Sponsor's prior written consent, unless required by law.

For a description of the rights of Unit Owners to alter or improve the Common Elements, see Section 18(G).

E. Insurance.

The Board of Managers shall be required to obtain and maintain the following insurance: fire insurance with extended coverage, vandalism and malicious mischief endorsements, insuring the Building containing the Units, including all of the Units and all fixtures installed therein by the Sponsor and any property customary to the servicing and general occupancy, (but not including furniture, furnishings, equipment or other personal property supplied or installed by Unit Owners), together with all service machinery contained therein and covering the interests of the Condominium, the Board of Managers and all Unit Owners and their mortgagees, as their interest may appear, in an aggregate amount to be determined by the Board of Managers, but in no event to be less than 80 percent (80%) of the full replacement cost of the Building, including the above noted items, but exclusive of footings and foundations, as approved by a fire insurance company or a qualified insurance broker. Notwithstanding the foregoing, while the Sponsor controls the Board of Managers, the Sponsor will cause the Condominium to carry 100 percent (100%) replacement cost insurance, with an agreed value endorsement.

Within sixty (60) days after the First Unit Closing, the Board of Managers shall have the right to select an Insurance Trustee as such term is defined in Article VII of the By-Laws of the Condominium.

All policies of physical damage insurance shall contain waivers of subrogation and of any reduction of pro-rata liability of the insurer as a result of any insurance carried by Unit Owners or of the invalidity arising from any acts of the insured or any Unit Owners, and shall provide that such policies may not be canceled or substantially modified without at least ten (10) days prior written

notice to all of the insured, including all mortgagees of Units. The standard mortgage loss payable clause shall be attached to all policies.

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

The Board of Managers shall also obtain and maintain to the extent obtainable: (i) workmen's compensation insurance for Condominium employees and (ii) 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 or property damage arising out of any occurrence in the Common Elements or the Units, except that such policy will not cover liability of a Unit Owner arising from occurrences within his own Unit. The Board of Managers shall review such limits once each year. The public liability insurance will also cover cross-liability claims of one insured against another. Until the first meeting of the Board of Managers elected by the Unit Owners, liability insurance will be in a limit of at least $1,000,000 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 provided that all such policies contain waivers of subrogation and further provide that the liability of the carriers issuing insurance obtained by the Board of Managers shall not be affected or diminished by reason of any such additional insurance carried by any Unit Owner.

In the event of a fire or other casualty which destroys or substantially damages less than 75 percent (75%) of the Building, the insurance proceeds shall be dedicated to the repair and/or renovation of the Building and the Units but not the repair or replacement of any improvements made by individual Unit Owners. If the cost of such repair exceeds the insurance proceeds available the excess cost shall constitute a Common Expense and Unit Owners may be accordingly assessed a proportional amount to be paid as Common Charges.

In the event of a fire or other casualty in which more than 75 percent (75%) of the Building is destroyed or substantially damaged, repairs and/or restoration will be made if Unit Owners whose percentage of Common Interest, in the aggregate, is at least 75 percent (75%) of the Total Common Interest, affirmatively vote for such a course of action. If no such affirmative vote is given then the Property shall be subject to an action for partition at the suit of any Unit Owner or lienor.

F. <u>Notice of Meetings; Reports to Unit Owners</u>.

Notice of the annual meeting of Unit Owners or of any special meetings of Unit Owners shall be given by the Secretary, as directed by the Board of Managers, to all Unit Owners not less than ten (10) days or more than fifty (50) days before such meeting. Minutes of all meetings of Unit Owners and of all meetings of the Board of Managers shall be kept by the Board, together with records of all actions taken by the Board and the financial records of the Condominium. The Board shall retain an independent certified public accountant to prepare an annual report of the receipts and expenditures of the Condominium, which report shall be promptly sent to each Unit Owner.

G. **Severance of Ownership Prohibited.**

Each conveyance of a Unit by a Unit Owner shall include as part of the property to be conveyed, his undivided interest in the common elements, together with his interest in any Unit or Units acquired by the Board of Managers from Unit Owners electing to sell or lease such Unit or at a foreclosure or other judicial sale involving such Unit or Units, in accordance with the provisions of the By-Laws, all of which are interests appurtenant to his Unit.

H. **Right of First Refusal for Unit Sales; Consent for Unit Leases.**

(1) Any exercise by the Board of Managers of the Condominium's right of first refusal with respect to Unit Sales must be approved by a majority of Unit Owners present at a meeting duly called with a quorum present.

(2) In administering the right of first refusal with respect to any sale of a Unit the Board shall be required to exercise such rights, if at all, within forty-five (45) days of its receipt of the later of (a) written notice from a Unit Owner of the Unit Owner's intention to sell the Unit to a bona fide grantee or lessee or (b) all other information reasonably required by the Board. See Section 19(A) of the Plan for a detailed description of the rights and obligations of the Board and Unit Owners in this regard.

(3) The Board of Managers will not discriminate against any person on the basis of race, creed, color, national origin, sex, age, disability, marital status, or other grounds prohibited by law in exercising the right of first refusal and resale of such Units.

(4) In the event the Board does exercise the right of first refusal, the acquisition of the Unit may be made from the working capital and Common Charges or, if such funds are insufficient, the Board of Managers may assess each Unit Owner, other than the offering Unit Owner, in proportion to each Unit Owner's percentage of common interest, or may borrow money to finance such acquisition. The sole security which may be given for any funds so borrowed is the Unit to be acquired. The Board of Managers may also assess each Unit Owner, as provided above, for the cost of paying the Common Charges or rent and the maintenance of such Unit. In the event any Units are acquired by the Board of Managers, the title shall be held by the Board on behalf of all Unit Owners in proportion to their percentage of Common Interest. Any sale of such Unit shall be made by the Board on behalf of all Unit Owners in proportion to their percentage of Common Interests. While owned by the Board of Managers, such Unit may be used for any purpose that it could be used for by an individual Unit Owner. However, in no event may the Board of Managers at any meeting of Unit Owners vote the votes appurtenant to that Unit.

(5) All leases are subject to the consent of the Board of Managers, such consent shall not be unreasonably withheld. All leases must be for a minimum period of one (1) year (with each such lease being to a specific named tenant and with no right to substitute any other tenant during the term of the lease). All leases shall be consistent with the By-Laws and shall contain such reasonable conditions as the Board of Managers may impose in order to protect the physical and financial security and continuity of the Condominium, including (but not limited to) provisions that a lease may not be modified, amended, extended or assigned, without the prior consent in writing of the Board of Managers; that the tenant shall not sublet the demised premises, or any part thereof, without

the prior consent in writing of the Board of Managers; that the Board of Managers shall have the right to terminate the lease on not less than thirty (30) days prior written notice upon foreclosure of the lien granted by Section 339-z of the New York State Real Property Law; and that the Board of Managers may establish other reasonable regulations governing leases of Units from time to time. Except as set forth above, the form of any such lease shall be substantially the then current form of apartment lease recommended by The Real Estate Board of New York, Inc. with such modifications as may be approved in writing by the Board of Managers.

The foregoing restrictions on leasing and the contents of leases contained in this Section shall not apply to a Unit owned by Sponsor, or a Unit owned by a mortgagee who took title for its own account in foreclosure or a deed in lieu of foreclosure.

(6) Each Unit Owner, at the closing of title to this Unit, shall be required to execute a Power of Attorney in the form contained in of Part II of the Plan, which (in part) designates the Board of Managers and their successors, as his attorneys in fact, coupled with an interest, for the purpose of waiving or exercising a right of first refusal to purchase a Unit and the right to consent to all leases (and taking such steps as may be needed to implement such action); selling, conveying, mortgaging, leasing, subleasing (but not voting the votes of) or otherwise dealing with Units acquired by the Board of Managers or their designee, on behalf of all Unit Owners, borrowing funds to repair the Common Elements pursuant to Real Property Law Section 339-jj, and filing tax protests on behalf of the Unit Owners.

I. Review of Real Estate Tax Assessments.

It shall be the responsibility of the individual Unit Owners, at their sole cost and expense, to review the real estate tax assessments of their Units and, if they so desire, to take any steps necessary to review and challenge such assessments. However, the Board of Managers reserves the right, on behalf of all Unit Owners, to challenge any assessment at the expense of the Condominium.

J. Amendments to Condominium Declaration and By-Laws.

The Declaration may be amended upon a vote of 67 percent (67%) of the Unit Owners in number and whose percentage of common interest in the aggregate exceeds 67 percent (67%) held at a duly called meeting of the Unit Owners, provided however, that:

(i) No amendment shall change any Condominium parcel, nor a Unit Owner's proportionate share of the common charges, nor the voting rights appurtenant to any Unit, unless all record Owner(s) affected thereby and the first mortgagees, if any, of each of these same Units agree to such amendment by recorded instrument.

(ii) No amendment shall be passed which shall impair or prejudice the rights and priorities of the Sponsor without the Sponsor's consent.

The By-Laws may be amended at any duly called Unit Owners meeting; provided: (1) that

the notice of the meeting shall contain a full statement of the proposed amendment; (2) that the Amendment shall be approved by 67 percent (67%) of the Unit Owners in number and common interest (or such lesser amount as may be required by law); and (3) said amendment shall be set forth in a duly recorded amendment to the Declaration. However, no amendment will affect or impair the validity or priority of the Unit Owner's interest and the interests of holders of a mortgage encumbering a Unit or Units. No amendment shall adversely affect the Sponsor or its designee without the prior written consent of Sponsor or such designee.

Subject to the foregoing restrictions, and pursuant to the Power of Attorney executed by Unit Owners, the Board of Managers is also appointed the attorney in fact for each Unit Owner to make such amendments to the Declaration and By-Laws as it may deem necessary or appropriate in its business judgment.

K. Unit Owner Power of Attorney.

Upon the transfers of title to any Unit, the Unit Owners will be required to execute a Power of Attorney in favor of the Board of Managers to exercise certain rights on behalf of the Condominium, such as exercising or waiving a right of first refusal lease a Unit (and taking such steps as may be needed to implement such action), borrowing funds to repair the Common Elements pursuant to Real Property Law Section 339-jj, protesting the Condominium's real estate tax valuation with the City of New York, or amending the Declaration or By-Laws of the Condominium. The form of Power of Attorney appears as Exhibit B in Part II. The Power of Attorney will reflect the rights of the applicable parties to amend the Declaration to implement these changes.

L. Termination.

The Condominium may be terminated by withdrawing the property from the provisions of the New York Condominium Act, by an affirmative vote of not less than 80 percent (80%) of Unit Owners in number and whose percent of Common Interest equals in the aggregate, not less than 80 percent (80%). The Sponsor shall not cast the votes of any Unsold Units it holds for such withdrawal unless votes equaling 80 percent (80%) in number and of the Common Interest have been so cast or unless at least 80 percent (80%) in number and in Common Interest of all other Unit Owners have voted to terminate. If the Unit Owners vote to terminate the Condominium the Property shall be subject to an action for partition by any Unit Owner or lienor and the net proceeds of sale shall be divided among all the Unit Owners in proportion to their respective Common Interests, provided that no Unit Owner shall receive any payment until there has first been paid out of such Unit Owner's share of the net proceeds all liens on his Unit.

20. REAL ESTATE TAXES.

After the closing of title, each Unit will be taxed as a separate tax lot for real estate tax purposes. As a result, a Unit Owner will not be responsible for the payment of, nor will his or her Unit be subjected to, any lien arising from the non-payment of taxes on other Units.

Under Section 339-y of the NYS Real Property Law, the aggregate assessments of all Units cannot exceed the assessment of the Property if the Property were assessed as a single parcel.

Moreover, under Section 581 of the NYS Real Property Tax Law, real property owned on a Condominium basis cannot be assessed at a higher amount than if the parcel were not owned on a Condominium basis. Thus the assessing authority customarily bases its calculation of assessed valuation as if the Property were a rental property, and each Unit were rented at fair market value. Once such valuation is established, generally the assessed valuation of each Unit is calculated based on the percentage of common interest of each Unit in the deemed assessed valuation of the Property. However, subject to the foregoing limitations, the tax assessment for each Unit may be allocated on a basis that differs from the allocation of common interests.

A. **First Year of Condominium Operation**.

As set forth in the real estate tax estimate by The Mazursky Group, Inc., 42 Broadway, Suite 1744, New York, New York ("**The Mazursky Group**"), Sponsor's real estate tax appraiser, the Renovated Buildings are expected to be assessed at "transitional value" for the 2004/2005 and 2005/2006 tax years. The assessed valuation for the Renovated Buildings in 2004/2005 is projected at $173,801, with a tax rate of $12.25 per $100 of assessed valuation. For the 2005/2006 tax year, the projected assessed valuation for the Renovated Buildings is $2,205,641, with a tax rate of $12.00 per $100 of assessed valuation.

Until the New Construction Units on the vacant lots are substantially complete, this portion of the Condominium will be valued as vacant and unimproved. As set forth in the opinion from The Mazursky Group, the assessed value of the vacant lots is expected to be at the "transitional value" during the 2004/2005 and 2005/2006 tax years. The assessed valuation for the vacant lots in 2004/2005 is projected at $20,808, with a tax rate of $11.25 per $100 of assessed valuation. For the 2005/2006 tax year, the projected assessed valuation for the vacant lots is $71,588, with a tax rate of $11.00 per $100 of assessed valuation.

Using the relative rental values of the Residential Renovated Units and Commercial Units, The Mazursky Group estimates that of the tax liability described above, 69% will be allocated to the Residential Units and 31% will be allocated to the Commercial Units located in the Renovated Building. The City is not bound by this allocation and it may elect to attribute a greater proportion of the real estate taxes to the Residential Units (e.g., based on the percentage pf common interest of each Unit).

Individual projected real estate taxes for both the Renovated Units and the vacant lots during the first year of Condominium operation are a composite of the 2004/2005 and 2005/2006 tax years, due to the projected closing date of January 1, 2005. The first six (6) months are based on the assessed valuation for the fiscal year beginning July 1, 2004 and the last six (6) months of taxes are based on the projected assessed value for the fiscal year beginning July 1, 2005.

B. **Second Year of Condominium Operation**.

As set forth in the real estate tax estimate by The Mazursky Group, the Renovated Buildings are expected to be assessed at "transitional value" for the 2005/2006 and 2006/2007 tax years. As noted above, the assessed valuation for the Renovated Buildings in 2005/2006 is projected at $2,205,641, with a tax rate of $12.00 per $100 of assessed valuation. For the 2006/2007 tax year,

the projected assessed valuation for the Renovated Buildings is $3,349,873, with a tax rate of $12.00 per $100 of assessed valuation.

Until the New Construction Units on the vacant lots are substantially complete, this portion of the Condominium will be valued as vacant and unimproved. As set forth in the opinion from The Mazursky Group, the assessed value of the vacant lots is expected to be at the "transitional value" during the 2005/2006 and 2006/2007 tax years. As noted above, the assessed valuation for the vacant lots in 2005/2006 is projected at $71,588, with a tax rate of $12.00 per $100 of assessed valuation. For the 2006/2007 tax year, the projected assessed valuation for the vacant lots is $2,342,368, with a tax rate of $12.00 per $100 of assessed valuation.

Using the relative rental values of the Residential Renovated Units and Commercial Units, The Mazursky Group estimates that of the tax liability described above, 69% will be allocated to the Residential Units and 31% will be allocated to the Commercial Units located in the Renovated Building. The City is not bound by this allocation and it may elect to attribute a greater proportion of the real estate taxes to the Residential Units (e.g., based on the percentage pf common interest of each Unit).

Individual projected real estate taxes during the second year of Condominium operation are a composite of the 2005/2006 and 2006/2007 tax years. The first six (6) months are based on the assessed valuation for the fiscal year beginning July 1, 2005 and the last six (6) months of taxes are based on the projected assessed value for the fiscal year beginning July 1, 2006.

C. **Third Year of Condominium Operation.**

If there are no further changes in the assessed valuation, the real estate taxes during the third year of Condominium operation will largely reflect the full value of the Completed Building, $6,300,000, which is comprised of $2,800,000 for the Renovated Building and $3,500,000 for the New Construction Building, as set forth in the opinion by The Mazursky Group.

The estimates of The Mazursky Group presume that the Sponsor begins construction on the 42 New Construction Residential Units, and 1 New Construction Commercial Unit in Fall 2004 and that construction is complete 12 months thereafter.

The Sponsor makes no representation as to the accuracy of the (i) assessed value of the Property; (ii) projected assessed value of the Property; (iii) tax rate; or (iv) method of assessing real property used by the Mazursky Group. In addition, the tax assessment for each Unit may be allocated on a basis that differs from the allocation of common interests.

Frequently there is a delay between the establishment of the Condominium and separate billing from the Department of Finance to each Unit. If the Units have not been separately assessed for real estate tax purposes prior to the closing of title to a Unit, each Unit Owner will place in escrow with the Condominium an amount equal to the real estate taxes allocable to the Unit for the next succeeding half tax year after the half-year in which the closing occurs in accordance with the provisions of Section 14(C) of the Plan, until such separate assessment has been made. The tax assessment for each Unit may be allocated on a basis that differs from the allocation of common interests.

The By-Laws of the Condominium provide that the Board of Managers has the power to request a reduction in the taxable assessed valuation of the Condominium on behalf of all Unit Owners. Each Unit Owner has delegated such right to the Board of Managers by Power of Attorney executed at the closing.

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

The Sponsor has been advised by its attorneys, Smith, Buss & Jacobs LLP, 733 Yonkers Avenue, Yonkers, New York, that for Federal Income tax purposes, under Sections 163 and 164 of the Internal Revenue Code of 1986, as amended, a Unit Owner will be entitled to a deduction for interest paid or accrued with respect to any mortgage indebtedness encumbering the Unit(s) and for real estate taxes paid or accrued with respect to the Unit. It is also the opinion of Sponsor's Counsel that each Unit Owner for New York State and New York City income tax purposes, will be entitled to a deduction equivalent to that which is allowed for Federal income tax purposes for such mortgage interest and real estate taxes paid or accrued during the taxable year.

It should be noted, however, that such deductions may be curtailed if (among other events): (i) the Unit is not occupied by the Unit Owner as his or her first or second home; (ii) mortgage indebtedness exceeds the purchase price of the Unit (plus the costs of any improvements thereto); (iii) the Unit is utilized for professional or business use or for the production of income; and/or (iv) the Unit Owner is subject to Alternative Minimum Tax.

Specific exemptions from real estate taxes may be available for veterans, senior citizens, or government rebate programs. Purchasers are advised to consult their attorneys to determine if this or any other exemption may be available to them.

All Purchasers are advised to consult with their counsel to determine their tax liability for the particular circumstances.

Each Unit Owner's proportionate share of the income received by the Board of Managers, including, but not limited to, income, if any, from the sale or leasing of Units owned by the Board of Managers or its designee on behalf of all Unit Owners (or from similar sources), will either be includable by the Unit Owner as taxable income for Federal and New York State income tax purposes, or taxed on the Condominium itself. If the Condominium is required to pay taxes, the amount thereof will be levied as an additional Common Charges. In such event this additional Common Charge may also be subject to tax.

Under Section 528 of the Internal Revenue Code, a Condominium may be eligible to be exempt from taxation on Common Charges collected from the Unit Owners, provided the requirements of Section 528 are met. One of the requirements to be met is that at least 85 percent (85%) of the total square footage of the Units must be used by individuals as residences or (if unoccupied) zoned for individuals as residences. Because the total square footage of the Commercial Units is less than 15 percent (15%) of the total square footage of the Residential Units, this criterion is met. As currently used, the Condominium may elect to be treated as a homeowners

association under Section 528.

Notwithstanding the availability of a Section 528 exemption, in the opinion of counsel, it does not appear that the Condominium's members would incur substantial taxes if the Condominium were treated either as their agent or as a partnership for tax purposes. If, as anticipated, the Condominium income is largely offset by expenses, the ultimate income tax payable would be small. Hence, the major concern, if Section 528 is not available, is in assuring that the net taxable income derived from the Condominium's activities in any year is minimal. With careful attention to the various accounting and other administrative details, this should not be difficult to accomplish. For example, assessments for capital expenditures should be made and held in trust by the Board of Managers until the funds are disbursed, and careful documentation to this effect should be prepared on each occasion.

The opinion of Sponsor's Counsel is not a guarantee. It is based upon existing rules of law applied to the facts and documents referred to above. No assurances can be given that the tax laws upon which counsel base this opinion will not change. In no event will the Sponsor, the Sponsor's counsel, the Board of Manager of the Condominium, the Selling Agent, Managing Agent or any other person be liable if the Unit Owners cease to meet the requirements of the Internal Revenue Code of 1986, as amended, or the New York State tax law, as amended, if there are changes in the facts on which counsel relied in issuing its opinion, or if there are changes in the applicable statutes or regulations.

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22. OPINION OF COUNSEL re: DEDUCTIBILITY OF TAXES

March 29, 2004

Gateway II LLC
c/o Gaetano and Associates, Inc.
400 Executive Boulevard
Ossining, New York 10562

Re: The Gateway Condominium
2098 Eighth Avenue, New York, New York

Dear Sir/Madam:

You have requested our opinion with respect to the deductibility for Federal and New York State income tax purposes of mortgage interest and real estate taxes paid by a person (a "Unit Owner" or an "Owner") who purchases a unit (a "Unit") under the offering plan for the above-referenced condominium (the "Plan"). The Plan provides for the condominium conversion of the existing buildings to thirty-three (33) residential Units and two (2) commercial Units and the construction of forty-two (42) residential Units, one (1) superintendent's unit, and one (1) commercial Unit on the two adjacent vacant lots.

In connection with this opinion, we have reviewed the Plan, including the schedules and exhibits thereto. The opinions expressed in this letter are based upon the assumptions that the Plan becomes effective and is consummated in accordance with its terms so that valid condominium ownership of the premises known as The Gateway Condominium, 2098 Eighth Avenue, New York, New York (the "Condominium") is established upon the filing of a condominium declaration. In our opinion, pursuant to the Plan:

A. A Unit Owner will own fee simple title to his or her Unit and an undivided interest in the Common Elements;

B. Each Unit, together with its appurtenant interest in the Common Elements, will be a separate tax lot for purposes of New York County and City of New York real estate taxation, and the Unit Owner will be directly liable for the real estate tax assessment with respect to his or her Unit, but not with respect to any other Unit;

C. Subject to certain restrictions described in the Declaration and By-Laws of the Condominium, a Unit Owner may mortgage his or her Unit as he or she wishes, and the Unit will not be subject to the lien of any mortgage placed on other Units; and

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D. A Unit Owner may transfer his or her Unit subject, with certain exceptions, to certain rights of the Board of Managers as described in the Plan.

Under the Plan, the Condominium will be managed by a Board of Managers whose members will be elected by the Unit Owners (and by the Sponsor of the Plan, to the extent that the Sponsor owns any Units). We also understand that the Condominium will, at least initially, be an unincorporated association under New York law. The Plan and the By-Laws provide that the expenses incurred in the operation and maintenance of the Condominium exclusive of the Units themselves (the "Common Expenses") shall be borne by the individual Unit Owners and assessed (in proportion to each Unit Owner's Common Interest) and collected by the Condominium Board on behalf of the Condominium (the "Common Charges").

Based upon the foregoing, it is our opinion that an individual Unit Owner who purchases a Residential Unit as his or her principal or second residence and who itemizes deductions will be entitled, under present tax laws and regulations, to deduct from adjusted gross income, for Federal income tax purposes, real estate taxes, if any, assessed against such Owner's Unit, as well as qualified residence interest on acquisition indebtedness up to $1,000,000 ($500,000 for a married individual filing a separate return) secured by a Unit (See Sections 163(h) and 164 of the Internal Revenue Code of 1986, as amended (the "Code"). We express no opinion as to the availability of such deductions under applicable requirements of the Code with respect to payment of alternative minimum tax under Sections 55-59 of the Code, or as to the availability of such deductions to the owner of a Residential Unit which is not used as the Unit Owners' principal or second residence (e.g., a rental unit).

Where an owner does not occupy the condominium unit but holds it instead as an investment, current federal tax law imposes a limit on the amount of interest that is deductible equal to the taxpayer's net investment income for the year. The deduction is also considered a miscellaneous deduction that (together with other miscellaneous deductions) must exceed 2 percent (2%) of adjusted gross income to have effect. An investor-owner should obtain the opinion of his own tax advisor to determine how the investment interest limitation affects him/her.

Common Charges will be borne by Unit Owners and assessed and collected by the Board of Managers. If the Condominium is treated for tax purposes as merely the agent of the Unit Owners, the income received by the Board of Managers and the Condominium, and the expenses incurred would be deemed to be income and expenses of the individual Unit Owners, in proportion to their respective interests, and the amount of such income less such expenses would be taxable to them in the same proportion. See, e.g., Rev. Rul. 74-563.

The law in this area is uncertain, though. If the Internal Revenue Service asserts that the Condominium constitutes an association under the default rules of Section 301.7701-3(b), it would be taxable as a partnership unless it elects to be taxable as a corporation. If so, members of the Condominium would be subject to Federal income tax on their pro-rata share of the Condominium's income.

Receipts by the Condominium from capital or special assessments are not taxable income where the funds are properly treated as trust funds, or set aside in separate bank accounts for a specific purpose, designated as such and properly accounted for. See GCM 36188; Rev. Rul. 75-371. Interest earned on these funds would be taxable income as discussed below. Annual assessments in excess of annual expenses will also be includable in the Condominium's income, unless the member-owners are given the option to have excess assessments returned to them at the end of each year. See Rev. Rul. 70-604; TAM 9539001; Mission Heights Homeowners Association v. US, 96-2 USTC ¶ 50,489 (S.D. Cal).

Under Section 528 of the Internal Revenue Code, a Condominium Management Association may elect to be exempt from Federal tax on membership fees, dues, assessments and other "exempt function income" received from the owners of the condominium units who are members of the association. To be exempt function income, the income must be received by the association as part of the obligation of ownership of the residential property and not as payment for private services. For example, annual fees for special facilities such as tennis courts are exempt but guest fees, rentals of a clubhouse for a private party and interest earned by the association are not. The association is taxed on its non exempt function income less any expenses directly connected with the production of this taxable income.

To qualify for the above election, which must be made annually, the following requirements must be met:

1. It must be organized and operated to carry out exempt functions such as management, maintenance and care of association property.

2. At least 60 percent (60%) of gross income must consist of membership dues, fees or assessments from the owners of the residences.

3. At least 90 percent (90%) of annual expenditures must be to acquire, construct, manage, maintain, care for or improve association property.

4. No part of net earnings may inure to the benefit of any private shareholder or individual.

5. Substantially all (at least 85%) of the total square footage of the Units must be used by individuals as residences or (if unoccupied) zoned for individuals as residences.

Based on the information provided to us regarding the use of the units, it appears that the Condominium will qualify as a homeowners association under Sec. 528, and accordingly, its membership income should not be subject to federal tax.

Nevertheless, it does not appear that the Condominium's members would incur substantial taxes even if Section 528 did not apply, i.e., if the Condominium is treated either as their agent or as a partnership for tax purposes. If, as anticipated, its income is largely offset by expenses, the ultimate income tax payable would be small. Hence, the major concern, if Section 528 is not available, would

lie in assuring that the net taxable income derived from the Condominium's activities in any year is minimal. With careful attention to the various accounting and other administrative details, this would not be difficult to accomplish. For example, assessments for capital expenditures would be made and held in trust by the Board of Managers until the funds were disbursed, and careful documentation to this effect should be prepared on each occasion.

Please note further that it is also possible that other sources of income, such as interest on interim investments by the Board of Managers, income from concessions or rentals, if any, and possibly income from the sale of Units acquired by the Board of Managers pursuant to its right of first refusal, may be subject to federal or state income taxation.

The New York State Department of Taxation and Finance is likely to take the position that the Condominium is subject to the New York State Corporation Franchise Tax even though the Condominium does not (absent an election) constitute an association taxable as a corporation for federal income tax purposes. In addition, regardless whether or not the Condominium is subject to any corporate taxes, the New York City Department of Finance may take the position that the Condominium is subject to the New York City Unincorporated Business Tax.

We express no views as to any federal or New York State tax consequences, or as to any aspects of the Plan, other than those aspects explicitly discussed in this opinion, or as to any tax status of the Plan under the laws of any other jurisdiction. Thus, this opinion does not deal with tax consequences which may result from ownership of a Unit in connection with a Unit Owner's trade or business, or for the purposes of investment or the production of income, or which may result to a foreign Unit Owner by reason of his or her foreign status. This opinion also does not deal with the tax consequences which may arise if Units or Common Elements are acquired, sold, and/or leased by the Board of Managers. Thus, each person contemplating the purchase of a Unit is strongly advised to consult his or her own tax advisor as to all such tax matters (as well as with respect to the tax matters discussed in this opinion).

Tax laws, regulations and rulings are subject to change by the federal and state governments and their agencies, and also by judicial interpretation. Moreover, facts and conditions assumed in this opinion are subject to change. To the extent that such changes may occur, no warranties or assurances are made that the Internal Revenue Service or the New York State Department of Taxation and Finance will allow income tax deductions. Neither the Sponsor nor the counsel to the Sponsor will be liable if such changes occur and as a result it is determined that the income tax deductions referred to herein are not allowable in whole or in part.

We hereby authorize the use of this opinion, or reproduction thereof, in the Plan.

Very truly yours,

SMITH, BUSS & JACOBS, LLP

By: _____
Kenneth R. Jacobs, Partner

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23. WORKING CAPITAL FUND.

At the time of the closing of title to each Unit, the Sponsor will collect the equivalent of four (4) months' of common charges for the Working Capital Fund of the Condominium, based upon the common charges set forth in Schedule A. Within ninety (90) days after First Unit Closing, the Sponsor shall pay into the Working Capital Fund of the Condominium the equivalent of four (4) months' common charges for any remaining Unsold Units in the Renovated Buildings. Thereafter, when title to an Unsold Renovated Unit is conveyed by the Sponsor, the Purchaser of such Unit shall reimburse the Sponsor at the closing of title for the amount contributed to the Working Capital Fund.

The Sponsor will obtain a Temporary Certificate of Occupancy ("TCO") prior to closing title on any New Construction Units. At the time of the closing of title to each New Construction Unit, the Sponsor will collect the equivalent of four (4) months' of common charges for the Working Capital Fund of the Condominium. Within ninety (90) days of receipt of such TCO, the Sponsor shall make an additional Working Capital Fund contribution which is the equivalent of four (4) months' of common charges for any Unsold New Construction Units. Thereafter, when title to an Unsold New Construction Unit is conveyed by the Sponsor, the Purchaser of such Unit shall reimburse the Sponsor at the closing of title for the amount contributed to the Working Capital Fund.

In the event that the closing adjustments with the Condominium Board as set forth in the section of the Plan titled "Closing Adjustments With the Condominium Board" result in a net credit to Sponsor, the Board of Managers may be required to draw on the Working Capital Fund to pay such adjustments to Sponsor. After deducting net closing adjustments, the Working Capital Fund may be held or used at any time for working capital, to make repairs or for such other appropriate purposes permitted under the Declaration and the By-Laws as will be determined by the Board of Managers in its sole discretion.

No provision has been made in the Budget for a Reserve Fund in excess of the amount contributed to the Working Capital Fund. The Sponsor believes that the amount of the Working Capital Fund will be sufficient to pay for major capital improvements or replacements to the Building which are reasonably foreseeable within five (5) years from the date of this Plan. However, the Sponsor makes no representation or warranty to that effect. If additional funds are required, it may be necessary to increase Common Charges or assess the Unit Owners.

As long as the Sponsor retains control of the Board of Managers, the Working Capital Fund shall not be used to reduce estimated Common Charges.

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

24. MANAGEMENT AGREEMENT AND OTHER CONTRACTUAL ARRANGEMENTS.

At the First Unit Closing, the Board of Managers shall enter into a management agreement with Manhattan Property Managers, Inc. (an affiliate of Sponsor) to manage the Building. In the alternative, the Sponsor may employ another company on terms which are no more expensive or restrictive to the Board of Managers than those set forth below.

The management agreement may not be canceled for a period of two (2) years, commencing on the date of the First Unit Closing, unless the managing agent shall default in the performance of its obligations under the agreement.

The fee for the first year of operation shall be $28,000, which shall be paid in equal monthly installments; the fee for the second year shall be $60,000. After the second year, the management agreement may be canceled by either party at any time on sixty (60) days notice. The Managing Agent may not assign the agreement to another entity without the consent of the Board, not unreasonably withheld or delayed.

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

(a) billing and collecting Common Charges and assessments from Unit Owners;

(b) causing the Common Elements, to be maintained, repaired and altered in the manner deemed advisable by the Board of Managers, except that the prior written approval of one of the designated officers the Board is necessary for an expenditures of over $5,000. for any one item of ordinary repairs or alterations (other than emergency repairs);

(c) contracting for necessary services for the Common Elements (such as utilities and exterminating);

(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 of the Condominium, including the resident Superintendent, if any, subject to union contracts, if any;

(g) rendering monthly statements of receipts and disbursements to the Board of Managers;

(h) maintaining payroll records and causing to be prepared and filed all necessary forms for unemployment insurance, social security taxes and withholding taxes and all other forms

required by any federal, state or municipal authority;

(i) maintaining and operating bank accounts of the Condominium;

(j) considering and, when reasonable, attending to complaints of Unit Owners, tenants and subtenants, provided that if it shall deem any complaint unreasonable it shall so advise the Board of Managers and give reasons for its opinion;

(k) cooperating with the accountants and auditors engaged by the Board of Managers in regard to the preparation of all tax returns and annual statements;

(l) supervising the moving in and out of Unit Owners and tenants;

(m) sending to each Unit Owner each year a statement, furnished by the accountants of the Condominium, showing tax data relevant to the Unit Owners;

(n) making all arrangements necessary for the holding of the meetings of the Unit Owners and the Board of Managers of the Condominium;

(o) at the direction of the Board of Managers, carrying out required procedures and giving required notifications as set forth in the Condominium Declaration and By-Laws, in connection with the exercise of the right of first refusal on a proposed sale of lease of Units;

(p) maintaining accurate sets of books for the Condominium (other than books of account to be maintained by the Condominium's accountants) and orderly files of rent records, insurance policies, leases, receipted bills and the like;

(q) sending notices, preparing agendas, and attending the annual meeting of Unit Owners.

The annual financial statement with respect to the Condominium will not be prepared by the Managing Agent. Such statement will be prepared by an independent certified public accountant engaged by the Board of Managers, whose fees are to be paid by the Board of Managers and charged to the Unit Owners as a Common Expense. However, after control of the Board passes to Unit Owners other than the Sponsor, the Board reserves the right to provide financial statements in form reasonably satisfactory to the Board.

All expenses incurred by the Managing Agent in performance of its duties will be reimbursed by the Board of Managers and charged to the Unit Owners as a Common Expense. In addition, the Board of Managers will indemnify the Managing Agent against any claims or liabilities in connection with acts properly performed by it pursuant to the instructions of the Board of Managers or for personal injury or property damage not resulting from the Managing Agent's negligence or willful misconduct.

The Board of Managers may elect to obtain a bond exclusively for the benefit of the Condominium, with a surety company authorized to do business in the State of New York, to protect

against loss incurred by the Condominium through any improper acts of the officers and employees of the Managing Agent. The cost of the bond is included in the common charge estimate for insurance.

The Managing Agent will receive a reasonable fee from the Unit Owner for services rendered in connection with processing each application for the sale of a Unit by a Unit Owner (other than the Sponsor), including obtaining a waiver of the right of first refusal and other agreements necessary to properly effect the transfer of an interest in the Unit. The Managing Agent shall receive a reasonable fee for assisting the Board of Managers with the preparation of an annual budget and for processing of each application for the lease of a Unit by a Unit Owner other than the Sponsor. Additionally, with the exception of Units owned by Sponsor, the Managing Agent shall receive a reasonable fee to process each application to renew the lease of a Unit to the same lessee.

Sponsor represents that at the time of the First Unit Closing there shall be no service contracts which will be binding upon the Condominium other than as set forth above.

25. IDENTITY OF PARTIES.

Sponsor

The Sponsor of the Offering Plan is Gateway II, LLC, a New York limited liability company which was formed on January 1, 2002, with an office c/o Gaetano and Associates, Inc., 400 Executive Boulevard, Ossining, New York 10562. The Managers of the Sponsor are Steven C. Gaetano ("Mr. Gaetano"), Matthew Gaetano and Michael Gaetano, c/o Gaetano and Associates, Inc, 400 Executive Boulevard, Ossining, New York 10562 . Mr. Gaetano is an architect and real estate developer. Matthew Gaetano is the manager of construction for the Sponsor and Michael Gaetano is the manager of finance for the Sponsor. None of the principals of the Sponsor have been involved in any prior condominium offerings within the past five (5) years.

Selling Agent

The Selling Agent is Halstead Property, LLC (the "Selling Agent"), a licensed real estate brokerage company, with an office at 784 Broadway, New York, New York 10003. Neither the Selling Agent nor its principals have any financial interest in the Property or the Sponsor, except that they will be paid a fee for services. The Selling Agent was founded in 1984 as a real estate brokerage company servicing the New York City area. In addition, the Selling Agent has managed rental and condominium buildings in Manhattan for the last three (3) years.

Managing Agent

The Managing Agent is Manhattan Property Managers, Inc., with an office at 282A West 114th Street, New York, New York 10026. The Managing Agent has two (2) years experience in managing rental properties in the New York area. Steven C. Gaetano, a principal of the Sponsor, serves as

President and Lore Gaetano serves as the Vice President of the Managing Agent.

The Managing Agent currently manages two properties located in Manhattan: 300 West 112th Street and 2053 Eighth Avenue.

Engineers and Architect

The Engineer is Lynn Levine of LPE Engineering, P.C.,141 West 36th Street, Suite 1801, New York, New York 10018. LPE Engineering is a structural engineering firm, specializing in repair and restoration work throughout New York City since 1999. Services include construction administration, structural design, and due diligence reports.

The Mechanical Engineer is Steven Snyder of Engineering Solutions, PLLC, 1140 Broadway, Suite 204, New York, New York 10001. Steven Snyder, P.E. is licensed in the State of New York. The engineer has relevant experience in forecasting utility costs for both commercial and residential properties. The engineer has experience preparing these schedules in the past.

The Architect is Steven C. Gaetano of Steven C. Gaetano Architects, P.C., c/o Gaetano and Associates, Inc., 400 Executive Blvd., Ossining, New York 10562. Ms. Levine has reviewed the building plans and specifications for the Renovated Units and the proposed New Construction Units, which Mr. Gaetano prepared, and has issued her engineer's certification on the basis of that review and her own independent inspection of the Renovated Units.

Neither the Engineer nor the Mechanical Engineer have any financial interest in the Property or the Sponsor, except that they will be paid a fee for services. The Architect is a principal of the Sponsor and does have a financial interest in the Property.

Counsel to Sponsor for Offering

The Sponsor has retained the law firm of Smith, Buss & Jacobs LLP, 733 Yonkers Avenue, Yonkers, New York 10704, to represent it in the preparation of the Offering Plan. Kenneth R. Jacobs, Esq. of this law firm prepared the Declaration, and the By-Laws, this Plan, the form of purchase agreement, the form of deed and all other documents necessary in connection with the formation of the Condominium, and is advising the Sponsor in connection with all legal matters incidental thereto.

No separate counsel has been retained to represent the Condominium. It is suggested and expected that each Purchaser will consult and be represented by his own counsel in connection with this Offering.

The above-noted counsel have no financial interest in the Property or the Sponsor, except that they will be entitled to a fee for their services.

26. REPORTS TO UNIT OWNERS.

It is the obligation of the Board of Managers of the Condominium to give all Unit Owners annually:

1) a financial statement of the Condominium prepared by a certified public accountant or public accountant by April 30th of each calendar year, which report shall be certified while the sponsor controls the Board of Managers;

2) prior notice of annual Unit Owners' meetings; and

3) a copy of the proposed annual budget of the Condominium no later than fifteen (15) days prior to the date set for adoption thereof by the Board of Managers, which budget shall be certified as adequate by an independent expert while the Sponsor controls the Board of Managers.

27. DOCUMENTS ON FILE.

The Sponsor shall keep 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, on file and available for inspection without charge and copying at a reasonable charge at the offices of Halstead Property, LLC, 784 Broadway, New York, New York (the Selling Agent) for a period of six (6) years from the date of the first Unit closing. The Sponsor shall deliver to the Board of Managers a copy of all documents filed with the appropriate recording office at the time of the First Unit Closing.

28. SPONSOR'S STATEMENT OF SPECIFICATIONS OR BUILDING CONDITION.

Attached in Part II of the Plan is the Engineer's Description of Property and Building Condition detailing the work to be performed by the Sponsor in renovating the Buildings.

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

Purchasers should review the entire Report for more information regarding the nature of the renovation work performed at the Buildings.

29. GENERAL.

A. Each Unit Owner shall be required to comply with and abide by the Declaration, the By-Laws and the Regulations of the Condominium made in accordance therewith and to pay the Common Charges levied by the Board of Managers. Such obligations shall be enforceable by the Board of Managers by foreclosure of the statutory lien against the Unit for the amount of any such unpaid Common Charges or by suit to collect the same by action for damages, by injunction or by other appropriate relief.

B. There are no lawsuits or other legal proceedings pending which would materially affect this Offering, the Purchasers of Units, the Property, Sponsor's capacity to perform all its obligations under the Plan, the Condominium or the operation thereof.

C. To the best of Sponsor's knowledge, the Property has not been the subject of any prior public offering.

D. The Declaration and By-Laws of the Condominium are made part of this Offering Plan. If there is any inconsistency between the terms of this Offering Plan and the terms set forth in the Declaration, then the terms of the Plan shall prevail.

E. Annexed to the By-Laws are the Regulations of the Condominium which shall apply unless amended by the Board of Managers.

F. This Plan contains an accurate summary of the pertinent provisions of the various documents referred to herein and copies thereof are on file with the Sponsor for inspection purposes. Any information, data, or representation not referred to in this Plan and not contained in the various documents mentioned herein, must not be relied upon. This Plan does not knowingly omit any material fact or contain any untrue statement of a material fact. No person has been authorized by the Sponsor to make any representation which is not expressly contained in the Plan.

G. If there is an amendment to the Plan that materially adversely affects Purchasers, the Sponsor will grant Purchasers a right of rescission for a period not less than fifteen (15) days after the date of presentation of the amendment to exercise the right. The Sponsor must return any deposit or down payment to Purchasers who rescind. The Sponsor may condition the return of the down payment to interim lessees (if any) to their vacating the Unit.

H. Sponsor hereby represents that neither it, nor any of its agents, will refuse to sell or offer, or will otherwise discriminate against any person or persons by reason of their race, religion,

color or place of national origin in the sale, transfer or lease of Units described in this Plan.

I. This Plan may not be changed or modified orally.

Dated: October ____, 2004
New York, New York

Gateway II, LLC
Sponsor

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PURCHASE AGREEMENT
GATEWAY CONDOMINIUM
NEW YORK, NEW YORK

Unit No.: ____		**Percentage of Common Interest: _____**
Purchaser(s):		**Tel. No.**
Name		**Fax No.**
Address		
Purchaser(s):		
Name		**Tel. No.**
Address		**Fax No.**
Purchaser's Attorney:		
Name		**Tel. No.**
Address		**Fax No.**
		Email:
Co-Broker :		
Name		**Tel. No.**
Address		**Fax No.**
Purchase Price	**$**	
Down Payment	**$**	**(Payable to "SBJ - Gateway Condominium Special Escrow Account")**
Balance Due at Closing	**$**	

Statement of Seller:

GATEWAY II, LLC, with an address at c/o Gaetano and Associates, 400 Executive Boulevard, Ossining, NY 10562, a New York limited liability company ("**Seller**"), has promulgated a Plan of Condominium Ownership ("**Plan**") for Gateway Condominium, 2098 Eighth Avenue, New York, New York ("**Condominium**") pursuant to which the land, with appurtenances, and the units ("**Units**") being constructed thereon by Seller, located in the City of New York, County of New York, will be declared to be a condominium under the provisions of Article 9-B of the Real Property Law of the State of New York on the terms and conditions more particularly set forth in the Plan.

Statement of Purchaser:

Purchaser acknowledges as follows:

Purchaser has received and read a copy of the Plan and all filed amendments thereto. The Plan and amendments, which include the Declaration to be made by the Seller and to be recorded in the Office of the New York City Register, the schedules, By-Laws and Rules and Regulations attached thereto, are incorporated herein by reference and made part of this Agreement with the same force and effect as if fully set forth herein.

PURCHASER HAS HAD THE OPPORTUNITY TO REVIEW THE OFFERING PLAN AND ANY FILED AMENDMENTS FOR NOT LESS THAN THREE (3) DAYS.

Purchaser is desirous of purchasing the above-numbered Unit, as designated in the Declaration and on the floor plans filed or to be filed in the aforesaid City Register's Office, together with an undivided interest in the Common Elements appurtenant thereto (the above-numbered Unit and the undivided interest being hereinafter collectively called the "**Unit**");

Agreement Between Seller and Purchaser:

For good and valuable consideration, receipt of which is hereby acknowledged, Seller and Purchaser mutually agree as follows:

1. **Payment for Unit:** Seller hereby agrees to sell and Purchaser hereby agrees to purchase the Unit for the Total Purchase Price stated above. The Down Payment stated above has been paid on the signing of this Agreement, receipt of which by check, subject to collection, is hereby acknowledged by Seller. The Balance Due at Closing shall be payable at the closing of title, as hereinafter provided in Paragraph 2, by unendorsed certified check of Purchaser, or teller's or cashier's check, drawn on a bank or trust company which is a member of the New York Clearing House Association, to the order of the Seller or as Seller may direct.

2. **Acceptance by Seller**. Within twenty (20) days after delivery to Seller or its Agent by Purchaser of this Purchase Agreement, executed by Purchaser, Seller will either:

(a) accept this Agreement and cause to be returned to Purchaser a fully executed counterpart thereof; or

(b) reject this Agreement offer and refund the down payment tendered by Purchaser. If Seller takes no action within the aforesaid twenty (20) day period the Purchase Agreement shall be deemed null and void and the down payment shall be returned.

3. **Closing of Title**: The closing of title shall take place on no less than thirty (30) days written notice to Purchaser at such place as Seller may designate, at an hour and on a date (hereinafter called the "**Closing Date**") to be specified by Seller. The closing of title may be adjourned to such later date as the parties may agree upon in writing, or otherwise as set forth in the following paragraph, and the adjourned date shall then be deemed the Closing Date hereunder. Purchaser shall be entitled to one reasonable adjournment of up to thirty (30) days, on five (5) days written notice by Purchaser to Seller, subject to the provisions of Paragraph 7. However, Purchaser may not seek an adjournment of any kind based upon any provision set forth in Paragraph 18(a) herein. **TIME WILL BE OF THE ESSENCE AS TO THE ADJOURNED CLOSING DATE.**

The Seller shall be entitled to reasonable adjournments in the closing of title in the event of delays by reason of weather conditions, strikes or material shortages, or delays in inspections and reports thereon, or other requirements. However, if Seller shall be unable to convey title to the unit within twelve (12) months after the projected date for the first Unit closing under the Plan, except for (i) delays due to strikes, acts of God, wars, lockouts, military operations, national emergencies, installation of public utilities, governmental restrictions preventing Seller from obtaining necessary supplies or materials, or (ii) Purchaser's default, Seller or Purchaser shall have the right to cancel this Purchase Agreement upon written notice within fifteen (15) days subsequent to the end of such twelve (12) month period, and upon such cancellation, Purchaser shall be entitled to the return of any moneys paid by Purchaser to Seller under the terms of this Agreement, with interest, if any.

At the closing of title, Seller shall deliver to Purchaser a bargain and sale deed in the form contained in Part II of the Plan, with covenant against grantor's acts, conveying the Unit to Purchaser, executed and acknowledged by Seller in form for recording.

Title to the Unit will close only after, or concurrently with, the occurrence of the events set forth in "Conditions of Closing Title to Individual Units" in Section 14 of the Plan, entitled "Terms of Sale".

4. **Power of Attorney to Board of Managers and Seller:** At the closing of title and simultaneously with the delivery to Purchaser of the deed conveying the Unit, Purchaser shall execute and acknowledge the power of attorney to the Board of Managers and the Seller in the form contained in Part II of the Plan. Purchaser agrees to deliver such power of attorney to Seller at the closing of title for recording and to pay the recording fee.

5. **Limited Financing Contingency:**

(a) If Purchaser is electing to obtain financing, the obligations of Purchaser hereunder are conditioned upon issuance on or before the 45th day after the date of this Agreement of a written commitment from certain lending institutions that are designated by the Sponsor ("**Sponsor Designated Lender**") on or before the date of this Purchase Agreement, subject to the following conditions and limitations:

(i) The financing contingency is only applicable to mortgage financing of no more than eighty percent (80%) of the purchase price (or such lesser amount as Purchaser shall apply for) at the Sponsor Designated Lender's prevailing rate of interest and for a customary loan term, secured by a first mortgage on the Unit;

(ii) Purchaser shall apply to at least one (1) Sponsor Designated Lender for such first mortgage loan within ten (10) days after the date of this Agreement;

(iii) Purchaser shall furnish accurate and complete information to the Sponsor Designated Lender relating to Purchaser, as required;

(iv) Purchaser shall pay all fees, points and charges required in connection with such application and loan; and

(v) Purchaser shall pursue such application with diligence, and generally cooperate in good faith with such Sponsor Designated Lender to the end of securing such first mortgage. Purchaser shall notify the Sponsor promptly of the name and address of each Sponsor Designated Lender or other lender to which Purchaser has given an application. Purchaser shall furnish Seller with a copy of such commitment promptly after receipt thereof. If Purchaser fails to obtain such a commitment from a Sponsor Designated Lender on or before the 45th day after the date of this Agreement, Purchaser shall have the right to cancel this contract by giving notice to Seller by the 50th day after the date of this Agreement. Upon cancellation, the Down Payment and accrued interest shall be promptly refunded to Purchaser, and neither party shall have any further rights against, or obligations or liabilities to the other by reason of this Agreement. If Purchaser does not give such notice to Seller on or before the 50th day after the date of this Agreement or if the Purchaser has not applied to at least one (1) Sponsor Designated Lender, this Agreement shall not be terminated by virtue of this paragraph and the Agreement shall remain in full force and effect, except that Purchaser's right to cancel under this Paragraph shall be deemed waived. A mortgage commitment conditional upon the Purchaser's selling any property that Purchaser owns, the liquidation or reduction of any existing installment debt prior to closing, or the furnishing of documents and information reasonably available to Purchaser, shall be deemed a firm mortgage commitment which satisfies the limited financing contingency clause in this Agreement.

(b) If Purchaser obtains a financing commitment from a Sponsor Designated Lender and the commitment lapses or expires before the actual closing date through no fault of Purchaser, Purchaser shall make a good faith effort to extend the commitment, including payment of a reasonable and customary extension fee to the Lender and acceptance of changes in the interest rate to reflect prevailing market conditions. If the Lender is unwilling to extend the commitment on those terms, Purchaser shall have the right to cancel this Agreement by notice given to Sponsor within ten (10) days after receiving the Sponsor Designated Lender's notice of refusal to extend the commitment. In case of cancellation, the applicable provisions of subsection (a) shall apply.

(c) As used in this Agreement, "Lender" means any person or entity in the business of making loans to persons seeking to purchase residential homes. A mortgage broker who does not have independent lending capacity shall not be deemed to be a "Lender" under this Agreement.

(d) In the event that Purchaser uses a lender other than the Sponsor Designated Lenders, no financing contingency will apply to this Agreement. As a result, Purchaser will not have the right to cancel the Purchase Agreement if the Purchaser fails to obtain mortgage financing, or if the Purchaser's existing mortgage financing lapses or is canceled.

6. **Condition of Title:**

(a) Seller agrees to convey to Purchaser title in fee simple to the Unit, free and clear of all liens and encumbrances other than those set forth in the Plan (specifically in Part I thereof in the section titled "Terms of Sale") and Exhibits submitted in connection therewith. Notwithstanding the above, the existence of unpaid taxes or liens of any kind at the time of title closing shall not constitute an objection to title, provided that a reputable title insurance company licensed to do business in the State of New York shall be willing to insure against collection of same from the Unit herein described. The parties agree that the Seller may pay and discharge any liens and encumbrances upon the property, not provided for in the Plan or this Agreement, out of the monies to be paid by the Purchaser at the time of closing title.

(b) Purchaser agrees that all terms and provisions of this Agreement are and shall be subject and subordinate to the lien of any building loan mortgage or development loan mortgage and any advances heretofore or hereafter made thereon, and any payments or expenses which at any time were or may be incurred pursuant to the terms thereof, incidental thereto or to protect the security thereof, without the execution of any further legal documents by Purchaser. This subordination shall apply whether such advances are voluntary or involuntary and whether made in accordance with the building loan schedule of payments or accelerated thereunder by virtue of lender's right to make advances before they become due in accordance with the schedule of payments. However, at closing the Unit will be conveyed free and clear of all mortgage liens.

7. **Expenses of Closing and Closing Adjustments:**

(a) Purchaser will pay the closing costs and expenses referred to in the Section of the Plan (as same may be amended to date) entitled "Unit Closing Costs and Adjustments", including the following:

(i) fee title insurance;

(ii) deed, power of attorney and any mortgage agreements recording fee;

(iii) mortgage costs chargeable by the lender, mortgage title insurance, and mortgage taxes (including a reimbursement to the Seller for mortgage tax previously paid by the Seller as per subsection (d) below);

(iv) two months of common charges and projected real estate taxes for the working capital fund (unless the Sponsor has previously made such contribution, in which case payment shall be made to the Sponsor);

(v) attorneys' fees of Seller (as detailed in the Plan), Purchaser and Mortgage Lender (if any);

(vi) New York State and New York City real property transfer taxes attributable to the transfer of the Unit, as described in the Plan;

(vii) Escrow for real estate taxes payable with respect to the Unit for the next tax payment period following the Closing Date; and

(viii) If the purchase price of the Unit exceeds $1,000,000, an additional New York State tax due under Article 31 of the Tax Law, currently equal to 1 percent (1%) of the purchase price.

Purchaser should refer to Section 14 of the Plan for a detailed description and calculation of the estimated closing costs and adjustments to be borne by Purchaser.

(b) If Purchaser adjourns the Closing, the Purchaser will be liable for all common charges and real estate taxes assessed against the Unit from and after the scheduled closing date; and interest on the purchase price at the rate of 12 percent (12%) per annum from the scheduled closing date until the actual closing date to reimburse the Sponsor for its lost opportunity costs with respect to the unpaid purchase price.

(c) Except as otherwise provided in this agreement, real estate taxes and Common charges and expenses shall be adjusted between Seller and Purchaser as of midnight preceding the Closing Date in accordance with the provisions of the Plan. Any such expenses or adjustments payable to Seller in excess of Two Hundred ($200.00) Dollars will be paid by certified check or bank check.

8. **Default by Purchaser:**

(a) If Purchaser shall fail to pay any portion of the purchase price when due; fail to close title on the date, hour and place specified by Seller pursuant to Paragraph 3 hereof; fail to perform any of Purchaser's other obligations hereunder; or if any of Purchaser's representations in this Agreement shall be untrue in any respect, Purchaser shall be in default, and Seller may send a notice to Purchaser to cure the default within thirty (30) days. If within the thirty (30) day period Purchaser shall fail to cure the default, Seller, at its option, may cancel this Agreement by notice of cancellation to Purchaser. If Seller shall elect to cancel this Agreement, Seller shall certify to its counsel that title has not closed because of Purchaser's default and that Seller has elected to cancel this Agreement by reason thereof Counsel shall thereupon pay over to Seller as liquidated damages the Down Payment and the interest earned thereon, if any. Upon such payment being made each of the parties hereto shall be relieved of any further liabilities or obligations hereunder. If this Agreement shall be canceled by Seller, Seller may sell the Unit to any third party and shall be under no obligation to account to Purchaser for any part of the proceeds of such sale. Counsel may rely upon the truth and accuracy of the facts contained in Seller's certification and the authority of the person or persons executing the same and shall have no liability as a result of such reliance.

(b) TIME IS OF THE ESSENCE AS TO PAYING THE BALANCE DUE, AND AS TO CURING ALL DEFAULTS WITHIN ANY GRACE PERIODS GRANTED HEREUNDER. FAILURE TO MAKE A PAYMENT WITHIN THE GRACE PERIOD AFTER A PURCHASER IS CALLED UPON TO MAKE SUCH PAYMENT MAY RESULT IN LOSS OF THE DOWN PAYMENT AND CANCELLATION OF THE PURCHASE AGREEMENT. Purchaser should consult his or her own attorney prior to executing a Purchase Agreement.

(c) In the event of an uncured default by Purchaser in his or her obligations under the Purchase Agreement, no more than 10 percent (10%) of the purchase price, plus any interest earned thereon and the cost of any special work performed for the Purchaser, may be retained as liquidated damages. Seller agrees not to seek the remedy of specific performance in connection with Purchase Agreements as to which there has been a default by Purchaser. No down payment or other monies shall be released pursuant to an uncured default by Purchaser before the First Unit Closing

9. **Agreement Subject to Plan Becoming Effective; Seller's Right to Cancel:** This Purchase Agreement is contingent upon the Plan being declared effective. The Plan may be abandoned by Seller at any time prior to its being declared effective and shall be abandoned and deemed abandoned if it has not been declared effective within the time prescribed by the Plan. If the Plan is abandoned or does not become effective this Purchase Agreement shall be deemed canceled, and the plan terminated and not later than forty-five (45) days thereafter, all monies paid by Purchaser hereunder shall be refunded in full, and upon such repayment no party shall have any claim against any other party, person or entity, and all parties shall be released from all obligations hereunder and under the Plan. Seller may cancel this agreement if any of the following occur: (a) any government bureau, department or subdivision thereto shall impose restrictions on the manufacture, sale, distribution, or use of materials necessary in the construction of residential housing and such restrictions shall prevent the Seller from obtaining such materials from its regular suppliers or from using same in the construction or completion of the dwellings; or (b) Seller is unable to obtain materials from its usual sources due to strikes, lockouts, war, military operations and requirements, national emergencies, acts of God or if the installation of public utilities is restricted or curtailed. If Seller elects at any time to cancel this agreement pursuant to any rights granted under the Plan, Seller's cancellation shall be effective by forwarding its check in the full amount paid by the Purchaser and interest earned, together with a notice in writing, addressed to the Purchaser at his address set forth on page 1.

10. **Agreement May Not Be Assigned:** Purchaser shall have no right to assign this Agreement without the prior consent in writing of Seller and any purported assignment of this Agreement in violation hereof shall be voidable at the option of Seller.

11. **Survival:** The closing of title to the Unit and the delivery of the deed thereto shall be deemed full compliance by Seller with each and every term of this Purchase Agreement, except as to any item specifically listed and excepted therefrom.

12. **No Representations:** Except as specifically set forth herein or in the Plan, Purchaser acknowledges that he has not relied upon any architect's plans, sales plans, selling brochures, representations, warranties or statements of any nature, whether made by Seller, the Selling Agent, Seller's Counsel, or otherwise, including, but not limited to, any relating to the description or physical condition of the building or the Unit, the size or the dimensions of the Unit or the rooms therein contained or any other physical characteristics thereof, the building services, the estimated Common Charges and expenses allocable to the Unit, the availability of any tax benefits, or the right to any income tax deduction on account of any real estate taxes or mortgage interest paid by Purchaser. Purchaser agrees that Seller shall have no liability or responsibility to Purchaser if the layout or dimensions of the Unit or any part thereof or of the Common Elements as shown on the floor plans or on the architectural plans and specifications for the building are not accurate or correct provided such layout or dimensions conform substantially to the floor plans and the architectural plans and specifications for the building and the site as modified or supplemented in accordance

with the Plan and that Purchaser will not be relieved from his obligations hereunder by reason of any minor inaccuracy or error.

13. **Recording of Deed and Power of Attorney:** At the closing of title, Purchaser will deliver the executed deed received from Seller and executed and acknowledged power of attorney to the representative of the title company, if any, or to Seller for recording in the Office of the City Register, County of New York. Such deed and power of attorney will be in the forms annexed hereto (and made a part hereof) as set forth in Part II of the Plan.

14. **Binding Effect:** This agreement shall not be effective or binding on Seller until a counterpart hereof is executed by Seller and delivered to Purchaser. Subject to the provisions hereof, this Purchase Agreement shall bind and inure to the benefit of the parties hereto, their heirs, personal representatives, successors and assigns.

15. **Monies to be Held in Trust, Payment of Purchase Price; Notice of Closing:** The required down payment pursuant to this Agreement will be 10 percent (10%) of the purchase price for the Unit as set forth in the Plan, as amended. Smith, Buss & Jacobs, LLP is the escrow agent under this Agreement ("**Escrow Agent**"). All monies received by Seller through its agents or employees pursuant to this Agreement will be deposited with Carver Federal Savings Bank, 75 West 125th Street, New York, New York 10027 in an account or accounts entitled **"SBJ-Gateway Condominium Special Escrow Account"** or similar name, which account or accounts shall be interest-bearing for the benefit of the Purchaser in accordance with Section 71-a(3) of the Lien Law. Such funds will be held in trust in accordance with the escrow and trust provisions of Sections 352(h) and 352-e(2)(b) of the New York General Business Law, and Regulations, if any, promulgated pursuant to said Section 352-e(2)(b). Such funds will be disbursed only upon the signature of Counsel for the Sponsor as follows: (i) to Seller if the Plan is declared effective and title closes hereunder or if Purchaser defaults hereunder; or (ii) to Purchaser if the plan is abandoned or withdrawn or title does not close because of Seller's default, or this Agreement is canceled (without default by either party) in accordance with its terms. Down payments, with any accumulated interest, shall remain the property of the Purchaser except as provided by law.

Down payments will be retained in the Escrow account as set forth above until: (i) Seller performs under the terms of the Purchase Agreement; (ii) Purchaser rescinds or defaults in performance, thereby excusing performance by Seller; (iii) release or discharge of Seller's liability to refund such down payment; (iv) upon transfer of title to the Unit to the Purchaser; or (v) by mutual consent of Seller and Purchaser.

The parties acknowledge that the Escrow Agent for the down payment is also counsel for the Sponsor. Purchaser agrees that in case of any dispute relating to the disposition of the down payment, counsel for the Sponsor may continue to represent the Sponsor.

The provisions of Section 11, sections (11) and (12) of the Plan are incorporated into this Agreement as if set forth in full herein.

16. **Equipment and Furnishings:** Seller will provide Purchaser only with fixtures, equipment, hardware, appliances and furnishings referred to in the Plan, which are included in the purchase price of the Unit. Furnishings, equipment, appliances and decorations in any model unit or sales office that are not referred

to in the Plan are excluded from this sale unless specifically included by a rider to this Purchase Agreement. The cost of any such special items will be an addition to the purchase price.

17. **Acceptance of Condition of Unit; Risk of Loss:**

(a) Purchaser shall accept title without abatement in or credit against the purchase price, and without provision for escrow, notwithstanding that Seller may not have completed construction of (i) minor details of the Unit or the Building; (ii) another Unit; or (iii) portions of the Common Elements that do not materially affect Purchaser's access to and use of the Unit.

(b) (i) The risk of loss from fire or other casualty with respect to each Unit shall remain with Seller until the closing of title, but without any obligation or liability by Seller to repair or restore any Unit. In case of damage or destruction of a Unit due to fire or other casualty prior to the closing, Seller will have the right to elect whether to repair or restore the Unit, which election shall be in the Seller's sole discretion. If the Seller elects to restore the Unit, the Purchase Agreement shall continue in full force and effect, and the Purchaser shall not have the right to reject title or receive a credit or abatement against the purchase price for the Unit. In that event the Seller shall be entitled to a reasonable period of time within which to complete the repair or restoration, and any insurance proceeds shall belong solely to the Seller. If the Seller elects not to restore the Unit, or (if the damage occurs after the establishment of the Condominium but before closing of title to the Unit) the Board of Managers elects not to restore the common elements of the Condominium, the Purchase Agreement shall be deemed cancelled, the Seller shall return to Purchaser all sums deposited thereunder (together with interest), and the parties shall have no further liability to each other. Purchaser may nullify such cancellation (provided the damage relates solely to an individual Unit and does not affect the common elements of the Condominium) by notice given within 10 days thereafter, agreeing to take title subject to the damage without abatement or reduction in the purchase price, but with an assignment of all insurance proceeds allocable to the repair of the Unit. In that case, at closing the Seller shall assign to the Purchaser all insurance proceeds allocable to the Unit and the Seller shall have no further responsibility to repair the Unit. The foregoing rights apply only if Purchaser is not in default. If Purchaser is in default under the Purchase Agreement at such time, the Purchaser may not nullify the Seller's option to cancel and the Seller may retain all sums paid as liquidated damages.

(ii) Notwithstanding part (i), if Purchaser enters into actual possession of a Unit prior to the closing of title, the Purchaser shall bear the risk of loss or other casualty with respect to that Unit, i.e., the Purchaser will be obligated to bear the cost of restoring the Unit to the same extent as if the Purchaser had already taken title.

18. **Inspection, Condition of Units:** At least one (1) day before Closing, a representative of the Sponsor and Purchaser shall inspect the Unit. At the conclusion of the inspection Purchaser will complete and sign an inspection statement in the form annexed as Exhibit A. Purchaser's signing of this Purchase Agreement shall constitute its acceptance of the Unit and the Building in the condition in which it shall be at the time of Closing, subject solely to the "Exceptions" noted on the inspection statement (including the existing kitchen, bathroom and other appliances, fixtures, equipment, air conditioning units and installations, if any, which are owned by the Sponsor) and in accordance with Sponsor's rights and obligations under the Plan. By closing title, Purchaser waives any claim regarding the condition of the Unit except as set forth in the inspection statement. Purchaser shall be in default under this agreement if Purchaser fails to inspect the

Unit with a representative of the Sponsor on or before the day before the scheduled Closing Date. Except as expressly provided in this Agreement or the Plan, Sponsor shall have no obligation to repair or improve the Unit, any portion of Property, or the appliances, equipment, or fixtures attached to or used in connection with the Unit or the Property.

19. **Possession of Unit Prior to Closing:** It is expressly understood and agreed that the Purchaser shall in no event take possession of the unit prior to the time of the delivery of the deed and full compliance by the Purchaser with the terms of this agreement, and should the Purchaser violate this provision, the Purchaser consents that the Seller shall have the right to remove him from the Unit as a squatter and intruder by summary proceedings. Upon the Purchaser's unauthorized possession, the Purchaser shall be deemed in default hereunder at the option of the Seller, and if the Seller so elects, the Seller may cancel this Agreement and the amount deposited hereunder shall belong to the Seller as liquidated damages deemed earned hereunder. It is further understood and agreed that the Seller will not be responsible for damage or loss to any property belonging to Purchaser, whether same is delivered to the property before, on or after the closing of title herein.

20. **Limitation of Seller's Liability:** Except as may otherwise be required by law, the Seller's liability under this agreement for failure to complete any portion of the Unit or Building, or deliver title for any reasons whatsoever shall be limited to the return of the money deposited hereunder (with interest, if any), and upon the return of said money, this Agreement shall be null and void and the parties hereto released from any and all liability hereunder. In any event, the Seller shall not be required to bring any action or preceding or otherwise incur any expense to render the title to the Unit marketable or to cure any objection to title.

21. **Definitions:** The term "Purchaser" shall be read as "Purchasers" if more than one person are Purchasers, in which case their obligations shall be deemed joint and several. The terms used herein shall have the same meanings as ascribed thereto in the Plan.

22. **Gender:** The use of the masculine gender in this Purchase Agreement shall be deemed to refer to the feminine gender or to an entity whenever the context so requires.

23. **Other Agreements:** This Purchase Agreement supercedes any and all understandings and agreements between the parties and constitutes the entire agreement between them and no oral representations or statements shall be considered a part hereof.

24. **Amendment of Purchase Agreement:** This Purchase Agreement may not be amended, altered or discharged except by agreement in writing signed by the party sought to be charged therewith or by his, her or its duly authorized agent.

25. **Brokerage**: Purchaser represents and warrants to Seller that Purchaser did not negotiate with any broker for the purchase of the Unit other than Halstead Property, LLC ("Selling Agent") and the agents set forth on page 1 of this Agreement (if any). Purchaser hereby agrees to indemnify, defend and hold harmless

Seller, the Selling Agent, and their respective agents, counsel and employees, from any claims by any other broker that alleges that it has dealt with Purchaser in connection with the purchase of the Unit.

26. **Governing Law:** This Purchase Agreement shall be governed by and construed in accordance with the law of the State of New York.

27. **Jury Waiver:** Purchaser hereby waives trial by jury in any action, proceeding, or counterclaim involving any matter whatsoever arising out of, or in any way connected with this Purchase Agreement, or the relationship of the parties as Purchaser and Seller, or the right of Purchaser to any statutory relief or remedy.

28. **Binding Effects of Declaration, By-Laws, Plan, Rules and Regulations:** Purchaser hereby agrees to be bound by the Declaration, By-Laws, the Rules and Regulations and the Plan.

29. **Notices**: Any notice to be given hereunder shall be in writing and sent by registered or certified mail or personal delivery as follows: if to Purchaser, at the address set forth on page 1 or at such other address as Purchaser may hereafter designate in writing; and if to Seller, to: Gateway II, LLC, c/o Gaetano and Associates, Inc., 400 Executive Boulevard, Ossining, New York 10562. The date of mailing shall be deemed to be the date of the giving of notice, except that the date of actual receipt shall be deemed to be the date of the giving of any notice of change of address.

30. **Conflict with Plan:** Any conflict between the Plan and this Purchase Agreement will be resolved in favor of the Plan.

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. **No Recording:** This Purchase Agreement shall not be recorded. Recording of the Purchase Agreement is an event of default hereunder.

33. **Bona Fide Purchase:** Purchaser represents that:

(i) he or she is an individual over eighteen years of age;

(ii) he or she is a bona fide purchaser of the unit for occupancy or investment; and

(iii) he or she is not an employee, shareholder, member or limited partner of the Sponsor, Selling Agent, or any principal thereof, nor is he or she related by blood, marriage or adoption or as a business affiliate to the Sponsor or the Selling Agent.

In witness whereof, each party has signed this Agreement.

Dated:_____

_____
Purchaser

_____
Purchaser

Accepted: Gateway II, LLC

By: _____

Dated: _____

EXHIBIT A

FINAL INSPECTION STATEMENT

Date:_____

Gateway II, LLC
c/o Gaetano and Associates, Inc.
400 Executive Boulevard
Ossining, New York 10562

Re: Unit ___ at
Gateway Condominium
2098 Eighth Avenue
New York, New York

Ladies and Gentlemen:

This is to confirm that based on the undersigned's personal inspection of the above-referenced Unit, I (we) have found the Unit, its floors, walls, doors, fixtures, appliances, equipment, hardware and all other items listed below, to be in good and satisfactory condition, free of chips, mars, scratches, breaks or other defects, except for those matters(if any) expressly noted below under "exceptions" requiring repair, adjustment or correction.

This statement will be signed by Sponsor's representative and Purchaser at the time of the walk-through inspection, which shall occur prior to the Closing Date.

Purchaser is aware that Seller's obligation to repair or correct items on this Inspection Statement is conditioned upon Seller's ability to gain access to the Unit. Purchaser agrees that if Purchaser does not provide the Seller, its agents or contractors access to the Unit within ten (10) days after receipt of notice from Seller that it is prepared to complete the Inspection Statement work in the Unit, then Seller shall have no further obligation to complete the work.

	Exceptions (if any)	**Purchaser's Initials**
1. Walls		
2. Floors		

	Exceptions (if any)	Purchaser's Initials
3. Ceilings		
4. Windows (glass, sash, pane. sills, etc.)		
5. Doors		
6. Electric Fixtures		
7. Painted Surfaces		
8. Kitchen Cabinets		
9. Appliances		
10. Kitchen Sink		
11. Medicine Cabinet(s)		
12. Vanity(ies)		
13. Water Closet(s)		
14. Bathtub(s)		
15. Shower Door(s)		
16. Bathroom tile		
17. Hardware (doorbell, doorknobs, faucet(s), locks, etc.)		
18. Other		

We understand that to prevent pilferage certain items, such as medicine cabinet doors, shower heads, toilet seats and towel bars will be installed just prior to the date we move in.

The undersigned will sign and deliver to Sponsor a separate statement signifying our satisfaction with each item excepted above (if any), immediately upon the completion of the repair, adjustment or correction of same.

The undersigned understands and agrees that Sponsor shall not be obligated to make any repairs, adjustments or corrections to the Unit or any portion thereof or its fixtures, appliances, equipment, etc., contained therein, from or after the date of delivery of possession of the Unit to the undersigned, except

as to those items (if any) expressly excepted above (and Sponsor's obligation regarding any such excepted items shall cease upon the completion of the repair, adjustment or correction of same).

Very truly yours,

_____
Purchaser's Signature

Acknowledged:
Gateway II, LLC

By: _____
Authorized Representative

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POWER OF ATTORNEY

I (we) _____,
residing at _____ the owner(s) of Condominium Unit No. _____ in the Condominium known as Gateway Condominium ("**Condominium**") covering the property located in the City of New York, County of New York, do hereby irrevocably nominate, constitute and appoint the members of the Board of Managers of Gateway Condominium ("**Condominium Board**") and their successors, jointly, true and lawful attorneys-in-fact for the undersigned, coupled with an interest, with power of substitution. in my (our) name and on my (our) behalf pursuant to the plan of Condominium ownership evidenced by the Declaration and By-Laws filed with respect to the Condominium to: (1)(a) vote on, exercise or waive any right of first refusal to purchase or lease a Unit available to the Condominium under the By-laws of the Condominium; or (b) acquire, in their own name or in the name of their designee or assignee by deed on behalf of all owners of Condominium Units in said property, any Condominium Unit whose owner desires to abandon the same or whose owner desires to sell the same. or which shall be the subject of a foreclosure sale or in lieu of a foreclosure sale at such price and on such terms as my (our) said attorneys-in-fact shall, in their sole discretion deem proper; and thereafter to convey, sell, lease, sublease, mortgage, vote or otherwise deal with such Condominium Unit so acquired on such terms as my (our) attorneys-in-fact may in their sole discretion determine granting to my (our) said attorneys-in-fact the power to do all things in the said premises which I (we) could do if I (we) were personally present; (2) execute, acknowledge and deliver (a) any declaration or other instrument affecting the Condominium that the Condominium Board deems necessary or appropriate to comply with any law, ordinance, regulation, zoning resolution, or requirement of the Department of Buildings, the City Planning Commission, the Zoning Board and Appeals, or any other public authority, applicable to the maintenance. demolition, construction, alteration, repair or restoration of the Condominium, or (b) any consent, covenant, restriction, easement, or declaration, or any amendment to the Declaration of Condominium or Bylaws affecting the Condominium or the Common Elements that the Condominium Board deems necessary or appropriate; (3) file applications and protests (or employ persons to do same) in my (our) name and stead with respect to the assessed valuation of my (our) Unit. and to execute all documents and pay all costs in connection therewith; (4) vote to supplement or amend any provision of the Declaration and By-laws of the Condominium on my (our) behalf, as the Board may deem necessary or appropriate (except that nothing herein shall restrict me (us) from amending the Declaration or By-laws pursuant to a vote of Unit Owners in accordance with the provisions of such documents), so long as no such amendment increases my financial obligations if fewer than all other Unit Owners are similarly affected, or changes my percentage of common interest; and (5) act as my agent and attorney-in-fact on my behalf, at my expense, to take such action against any tenant or occupant of my Unit, including (but not limited to) maintaining summary proceedings for eviction or engaging in other litigation, as the Condominium Board may deem necessary in order to protect the interests of the Condominium if (a) such tenant or occupant remains in possession of the Unit after any lease or occupancy agreement for the Unit has been terminated or expires; or (b) such tenant or occupant violates the terms of the Condominium Documents or any lease or occupancy agreement between myself and such tenant or occupant.

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

The undersigned (does) (do) hereby irrevocably nominate, constitute and appoint Gateway II, LLC, its members, successors and assigns, severally ("**Sponsor**") as attorneys-in-fact for the undersigned, coupled with an interest, with power of substitution, to (a) amend from time to time the Declaration, By-Laws and the Rules and Regulations of said Condominium, or any of said documents, when such amendment (1) shall

be required to reflect any changes in unsold Units or the reapportionment of the Common Interests of the affected unsold Units resulting therefrom made by the Sponsor in accordance with the Declaration; or (2) shall be required by (i) an institutional lender designated by Sponsor to make a mortgage loan secured by a mortgage on any Unit, (ii) any governmental agency having regulatory jurisdiction over the Condominium, or (iii) any title insurance company selected by Sponsor to insure title to any Unit; however, any amendment made pursuant to the terms of subdivision (1) or (2) of this paragraph shall not (i) change the Common Interest of the undersigned's 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 held by an institutional lender covering the undersigned's Unit unless the undersigned (in the event described in subdivision (iii) of this paragraph) shall consent thereto by joining in the execution of such amendment. In addition, the Sponsor is designated as the attorney- in fact for the undersigned to execute any documents that may be required to be filed with the City of New York in order to complete construction of the common elements of the Condominium or to make an alteration to an Unsold Unit permitted under the Declaration and By-laws of the Condominium. 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 Sponsor shall cease to own any Unit in Gateway Condominium.

The undersigned (does) (do) hereby irrevocably nominate, constitute and appoint the owner of the Commercial Unit, its members, successors and assigns, severally ("**Commercial Unit Owner**") as attorneys-in-fact for the undersigned, coupled with an interest, with power of substitution, to (a) amend from time to time Declaration, By-Laws and the Rules and Regulations of said Condominium, or any of said documents, when such amendment shall be required to reflect any changes in the Commercial Unit or the reapportionment of the Common Interests of the affected Commercial Unit resulting therefrom made by the Commercial Unit Owner in accordance with the Declaration; or (b) to execute any documents that may be required to be filed with the City of New York in order to make an alteration to the Commercial Unit permitted under the Declaration and By-laws of the Condominium.

This power of attorney is coupled with an interest and is irrevocable.

IN WITNESS WHEREOF, I (we) have hereunto set my (our) hand(s) and seal this _____ day of _____, 20___.

_____

_____

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

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

_____
NOTARY PUBLIC

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UNIT DEED

THIS INDENTURE made the day of _____, 20__ between Gateway II, LLC (**"Grantor"**) a limited liability company existing under the laws of the State of New York having a place of business c/o Gaetano and Associates, Inc., 400 Executive Boulevard, Ossining, NY 10562, and _____ (**"Grantee"**).

WITNESSETH:

That the Grantor, in consideration of Ten Dollars ($10.00), lawful money of the United States. and other good and valuable consideration, paid by Grantee, does hereby grant and release unto the Grantee, their heirs and successors and assigns of the Grantee forever,

The Condominium Unit (the "Unit") known as Unit No.___ in the building designated as Gateway Condominium in the Declaration establishing a plan for Condominium Ownership of said premises under Article 9-B of the Real Property Law of the State of New York (the "New York Condominium Act") dated _____ recorded in the Office of the Register of New York County (the "Register's Office") on Reel in Page _____, and also designated as Tax Lot in Block 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 said building certified by _____ R.A., Architect, and filed with the Real Property Assessment Department of the City of New York on _____ as Condominium Plan No. _____, and also filed in the City Register's Office on _____ as Map No._____ . The premises within which the Unit is located (the "Property") is more particularly described in Schedule A attached hereto and made a part hereof.

Together with an undivided _____% in the common elements of the Condominium to said premises. Together with the appurtenances and all the estate and rights of the Grantor in and

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

SUBJECT TO the provisions of the Declaration, By-Laws, and Floor Plans of the Condominium recorded or filed simultaneously with and as part of the Declaration, as the same may be amended from time to time by instruments recorded or filed in the Office of the City Register of the County of New York, which provisions, together with any amendments thereto shall bind any person having at any time any interest or estate in the Unit, as though such provisions were recited at length herein.

TO HAVE AND TO HOLD the premises herein granted unto the Grantee. the heirs or successors and assigns of the Grantee forever.

AND the Grantor covenants that the Grantee has not done or suffered anything whereby the said premises have been encumbered in any way whatever, except as aforesaid.

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

By acceptance of this deed, Grantee ratifies the provisions of the Declaration and the By-laws of the Condominium recorded simultaneously with and as part of the Declaration and agrees to comply with all the terms and provisions thereof, as the same may be amended from time to time by instruments recorded in the Office of the New York City Register, County of New York, and to comply with the rules and regulations of the Condominium.

The use for which the Unit is intended is that of residential occupancy subject to the applicable governmental regulations and the restrictions contained in the Declaration.

This conveyance was authorized by a vote of the holders of two thirds of the membership interest of the Grantor a meeting duly noticed and called for that purpose.

The word "party" shall be construed as if it read "parties" whenever the sense of the indenture so requires.

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

Grantor: Gateway II, LLC

By:_____

Grantee:

By:_____

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

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

NOTARY PUBLIC

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

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

_____
NOTARY PUBLIC

SCHEDULE A
PROPERTY DESCRIPTION

[TO BE INSERTED]

LPE ENGINEERING, P.C.

Re: Gateway Condominium, 2098 Eighth Avenue, NY, NY

Dated: March 1, 2004

(A) LOCATION AND USE OF PROPERTY.

(1) The Condominium shall cover property located at 2094, 2096, 2098, 2100, 2102 and 2104 Eighth Avenue, New York, New York 10026. The shells of four existing buildings at 2094, 2096, 2098 and 2104 Eighth Avenue (collectively, the "**Renovated Units**") will be combined with the new construction on two lots having the addresses 2100 and 2102 Eighth Avenue, New York, New York (the "**New Construction Units**") to form a single building with the address of 2098 Eighth Avenue (the "**Completed Building**"). The portion of the Condominium comprised of Renovated Units shall be referred to collectively as the "**Existing Renovated Buildings**" and the portion of the Condominium comprised of New Construction Units shall be referred to collectively as the "**New Construction Building**".

The following New Construction Units will be constructed partially or entirely over the 5th Floor of the Existing Renovated Buildings: 6N, 6O, 6P, 6R, 6Q, 7N, 7O, 7P, 7R, 7Q, 8N, 8O, 8P, 8R, 8Q, 9N, 9O, 9P, 9R, and 9Q.

(2) The Completed Building will be located on block 1829. The existing lot numbers are as follows:

2094 Eighth Avenue, Lot 3 ("**2094**").

2096 Eighth Avenue, Lot 4 ("**2096**").

2098 Eighth Avenue, Lot 64 ("**2098**").

2100 Eighth Avenue, Lot 63 ("**2100**").

2102 Eighth Avenue, Lot 62 ("**2102**").

2104 Eighth Avenue, Lot 61 ("**2104**").

(3) All of the Lots are zoned as R8A and C1-4;

(4) The permissible use of the Completed Building is residential and commercial.

141 WEST 36TH STREET, SUITE 1801, NEW YORK, NY 10018
P 212.564.8531 F 212.564.8534

626 WEST 165TH STREET, NEW YORK, NY 10032
P 212.568.6437 F 212.568.5763

(B) STATUS OF CONSTRUCTION.

EXISTING RENOVATED BUILDINGS:

(1) The Existing Renovated Buildings were constructed in the early 1900s;

(2) The Existing Renovated Buildings are classified as a Class 3, non-fireproof structures and are fully sprinklered;

(3) The Sponsor will obtain at least a temporary certificate of occupancy prior to the first Unit closing;

(4) Alteration permit numbers for the 2094 building 1031253952-01-AL and for the 2104 building 1031253961-01-AL.

(5) The Existing Renovated Buildings will be gut rehabilitated to create 33 residential units and 2 commercial units before being combined with the New Construction Units to form the Completed Building. The renovated buildings gut rehabilitation includes replacement of all structural elements, mechanical, electrical, plumbing & heating elements, concrete slabs and arches, window lintels, parapet walls, interior partitions & finishes, windows & doors, finished floors, kitchen & bath cabinets, fixtures and appliances, exit stairs, storefronts & entrances. The renovated buildings will also be equipped with new dishwashers in apartments, a new laundry room, a new refuse chute and compactor, a new elevator (only in the 2098 building, the 2104 building will be a walk-up until combined with the new construction), a new security system and new intercom system with audio-visual in each apartment.

(6) The Existing Renovated Buildings will comply with NYC Local Law 58/87 (Handicapped Accessibility Laws) in that the front entry has no barriers to enter the building, There is a handicapped ramp for wheelchair access to the elevators, the elevators exceed the minimum dimensions for wheelchair access, elevator call buttons and elevator control buttons in the cab are mounted at a height accessible to wheelchair bound persons, elevator call buttons and elevator control buttons in the cab are in brail for the vision impaired, public hall doors and apartment doors are a minimum 36" wide and placed in their openings with clearances as published in the ANSI guidelines for wheelchair accessibility, kitchens and baths are sized for wheelchair maneuverability and are adaptable where cabinets can be removed for wheelchair accessibility under sinks and under work surfaces with normal hand tools and blocking has been placed in the walls for future grab bars at toilets and bathtubs, exit stair riser and tread dimensions are also in compliance with LL58.

(7) Boundary walls between 2094, 2096 and 2098 will be removed at the end of each corridor to create a single extended hallway on each floor throughout the Existing Renovated Buildings. 2104 will stand alone until the New Construction Units have been completed, at which time the boundary walls between 2104 and the New Construction Units, and between the New Construction Units and the 2094-2098 Existing Renovated

Buildings, will be removed at corridor ends to create a single extended hallway on each floor of the Completed Building.

(8) The existing foundations and footings are in excellent condition and extend approximately four feet below the level of the cellar slab to bedrock. Rehabilitative work on the existing foundations and footings was not required. The north, south and east walls in their entirety and extending the whole length of the Renovated Buildings will remain in place. These walls were rehabilitated with new lintels pointing and parging. The condition of these walls is good. All parapet walls were removed and reconstructed of reinforced concrete masonry units filled solid. The east wall (front façade) was rehabilitated with new lintels, pointing, power-washing and reconstructed limestone and terracotta decorative elements. The east wall is in good condition.

NEW CONSTRUCTION BUILDING:

(1) Construction on the New Construction Building is scheduled to begin in Spring 2005 and be completed approximately 12 to 14 months thereafter; the building plans for the New Construction Units have been approved by the appropriate local regulatory agencies.

(2) The New Construction Building will be a multi-class building which combines Class 3, fully sprinklered, non-fireproof existing structure with Class C1, fully sprinklered, non-combustible enlargement with masonry and steel structures;

(3) The Sponsor will obtain at least a temporary certificate of occupancy prior to the first unit closing.

(4) The New Construction Building will be constructed on the vacant land and over the 2094-98 buildings. The New Construction Building includes 42 residential units, one superintendent's apartment, and 1 commercial unit.

(5) The New Construction Building will comply with NYC Local Law 58/87 (Handicapped Accessibility Laws) in that the front entry has no barriers to enter the building, There is a handicapped ramp for wheelchair access to the elevators, the elevators exceed the minimum dimensions for wheelchair access, elevator call buttons and elevator control buttons in the cab are mounted at a height accessible to wheelchair bound persons, elevator call buttons and elevator control buttons in the cab are in brail for the vision impaired, public hall doors and apartment doors are a minimum 36" wide and placed in their openings with clearances as published in the ANSI guidelines for wheelchair accessibility, kitchens and baths are sized for wheelchair maneuverability and are adaptable where cabinets can be removed for wheelchair accessibility under sinks and under work surfaces with normal hand tools and blocking has been placed in the walls for future grab bars at toilets and bathtubs, exit stair riser and tread dimensions are also in compliance with LL58.

COMPLETED BUILDING: The Completed Building will be a multi-class building, with 75 residential units, one superintendent's unit, and 3 commercial units. The classification of the building will be fully sprinklered Class 3, non-fireproof existing structure, with a Class C1, fully sprinklered, non-combustible enlargement of masonry and steel structures.

Upon completion of the New Construction Units, the boundary walls between the 2104 building and the New Construction Building, and between the New Construction Building and the 2094-98 buildings, will be removed at corridor ends to create a single extended hallway on each floor of the Completed Building.

(C) SITE.

(1) Lots:

EXISTING RENOVATED BUILDINGS.

2094 is located on a 25'x100' lot.

2096 and 2098 are located on 25'6"x100' lots.

2104 is located on a 25'5"x100' lot.

NEW CONSTRUCTION BUILDING:

2100 and 2102 are located on two lots which are each 25'x100'.

COMPLETED BUILDING:

The Completed Building will be located on a 151'5" x 100' lot.

(2) Type and location of units:

The **Existing Renovated Building** will contain thirty three (33) residential units on floors 1 through 5, and two (2) commercial units on the ground floor.

The **New Construction Building** will add 1 ground floor commercial unit and forty two (42) residential units comprised of two (2) units on the first floor, four (4) units each on floors 2 through 5 and six (6) units each on floors 6 to 9. In addition, the New Construction Building will have a superintendent's unit in the cellar.

The **Completed Building** will contain a total of three three (3) ground floor commercial units, one superintendent's unit in the cellar, common area facilities and seventy-five (76) residential units comprised of three (3) units on the first floor, twelve (12) units per floor at floors two through five, and six (6) units per floor at floors six through nine.

(3) Streets owned or maintained by the project: There are no streets owned or maintained by the project.

(4) drives, sidewalks and ramps.

(i) paving: New cast in place concrete sidewalks to street curbs on all street frontages. New cast in place concrete in rear yards and inner courts.

(ii) curbing: New cast in place concrete curbs with steel facing.

(iii) catch basins, drainage: the rear yards and court yards will be drained by area drains located in the low points of the yards pitched away from the building walls and conveyed by cast iron underground piping to the building house trap and out to the street sewer

(iv) street lighting: street façade lighting will be provided by new incandescent sealed aluminum fixtures mounted twenty five feet on center at a height of ten feet above the sidewalk. The front entry will be lighted by incandescent lanterns and interior chandelier.

(v) These items are in compliance with local fire, electrical and building codes.

(D) UTILITIES.

Water supply is provided by the City of New York. Gas and electric are provided by Consolidated Edison Co. of New York, which is a regulated utility company.

Water and sewer will be collectively metered and paid as a common expense. The Commercial Units will be sub-metered for each individual commercial unit.

Gas (for cooking, hot water, and heat) will be collectively metered and paid as a common expense. Unit owners will be obtain individual telephone and cable television service.

(E) SUB-SOIL CONDITIONS.

(1) There is no uneven foundation movement or settling which has caused cracking or mortar joint decay.

(2) There is no apparent moisture, ground water infiltration, or seepage of sub-surface water.

(3) There is no risk of danger from flooding, mudslides or erosion.

(F) LANDSCAPING AND ENCLOSURES.

(1) grass cover. Not Applicable

(2) plantings. The interior courtyard of the Completed Building will be landscaped with four (4) of the following plants: Zelkovia 2.5-3" caliper trees. The continuous rear yard planter will be planted with juniper ground cover and cedar mulch.

(3) trees. The Sponsor shall plant four (4) 2.5"-3" Caliper Zelkovia trees on the Eighth Avenue side and four (4) 2.5"-3" Caliper Zelkovia trees on the West 114th Street side of the Completed Building.

(4) fencing. The entire rear yard will be protected with vinyl covered chain link mesh fencing.

(5) gates. Not Applicable

(6) garden walls. The Existing Renovated Buildings all have interior courtyard walls and rear yard exterior walls which are constructed of brick masonry. The walls are in good condition.

(7) retaining walls. A 3' high landscape tie retaining wall will hold a continuous planter at the rear lot line.

(8) display pools and fountains. Not Applicable

(G) BUILDING SIZE.

EXISTING RENOVATED BUILDINGS:

(1) The total height of the Existing Renovated Buildings from ground level to highest part of roof is approximately 66 feet;

(2) There are no crawl spaces;

(3) There are no sub-cellars; there is one cellar floor

(4) There are five (5) existing floors; upon the completion of the New Construction Units located above the 2094, 2096, and 2098 Renovated Buildings, the Completed Building will have a total of nine (9) floors.

(5) The equipment rooms are located in the cellars of the 2096, 2098 and 2104 buildings and measure approximately 1,600 sf;

(6) The parapet measures approximately 4' above the roof.

NEW CONSTRUCTION BUILDING:

(1) The total height of the New Construction Building will be approximately 126 feet from the ground level to the highest part of the roof;

(2) There will be no crawl spaces;

(3) There will be no sub-cellars; there is one cellar floor;

(4) There will be nine (9) floors;

(5) The equipment rooms serving the New Construction Units will be located in the cellar of the 2100 building and measure approximately 600 sf;

(6) The parapet will measure approximately 4' above the roof.

(H) STRUCTURAL SYSTEM.

(1) Exterior of Building:

EXISTING RENOVATED BUILDINGS:

(i) Walls:

The exterior facade walls have several types of surfacing, including brick and terracotta.

The exterior walls which face the rear yard and court are constructed of unfaced brick masonry which has been covered with two coats of cementitious water-proofing. The condition of these walls is good.

The exterior walls of the commercial portion of the Renovated Building are glass and aluminum and are in good condition.

All of the exterior walls and masonry are supported and attached to structural brick walls from the ground level to the top of the 5th floor. The condition of the exterior walls is good.

The new construction facade of the four (4) additional floors which will be built on top of the 2098 and 2104 buildings will have exterior walls will be constructed of new lightweight prefabricated simulated stone curtain wall panels manufactured by Nichiha Fiber Cement. These panels will be attached by steel furring to the structural walls, which are constructed of autoclaved aerated concrete masonry units.

Local Law 10, as amended by Local Law 11, is inapplicable to the Existing Renovated Buildings, since none of these buildings are greater than 6 stories in height.

Walls are insulated with R11 fiberglass batts in metal furring, autoclaved concrete masonry units add another R13 to the resistance rating, simulated stone curtain wall panels add another R1.23. The total R value of the exterior wall is R25.23

(ii) Windows:

All windows are new model A-200 aluminum double hung tilt type with insulated glass manufactured by All Seasons Windows, New York, NY mounted brick to brick in their openings and caulked, exterior sills are brick masonry, new steel angle lintels are installed at all openings, there are no lot line windows and all windows open on permitted spaces. All windows have window child guards.

(iii) Landmark status:

The buildings have no landmark status and are not subject to the Landmark Commission.

NEW CONSTRUCTION BUILDING:

(i) Walls: Exterior walls will be reinforced load bearing autoclaved aerated concrete masonry units and installed in a similar manner to normal concrete masonry. The load bearing exterior walls will be clad in lightweight prefabricated simulated stone curtain wall panels manufactured by Nichiha Fiber Cement and attached by steel furring to the bearing walls. Walls are insulated with R11 fiberglass batts in metal furring, autoclaved concrete masonry units add another R13 to the resistance rating, simulated stone curtain wall panels add another R1.23. The total R value of the exterior wall is R25.23

Upon the completion of the New Construction Building, Local Law 10, as amended by Local Law 11, will apply.

The New Construction Building façade and the facades of the Existing Renovated Buildings will not be joined, instead expansion joints between the buildings will be provided.

(ii) Windows: All windows are aluminum clad model SCDH double hung tilt type with insulated glass manufactured by NORCO Windows & Patio Doors, a JELDWYN Company, Hawkins, WI mounted in their panel openings and caulked, exterior sills are

simulated stone, steel angle lintels are installed at all openings, there are no lot line windows and all windows open on permitted spaces. Windows carry a 10 year warranty and glass carries a 20 year warranty. All windows have window child guards.

(ii) Landmark status: The buildings have no landmark status and are not subject to the Landmark Commission.

(2) Parapets and copings:

EXISTING RENOVATED BUILDINGS:

Parapets are constructed of reinforced concrete masonry with two coats of protective cement stucco. Copings are constructed of precast terracotta tiles doweled into the masonry. The parapets were replaced and rebuilt around the entire perimeter of the buildings and the copings are in good condition. A new decorative fiberglass cornice has been installed on the roof line on the north and west sides of the building.

There is no indication of problems such as leakage, spalling, deterioration of mortar, or cracking.

NEW CONSTRUCTION BUILDING:

Parapet walls will be reinforced autoclaved aerated concrete masonry units and installed in a similar manner to normal concrete masonry. Parapets will be clad in lightweight prefabricated simulated stone curtain wall panels manufactured by Nichiha Fiber Cement attached by steel furring. Parapets will be capped with aluminum snap-lock copings.

(3) Chimneys and caps:

EXISTING RENOVATED BUILDINGS:

The two boiler chimneys serving the Existing Renovated Buildings are 16" diameter type 'B' with gas vents constructed of stainless steel. One chimney is in the 2098 building and one is in the 2104 building. Both chimneys are adequate for exhausting the equipment they service, are in brand new condition and were installed as part of the gut renovation to the buildings There are no fireplaces for individual Renovated Units.

NEW CONSTRUCTION BUILDING:

The boiler chimney serving the New Construction Units is a 16" in diameter type 'B' with gas vent constructed of stainless steel. One chimney is installed in the New Construction Building for its physical plant. The chimney will be brand new and is adequate for exhausting the equipment it services. There are no fireplaces for individual New Construction Units. In order to accommodate the additional floors in the New

Construction Building, the boiler chimney flues in the Existing Renovated Buildings will be extended through the New Construction Building, as necessary.

(4) Balconies and terraces.

RENOVATED UNITS:

The Renovated Units do not have any balconies, terraces or decks.

NEW CONSTRUCTION UNITS:

The new construction balconies and terraces will be supported by the light gauge metal floor framing being cantilevered over the exterior bearing wall. The floor joists supporting the cantilevered balconies and terraces are designed and adequately sized for this loading condition. Balconies and terraces will receive a lightweight precast concrete underlayment, a waterproof concrete topping and brick pavers pitched to drains. The underside of the balconies and terraces will have soffits containing recessed waterproof down lighting for illumination.

Balcony and terrace finishes are as follows:

(i) deck finish: brick pavers on a waterproof concrete substrate;

(ii) balustrade: square aluminum tubing 5" on center;

(iii) top & bottom railings: square aluminum tubing;

(iv) copings: aluminum snap-lock copings;

(v) soffits: panels manufactured by Nichiha Fiber Cement and attached by steel furring;

(vi) doors to balconies and terraces: insulated glass aluminum clad as manufactured by NORCO Windows & Patio Doors, a JELDWYN Company, Hawkins, WI .

(5) Exterior entrances.

EXISTING RENOVATED BUILDINGS:

(i) exterior doors and frames are hollow metal type at rear yards and courts except doors from the health club and community room will be aluminum and glass storefront type; (ii) vestibule doors and frames will be aluminum and glass storefront type doors equipped with mag lock security hardware with pass card reader for owner access; (iii) stair doors are hollow metal type B label 1-1/2 hour FPSC; (iv) railings at lobby handicapped ramp are painted round tubular steel, railings in exit stairs are painted square tubular steel; (v) mail boxes: aluminum vertical type and located in front of the elevator at the first floor lobby in the 2098 building; (vi) the exterior entrances are adequately lighted with new light fixtures.

NEW CONSTRUCTION BUILDING:

(i) exterior doors and frames are hollow metal type at rear yards and courts except doors in the community room will be aluminum and glass storefront type; (ii) vestibule doors and frames will be aluminum and glass storefront type doors equipped with mag lock security hardware with pass card reader for owner access; (iii) stair doors are hollow metal type B label 1-1/2 hour FPSC; (iv) railings in exit stairs are painted square tubular steel; (v) mail boxes will be located in the 2098 building lobby; (vi) lighting: the exterior entrances will be adequately lighted with new light fixtures.

(6) Service entrances.

EXISTING RENOVATED BUILDINGS:

(i) doors and frames: There is one service entrance for the 2094 -2098 buildings; the door and frame was refurbished. The 2104 building does not have a service entrance.

NEW CONSTRUCTION BUILDING:

(i) doors and frames: There is no service entrance.

(7) Roof and roof structures.

EXISTING RENOVATED BUILDINGS:

(i) Type of roofs:

(a) material: New cold applied modified bitumen with a new roof substrate of T&G CDX plywood screwed and glued to the rafters.

(b) insulation: R30 fiberglass batts installed in roof framing;

(c) surface finish: White medium granular roof cap

(d) bond or guarantee: 10 years

(e) flashing materials including counter flashing: Aluminum

(ii) Drains:

(a) roof drains are new and made of aluminum with downspouts to cast iron standpipes at grade to underground street sewer.

(b) gutters and leaders: commercial grade aluminum.

(iii) Skylights are located at stair bulkhead roofs and are new pyramid-type with wire glass glazing and aluminum frames.

(iv) Bulkheads:

(a) stairs: New steel pan treads and risers with concrete fill steel stringers and platform framing concrete slab on metal deck landings all newly installed.

(b) bulkheads: Newly constructed of 8" reinforced CMU with terra cotta copings and steel & metal deck roof structure. The bulkheads are in brand new condition.

(v) metal work at roof levels:

(a) exterior, metal stairs: Not Applicable

(b) vertical ladders: Not Applicable

(c) railings: Not Applicable

(d) hatches to roof: Not Applicable

(e) other. Not Applicable

(vi) rooftop facilities. Not Applicable

NEW CONSTRUCTION BUILDING:

(i) Type of roofs:

(a) material: cold applied modified bitumin

(b) insulation: R30 rigid tapered insulation;

(c) surface finish: White medium granular roof cap

(d) bond or guarantee:10 years

(e) flashing materials including counter flashing: Aluminum

(ii) Drains:

(a) aluminum roof drains at roof surface low points

(b) gutters and leaders: Not Applicable

(iii) Skylights: located at stair bulkhead roofs, pyramid type, wire glass in aluminum frames.

(iv) Bulkheads:

(a) stairs: steel pan treads and risers with concrete fill steel stringers and platform framing concrete slab on metal deck landings all newly installed.

(b) bulkheads: Newly constructed of 8" reinforced Autoclaved Aerated CMU with terra cotta copings and steel & metal deck roof structure. The bulkheads are in brand new condition.

(v) metal work at roof levels:

(a) exterior, metal stairs: Not Applicable

(b) vertical ladders, including gooseneck: Not Applicable

(c) railings: Not Applicable

(d) hatches to roof: Not Applicable

(e) other: Not Applicable

(vi) rooftop facilities. A common roof deck will be provided on the 9th floor roof for the use of all unit owners. See the annexed floor plans for rooftop facilities particular to certain penthouse units and other outdoor facilities which are limited to a particular unit.

(8) Fire escapes.

EXISTING RENOVATED BUILDINGS:

(i) location: fire escapes are located at the street façade walls and rear yard walls: fire escapes are through bolted through the exterior walls and supported by steel knee braces also through bolted through the exterior walls; (ii) floors covered: floors one through roof are covered at the rear yard walls, floors two through five are covered at the street façade walls (iii) drop ladder: all fire escapes are furnished with drop ladders (iv) type: fire escapes are NYCMDL sec. 53 type (v) materials: Fire escape materials are steel. (vi) the condition of the fire escapes is new.

NEW CONSTRUCTION BUILDING:

All existing fire escapes will be removed from the Existing Renovated Building upon completion of the New Construction Building.

After receipt of the permanent certificate of occupancy for the Completed Building, the Sponsor will remove the fire escapes from the Renovated Buildings. The Sponsor will

be responsible for any repairs to the Completed Building which are necessitated by the removal of the fire escapes.

(9) Yard and courts.

EXISTING RENOVATED BUILDINGS:

(i) paving: New poured concrete paving.

(ii) drainage: cast iron area drains to underground piping to house trap to cellar.

(iii) railings: square tubular steel.

(iv) stairs: open riser steel grating treads, steel stringers and platform framing, steel grate platforms.

(v) fencing: 8' high chain chain link fencing with opaque slat screening.

(vi) walls: planter box walls will be new landscape ties 36" high.

Unless otherwise noted, the items above are in good condition.

NEW CONSTRUCTION BUILDING:

(i) paving: poured concrete paving.

(ii) drainage: cast iron area drains to underground piping to house trap to cellar.

(iii) railings: square tubular steel.

(iv) stairs: open riser steel grating treads, steel stringers and platform framing, steel grate platforms.

(v) fencing: 8' high chain link fencing with opaque slat screening.

(vi) walls: planter box walls will be new landscape ties 36" high.

(10) Interior stairs.

EXISTING RENOVATED BUILDINGS:

(i) number of stairs of each type: the 2104 building and the combined 2094, 2096 and 2098 will have one interior exit stair in each.

(ii) interior stair enclosure: 8" concrete masonry units with a laminated painted gypsum wallboard finish.

(iii) stair construction: New steel stairs with concrete treads and landings.

(iv) stringers: steel.

(v) treads: steel pan with painted concrete infill new condition.

(vi) risers: steel pan.

(vii) guard rails: new square tubular steel.

(viii) balustrade: new square tubular steel.

Unless otherwise noted, the items above are in good condition.

NEW CONSTRUCTION BUILDING:

(i) The New Construction Units on floors 1-5 will utilize the new stairs in the Existing Renovated Buildings for egress, as described above and as shown on the floor plans which accompany this report.

The New Construction Units on floors 6-9 will have two interior stairs, as described below, which connect to a nearby stair in the Existing Renovated Buildings for egress.

(ii) interior stair enclosure: 8" concrete masonry units with a laminated painted gypsum wallboard finish.

(iii) stair construction: steel stairs with concrete treads and landings.

(iv) stringers: steel.

(v) treads: steel pan with painted concrete infill.

(vi) risers: steel pan.

(vii) guard rails: square tubular steel.

(viii) balustrade: square tubular steel.

(11) Interior doors and frames.

EXISTING RENOVATED BUILDINGS:

(i) Unit entrance and interior doors and frames: unit entry doors and frames are hollow metal 'B' label 1 ½ hour FPSC with peephole and chimes, unit interior doors are solid core wood veneer single panel swing doors with lever handle hardware. Pocket Doors are solid core wood door on sliding hardware

(ii) corridor doors and frames: corridor doors and frames are hollow metal, self-closing, 'B' label 1 ½ hour FPSC.

(iii) stair hall doors and frames: stair doors and frames are hollow metal, self-closing, 'B' label 1 ½ hour FPSC.

(iv) roof doors, basement doors and frames: roof and cellar doors and frames are hollow metal 'B' label 1 ½ hour FPSC roof doors will have alarms and swipe cards for owner use of rooftop terraces.

NEW CONSTRUCTION BUILDING:

(i) unit entrance and interior doors and frames: unit entry doors and frames are hollow metal 'B' label 1 ½ hour FPSC with peephole and chimes, unit interior doors are solid core wood veneer single panel swing doors with lever handle hardware.

(ii) corridor doors and frames: corridor doors and frames are hollow metal 'B' label 1 ½ hour FPSC.

(iii) stair hall doors and frames: stair doors and frames are hollow metal 'B' label 1 ½ hour FPSC.

(iv) roof doors, basement doors and frames: roof and cellar doors and frames are hollow metal 'B' label 1 ½ hour FPSC roof doors will have alarms and swipe cards for owner use of rooftop terraces.

(12) Elevators.

EXISTING RENOVATED BUILDINGS:

(i) The Renovated Units are serviced by one new passenger elevator (referred to herein as "Elevator no.1), except that the Renovated Units located in the current 2104 building will not have elevator service until the New Construction Building is complete;

(ii) The moving platforms of Elevator no. 1 are manufactured by the Bucher Hydraulic Company. The elevator is new, has a capacity of 2,500 lb., and can hold 12 passengers;

(iii) Elevator no. 1 is a passenger elevator. The location is shown on the attached floor plans;

(iv) Elevator no. 1 is automatic and push button controlled;

(v) Elevator no. 1 services the cellar floor and floors 1 through 5 of the Renovated Building;

(vi) Elevator no. 1 moves at a rate of 350 feet per minute and is a hybrid

traction/hydraulic ;

(vii) The doors are automatic sliding doors;

(viii) The elevator machine room serving Elevator No.1 is located in cellar adjacent to the elevator no. 1 shaft. See attached floor plans;

(ix) The DC motor is manufactured by Leroy Sommers; and

(x) The power supply for is 208 volts, 3 phase, 60 cycles.

NEW CONSTRUCTION BUILDING:

(i) The New Construction Units will be serviced by one 2,500 pound passenger elevator (referred to herein as "Elevator no. 2"), and no service elevators;

(ii) The manufacturer of the moving platforms is Bucher Hydraulic Company. The elevator will be new, will have a 2,500 lb. capacity and can hold 12 passengers;

(iii) Elevator no. 2 will be a passenger elevator. See attached floor plan for the location in the New Construction Building;

(iv) Elevator no. 2 will be automatic and push button controlled;

(v) Elevator no. 2 provides express service to and from the cellar and first floor to floors 6 through 9;

(vi) Elevator no. 2 will move at a rate of 350 feet per minute, with a single geared overhead traction machine;

(vii) Elevator no. 2 will have automatic doors;

(viii) The elevator machine room serving Elevator no.2 will be located in the Elevator no. 2 bulkhead above the roof;

(ix) The DC motor is manufactured by Leroy Sommers; and

(x) The power supply for is 208 volts, 3 phase, 60 cycles.

(13) Elevator cabs.

COMPLETED BUILDINGS:

(i) The cabs of both Elevator no. 1 and Elevator no. 2 are manufactured by The Canton Elevator Company, Inc.;

(ii) The floors are made of porcelain ceramic tile;

(iii) The interior walls are aluminum and plastic laminate panels;

(iv) The Elevator ceilings are illuminated lexan;

(v) The lighting consists of fluorescent lighting under full lexan ceiling;

(vi) There is a fireman's service alarm and safety intercom in each elevator.

(I) AUXILIARY FACILITIES:

(1) Laundry rooms.

EXISTING RENOVATED BUILDINGS:

(i) one laundry room will be provided in the cellar of the 2098 building; (ii) clothes washers: three (3) Speed Queen SWT210 top load heavy duty coin operated;(iii) clothes dryers: three (3) Speed Queen SDG509 heavy duty gas fired coin operated; (iv) the laundry room will be vented by non mechanical fresh air vent from first floor storefront bulkhead; (v) the dryer ventilation will be non-mechanical vertical vent to roof

(i) one laundry room will be provided in the cellar of the 2104 building; (ii) clothes washers: two (2) Speed Queen or SWT210 or equal top load heavy duty coin operated;(iii) clothes dryers: two (2) Speed Queen SDG509 or equal heavy duty gas fired coin operated; (iv) the laundry room will be vented by non mechanical fresh air vent from first floor storefront bulkhead; (v) the dryer ventilation will be non-mechanical vertical vent to roof.

NEW CONSTRUCTION BUILDING:

The New Construction Units will each have an electric stack washer/dryer as manufactured by GE model no, WSM2420TWW or equal.

EXISTING RENOVATED BUILDINGS:

(2) Refuse disposal. Refuse disposal is by 24" 16 gauge refuse chute with intake hopper doors at each floor, refuse chute is connected to a "Metro-Pak" refuse compactor model no. MC-4000 or equal, compacted refuse is transported to curbside for collection by the building superintendent at times that the NYC Department of Sanitation collects curbside refuse.

NEW CONSTRUCTION BUILDING:

(2) Refuse disposal. The refuse chute described above will be extended into the New Construction Building with an intake hopper door at each floor that connects to a 24" 16 gauge refuse chute. The chute will connect to the same compactor described above in the Existing Renovated Buildings section.

Compacted refuse is transported to curbside for collection by the building superintendent at times that the NYC Department of Sanitation collects curbside refuse.

(J) PLUMBING AND DRAINAGE:

(1) Water supply. Water supply is via New York City street mains. The water pipes are made of copper.

(2) Fire protection system.

COMPLETED BUILDING:

(i) standpipes, hose racks: Not Applicable;

(ii) fully sprinklered with an automatic wet sprinkler system with black iron pipe risers and branch lines and concealed type pop down sprinkler heads;

(iii) siamese connection a 4" Siamese is provided at the front of the 2104 building and a 6" Siamese is provided at the 2096 building.

The Renovated Units and the New Construction Units will each be served by independent sprinkler loops.

(3) Water storage tank(s) and enclosures.

COMPLETED BUILDING:

(i) There are and will be no water storage facilities.

(4) Water pressure.

Water pressure is adequate at the main to service units up to the 5th floor; a domestic water booster pump will provide adequate water pressure for those units on floors 6 and above.

(5) Sanitary sewage system.

COMPLETED BUILDING:

All buildings utilize New York City sewers.

i) sewage piping: cast iron

ii) sewage pumps: Not Applicable

iii) sewage disposal: gravity to New York City sewer system

(6) Permit(s) required.

The following permits have been obtained for the Existing Renovated Building:

103346416-PL, 9/19/03, 2104 Frederick Douglass Blvd.

103346416-EW-SP, 8/21/03, 2104 Frederick Douglass Blvd

103253961-AL, 2/03/03, 2104 Frederick Douglass Blvd

103253961-PL, 4/10/03, 2104 Frederick Douglass Blvd

103177358-EW-OT, 2/13/03, 2104 Frederick Douglass Blvd

102972179-EQ-FN, 9/08/03, 2104 Frederick Douglass Blvd

102867998-EQ-SH, 12/18/00, 2104 Frederick Douglass Blvd

103253952-AL, 2/05/03, 2094 Frederick Douglass Blvd

103253952-PL, 4/10/03, 2094 Frederick Douglass Blvd

103253952-EW-SP, 7/31/03, 2094 Frederick Douglass Blvd

103346407-PL, 7/31/03, 2094 Frederick Douglass Blvd

103057745-EW-OT, 1/24/03, 2094 Frederick Douglass Blvd

102961430-EQ-FN, 5/23/03, 2094 Frederick Douglass Blvd

102868942-EQ-SH, 12/14/00, 2094 Frederick Douglass Blvd

A post approval amendment will be filed under the Existing Renovated Buildings' alteration application and the same permit numbers will be renewed for New Construction Building enlargement. The Existing Renovated Buildings will utilize a temporary certificate of occupancy.

(7) Storm drainage system.

COMPLETED BUILDING:

(i) catch basins: there are no catch basins;(ii) yard and roof drains are drained by an aluminum scupper through the parapet and down an aluminum leader to cast iron underground, yards are drained by yard drains connected to cast iron underground piping, yard and roof drainage is conveyed through the underground house sewer system to the NYC combined sewer under Eighth Avenue; (iii) piping cast iron; (iv) eject or sump pumps. There are no ejectors or sump pumps.

The Existing Renovated Buildings and New Construction Building utilize New York City drains.

(K) HEATING AND HOT WATER:

EXISTING RENOVATED BUILDINGS:

(1) See the energy estimates of Engineering Solutions for the internal temperature and ambient temperature used in calculations. Each heater produces 320 gph at 100 degree temperature rise. The residential units heating system is hydronic fin tube baseboard radiators down-fed distribution with a re-circulating loop. The commercial units heating system is hydronic to fan coil units creating forced ducted hot air down fed through a dropped ceiling. The systems are designed in accordance with A.S.H.R.A.E. Standards and is adequate to heat the apartment units.

(2) Number of boilers and description.

(a) The 24 Renovated Units in the 2094-2098 buildings have heat and hot water that is generated by three (3) new Burnham gas fired boilers and two (2) new American Standard gas fired hot water heaters located in the mechanical equipment room of the 2098 building. The commercial unit has heat and hot water that is generated by two (2) new Burnham gas fired boilers and two (1) new American Standard gas fired hot water heater.

(b) The 9 Renovated Units in the 2104 Building have heat and hot water that is generated by one (1) new Burnham gas fired modular hot water boiler and one (1) new American Standard gas fired hot water heater. The commercial unit has heat and hot water that is generated by one (1) new Burnham gas fired boiler and one (1) new American Standard gas fired hot water heater.

(3) Manufacturer and age of boilers/hot water heaters:

(a) Boilers: New Burnham model K810 boilers , each with a 594,000 BTU input and 475,000 BTU output capacity

(b) Hot Water Heaters: New American Standard model 100-83-AS hot water heaters, each with a 83,000 BTU input and 80,000 output.

(4) Manufacturer and age of burners: New Burnham model K810B.

(5) Type of controls: heat timer.

(6) Radiators: Argo, fin tube baseboard, piping, copper, insulation fiberglass, valves copper, pumps; Taco ¾ hp model 563CXH2R7056, Bell & Gossett type E30 ¾ hp model 102214

(7) Fuel: natural gas (supplied from the street)

(8) Location of oil tank, materials, enclosure: Not Applicable

(9) Capacity of oil tank: Not Applicable

(10) The commercial units will have heat and hot water systems which are independent from the residential units and separately metered.

NEW CONSTRUCTION BUILDING:

(1) See the energy estimates of Engineering Solutions for the internal temperature and ambient temperature used in calculations. Each heater is produces 320 gph at 100 degree temperature rise. The residential units heating system is hydronic to fan coil units creating forced ducted hot air. The system is down-fed distribution with a re-circulating loop

(2) The commercial units heating system is hydronic to fan coil units creating forced ducted hot air down fed through a dropped ceiling. The systems are designed in accordance with A.S.H.R.A.E. Standards and is adequate to heat the apartment units.

(3) Public halls are heated hydronically via convector cabinets installed under the public hall windows.

(4) Number of boilers and description. The New Construction Building will have heat and hot water that is generated by 4 new Burnham gas fired boilers and three new American Standard gas fired hot water heaters located in the mechanical equipment room of the 2100 building. These boilers and hot water heaters service the 42 New Construction Units. The commercial unit has heat and hot water that is generated by one (1) new Burnham gas fired boiler and one (1) new American Standard gas fired hot water heater.

(5) Boilers:

(a) New Burnham model K810 boilers or equal, each with a 594,000 BTU input and 475,000 BTU output capacity

(b) Hot Water Heaters: New American Standard model 100-83-AS hot water heaters or equal, each with a 83,000 BTU input and 80,000 output capacity.

(6) Manufacturer and age of burners: New Burnham model K810B or equal.

(7) Type of controls: Heat timer or equal.

The New Construction Units each have a fan coil unit in lieu of fin tube baseboard radiators that provide the residential units with heat and air conditioning. Individual temperature controls will allow for adjustment in cooling.. Heating will not be individually controlled but will be supplied to the individual fan coil units as required by the time of year and outdoor temperature by a common physical plant and will be part of the common charges. The fan coil units capacity as listed below is adequate for the apartments they will be servicing. Fan coil units will be located in ceilings of apartment bathrooms and equipped with access doors for servicing. Individual fan coil units are manufactured by Magic-Pak or equal, the following capacities and model numbers will be used:

0 Bedroom Units, 36,000 BTU cooling capacity, model # 36MGE1018 or equal
1 Bedroom Units, 48,000 BTU cooling capacity, model # 48MGE1018 or equal
2 Bedroom Units, 48,000 BTU cooling capacity, model # 48MGE1030 or equal
3 Bedroom Units, 60,000 BTU cooling capacity, model # 60MGE1030 or equal

(8) Radiators, piping copper, insulation, valves, pumps: Taco ¾ hp model 563CXH2R7056 or equal, Bell & Gossett type E30 ¾ hp model 102214 or equal

(9) Fuel: natural gas (supplied from the street)

(10) Location of oil tank: Not Applicable

(11) Capacity of oil tank: Not Applicable

(12) The commercial unit will have heat and hot water systems which are independent from the residential units and separately metered.

(L) GAS SUPPLY.

COMPLETED BUILDING:

(1) Type: natural gas.

(2) Two gas meters are supplied by Con Edison, one is for cooking and hot water and one is for heating. Gas will be a common expense of the Condominium.

(3) Piping: threaded black iron.

(M) AIR CONDITIONING.

RENOVATED UNITS:

(1) type of system: Not Applicable

(2) central system: Not Applicable

(3) cooling towers, condensers: Not Applicable

(4) Sponsor will not provide window air conditioning for the Renovated Units. Unit Owners may install their own window air conditioning in accordance with the Rules and Regulations of the Condominium.

(5) None of the common elements in the Existing Renovated Buildings will have air conditioning.

NEW CONSTRUCTION UNITS:

The New Construction Units will have individual fan coil ducted units which is commonly known as central air-conditioning. The system is designed in accordance with A.S.H.R.A.E. Standards. This system provides cooling as desired by the unit owners at the individual unit owners expense. Each fan coil unit includes individual temperature controls for cooling only. The Lobby will be cooled similarly with Magic-Pak or equal packaged air conditioners. Public halls will not be air conditioned.

(1) type of system: hydro-air

(2) central system: Individual fan coil units are manufactured by Magic-Pak or equal, the following model numbers will be used:

Lobby, model # 48MGE1018, 4 ton capacity
0 Bedroom Units, model # 36MGE1018, 3 ton capacity or equal
1 Bedroom Units, model # 48MGE1018, 4 ton capacity or equal
2 Bedroom Units, model # 48MGE1030, 4 ton capacity or equal

3 Bedroom Units, model # 60MGE1030, 5 ton capacity or equal

3) cooling towers, condensers: Not Applicable

(4) individual units covered by the offer: Not Applicable

(5) upon the completion of the New Construction Building, the lobby of the Completed Building will have air conditioning.

(N) VENTILATION.

EXISTING RENOVATED BUILDINGS:

Kitchens utilize non-ducted charcoal filter range hood exhausts; corridors have windows; laundry room is vented by ductwork through the roof; and baths have a 100 cfm fan which vents to the roof.

NEW CONSTRUCTION BUILDING:

Kitchens utilize non-ducted charcoal filter range hood exhausts, corridors have windows, individual stack washer dryers are ventilated in a vent stack through the roof; and baths have a 100 cfm fan which vents to the roof. Public halls are ventilated naturally through the operable double hung windows in the public halls.

(O) ELECTRICAL SYSTEM.

EXISTING RENOVATED BUILDINGS:

(1) The service from main service switchgear is 800 Amperes, 208 Volt, single phase, except the 2104 Building has 400 Amperes, 208 Volt, single phase service.

(2) The service to individual units is 60 Amp risers.

(3) compartment switch gear: switch gear, distribution panels and meters (common area electric meters, commercial space meters and individual unit meters) are located in the cellar utility rooms.

(4) unit service: 15 amperes each circuit for lighting and power circuits, home runs to air conditioning outlets are 20 amperes; this electrical system is sufficient to handle modern usage and appliances.

(5) adequacy:

(i) service: 12 circuits are provided in each unit with enough capacity to power dishwasher, refrigerator, electric hair dryers and air conditioners

(ii) lighting and fixtures. Living rooms and kitchens: recessed ceiling lighting; bedrooms and hallways: incandescent ceiling pendent fixtures; bathrooms: wall mounted incandescent vanity lighting.

(iii) convenience outlets, appliance outlets: Convenience outlets are three prong Leviton Decora type with GFI protection at kitchen sinks and bathroom.

NEW CONSTRUCTION BUILDING:

(1) The service from main service switchgear is 800 Amperes, 208 Volt, single phase.

(2) The service to individual units is 60 Amp risers.

(3) compartment switch gear: switch gear, distribution panels and meters (common area electric meters, commercial space meters and individual unit meters) are located in the cellar utility room.

(4) unit service: adequacy of electrical system to handle modern usage and appliances such as air conditioners, dishwashers and dryers; 15 amperes each circuit for lighting and power circuits, home runs to air conditioning outlets are 20 amperes; this electrical system is adequate to handle modern usage and appliances.

(5) adequacy:

(i) service - 12 circuits are provided in each unit with enough capacity to power dishwasher, refrigerator, electric hair dryers and air conditioners.

(ii) lighting and fixtures. Living rooms and kitchens: recessed ceiling lighting; bedrooms and hallways: incandescent ceiling pendent fixtures; bathrooms: wall mounted incandescent vanity lighting.

(iii) convenience outlets, appliance outlets: Convenience outlets are three prong Leviton Decora type with GFI protection at kitchen sinks and bathroom.

(P) INTERCOMMUNICATION AND/OR DOOR SIGNAL SYSTEMS, SECURITY CLOSED CIRCUIT TV.

COMPLETED BUILDING:

Door signaling systems are new, activated low voltage visual intercom provided in the Existing Renovated Buildings and the New Construction Buildings, television reception facilities in each unit is hard wired coaxial cable with standard coaxial cable TV wall jacks.

(Q) PUBLIC AREA LIGHTING.

EXISTING RENOVATED BUILDINGS:

Common area hallways are lighted by 3 incandescent ceiling mounted chandeliers and 8 incandescent wall sconces; the lobby is lighted by one (1) chandelier and 4 incandescent wall sconces. All light fixtures are new.

COMPLETED BUILDING:

Common area halls will have a total of 5 incandescent, ceiling mounted chandeliers and 12 incandescent wall sconces. The lobby fixtures will remain the same as noted above.

(R) GARAGES AND PARKING AREAS. Not Applicable

(S) SWIMMING POOL(S). Not Applicable

(T) TENNIS COURTS, PLAYGROUNDS AND RECREATION FACILITIES.

(1) Tennis courts. Not Applicable

(2) Playgrounds. Not Applicable

(3) Other recreational facilities. All Owners will have use of the Health Club located in the cellar level of the current 2104 building. The Club shall be approximately 800 square feet and contain weight lifting and cardiovascular exercise equipment. The equipment in the health club will be:

(i) 2 stair climbers by Life Fitness Stairclimber model no. 955e or equal;

(ii) 2 ellipticals by Life Fitness Crosstrainer model no. 95Xe or equal;

(iv) 2 treadmills by Life Fitness Treadmill model no. 95Ti or equal;

(v) 2 bikes by Life Fitness Lifecycle model no. 93C or equal;

(vi) 1 universal by Life Fitness Club Series model or equal.

Sauna room will be prefabricated Type 4 steam room as manufactured by Steam & Sauna Inc, of Kenessaw, GA or equal. The room is equipped with ceiling, wall elements and integral seating of high glazed white acrylic 8mm sheeting with ABS reinforcement, safety vapor-proof glass door, steam generator, controls, & low voltage steam light.

Separate women's & men's bathrooms will have Kohler Wellworth model toilets and integral solid surface lavatory tops with integral bowls.

(U) PERMITS AND CERTIFICATES.

EXISTING RENOVATED BUILDINGS:

Four permits were issued by the New York Department of Buildings:

103346416-01-PL ALT-2 General Construction / plumbing, expires 9/18/04

103057745-01-EW-OT ALT-2 General Construction expired 1/07/04

103057736-01-EW-OT ALT-2 General Construction expired 1/07/04

103177839-01-EW-OT ALT-2 General Construction expired 1/07/04

NEW CONSTRUCTION BUILDING:

No permits have been issued.

(V) VIOLATIONS.

EXISTING RENOVATED BUILDINGS:

The following violations were outstanding as of the date of this report. All violations will be cured by the sponsor:

DOB 030298CB10GM03 3/02/98 Work without permit 2104 Eighth Avenue

DOB 030497CB10GM01 3/04/97 Illegal occupancy 2104 Eighth Avenue

DOB 06056 2/27/01 Boiler Violation 2104 Eighth Avenue

DOB 06230 2/07/00 Boiler Violation 2104 Eighth Avenue

DOB 06136 3/16/99 Boiler Violation 2104 Eighth Avenue

DOB ST01P 7/26/95 Electric sign Violation 2104 Eighth Avenue

DOB 09166 5/04/98 Boiler Violation 2104 Eighth Avenue

DOB 188876 9/16/97 Boiler Violation 2104 Eighth Avenue

DOB 08277 2/10/97 Boiler Violation 2104 Eighth Avenue

DOB 12796 8/29/95 Boiler Violation 2104 Eighth Avenue

DOB 17614 3/18/94 Boiler Violation 2104 Eighth Avenue

DOB 1803 4/04/03 Construction Violation 2104 Eighth Avenue

DOB 0759 3/02/98 Construction Violation 2104 Eighth Avenue

DOB 0645 9/29/99 Construction Violation 2094 Eighth Avenue

DOB 06046 2/27/01 Boiler Violation 2094 Eighth Avenue

DOB 062221 2/07/00 Boiler Violation 2094 Eighth Avenue

DOB 06130 3/16/99 Boiler Violation 2094 Eighth Avenue

DOB 06630 5/04/98 Boiler Violation 2094 Eighth Avenue

DOB 188856 9/16/97 Boiler Violation 2094 Eighth Avenue

DOB 08269 2/10/97 Boiler Violation 2094 Eighth Avenue

DOB 08076 8/29/95 Boiler Violation 2094 Eighth Avenue

DOB 10669 3/18/94 Boiler Violation 2094 Eighth Avenue

DOB 10669 3/18/93 Boiler Violation 2094 Eighth Avenue

NEW CONSTRUCTION BUILDING:

Construction has not commenced. Not applicable.

(W) UNIT INFORMATION.

RENOVATED UNITS:

RESIDENTIAL APARTMENT DESCRIPTION

33 units were inspected.

The Renovated Buildings contain the following types of units:

A line 3 bedroom 5-1/2 rooms;

D line 2 bedroom 4-1/2 rooms;

E line 2 bedroom 4-1/2 rooms;

F line 2 bedroom 4-1/2 rooms;

G line 2 bedroom 4-1/2 rooms;

H line 1 bedroom 3-1/2 rooms;

I line 1 bedroom 3-1/2 rooms;

L line 2 bedroom 4-1/2 rooms.

The calculations of the number of rooms are based on the NYC Zoning Rooms.

(1) Walls, ceilings, flooring.

a. All walls and ceilings, except those in the baths, are constructed of gypsum wallboard, and painted with 1 primer coat and two coats of paint. The walls and ceilings will have washable flat latex paint and the trim will have semi-gloss paint.

b. Baths have walls and ceilings consisting of painted moisture resistant gypsum wallboard, porcelain tile wainscoting with full porcelain tile shower surrounds and porcelain tile floors, all tile surfaces are backed by concrete backer-board.

c. **Flooring:**

i. **Living Rooms** have solid hardwood flooring with at least two coats of polyurethane finish;

ii. **Bedrooms** have solid hardwood flooring with at least two coats of polyurethane finish;

iii. **Kitchens** have new porcelain ceramic tiles with concrete backer-board.

(2) Bathroom Fixtures: All fixtures are new.

A. **Second bath (if any)**: vanity cabinet constructed of particle board with plastic laminate finish. Vanity tops are solid with integral bowls. Water closets and bathtub/shower are American Standard, base and wall will be ceramic tile or marble, depending upon the unit. The fixtures and tiles are new.

C. **Master Bath (if any)**: vanity cabinet constructed of particle board with plastic laminate finish. The vanity tops will be marble with two under counter top lavatories of vitreous china, manufactured by American Standard. The water closets are vitreous china by American Standard. Whirlpool bath tubs are American Standard acrylic 3'-6" x 5'-0" long. Showers have a marble tile floor on lead pan and marble tile walls. Shower doors are tempered glass with a satin brass finished frame. The fixtures and tiles are new.

(3) Kitchens:

Cabinets: new plastic laminate finished base and upper cabinets

Counters: new granite countertops and granite backsplash
Floors: new porcelain ceramic tiles with concrete backerboard flooring.

The kitchen appliances are new, as listed below:

Refrigerator Kenmore Model 46-31113

Dishwasher Kenmore Model 22-14003

Range Kenmore 30" Model Gas 22-75193

Hood Kenmore Model 22-53349

Stainless steel single bowl sink

Interior Doors within units have solid wood door frames. Doors are solid core wood 2 panel doors. Lever Hardware is manufactured by Schlage or equal, in satin brass finish.

Pocket Doors are solid core wood door on sliding hardware.

Smoke Detectors are self contained hard wired type. All units have a smoke detector in entry foyer on the first level, and in hallways on the second level immediately outside of bedrooms in the duplex units

NEW CONSTRUCTION UNITS:

The New Construction Units will have the following types of units and finishes:

B line 2 bedroom 4-1/2 rooms,

C line 2 bedroom 4-1/2 rooms,

M line 2 bedroom 4-1/2 rooms,

N line 1 bedroom 3-1/2 rooms,

O line 1 bedroom 3-1/2 rooms,

P line 3 bedroom 3-1/2 rooms,

Q line 2 bedroom 4-1/2 rooms,

R line 2 bedroom 4-1/2 rooms.

The calculations of the number of rooms is based on the NYC Zoning Rooms.

(1) Walls, ceilings, and flooring.

a. All walls and ceilings, except those in the baths, are constructed of gypsum wallboard, and painted with 1 primer coat and two coats of paint. The walls and ceilings will have washable flat latex paint and the trim will have semi-gloss paint.

b. Baths have walls and ceilings consisting of painted moisture resistant gypsum wallboard, porcelain tile wainscoting with full porcelain tile shower surrounds and porcelain tile floors, all tile surfaces are backed by concrete backer-board.

c. **Flooring:**

i. **Living Rooms** have solid hardwood flooring with at least two coats of polyurethane finish;

ii. **Bedrooms** have solid hardwood flooring with at least two coats of polyurethane finish;

iii. **Kitchens** have new porcelain ceramic tiles with concrete backer-board.

(2) Bathroom Fixtures:

A. **Powder rooms** have free standing pedestal lavatories and water closet, which are both manufactured by American Standard. Floor and walls are marble tile. The fixtures and tiles are new.

B. **Second bath (if any)**: vanity cabinet constructed of particle board with plastic laminate finish. Vanity tops are either solid with integral bowls or marble. Under counter top lavatory of vitreous china, manufactured by American Standard will be installed with the marble tops. Water closets and bathtub/shower are American Standard, base and wall will be ceramic tile or marble, depending upon the unit. The fixtures and tiles are new.

C. **Master Bath (if any)**: vanity cabinet constructed of particle board with plastic laminate finish. The vanity tops will be marble with two under counter top lavatories of vitreous china, manufactured by American Standard. The water closets are vitreous china by American Standard. Whirlpool bath tubs are American Standard acrylic 3'-6" x 5'-0" long. Showers have a marble tile floor on lead pan and marble tile walls. Shower doors are tempered glass with a satin brass finished frame. The fixtures and tiles are new.

(3) Kitchens:

Cabinets: plastic laminate finished base and upper cabinets
Counters: granite countertops and granite backsplash

The kitchen appliances are listed below:

Refrigerator: Kenmore Model 46-31113 or equal

Dishwasher Kenmore Model 22-14003 or equal

Range Kenmore 30" Model Gas 22-75193 or equal

Hood Kenmore Model 22-53349 or equal

Stainless steel single bowl sink

Porcelain enamel stack washer dryers GE Model WSM2420TWW, (however, some washer dryers are located out of the kitchen area)

Smoke Detectors are self contained hard wired type. All units have a smoke detector in entry foyer on the first level, and in hallways on the second level immediately outside of bedrooms in the duplex units

(X) FINISH SCHEDULE OF SPACES OTHER THAN UNITS.

EXISTING RENOVATED BUILDINGS:

Room	Floor	Walls	Ceiling	Remarks
Public Halls	Porc.CT	Paint	Paint	Paint mouldings
Lobby	Porc.CT	Paint	Paint	Paint mouldings
Laundry	Porc.CT	Paint	Paint	Epoxy Paint
Health Club	Carpet	Paint	Paint	Epoxy Paint
Utility Paint	Paint	Paint	Epoxy	Paint

NEW CONSTRUCTION BUILDING:

Room	Floor	Walls	Ceiling	Remarks
Public Halls	Porc.CT	Paint	Paint	Paint mouldings
Comm Rm	Porc.CT	Paint	Paint	Paint mouldings
Utility Paint	Paint	Paint	Epoxy Paint	

(Y) SAFETY AND WARNING DEVICES.

EXISTING RENOVATED BUILDINGS:

Hard wired smoke detectors and automatic sprinklers, as required by law.

NEW CONSTRUCTION BUILDING:

Hard wired smoke detectors and automatic sprinklers will be installed, as required by law.

(Z) ADDITIONAL INFORMATION REQUIRED.

COMPLETED BUILDING:

(1) A site plan is attached.

(2) Not Applicable.

(3) See attached floor plans.

(4) The ceiling heights in the Renovated Units range from 8 feet towill be approximately 9 feet; the ceiling heights in the New Construction Units will range from 8 feet to approximately 9 feet.

(5) and (6) See attached floor plans.

(bb) FURTHER DEVELOPMENT.

NEW CONSTRUCTION UNITS:

As previously described, the Sponsor anticipates building 26 units on the lots known as 2100 and 2102 Eighth Avenue and 16 units over the 2094-98 buildings. The New Construction Units above 2094-96 will be added above the existing roof. Once the Completed Building is finished, the condominium will have one main entrance located at 2098 Eighth Avenue.

(1) The Sponsor shall submit plans and specifications to all the necessary local governmental agencies and obtain the necessary approvals. The Sponsor anticipates receiving such approvals in Fall 2004.

(2) The Completed Building will necessitate adding units to the top of the 2094-98 buildings. The existing structure has sufficient capacity to support the additional load. The resulting building height will be approximately 126 feet.

(3) The fire escapes which are to be removed from the Existing Renovated Buildings will be removed only after the Completed Building receives the permanent certificate of

occupancy; parapets and roof will remain intact and weather sealed into New Construction.

(4) There will be no effect on the existing building systems; the New Construction Units will have independent building systems

(5) The Renovated Units and the New Construction Units will share the following facilities: health club community room, courtyard garden, rooftop deck, lobby entrance located in the 2098 building (once it is fully constructed), mailroom (located in the 2098 building once it is fully constructed), and laundry facilities. The laundry rooms will be located in 2096 building.

(6) The construction may effect tenants in occupancy as follows:

(i) Construction debris will be removed from the 2100 and 2102 buildings to be built and will not impact common areas used by tenants of the Renovated Units.

(ii) The schedule construction work will be Monday- Friday, 8:00 a.m. to 4:00 p.m., except holidays.

(iii) Construction workers will generally not need access to the Existing Renovated Buildings until such time as the New Construction Building is complete and public hallways will be joined. The New Construction Building site will have manned security guards at 4:00 p.m. to midnight and midnight to 8:00 a.m. shifts.

(iv) There should be no interruption of building services in the Existing Renovated Buildings since the New Construction Building has its own building services.

(v) No new piping will be added to existing piping. The piping for the New Construction Units will be separate from the piping for the Renovated Units.

(vi) The contractor will provide liability and builders risk insurance.

(cc) ASBESTOS.

EXISTING RENOVATED BUILDINGS:

There are no materials that contain asbestos.

NEW CONSTRUCTION BUILDING:

There will be no asbestos containing material (ACM) used in the construction, insulation or fireproofing material in the building.

(dd) LEAD-BASED PAINT.

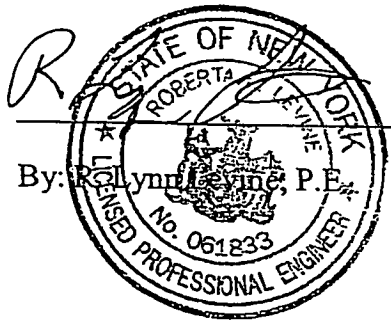
EXISTING RENOVATED BUILDINGS:

The Sponsor has no records, reports, violations and any other information concerning the presence of lead-based paint and/or lead-based paint hazards.

NEW CONSTRUCTION BUILDING:

There will be no lead paint used in the New Construction.

LPE Engineering, P.C.



By: Roberta Lynn Levine, P.E.

DEP BUREAU OF ENVIRONMENTAL INVESTIGATION & ENFORCEMENT ASBESTOS CONTROL PROGRAM FR17

ONLY TYPEWRITTEN FORMS WILL BE ACCEPTED

NYC DEPARTMENT OF ENVIRONMENTAL PROTECTION
Asbestos Control Program
59-17 Junction Boulevard, 8th Floor, Corona, NY 11368-5107

NOT AN ASBESTOS PROJECT

FOR OFFICIAL USE ONLY

1. _____ NYC Buildings Dept. Application #

ACP 5 Fee $_____

When submitting this form at the NYC Department of Buildings, the original form and three (3) copies with original signature and seal are required. Submittal at the NYCDEP requires one copy of the form with original signature and seal.

2. Facility Address 2094 Frederick Douglas Blvd. Borough Manhattan Zip 10027

AKA _____ 3. Block 1829 4. Lot 3

5. Building Owner Gateway II,LLC Tel. # 914-944-9200

6. Address 400 Executive Blvd State N.Y. Zip 10562

7. Contact Person Steven Gaetano 8. Tel. # 914-944-9200

9. Description of the Entire Scope of Work Gut rehab of existing old law tenement,Partitions,mechanical plumbing and structural work. New sprinkler service and system

10. Est. Start Date _____ ☒ As soon as permit approved Est. Completion Date _____ of the Entire Scope of Work.

11. I, Anthony Nowicki (Name of Certified Asbestos Investigator), have conducted an asbestos investigation on 9-3-02 (Date) in accordance with Sections 1-16 and 1-27 of the NYC DEP Asbestos Control Program Rules and declare that at said facility address, the

- ☐ a. premise to be demolished is free of any asbestos containing material (ACM).
- ☐ b. premise to be demolished contains 10 square feet or less or 25 linear feet or less of ACM.
- ☒ c. cumulative surfaces of structure(s) affected by the work are free of ACM.
- ☐ d. cumulative surfaces of structure(s) affected by the work contain 10 square feet or less or 25 linear feet or less of ACM
- ☐ e. normally non-friable ACM shall be disturbed/removed. Specify amount: _____ square feet
- ☐ f. ACM will not be disturbed during the scope of work. Specify amount of ACM present: _____ square feet _____ linear feet

All ACM specified in "b", "d", or "e" must be removed in accordance with the DEP Asbestos Rules or NYS DOL ICR56.*

12. RESULTS OF BUILDING SURVEY AND HAZARD ASSESSMENT:

FLOOR (including cellar and basement)	DESCRIBE SECTION OF FLOOR (e.g. entire, east wing, room #, boiler room, lobby, etc.)	ALL MATERIALS ASSUMED TO CONTAIN ACM AND/OR SAMPLED	NUMBER OF SAMPLES ANALYZED	ASBESTOS PRESENT YES	ASBESTOS PRESENT NO	ASSUMED ACM
Basement	Partial	None-Concrete	0		XX	
1st Fl	"	Sheetrock-Wall	1		XX	
thru	"	None-Visible	0		XX	
5th Fl	"	" "	0		XX	
Roof	"	None visible	0		XX	

13. Analytical Laboratory Sci Labs

14. ELAP # 11480 (NYS DOH CERTIFICATION) 15. Date(s) Samples Analyzed 9-3-02

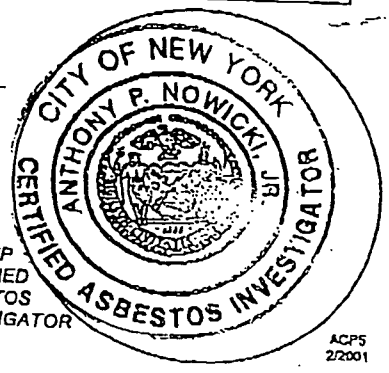
16. I hereby declare the information provided herein is true and complete.

Anthony Nowicki — NYC DEP Certified Asbestos Investigator's Signature; 85312-71603 — Certificate Number; 9-4-02 — Date; Daytime Telephone Number

Any modification or deviation from information provided on this form must be reported immediately in writing directly to the NYCDEP. The requirements of the Asbestos Control Program Rules may not be lawfully avoided or lessened through the performance of work in incremental or piecemeal fashion.

* In-plant operations, as defined in §56-3.1 of ICR56, are not permitted in New York City.

SEAL OF THE NYC DEP CERTIFIED ASBESTOS INVESTIGATOR



Received Time Dec. 4. 12:21PM

ACP5 2/2001

U.S.E.P.
ENVIRONMENTAL
N.S. ENFORCEMENT
105 CONTROL
PROGRAM
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FORMS WILL
BE ACCEPTED

NYC DEPARTMENT OF ENVIRONMENTAL PROTECTION
Asbestos Control Program
59-17 Junction Boulevard, 8th Floor, Corona, NY 11368-5107

NOT AN ASBESTOS PROJECT

FOR OFFICIAL USE ONLY
1. _____
NYC Buildings Dept. Application #
ACP 5 Fee $_____

When submitting this form at the NYC Department of Buildings, the original form and three (3) copies with original signature and seal are required. Submittal at the NYCDEP requires one copy of the form with original signature and seal.

2. Facility Address 2104 Frederick Douglas Blvd. Borough Manhattan Zip 10027

AKA _____ 3. Block 1829 4. Lot 61

5. Building Owner Gateway II,LLC Tel. # 914-944-9200

6. Address 400 Executive Blvd State N.Y. Zip 10562

7. Contact Person Steven Gaetano 8. Tel. # 914-944-9200

9. Description of the Entire Scope of Work Gut rehab of existing old law tenement,Parcitions,mechanical plumbing and structural work. New sprinkler service and system

10. Est. Start Date _____ ☒ As soon as permit approved Est. Completion Date _____ of the Entire Scope of Work.

11. I, Anthony Nowicki (Name of Certified Asbestos Investigator), have conducted an asbestos investigation on 9-3-02 (Date) in accordance with Sections 1-16 and 1-27 of the NYC DEP Asbestos Control Program Rules and declare that at said facility address, the

- ☐ a. premise to be demolished is free of any asbestos containing material (ACM).
- ☐ b. premise to be demolished contains 10 square feet or less or 25 linear feet or less of ACM.
- ☒ c. cumulative surfaces of structure(s) affected by the work are free of ACM.
- ☐ d. cumulative surfaces of structure(s) affected by the work contain 10 square feet or less or 25 linear feet or less of ACM
- ☐ e. normally non-friable ACM shall be disturbed/removed. Specify amount: _____ square feet
- ☐ f. ACM will not be disturbed during the scope of work. Specify amount of ACM present: _____ square feet _____ linear feet

All ACM specified in "b", "d", or "e" must be removed in accordance with the DEP Asbestos Rules or NYS DOL ICR56.*

12. RESULTS OF BUILDING SURVEY AND HAZARD ASSESSMENT:

FLOOR (including cellar and basement)	DESCRIBE SECTION OF FLOOR (e.g. entire, east wing, room #, boiler room, lobby, etc.)	ALL MATERIALS ASSUMED TO CONTAIN ACM AND/OR SAMPLED	NUMBER OF SAMPLES ANALYZED	ASBESTOS PRESENT YES	ASBESTOS PRESENT NO	ASSUMED ACM
Basement	Partial	None-Concrete	0		XX	
1st Fl	"	Sheetrock-Wall	1		XX	
thru	"	None-Visible	0		XX	
5th Fl	"	" "	0		XX	
Roof	"	None visible	0		XX	

13. Analytical Laboratory Sci Labs

14. ELAP # 11480 (NYS DOH CERTIFICATION) 15. Date(s) Samples Analyzed 9-3-02

16. I hereby declare the information provided herein is true and complete.

Anthony Nowicki | 85312-71603 | 9-4-02 | _____
NYC DEP Certified Asbestos Investigator's Signature | Certificate Number | Date | Daytime Telephone Number

Any modification or deviation from information provided on this form must be reported immediately in writing directly to the NYCDEP. The requirements of the Asbestos Control Program Rules may not be lawfully avoided or lessened through the performance of work in incremental or piecemeal fashion.

* Impact operations, as defined in §56-3.1 of ICR56, are not permitted in New York City.

SEAL OF THE NYC DEP CERTIFIED ASBESTOS INVESTIGATOR

CITY OF NEW YORK
ANTHONY P. NOWICKI, JR.
CERTIFIED ASBESTOS INVESTIGATOR

ACP5
2/2001

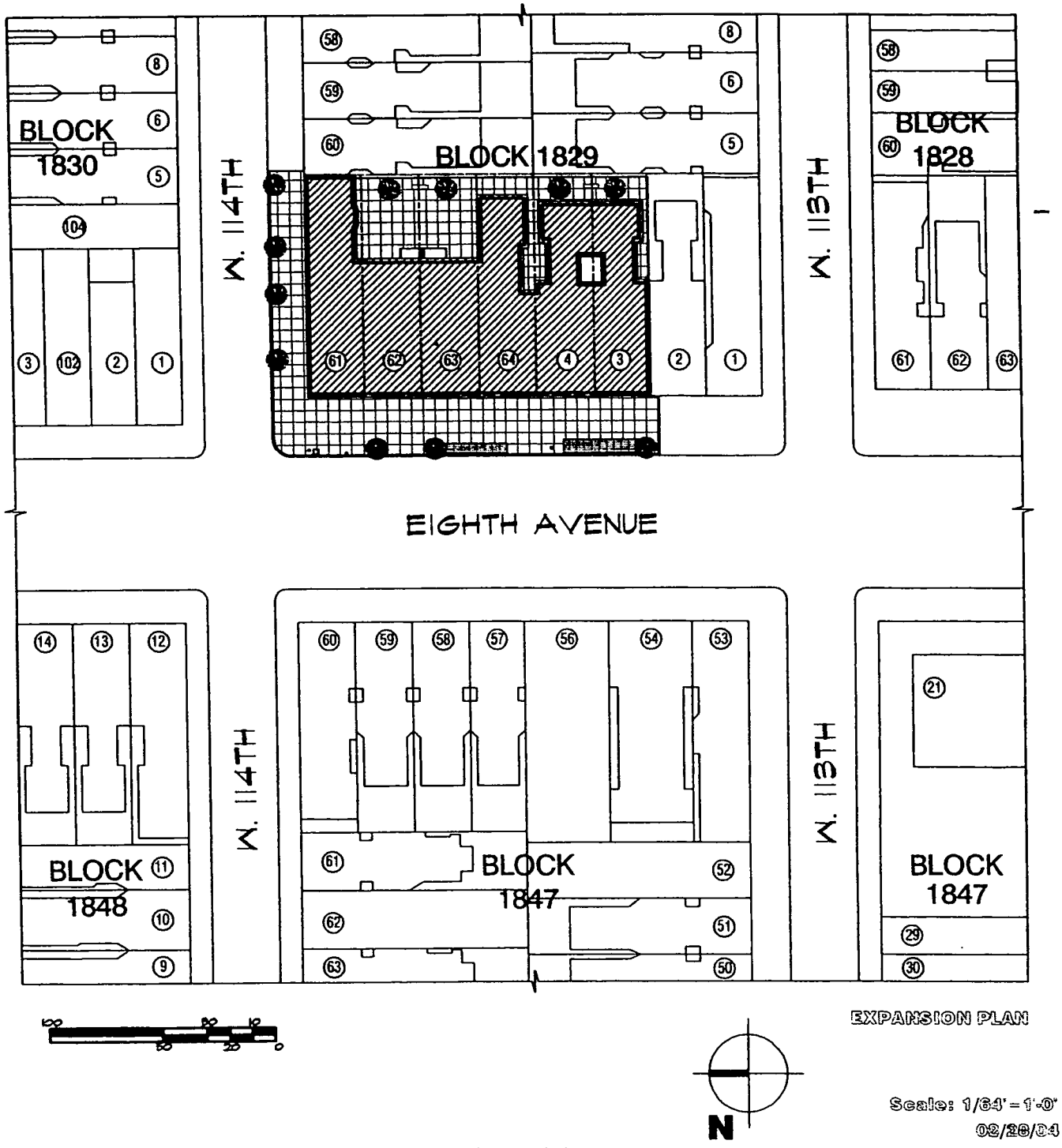
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GATEWAY CONDOMINIUM

2104, 2102, 2100, 2098, 2096 & 2094 EIGHTH AVENUE
NEW YORK, NY

SITE PLAN

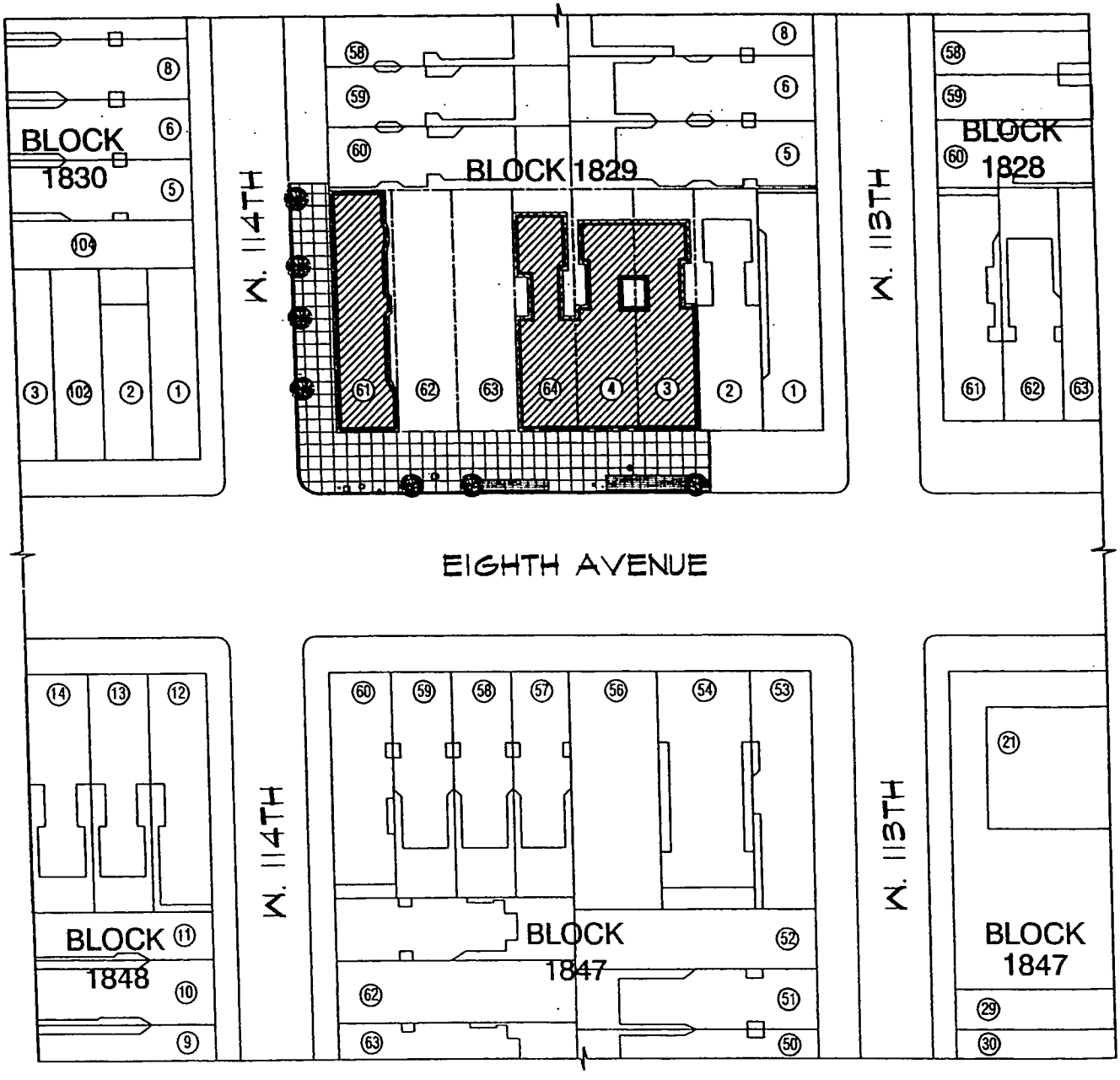


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Dimensions are maximum overall, subtract cutouts. We reserve the right to make changes due to unforseen conditions, in accordance with the offering plan.

GATEWAY CONDOMINIUM

2104, 2098, 2096 & 2094 EIGHTH AVENUE
NEW YORK, NY

SITE PLAN

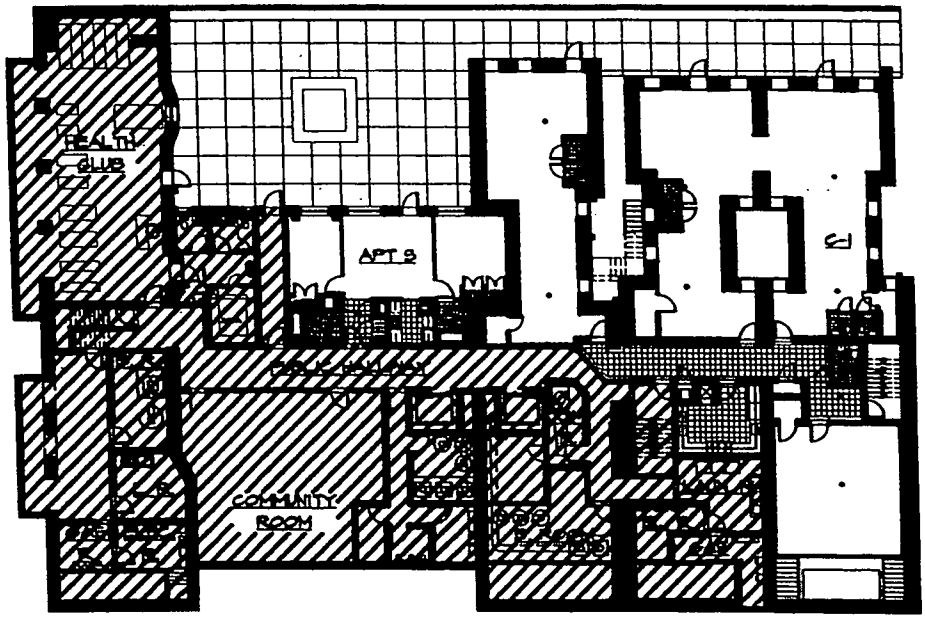


EXISTING PLAN

Scale: 1/64" = 1'-0"
08/18/04

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GATEWAY CONDOMINIUM



CELLAR FLOOR PLAN
Scale: 1/32" = 1'-0"
08/18/04

COMMON ELEMENT

N

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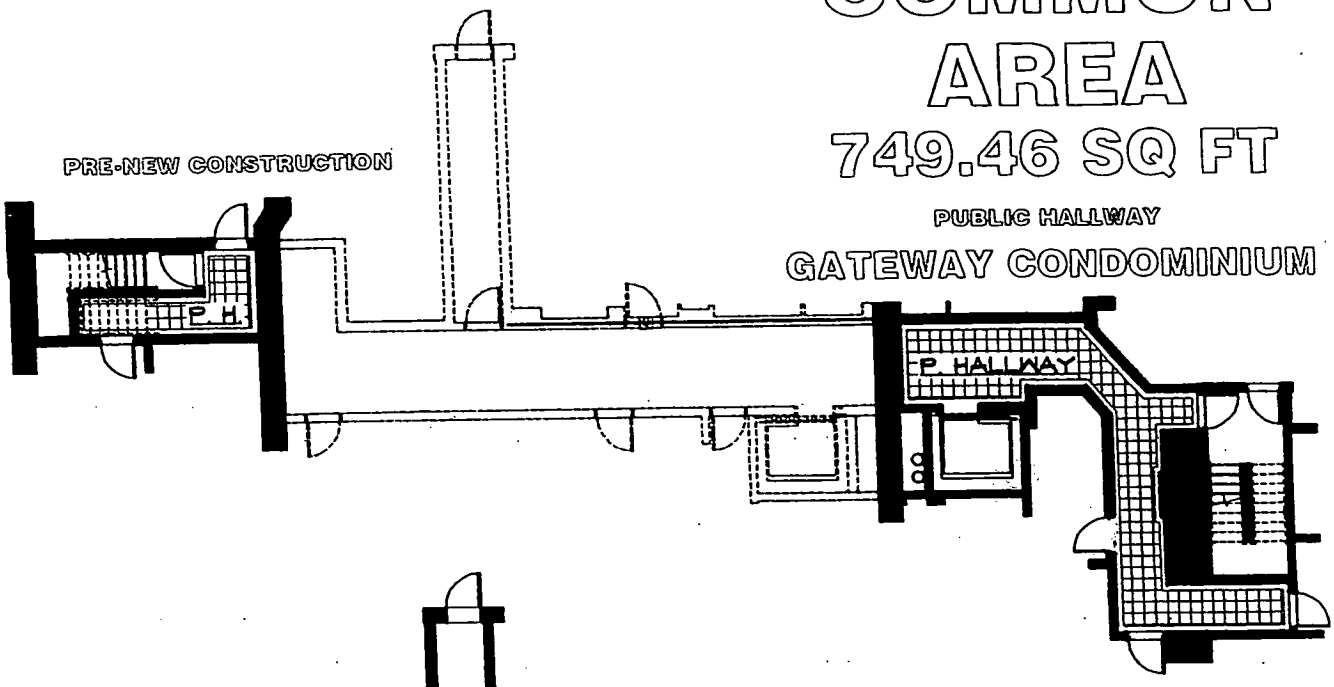
COMMON AREA

749.46 SQ FT

PUBLIC HALLWAY

GATEWAY CONDOMINIUM

PRE-NEW CONSTRUCTION

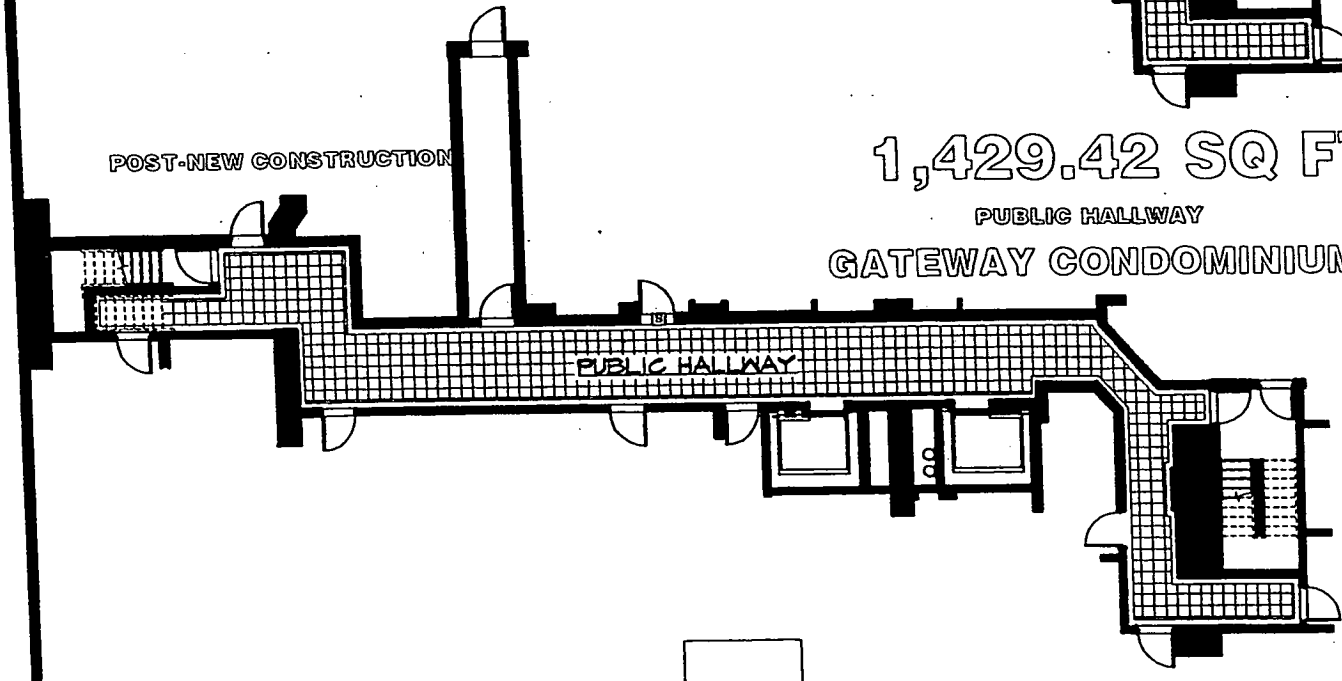


1,429.42 SQ FT

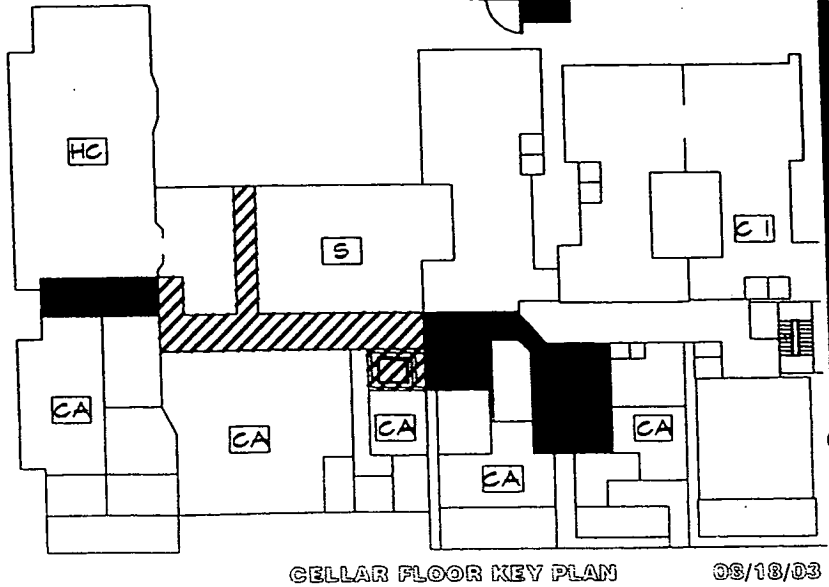
PUBLIC HALLWAY

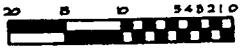
GATEWAY CONDOMINIUM

POST-NEW CONSTRUCTION





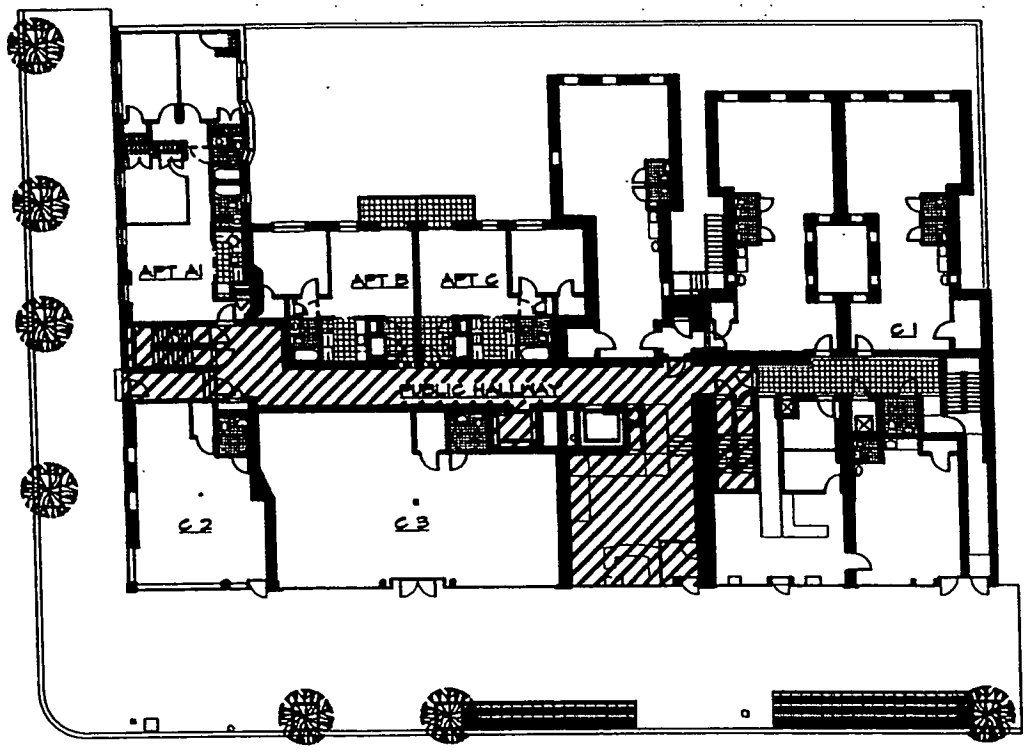




Scale: 1/16" = 1'-0"

CELLAR FLOOR KEY PLAN 08/18/03

GATEWAY CONDOMINIUM

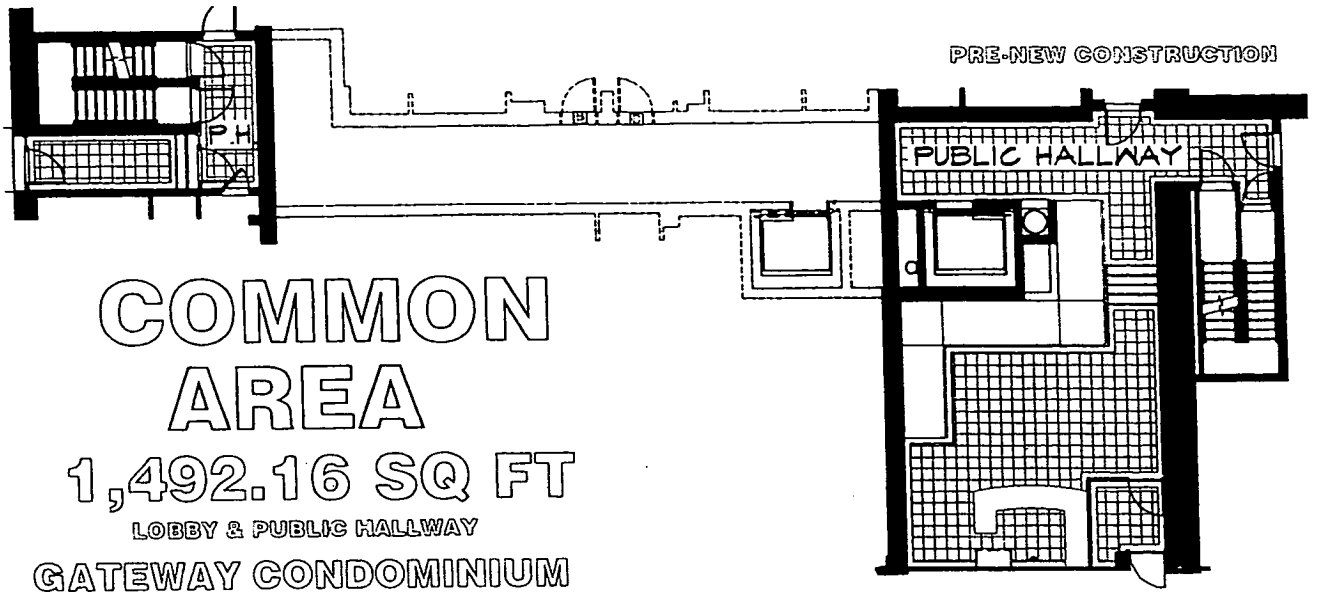


FIRST FLOOR PLAN
Scale: 1/32"=1'-0"
08/18/04

COMMON ELEMENT

N

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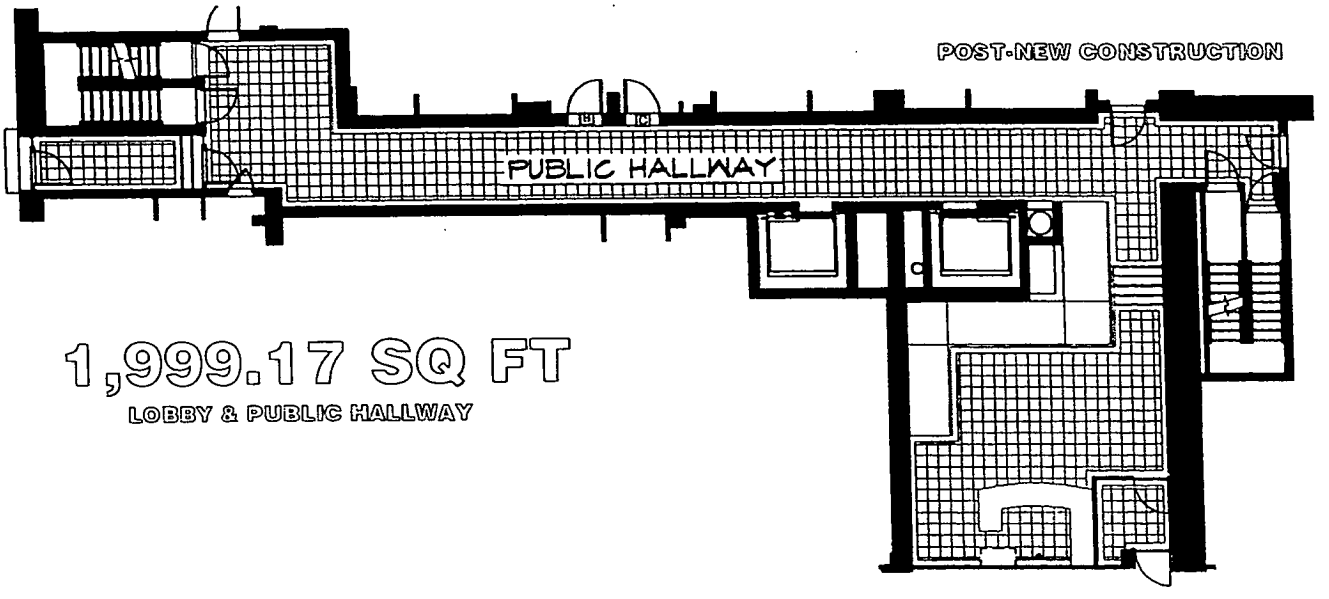


COMMON AREA

1,492.16 SQ FT

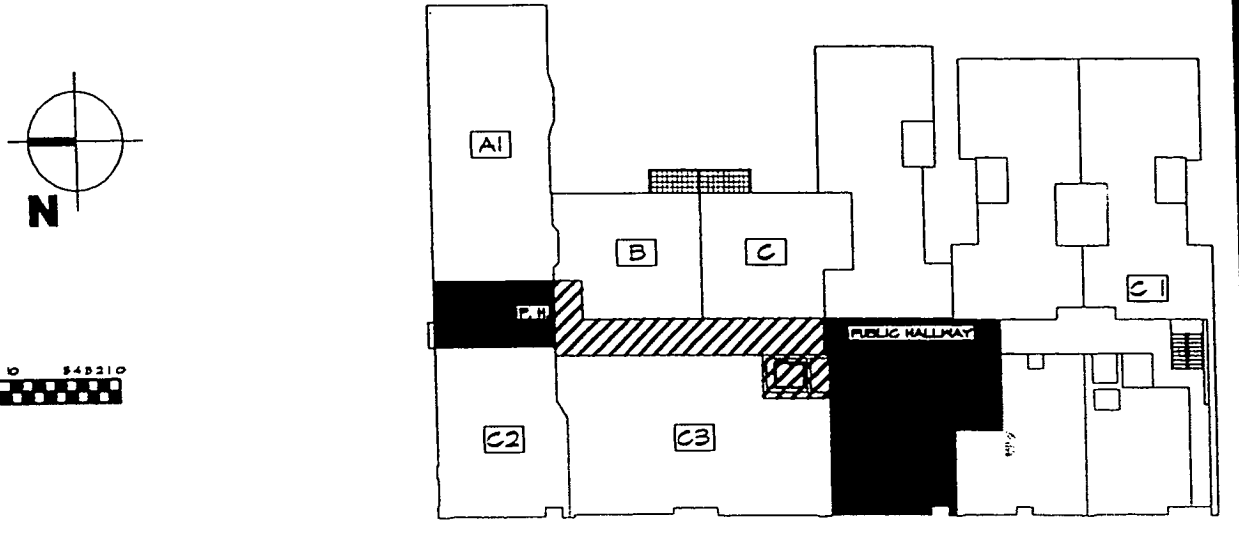
LOBBY & PUBLIC HALLWAY

GATEWAY CONDOMINIUM



1,999.17 SQ FT

LOBBY & PUBLIC HALLWAY



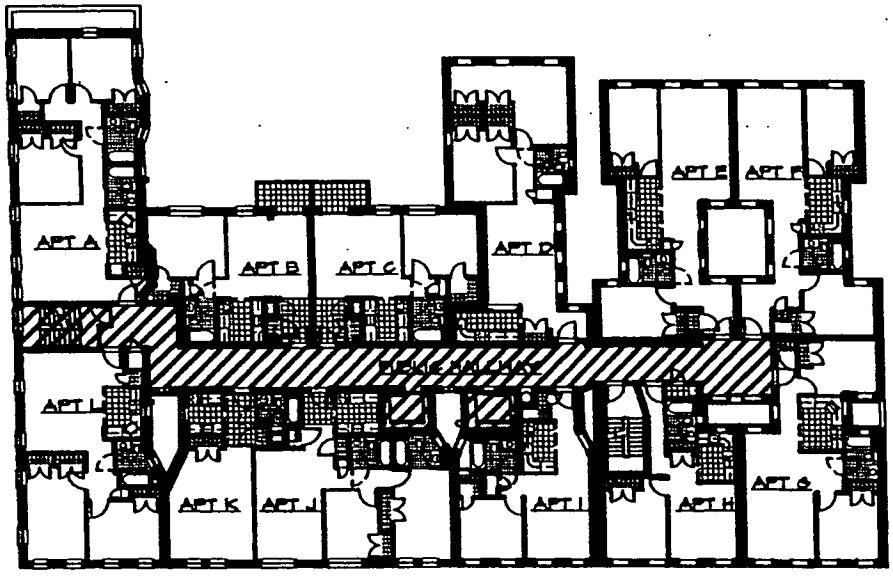


Scale: 1/16" = 1'-0"

FIRST FLOOR KEY PLAN

03/12/84

GATEWAY CONDOMINIUM



SECOND THRU FIFTH FLOOR PLANS
Scale: 1/32"=1'-0"
08/18/04

COMMON ELEMENT

N

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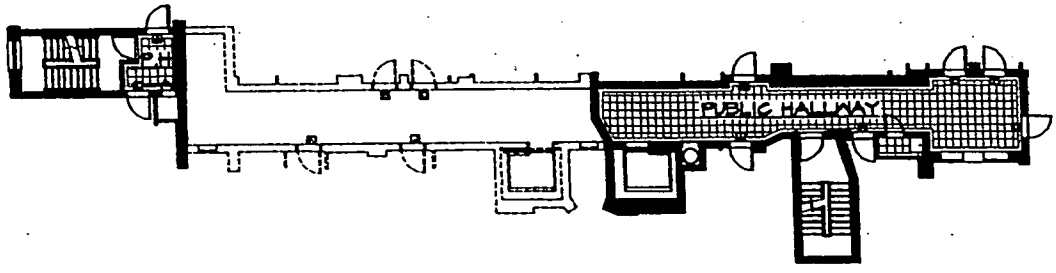
COMMON AREA

869.7 SQ FT

PUBLIC HALLWAY

GATEWAY CONDOMINIUM

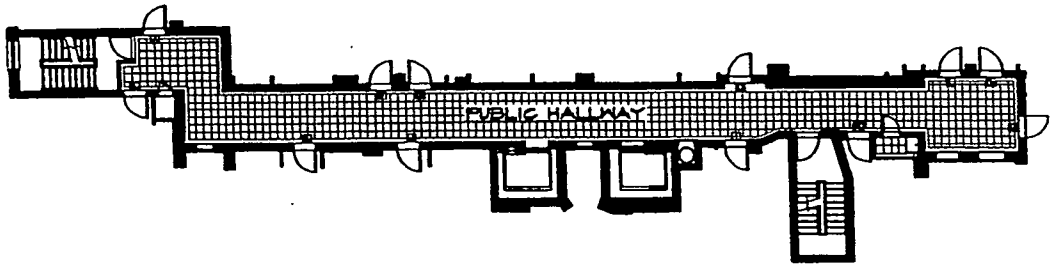
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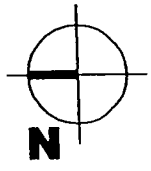


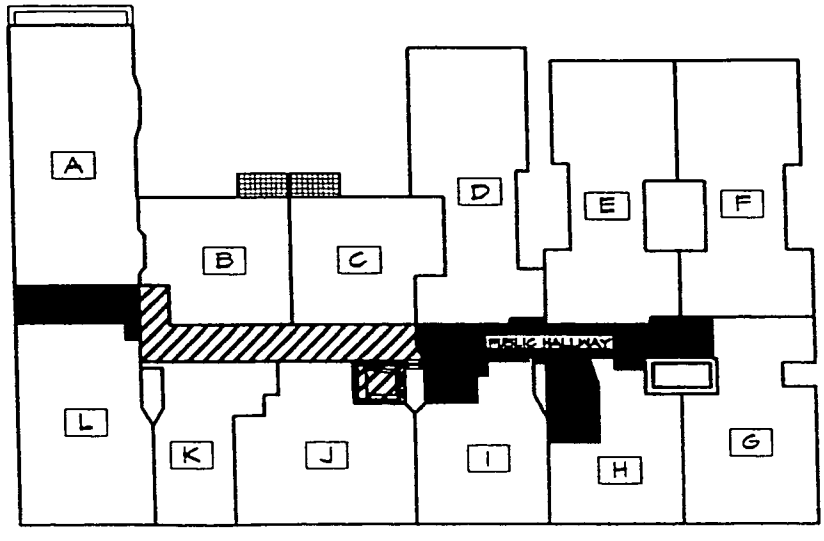
1,430.4 SQ FT

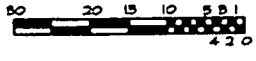
PUBLIC HALLWAY

POST-NEW CONSTRUCTION





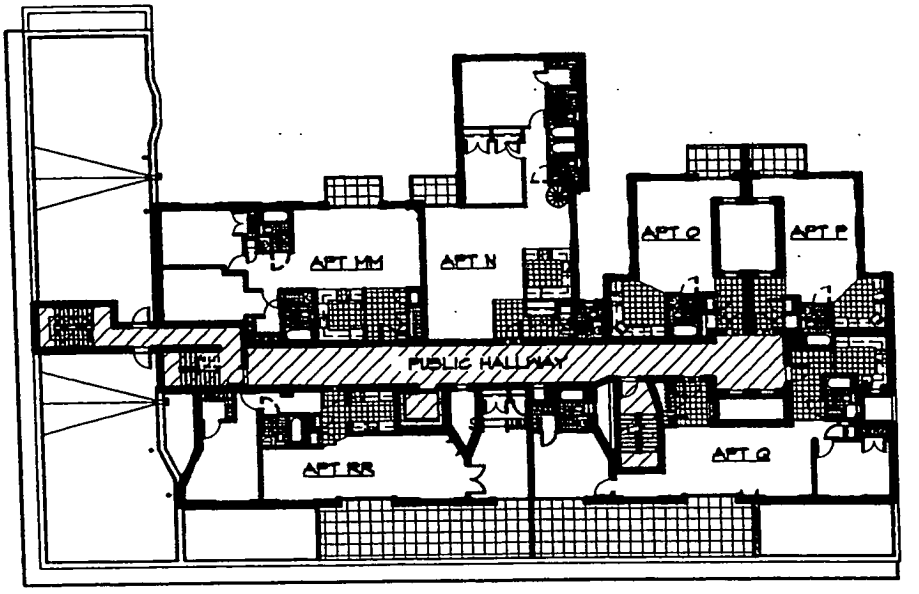




Scale: 1/24" = 1'-0"

SECOND THRU FIFTH FLOOR KEY PLAN 08/18/04

GATEWAY CONDOMINIUM



SIXTH FLOOR PLAN
Scale: 1/32"=1'-0"
08/18/04

COMMON ELEMENT

N

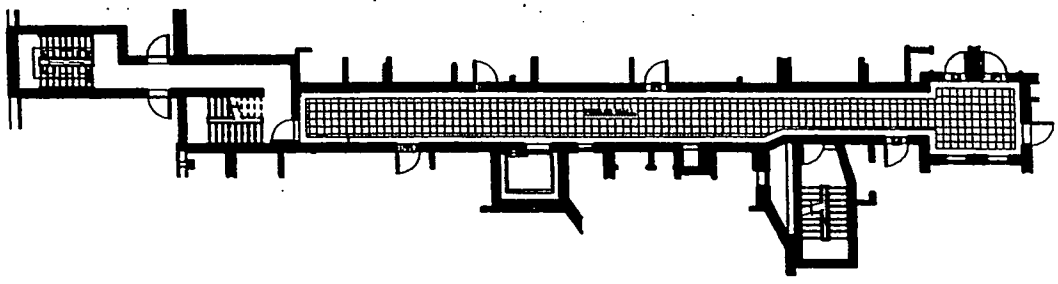
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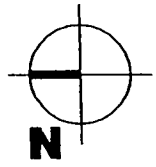
COMMON AREA

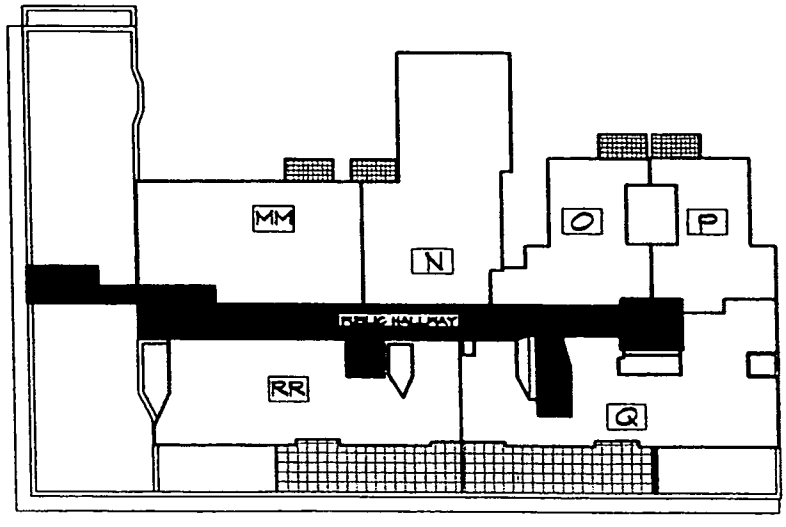
1,288.34 SQ FT

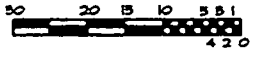
PUBLIC HALLWAY

GATEWAY CONDOMINIUM







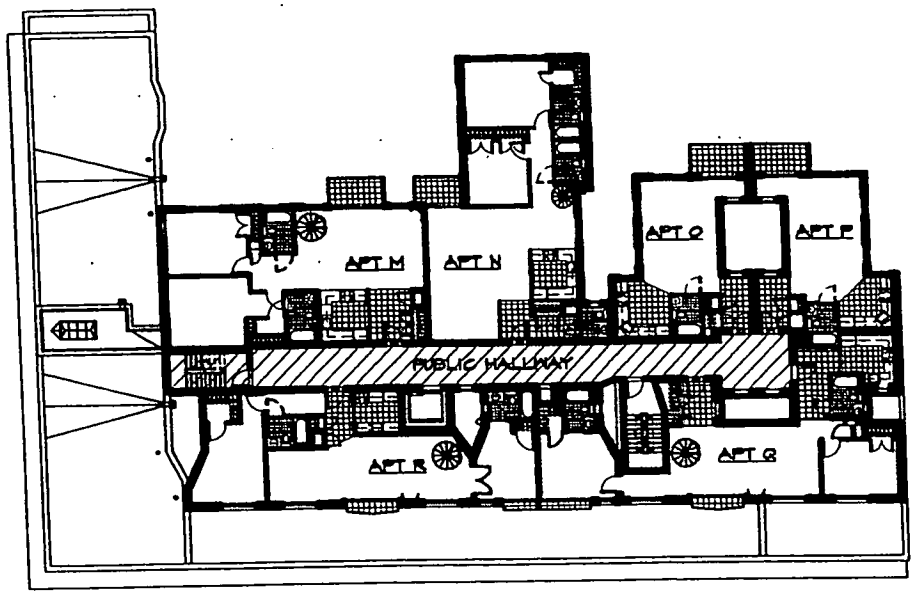


Scale: 1/24" = 1'-0"

SIXTH FLOOR KEY PLAN

03/18/04

GATEWAY CONDOMINIUM



SEVENTH AND EIGHTH FLOOR PLANS
Scale: 1/32"=1'-0"
08/18/04

COMMON ELEMENT

N

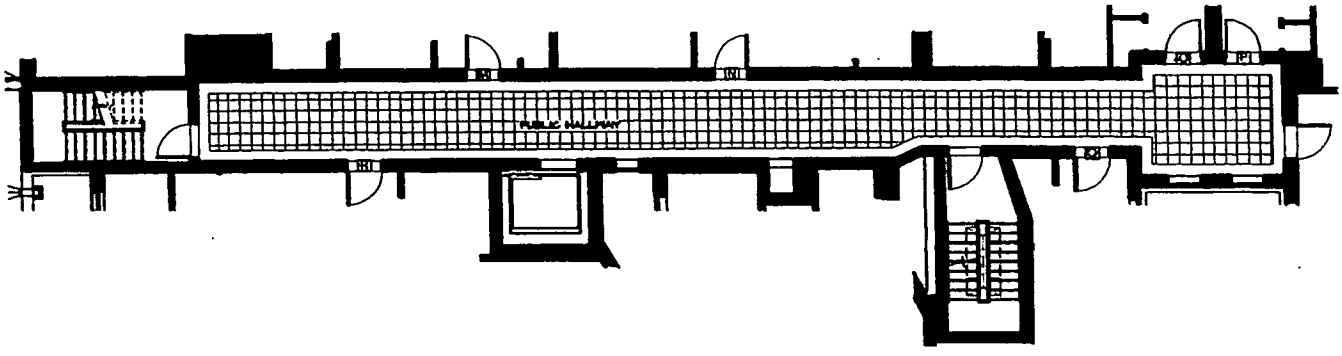
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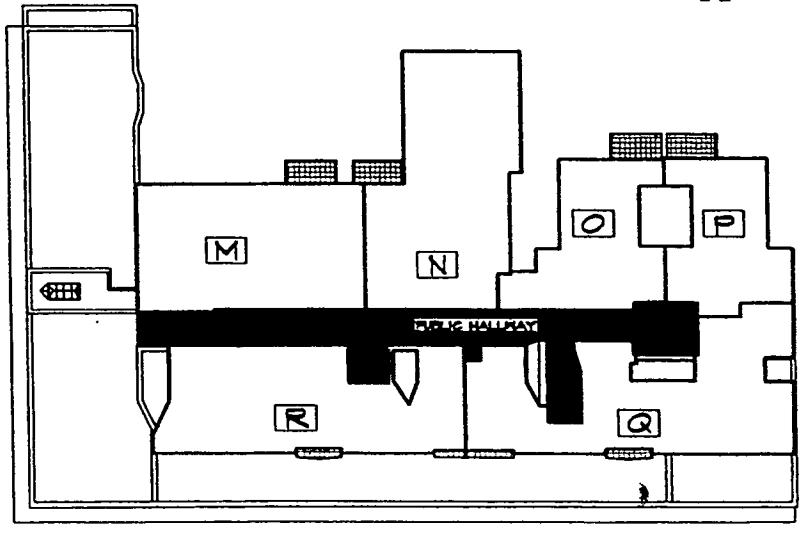
COMMON AREA

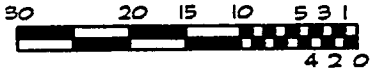
1,076.47 SQ FT

PUBLIC HALLWAY

GATEWAY CONDOMINIUM



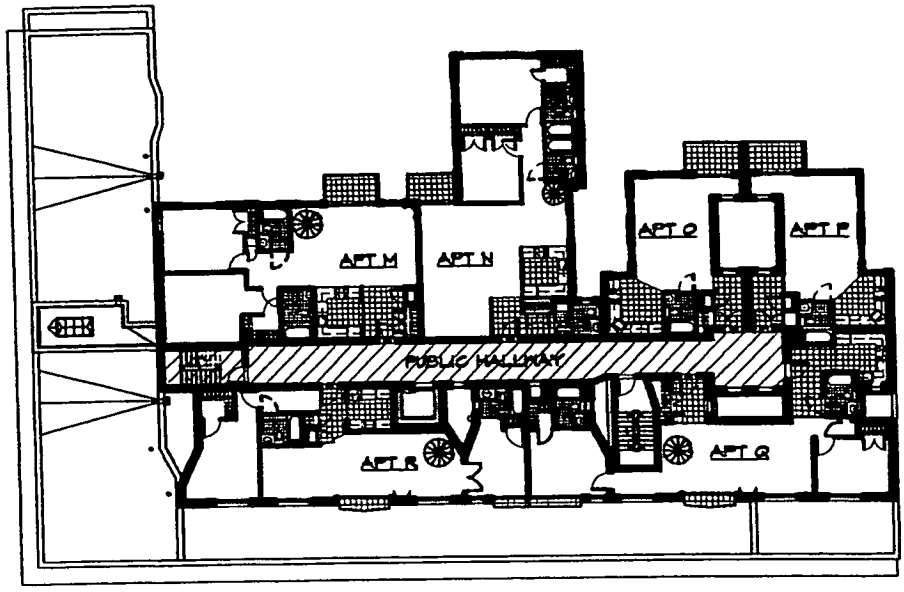




Scale: 1/16' = 1'-0'

SEVENTH AND EIGHTH FLOOR KEY PLAN 08/18/04

GATEWAY CONDOMINIUM



PENTHOUSE, 9TH FLOOR PLANS
Scale: 1/32" = 1'-0"
08/18/04

COMMON ELEMENT

N

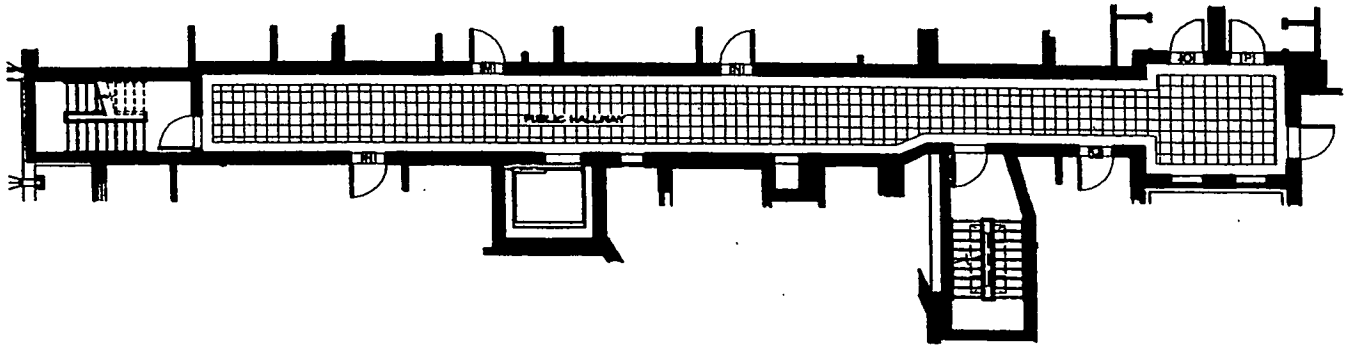
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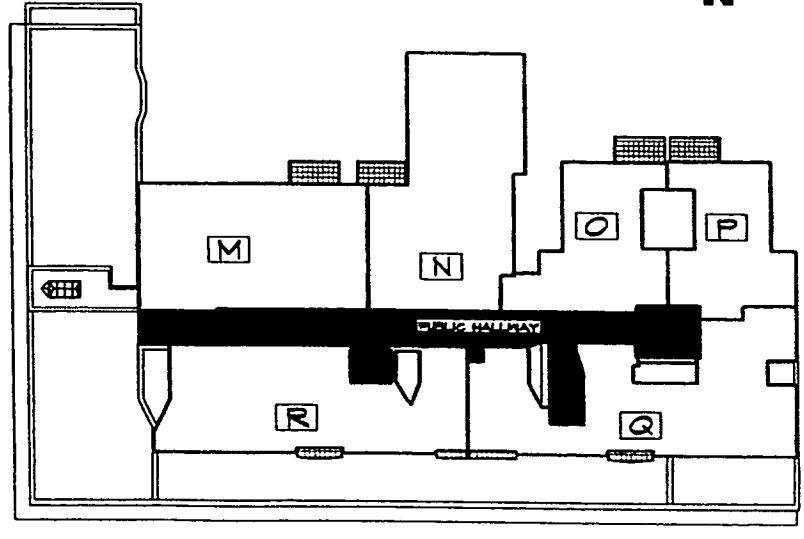
COMMON AREA

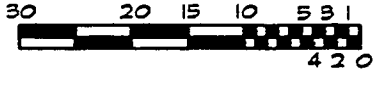
1,076.47 SQ FT

PUBLIC HALLWAY

GATEWAY CONDOMINIUM





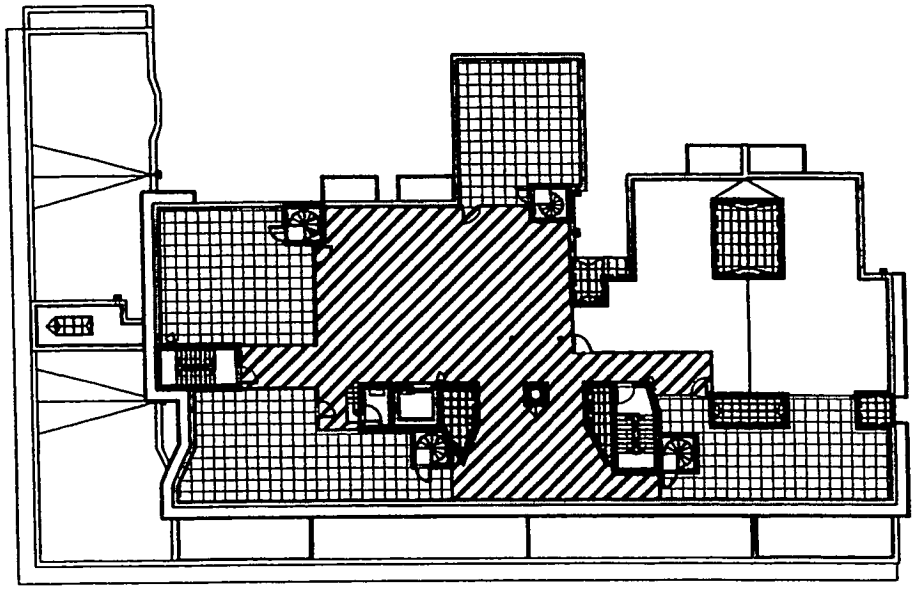


Scale: 1/16" = 1'-0"

PENTHOUSE, 9TH FLOOR KEY PLAN

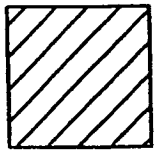
08/18/04

GATEWAY CONDOMINIUM

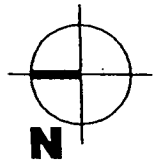




ROOF PLAN
Scale: 1/32"=1'-0"
08/18/04



COMMON ELEMENT

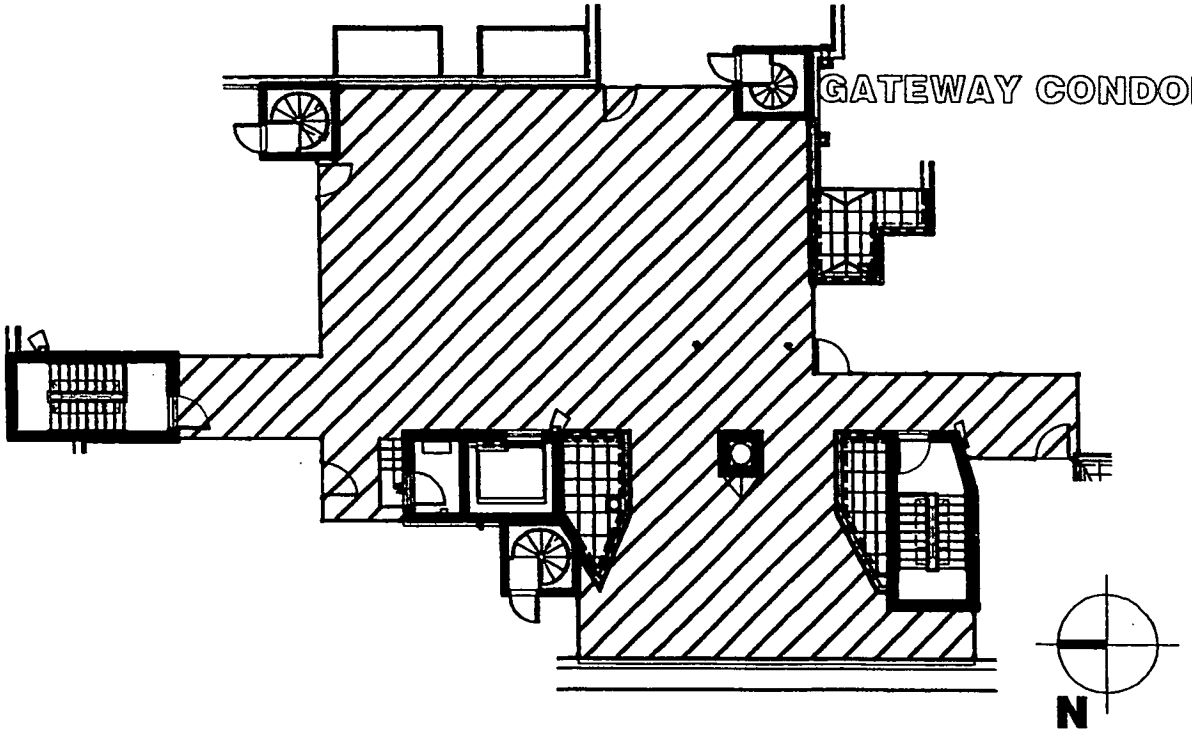


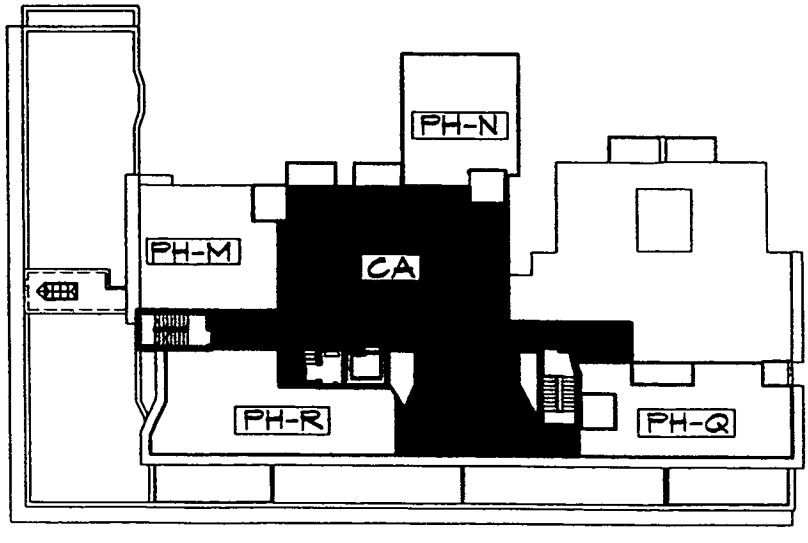
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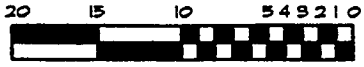
COMMON AREA

2,299.24 SQ FT

ROOF TERRACE



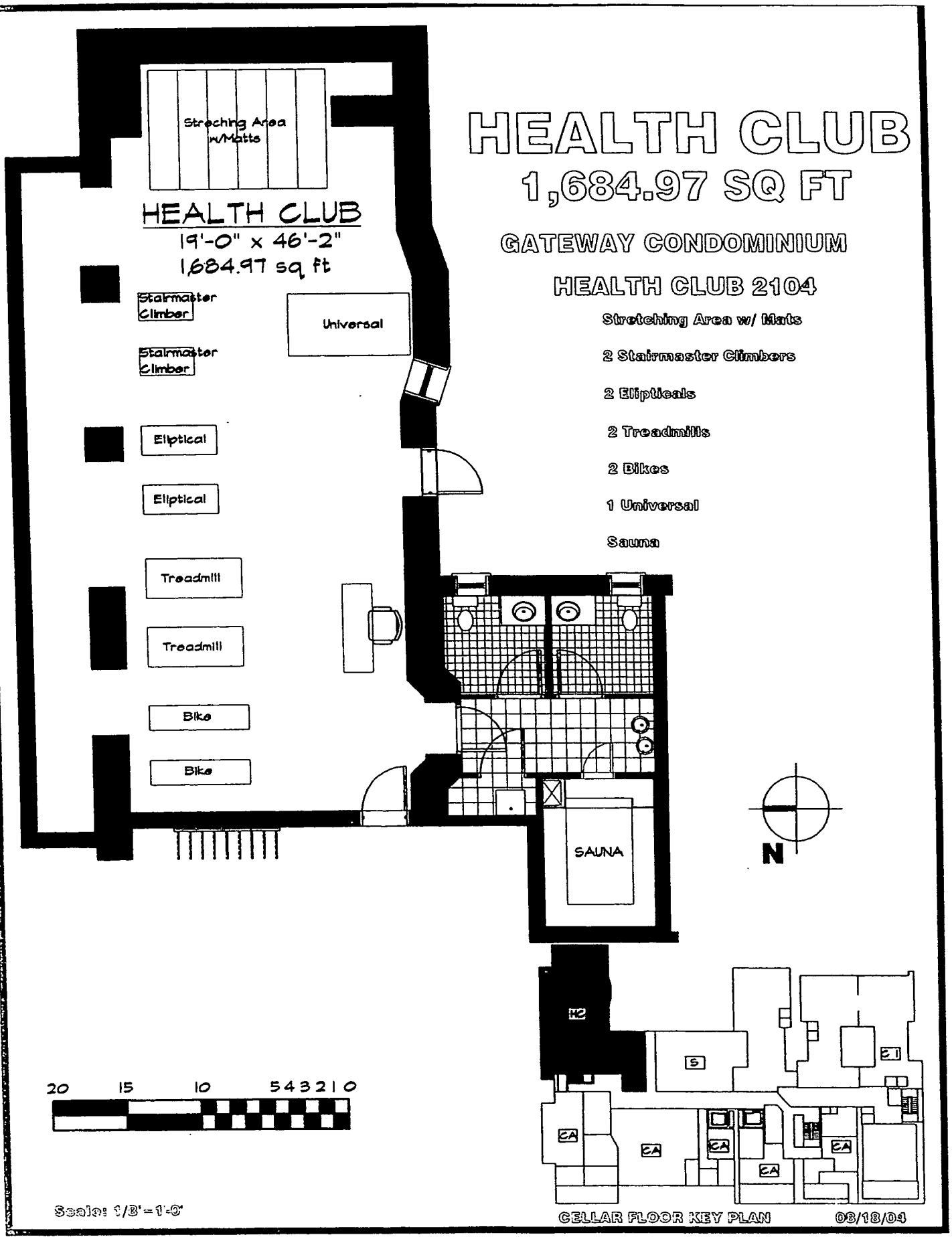


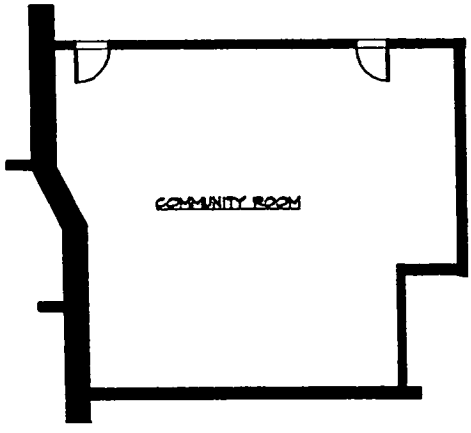


Scale: 3/32"=1'-0"

ROOF PLAN

08/18/04


HEALTH CLUB
1,684.97 SQ FT
GATEWAY CONDOMINIUM
HEALTH CLUB 2104
Stretching Area w/ Mats
2 Stairmaster Climbers
2 Ellipticals
2 Treadmills
2 Bikes
1 Universal
Sauna
Stretching Area w/Matts
HEALTH CLUB
19'-0" x 46'-2"
1,684.97 sq ft
Stairmaster Climber
Stairmaster Climber
Universal
Elliptical
Elliptical
Treadmill
Treadmill
Bike
Bike
SAUNA
N
20 15 10 5 4 3 2 1 0
Scale: 1/8"=1'-0"
HC
S
EA
EA
EA
EA
EA
EA
CELLAR FLOOR KEY PLAN
08/18/04

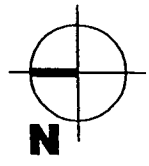


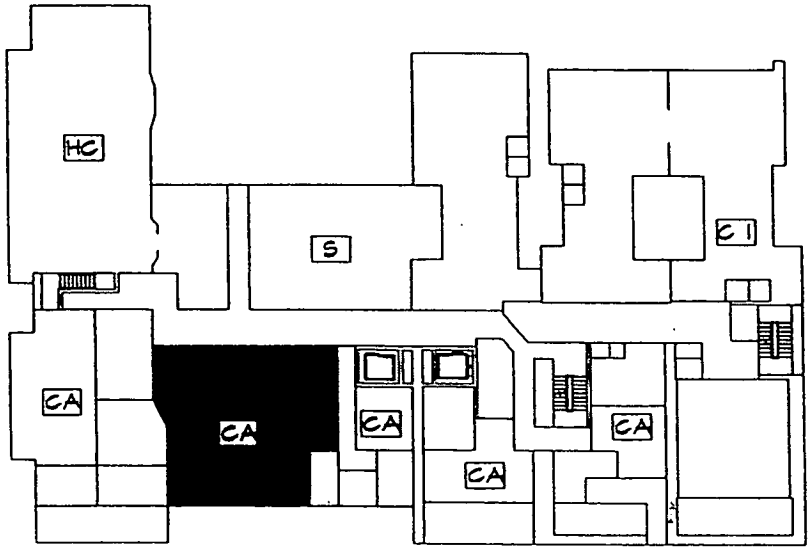
COMMON AREA

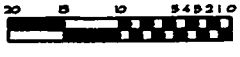
1,058.83 SQ FT

COMMUNITY ROOM

GATEWAY CONDOMINIUM

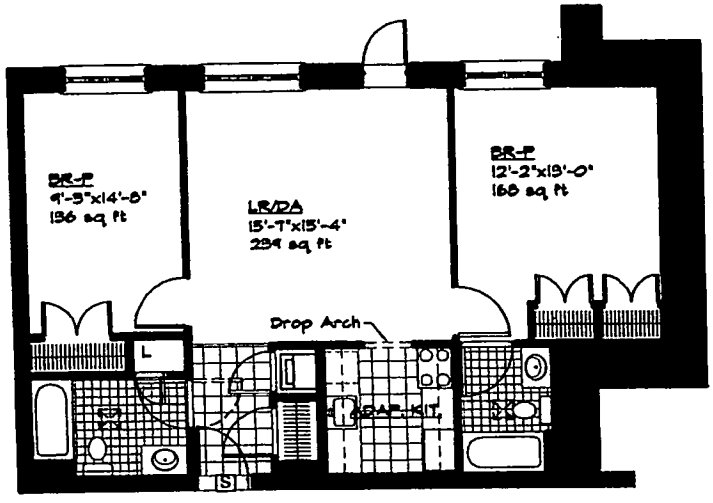






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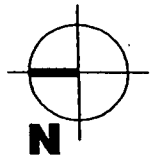
CELLAR FLOOR KEY PLAN 08/18/94

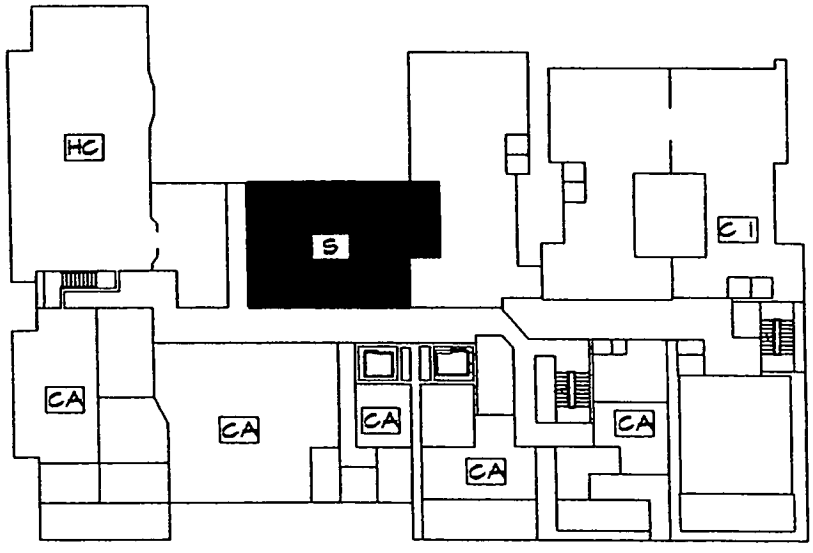


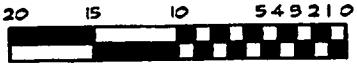
APT S
895 SQ FT

SUPERINTENDENT APT.

GATEWAY CONDOMINIUM

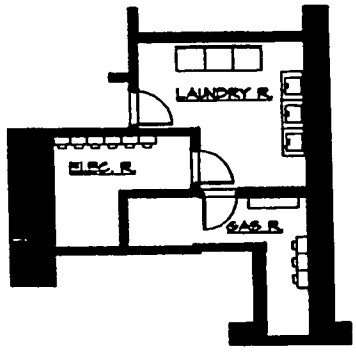






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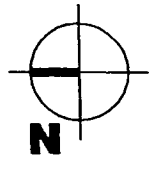
CELLAR FLOOR KEY PLAN 08/18/04

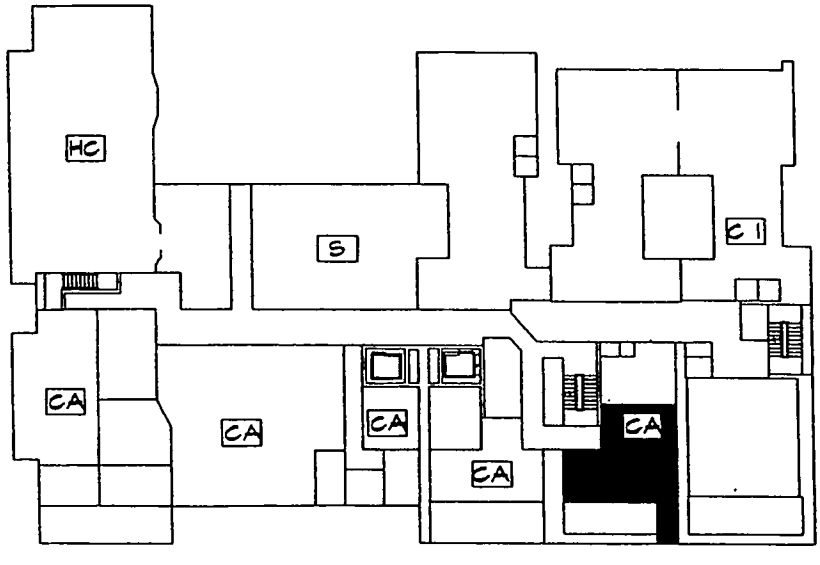


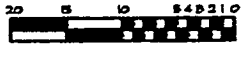
COMMON AREA
451.67 SQ FT

LAUNDRY, GAS
AND ELEC. ROOM

GATEWAY CONDOMINIUM

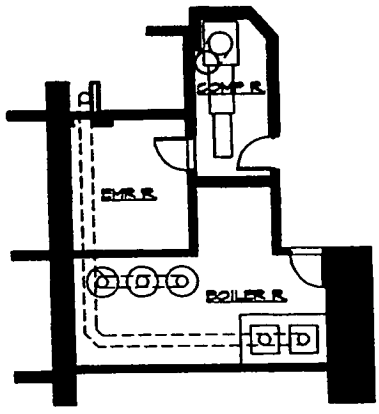






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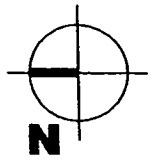
CELLAR FLOOR KEY PLAN 08/18/04

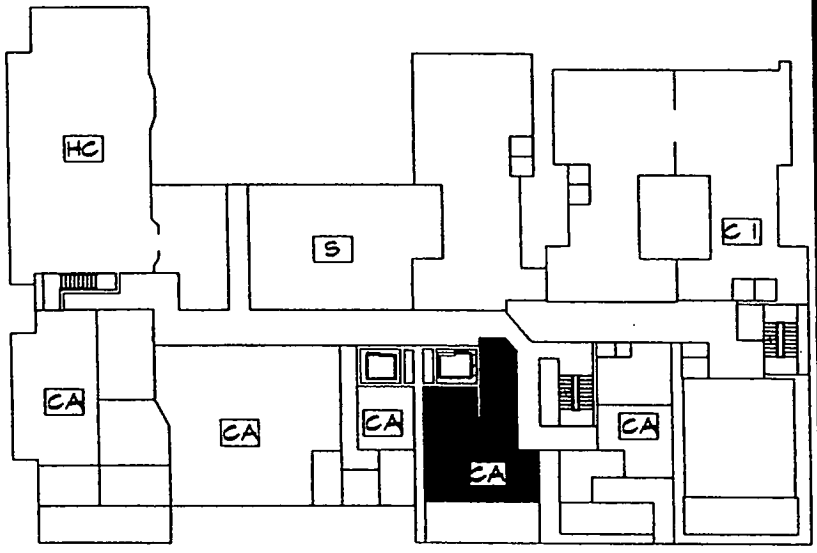


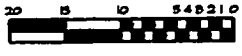
COMMON AREA
571.19 SQ FT

BOILER, COMPACTOR
ELEV. MACHINE ROOM

GATEWAY CONDOMINIUM

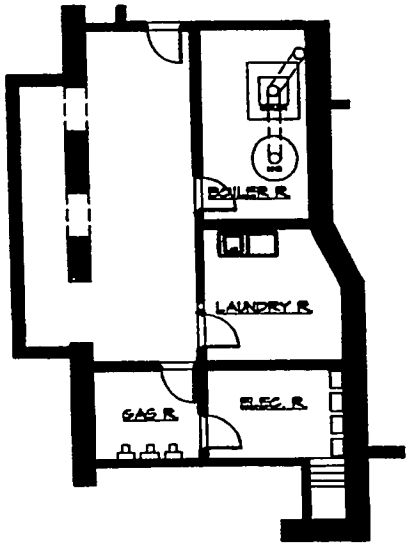






Scale: 1/16"=1'-0"

CELLAR FLOOR KEY PLAN 08/18/04

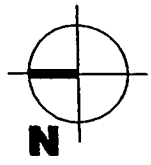


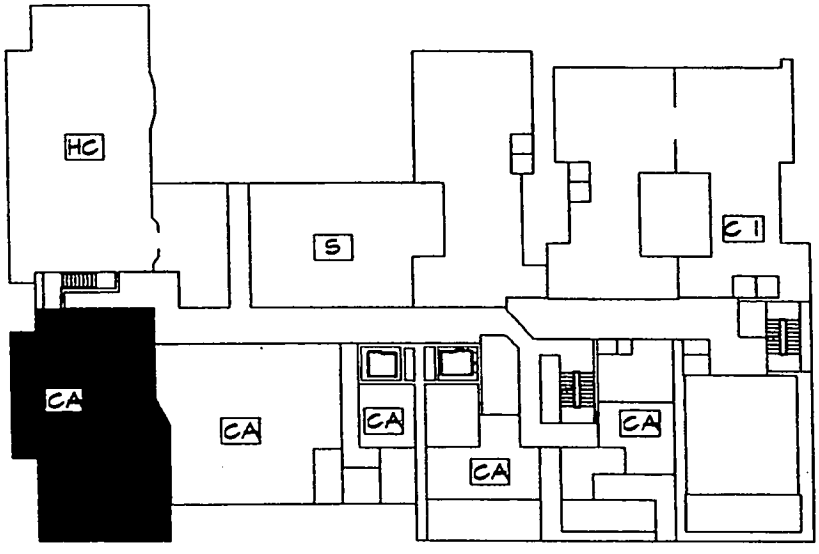
COMMON AREA

1,051.79 SQ FT

BOILER, LAUNDRY, GAS & ELEC. ROOM

GATEWAY CONDOMINIUM







Scale: 1/16"=1'-0"

CELLAR FLOOR KEY PLAN 08/18/04

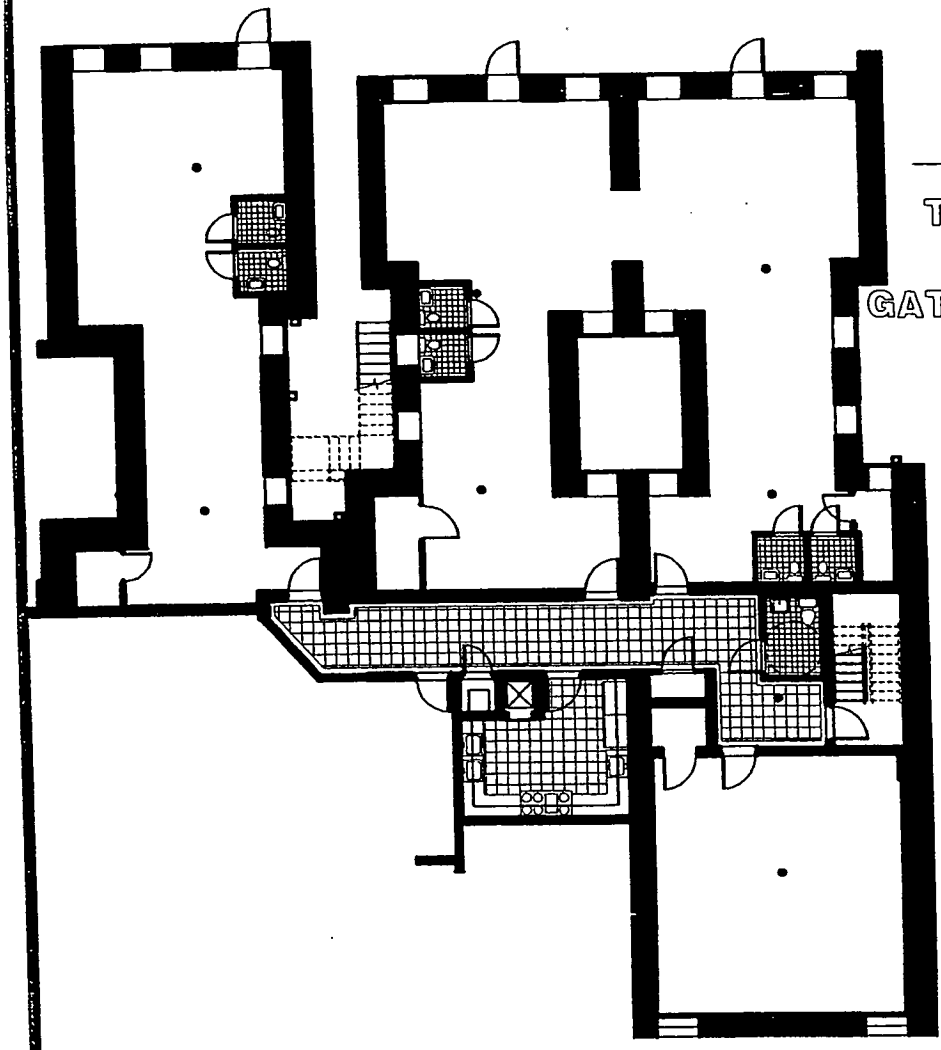
COMMERCIAL 1

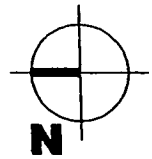
LOWER- 4,169 SQ FT

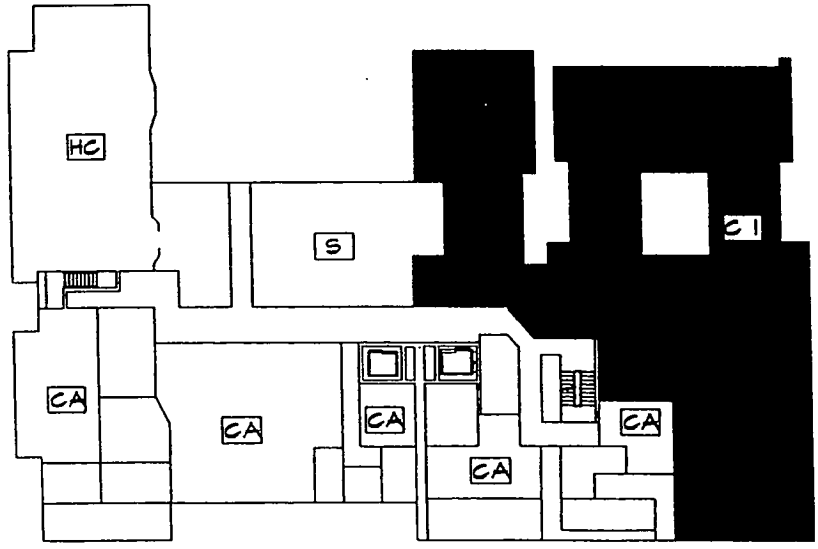
UPPER- 4,617 SQ FT

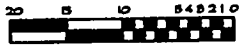
TOTAL C1- 8,786 SQ FT

GATEWAY CONDOMINIUM





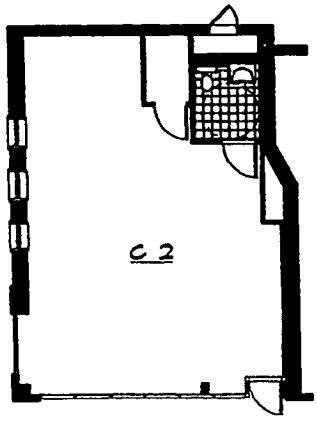


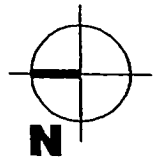


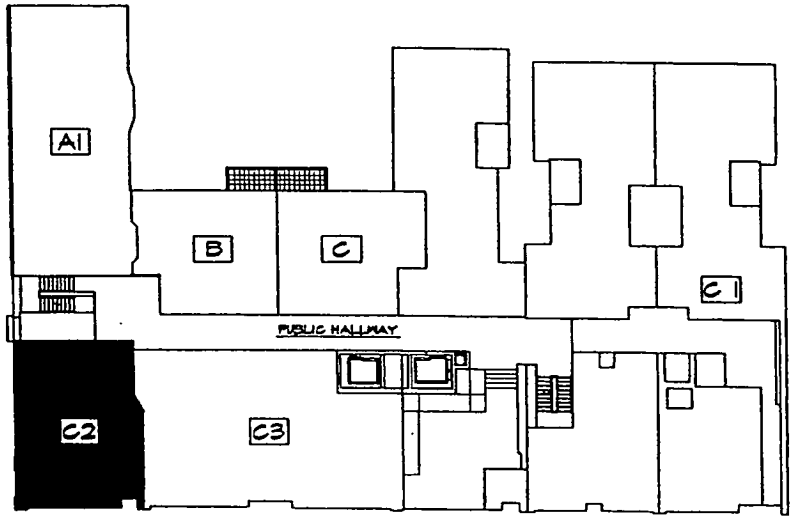
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CELLAR FLOOR KEY PLAN 08/18/04

COMMERCIAL
2
765.09 SQ FT
GATEWAY CONDOMINIUM





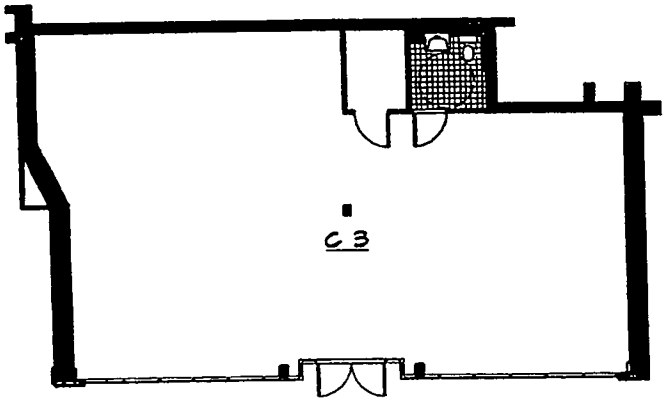




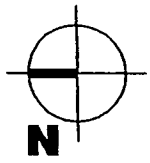
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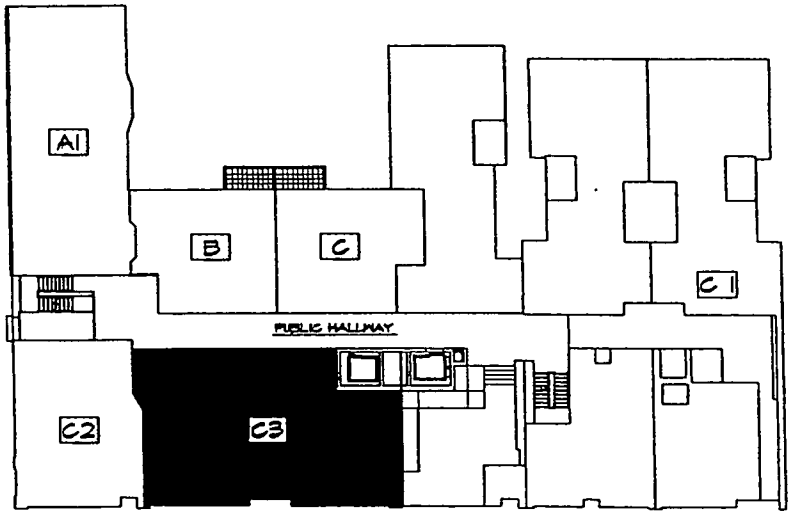
FIRST FLOOR KEY PLAN

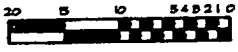
08/18/04



COMMERCIAL
3
1,556.67 SQ FT
GATEWAY CONDOMINIUM



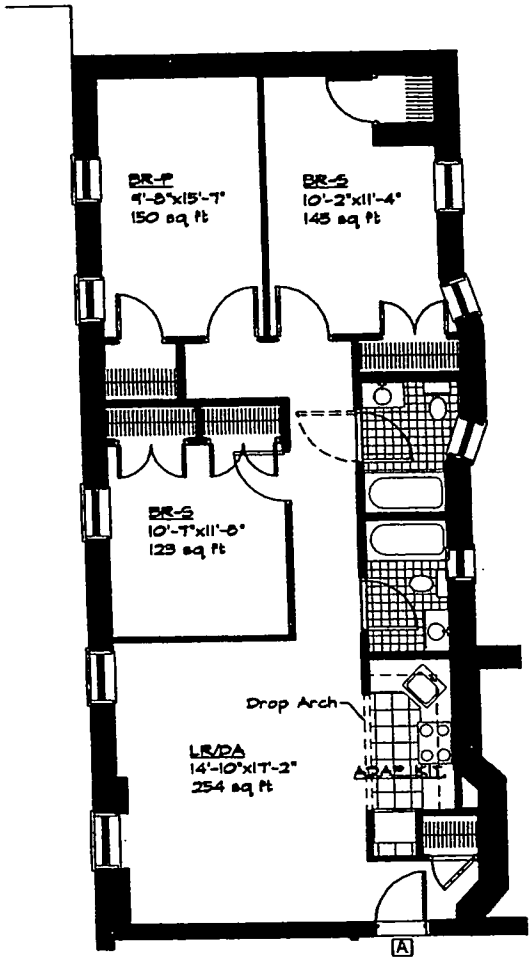




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FIRST FLOOR KEY PLAN 08/18/04

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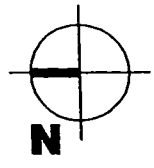


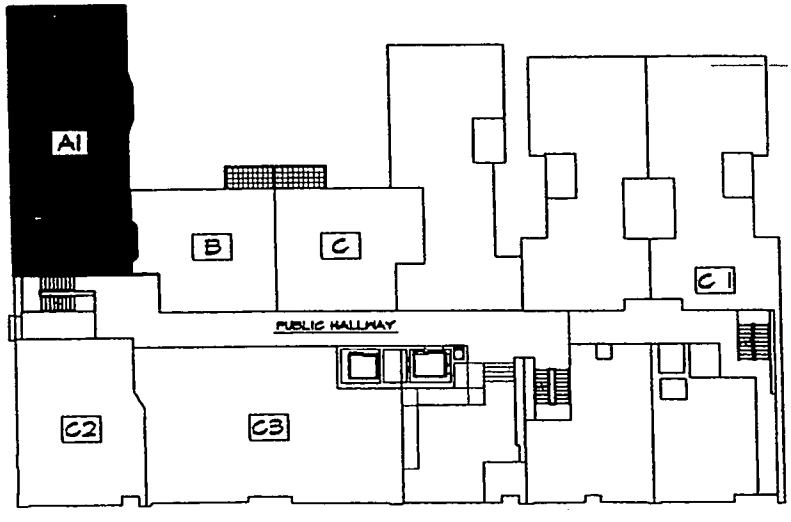
APT A

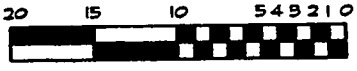
1,140 SQ FT

3 BEDROOMS, 2 BATHS

GATEWAY CONDOMINIUM



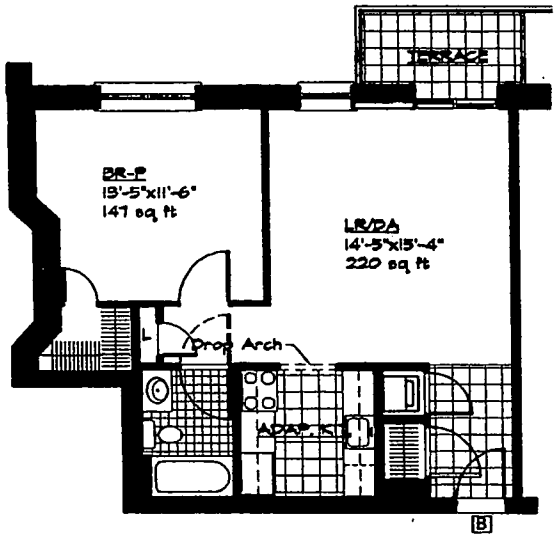




Scale: 3/32"=1'-0"

FIRST FLOOR KEY PLAN

08/18/04

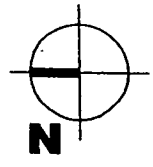


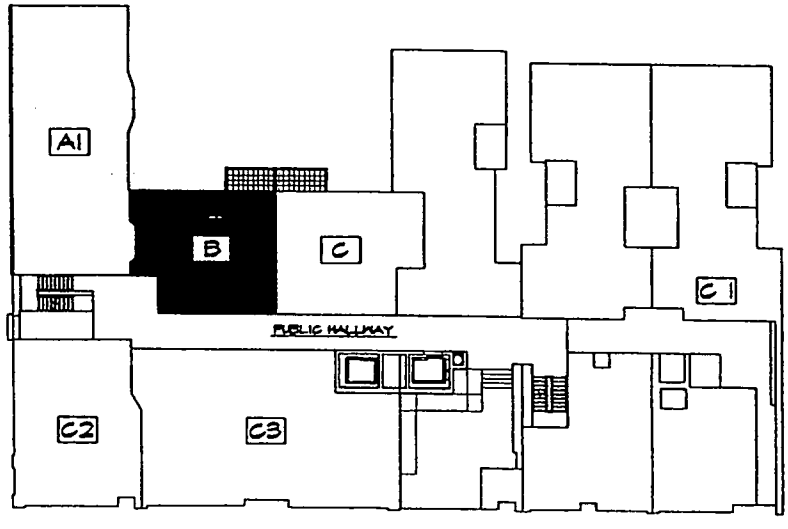
APT B
646 SQ FT

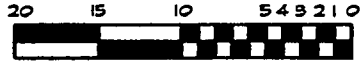
TERRACE SQ FT = 52.72 SQ FT

1 BEDROOM, 1 BATH

GATEWAY CONDOMINIUM



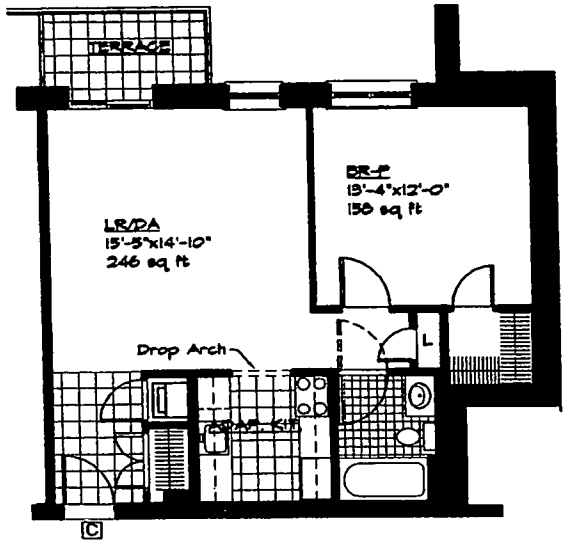




Scale: 3/32"=1'-0"

FIRST FLOOR KEY PLAN

08/18/04



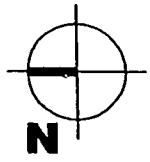
APT C

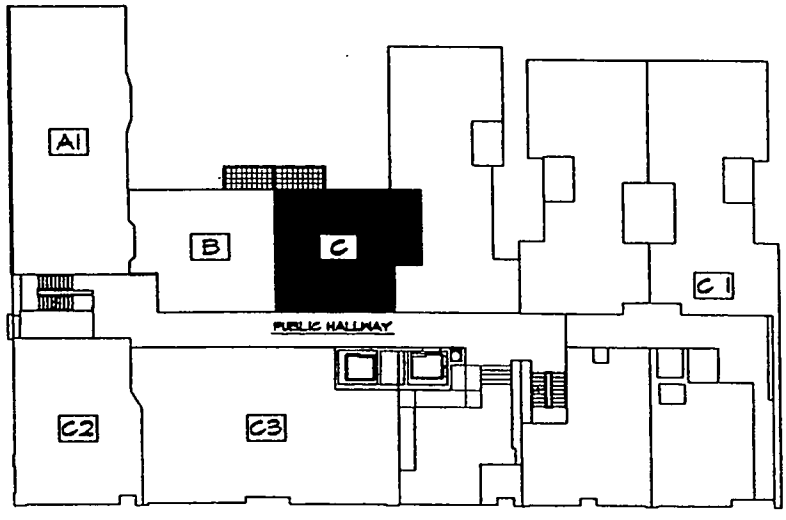
684 SQ FT

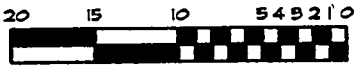
TERRACE SQ FT = 52.72 SQ FT

1 BEDROOM, 1 BATH

GATEWAY CONDOMINIUM



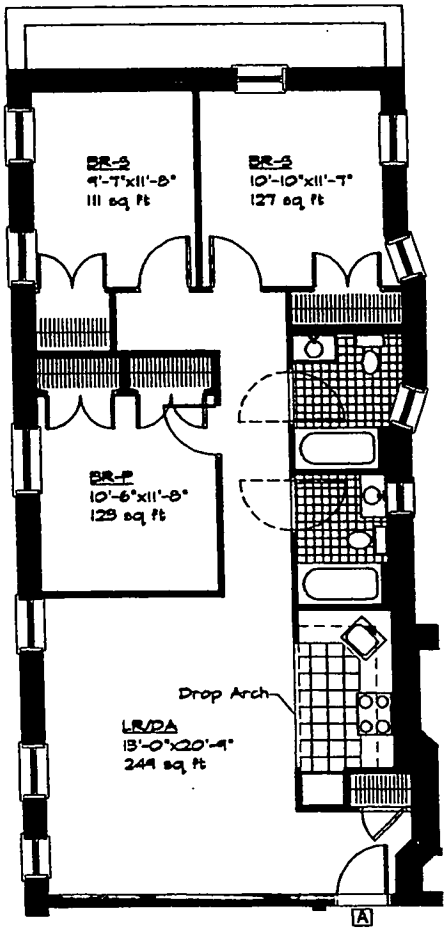




Scale: 3/32"=1'-0"

FIRST FLOOR KEY PLAN

08/18/04

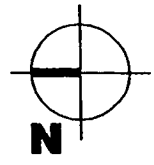


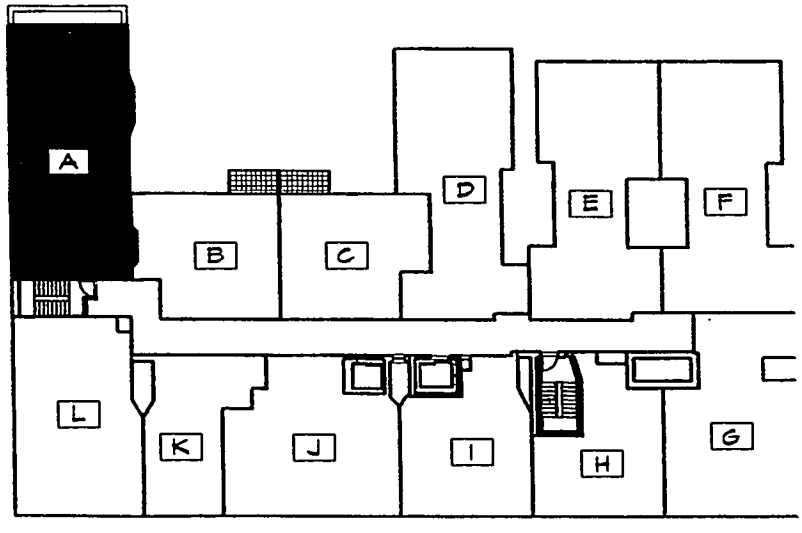
APT A

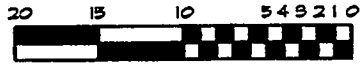
1,102 SQ FT

3 BEDROOMS, 2 BATHS

GATEWAY CONDOMINIUM







Scale: 3/32"=1'-0"

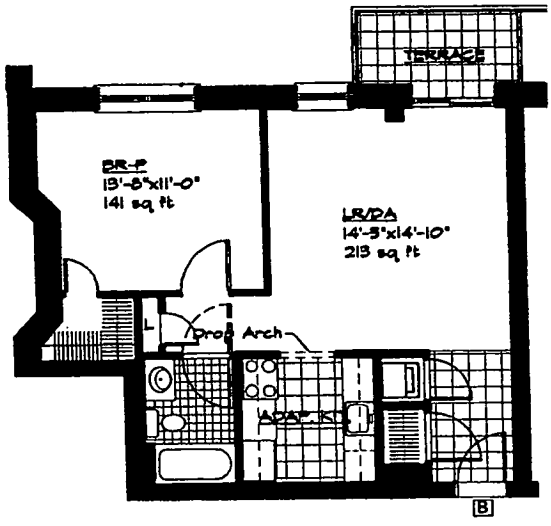
SECOND THRU FIFTH FLOOR KEY PLAN 08/18/04

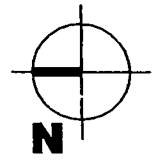
APT B
646 SQ FT

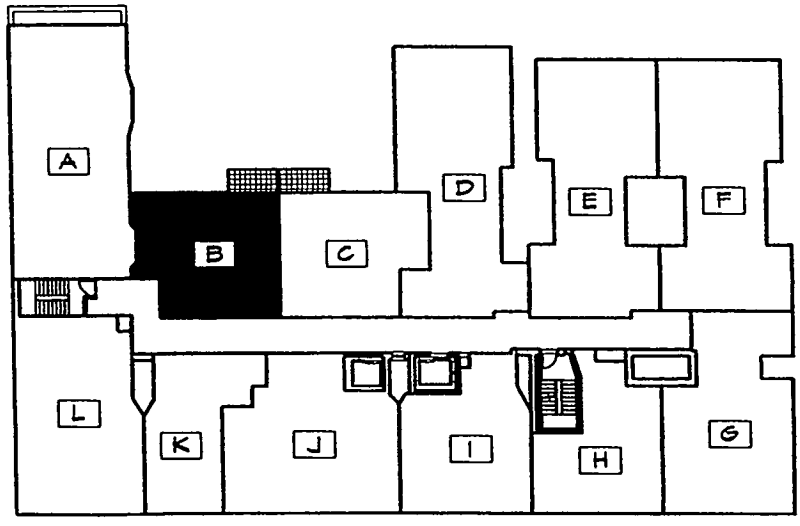
1 BEDROOM, 1 BATH

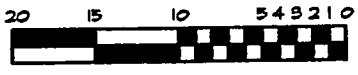
TERRACE SQ FT = 52.72 SQ FT

GATEWAY CONDOMINIUM









Scale: 3/32"=1'-0"

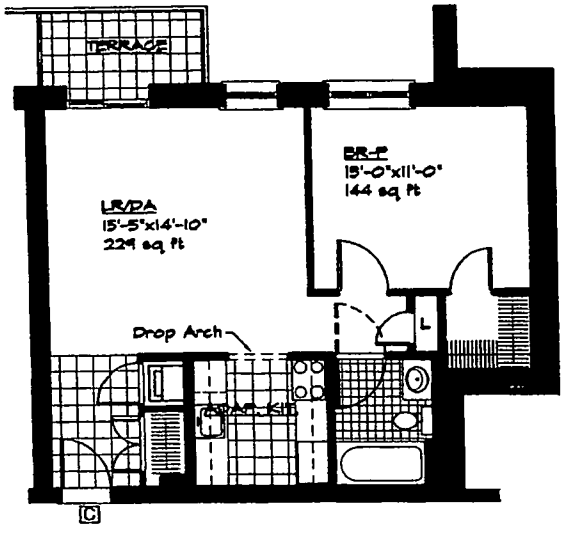
SECOND THRU FIFTH FLOOR KEY PLAN 08/18/04

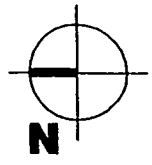
APT C
684 SQ FT

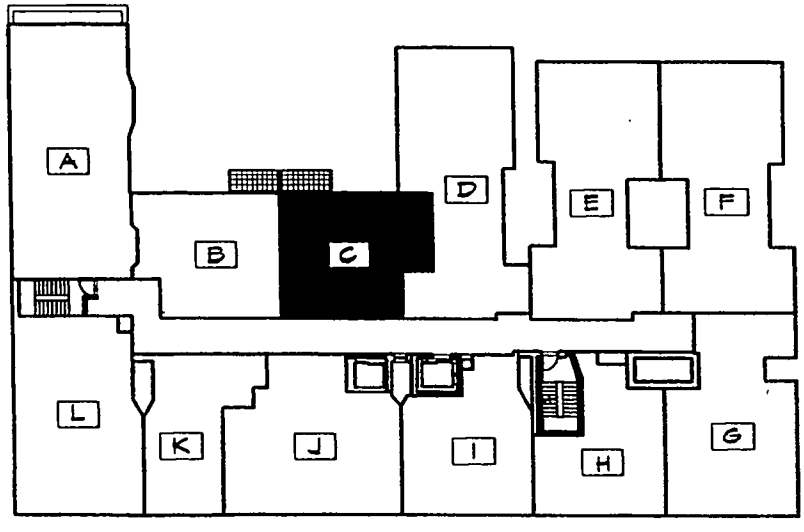
1 BEDROOM, 1 BATH

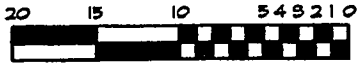
TERRACE SQ FT = 52.72 SQ FT

GATEWAY CONDOMINIUMS



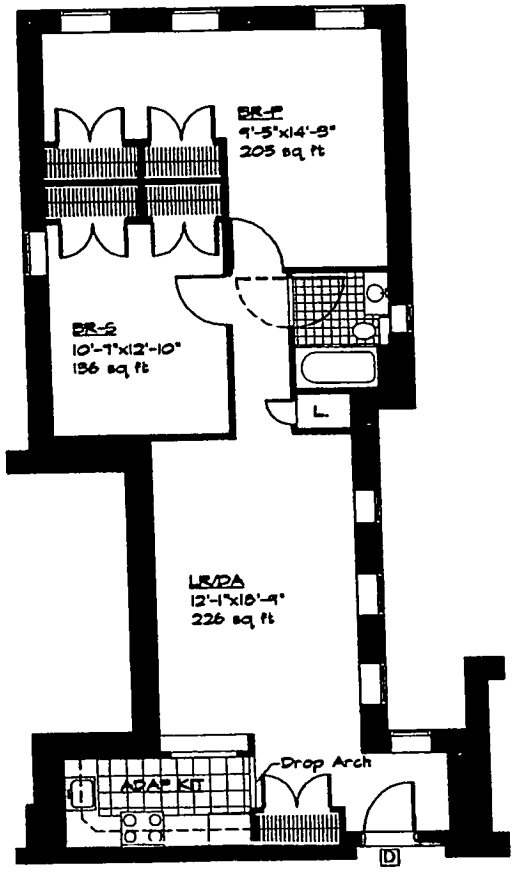






Scale: 3/32" = 1'-0"

SECOND THRU FIFTH FLOOR KEY PLAN 08/18/04

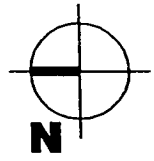


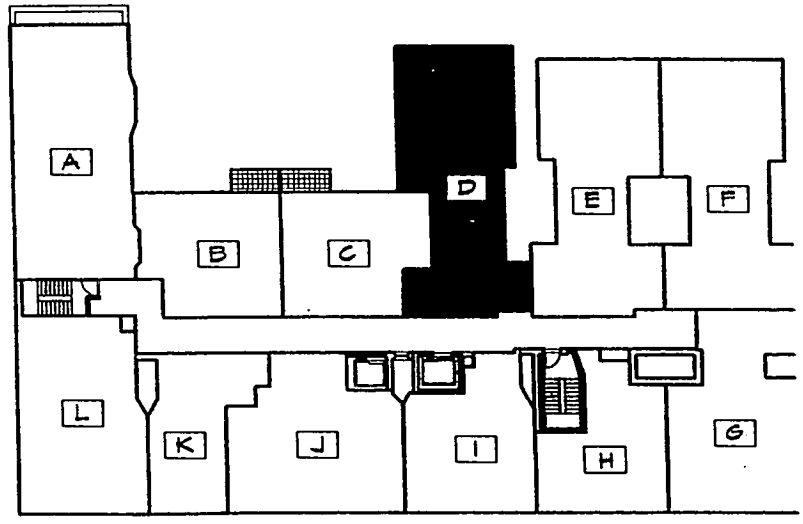
APT D

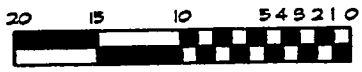
960 SQ FT

2 BEDROOMS, 1 BATH

GATEWAY CONDOMINIUMS

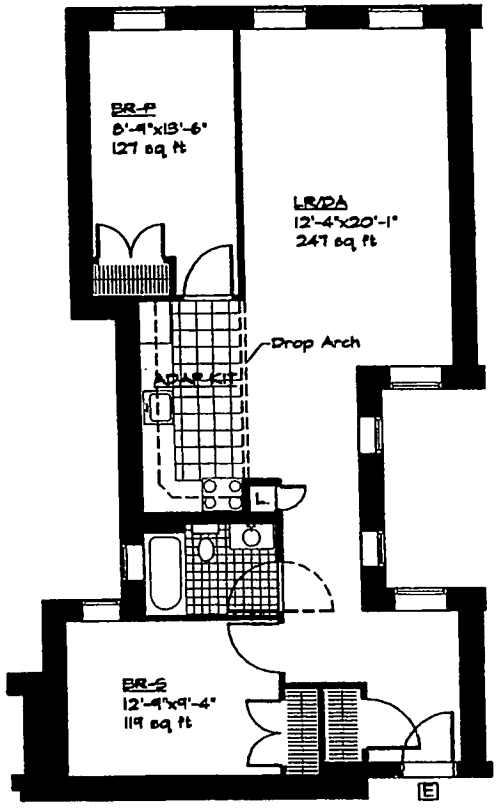






Scale: 3/32" = 1'-0"

SECOND THRU FIFTH FLOOR KEY PLAN 08/18/04

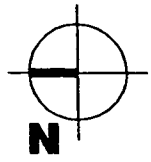


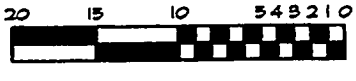
APT E

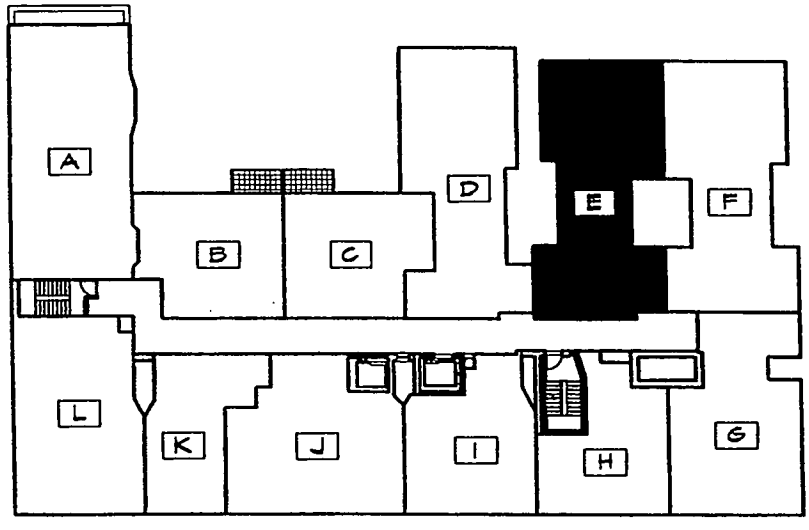
936 SQ FT

2 BEDROOMS, 1 BATH

GATEWAY CONDOMINIUM

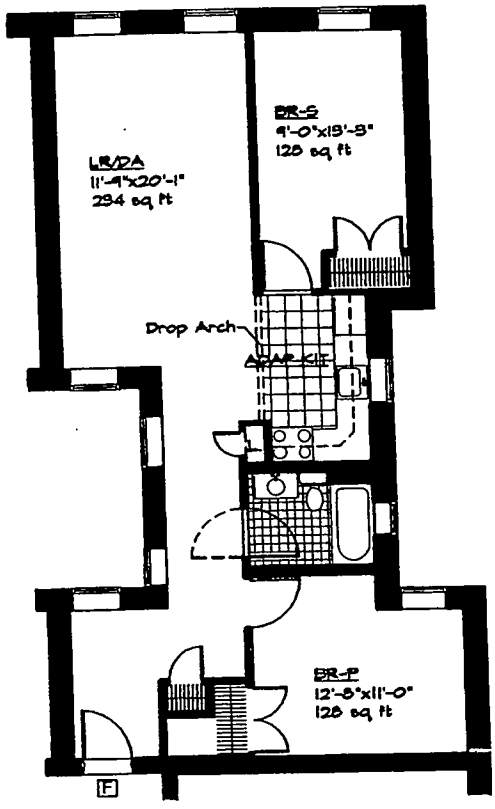






Scale: 3/32"=1'-0"

SECOND THRU FIFTH FLOOR KEY PLAN 08/18/04

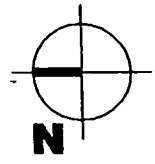


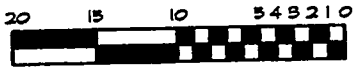
APT F

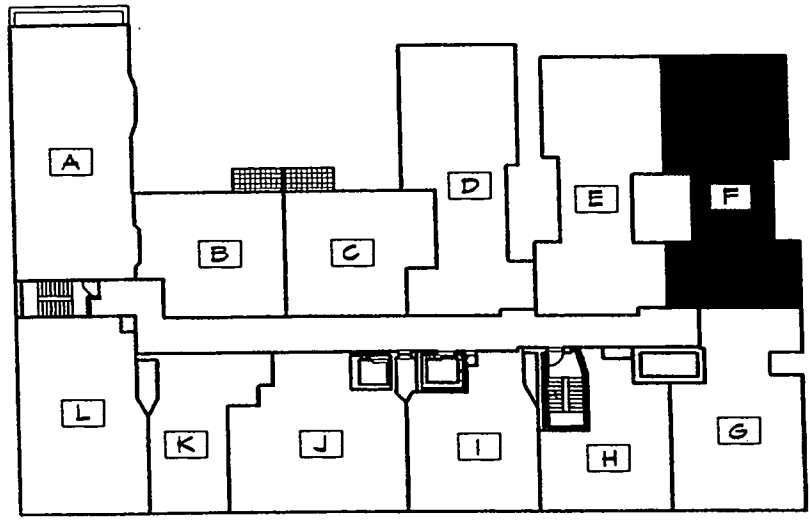
902 SQ FT

2 BEDROOMS, 1 BATH

GATEWAY CONDOMINIUM

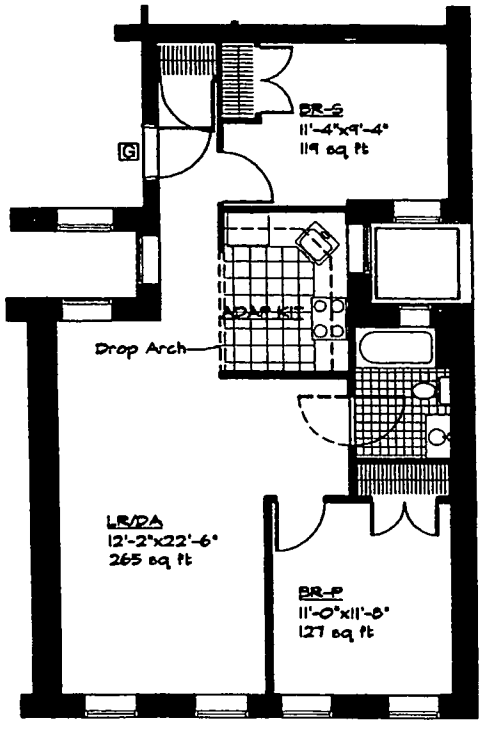






Scale: 3/32" = 1'-0"

SECOND THRU FIFTH FLOOR KEY PLAN 08/18/04

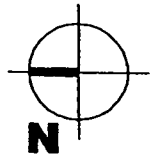


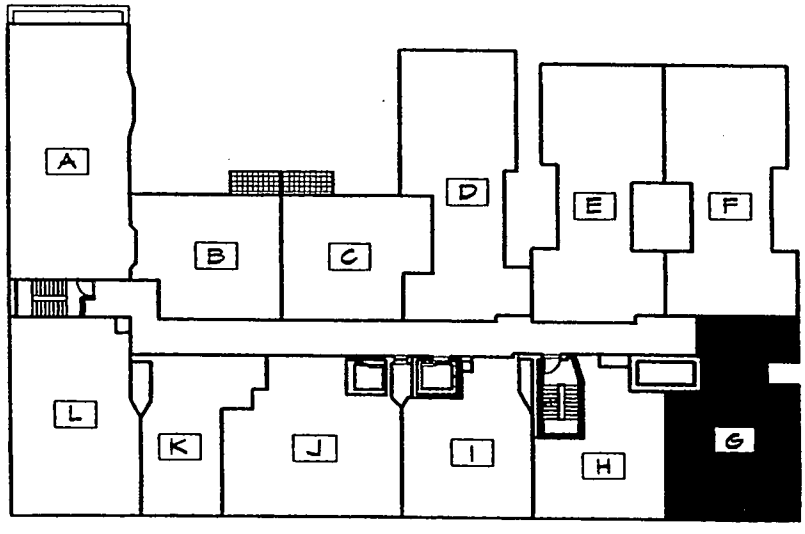
APT G

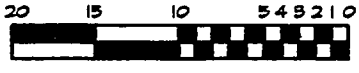
857 SQ FT

2 BEDROOMS, 1 BATH

GATEWAY CONDOMINIUM

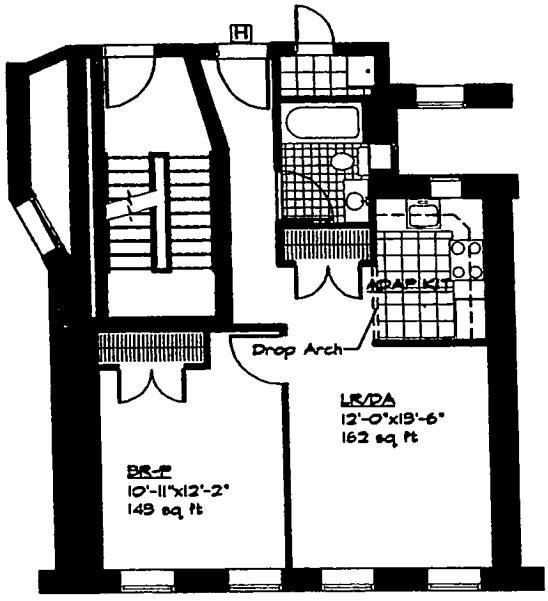






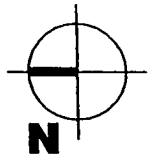
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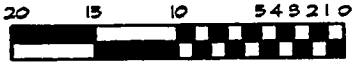
SECOND THRU FIFTH FLOOR KEY PLAN 08/18/04

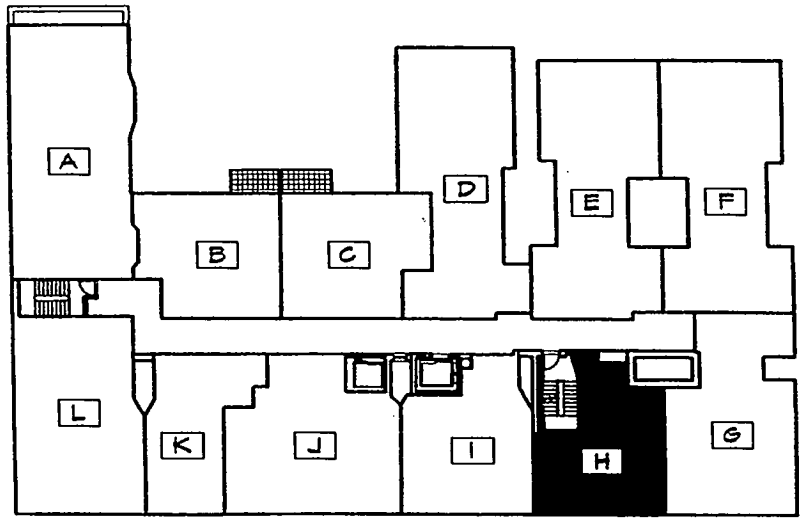


APT H
596 SQ FT
1 BEDROOM, 1 BATH

GATEWAY CONDOMINIUM







Scale: 3/32"=1'-0"

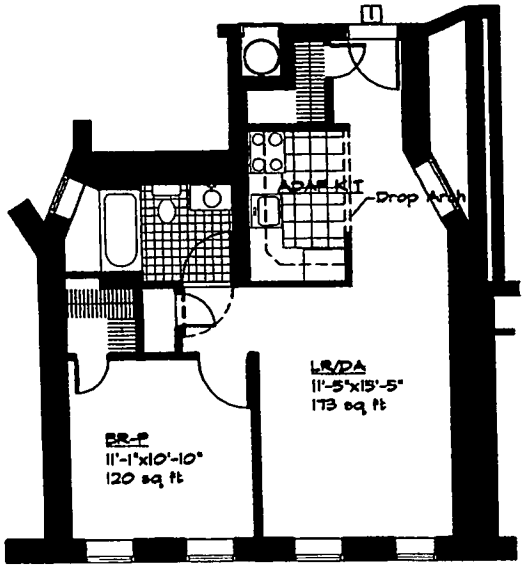
SECOND THRU FIFTH FLOOR KEY PLAN 08/18/04

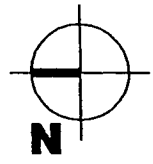
APT I

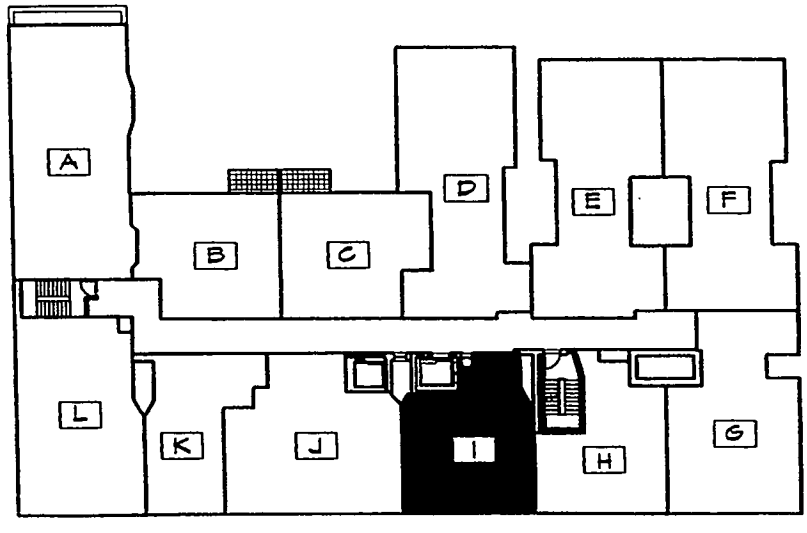
646 SQ FT

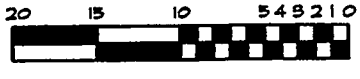
1 BEDROOM, 1 BATH

GATEWAY CONDOMINIUM









Scale: 3/32"=1'-0"

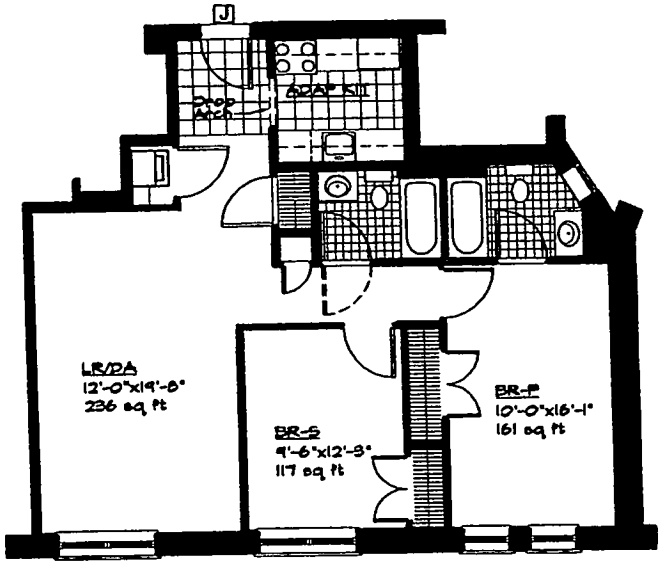
SECOND THRU FIFTH FLOOR KEY PLAN 08/18/04

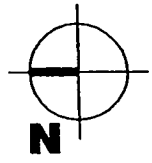
APT J

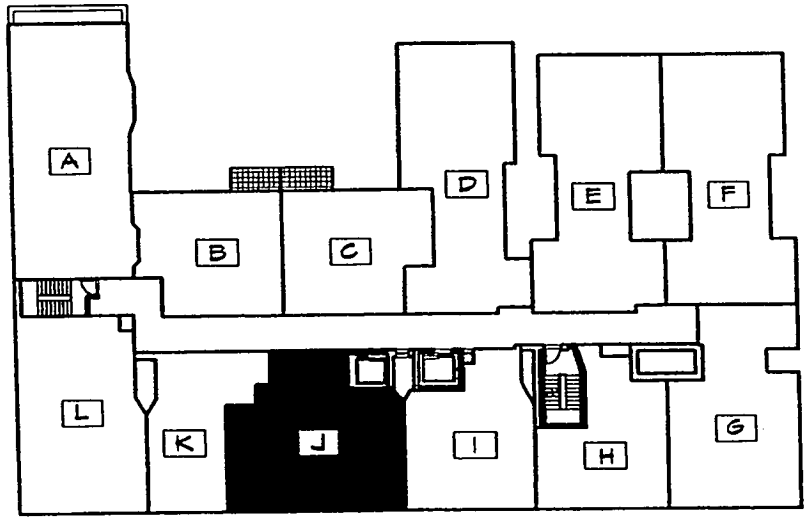
914 SQ FT

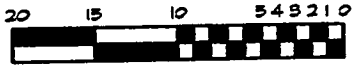
2 BEDROOMS, 2 BATHS

GATEWAY CONDOMINIUM









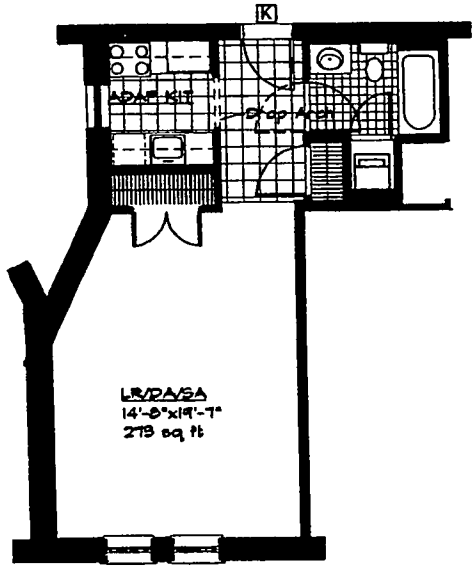
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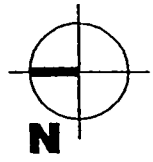
SECOND THRU FIFTH FLOOR KEY PLAN 08/18/04

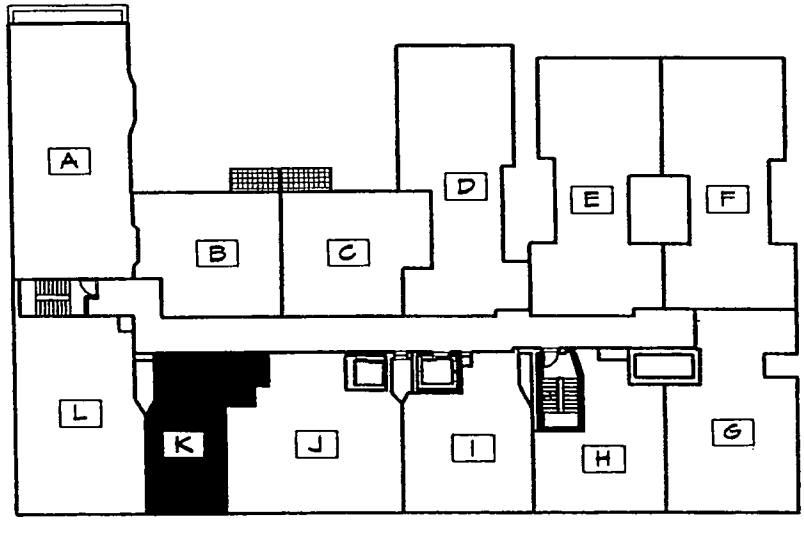
APT K
510 SQ FT

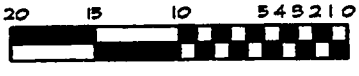
1 ROOM, 1 BATH

GATEWAY CONDOMINIUM



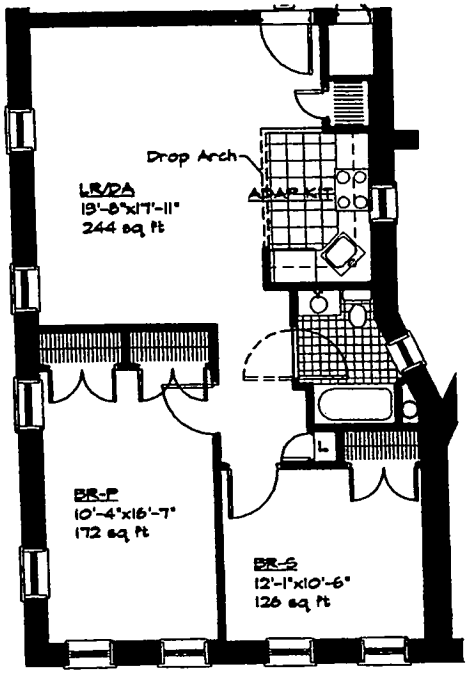






Scale: 3/32"=1'-0"

SECOND THRU FIFTH FLOOR KEY PLAN 08/18/04

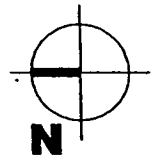


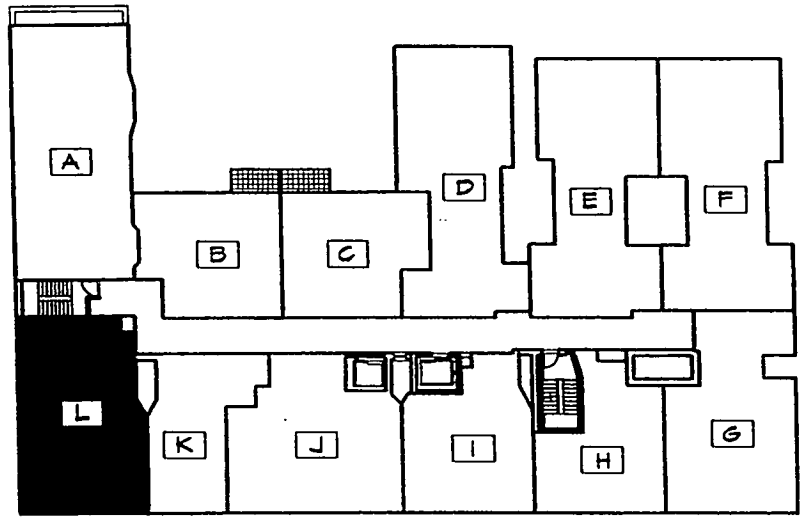
APT L

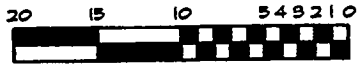
856 SQ FT

2 BEDROOMS, 1 BATH

GATEWAY CONDOMINIUM

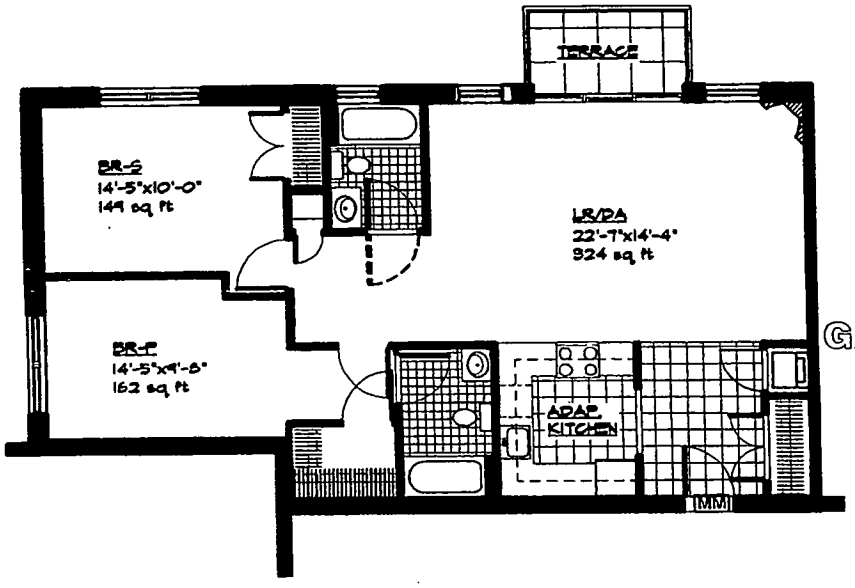






Scale: 3/32"=1'-0"

SECOND THRU FIFTH FLOOR KEY PLAN 08/18/04



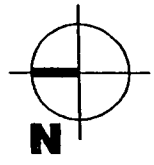
APT M

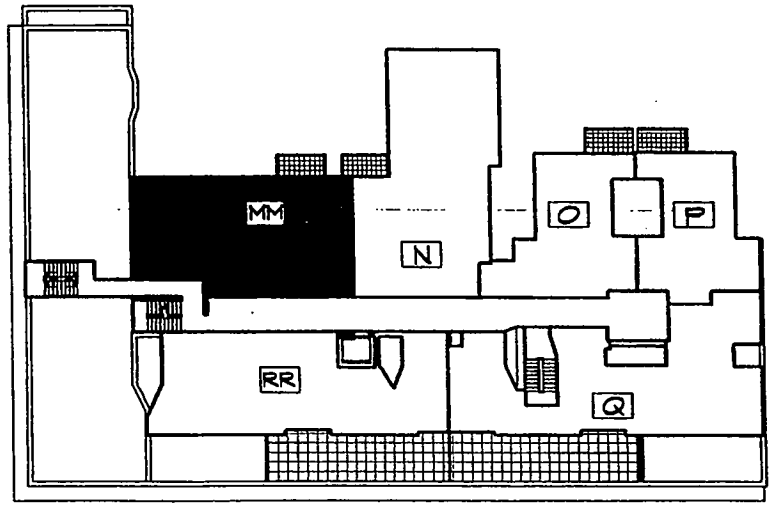
1,084.43 SQ FT

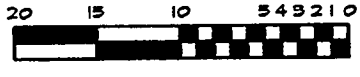
2 BEDROOMS, 2 BATHS

TERRACE SQ FT = 45.40 SQ FT

GATEWAY CONDOMINIUM

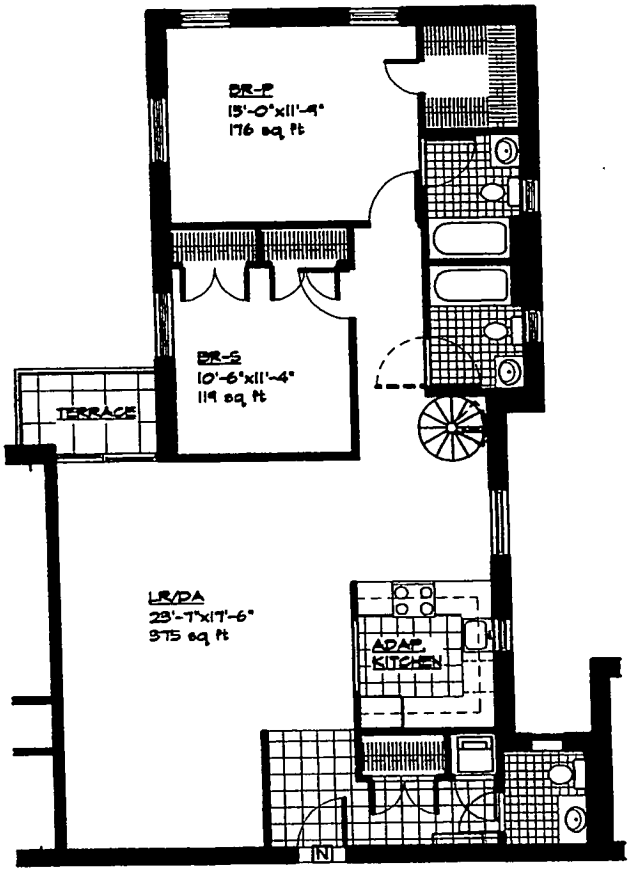






Scale: 3/32" = 1'-0"

SIXTH FLOOR KEY PLAN 08/18/04



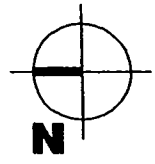
APT N

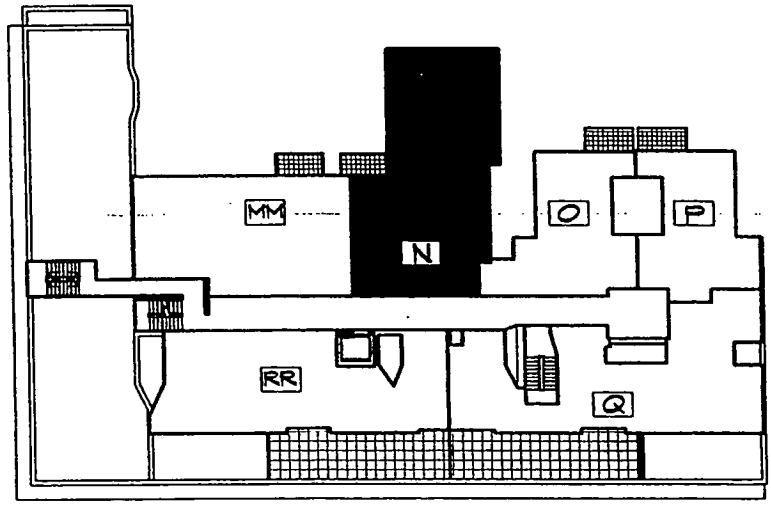
1,259.10 SQ FT

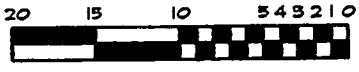
2 BEDROOMS, 2 1/2 BATHS

TERRACE SQ FT = 42.50 SQ FT

GATEWAY CONDOMINIUM

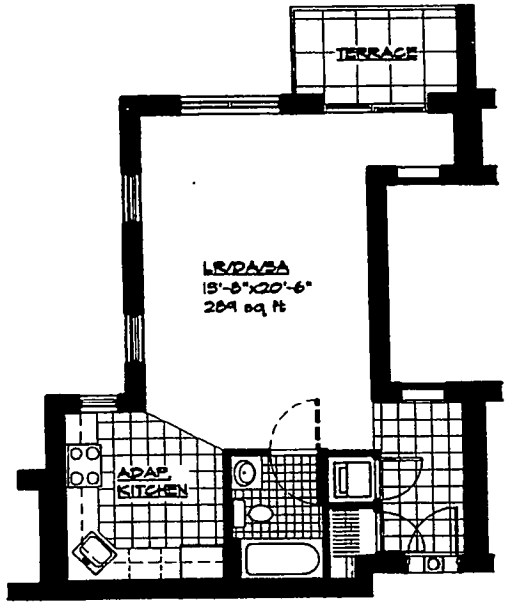






Scale: 3/32"=1'-0"

SIXTH FLOOR KEY PLAN 08/18/04



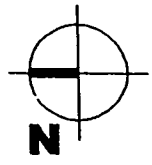
APT O

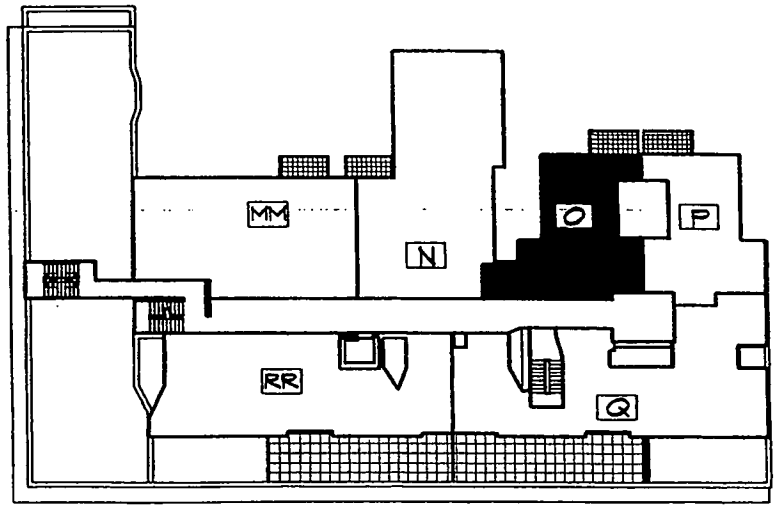
559.20 SQ FT

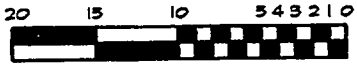
STUDIO, 1 BATH

TERRACE SQ FT = 55.86 SQ FT

GATEWAY CONDOMINIUM

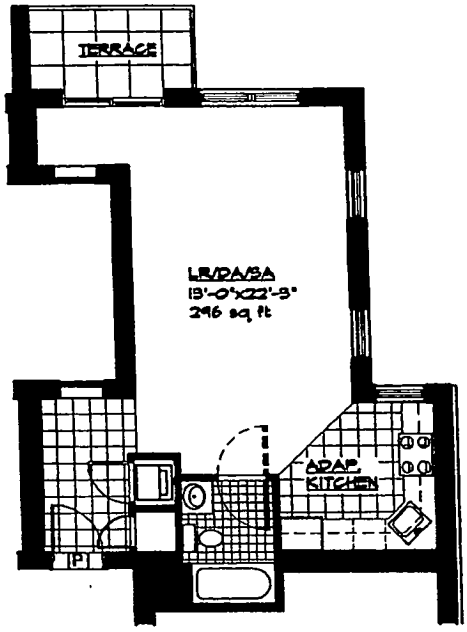






Scale: 3/32"=1'-0"

SIXTH FLOOR KEY PLAN 08/18/04



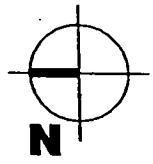
APT P

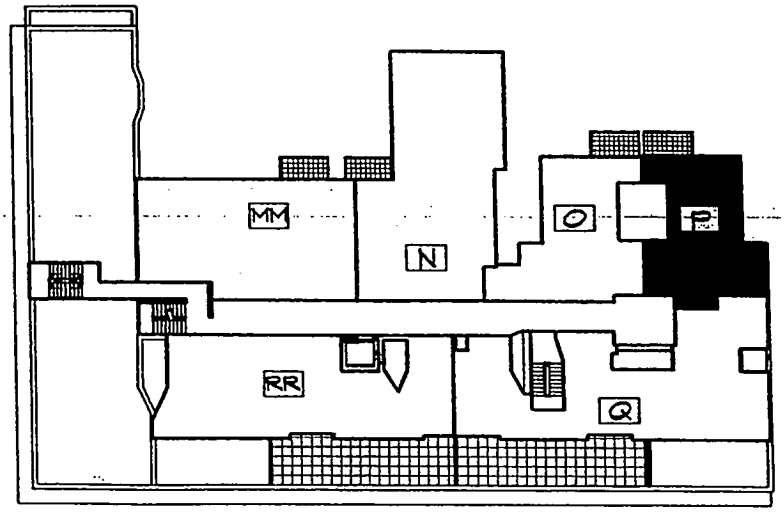
550.50 SQ FT

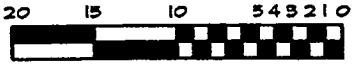
STUDIO, 1 BATH

TERRACE SQ FT = 55.86 SQ FT

GATEWAY CONDOMINIUM







Scale: 3/32"=1'-0"

SIXTH FLOOR KEY PLAN 08/18/04

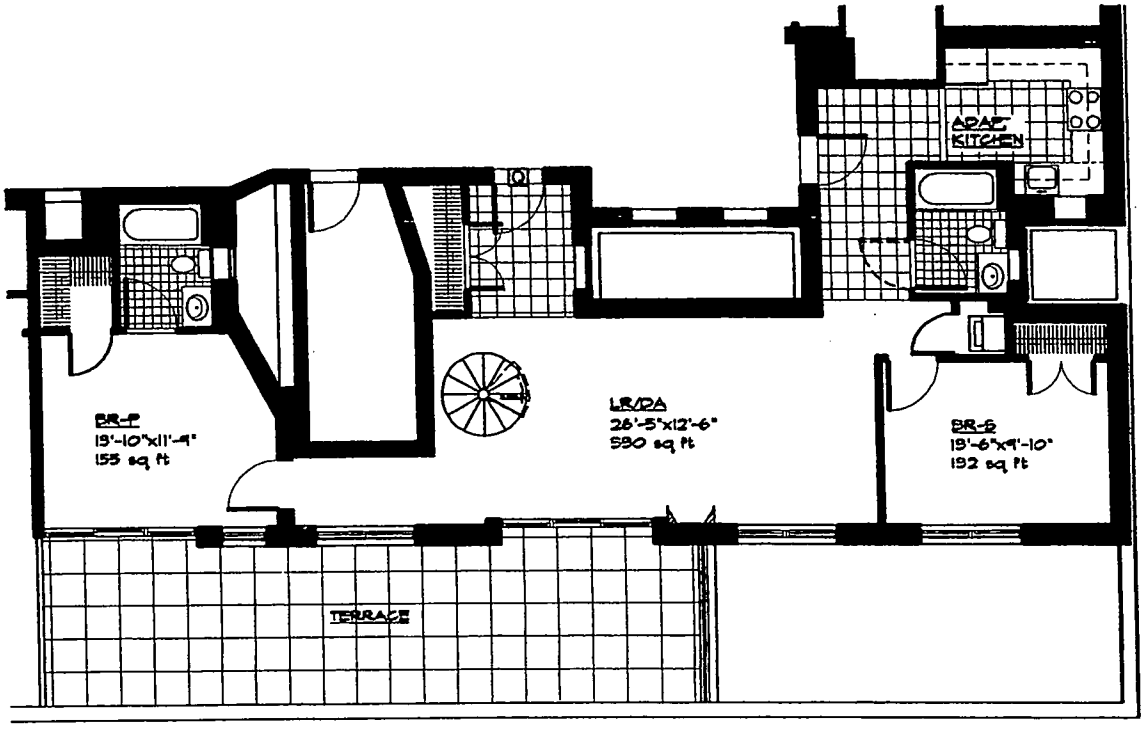
APT Q

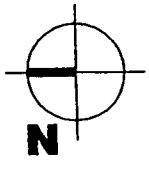
1,171.74 SQ FT

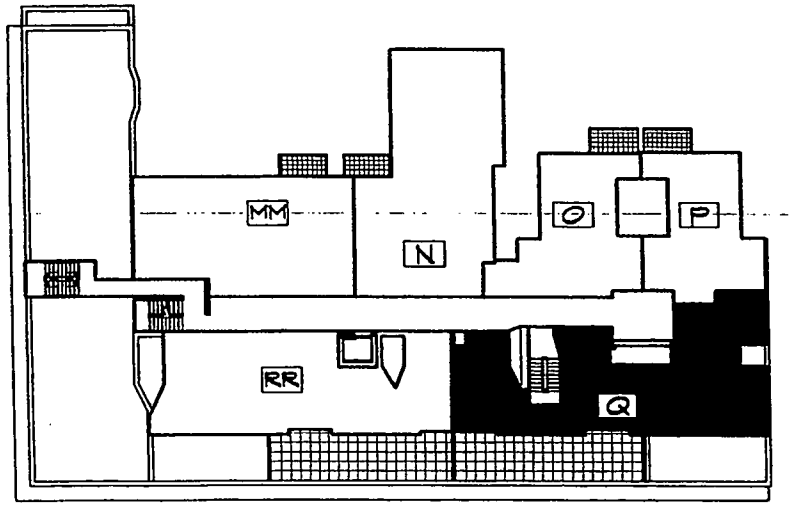
2 BEDROOMS, 2 BATHS

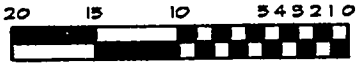
TERRACE SQ FT = 395.24 SQ FT

GATEWAY CONDOMINIUM









Scale: 3/32" = 1'-0"

SIXTH FLOOR KEY PLAN 08/18/04

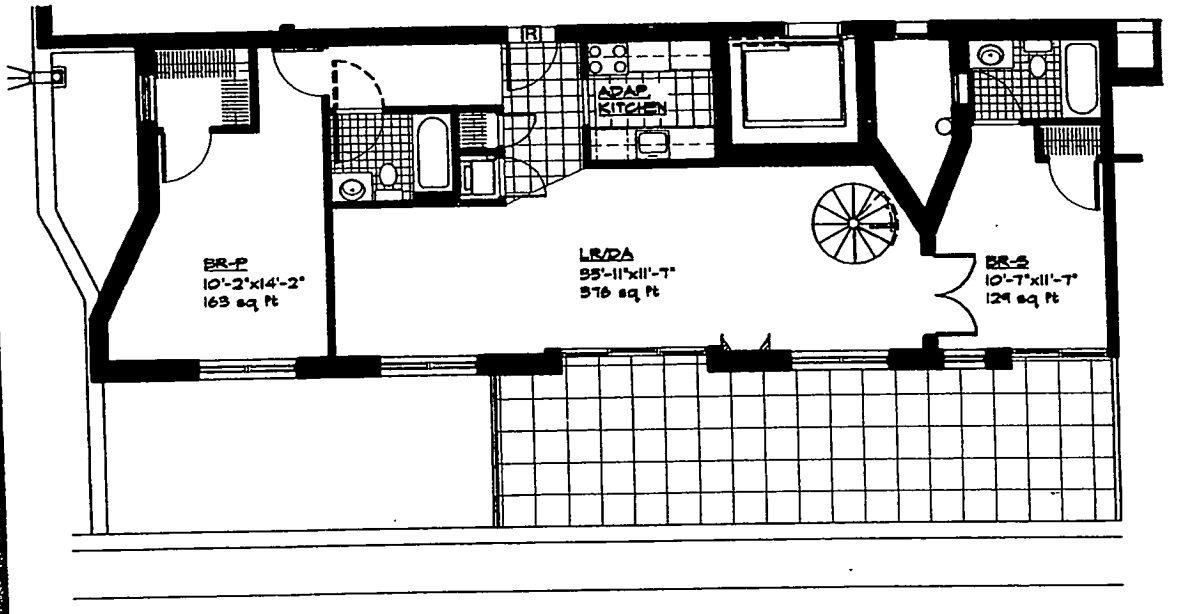
APT R

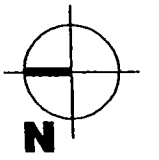
1,095.05 SQ FT

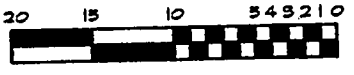
2 BEDROOMS, 2 BATHS

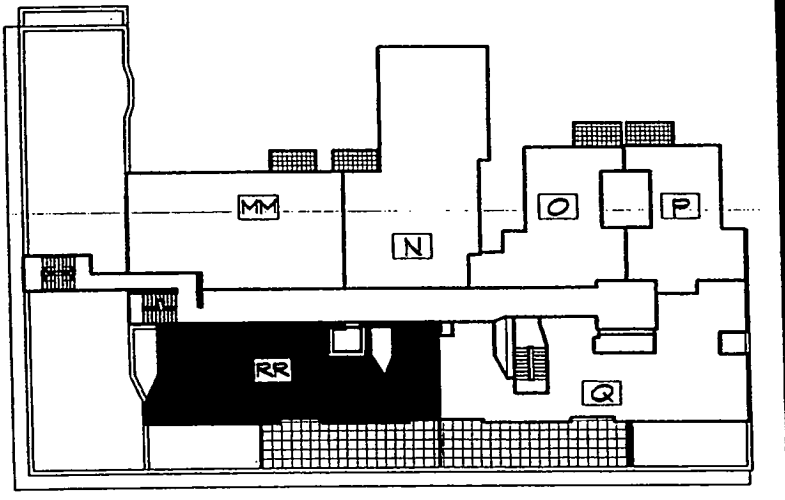
TERRACE SQ FT = 395.24 SQ FT

GATEWAY CONDOMINIUM



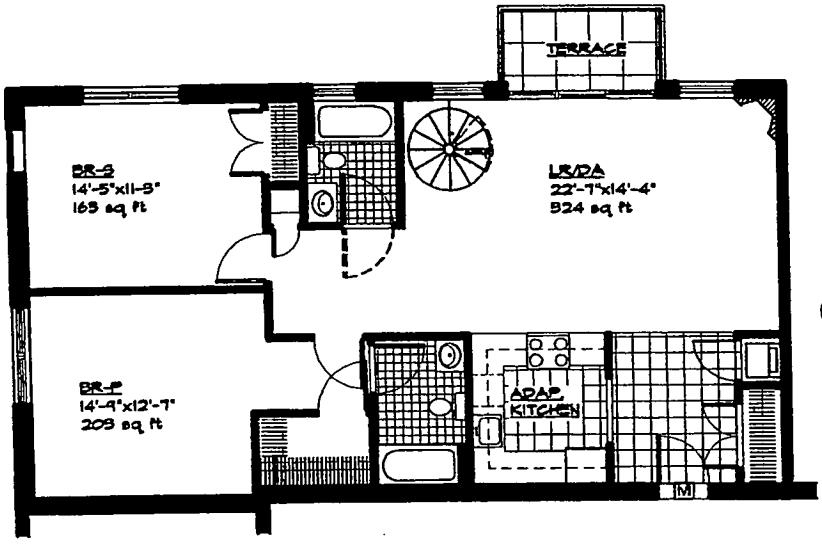






Scale: 3/32" = 1'-0"

SIXTH FLOOR KEY PLAN 08/18/04

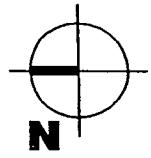


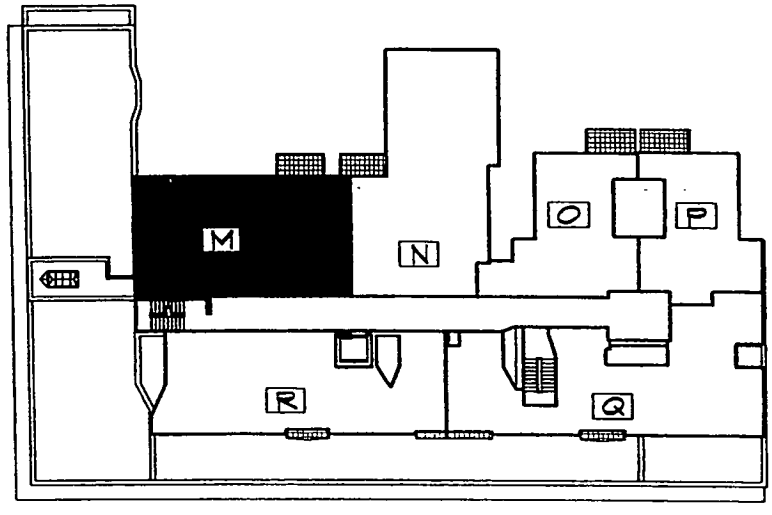
APT M
1,144 SQ FT

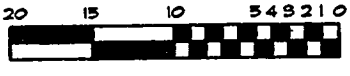
2 BEDROOMS, 2 BATHS

TERRACE SQ FT = 50.83 SQ FT

GATEWAY CONDOMINIUM

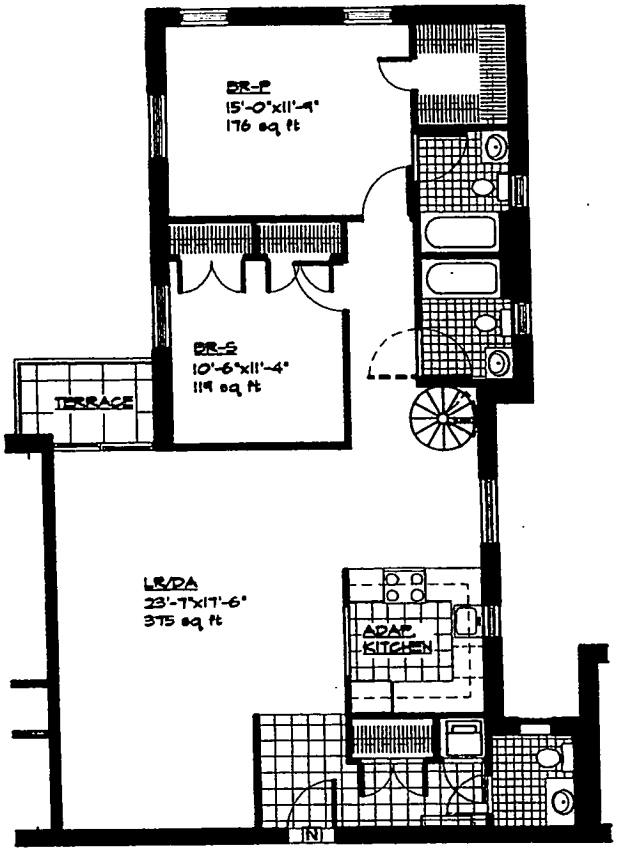






Scale: 3/32" = 1'-0"

SEVENTH AND EIGHTH FLOOR KEY PLAN 08/18/04



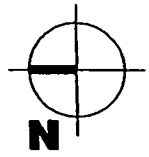
APT N

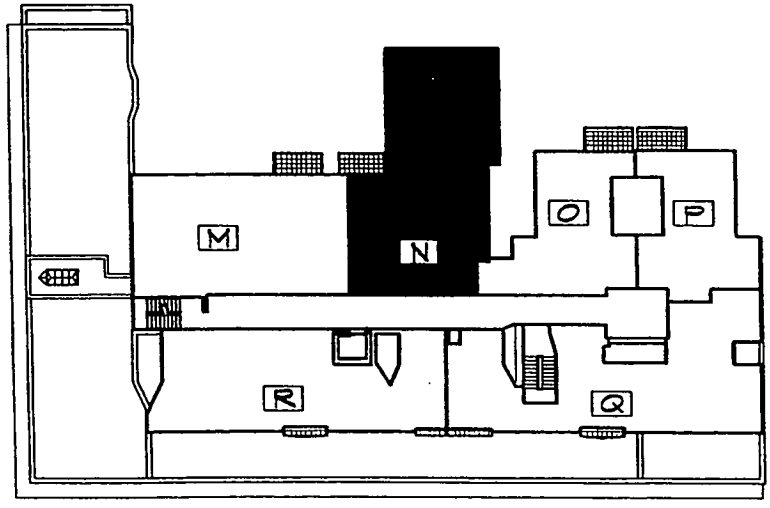
1,259.10 SQ FT

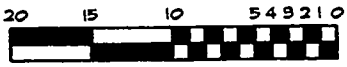
2 BEDROOMS, 2 1/2 BATHS

TERRACE SQ FT = 42.50 SQ FT

GATEWAY CONDOMINIUM

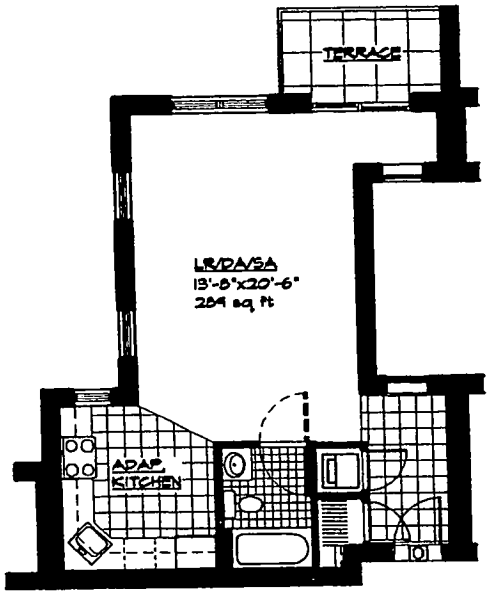






Scale: 3/32" = 1'-0"

SEVENTH AND EIGHTH FLOOR KEY PLAN 08/18/04



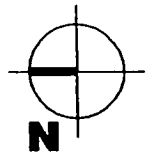
APT O

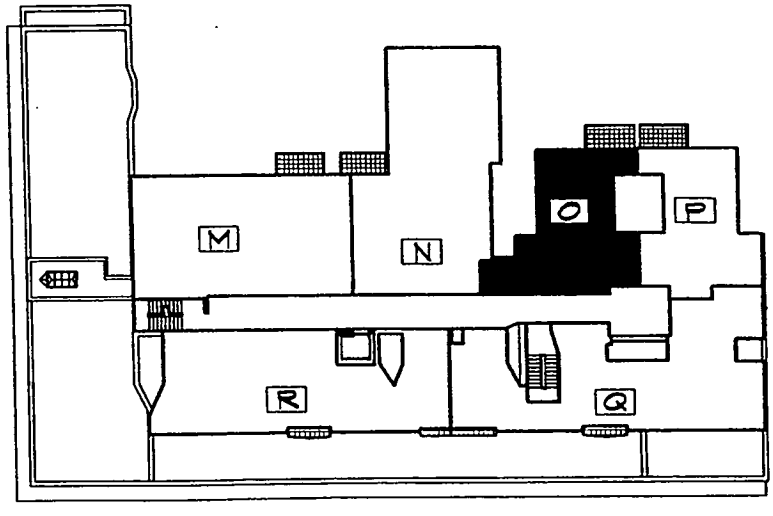
559.20 SQ FT

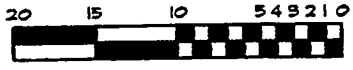
STUDIO, 1 BATH

TERRACE SQ FT = 55.86 SQ FT

GATEWAY CONDOMINIUM

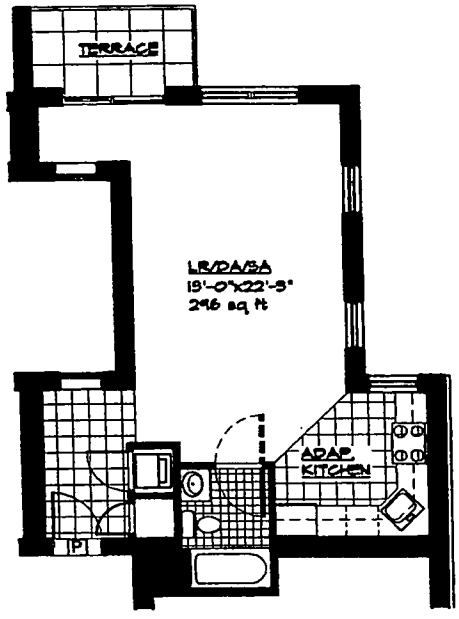






Scale: 3/32" = 1'-0"

SEVENTH AND EIGHTH FLOOR KEY PLAN 08/18/04



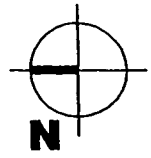
APT P

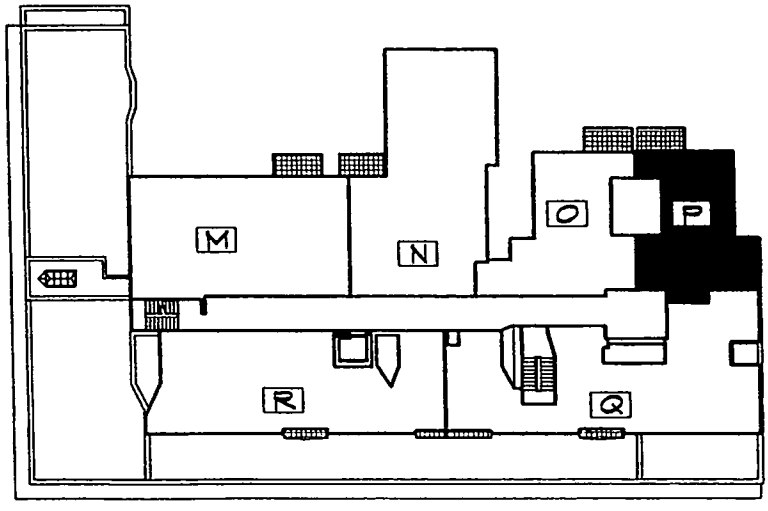
550.50 SQ FT

STUDIO, 1 BATH

TERRACE SQ FT =55.86 SQ FT

GATEWAY CONDOMINIUM







Scale: 3/32"=1'-0"

SEVENTH AND EIGHTH FLOOR KEY PLAN 08/18/04

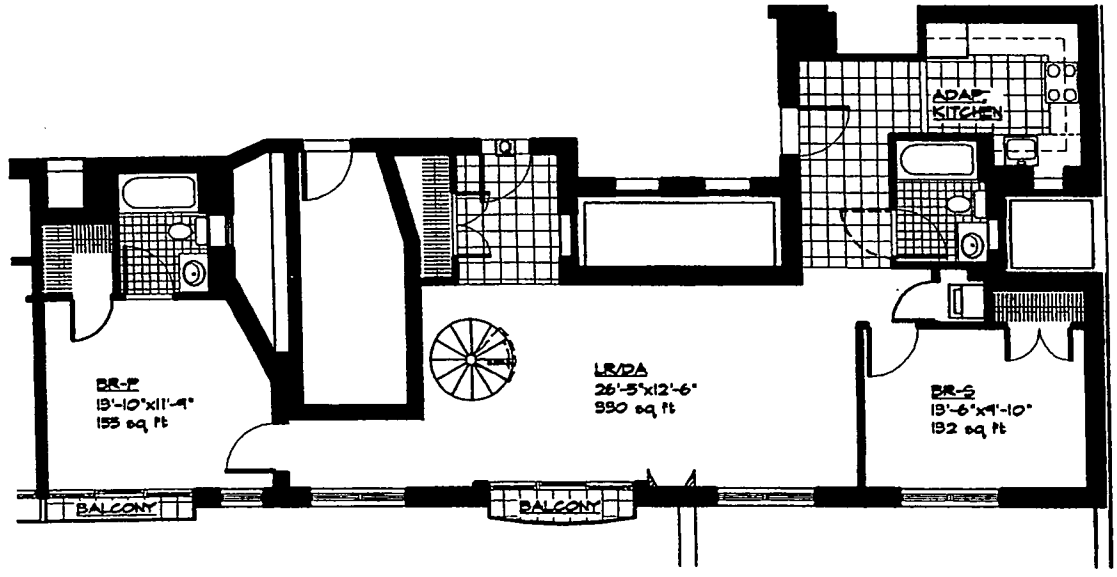
APT Q

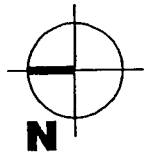
1,171.74 SQ FT

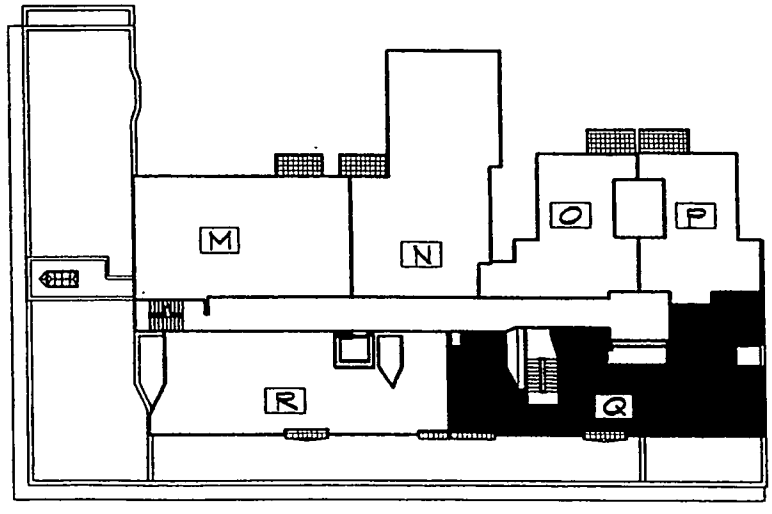
2 BEDROOMS, 2 BATHS

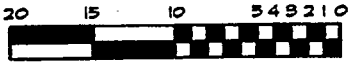
TERRACE SQ FT =33.55 SQ FT

GATEWAY CONDOMINIUM









Scale: 3/32"=1'-0"

SEVENTH AND EIGHTH FLOOR KEY PLAN 08/18/04

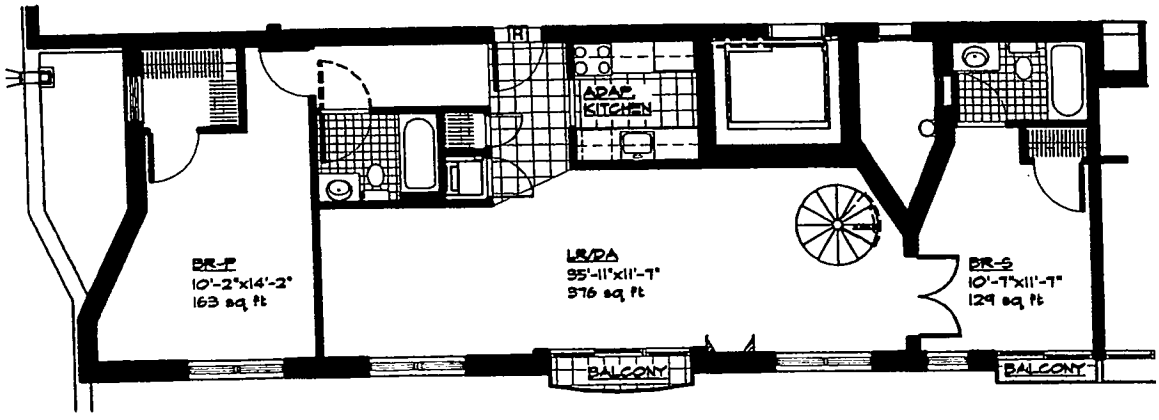
APT R

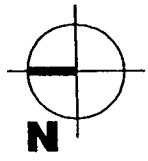
1,095.05 SQ FT

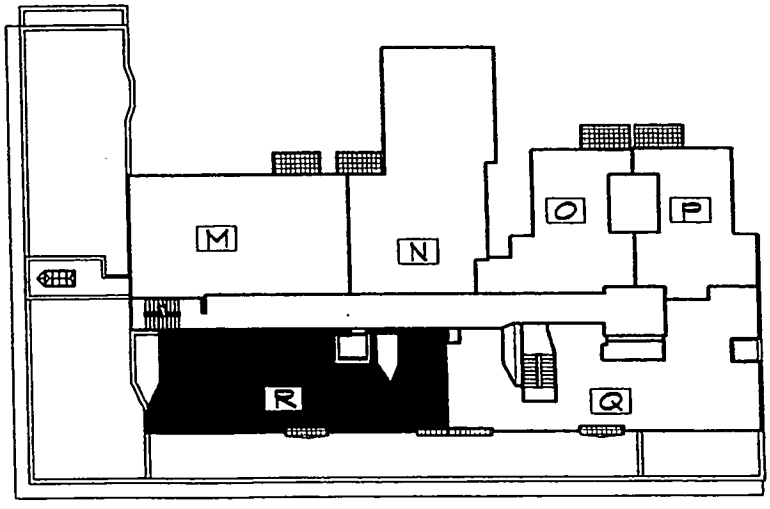
2 BEDROOMS, 2 BATHS

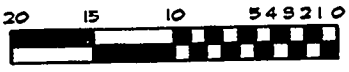
BALCONY SQ FT = 29.3 SQ FT

GATEWAY CONDOMINIUM



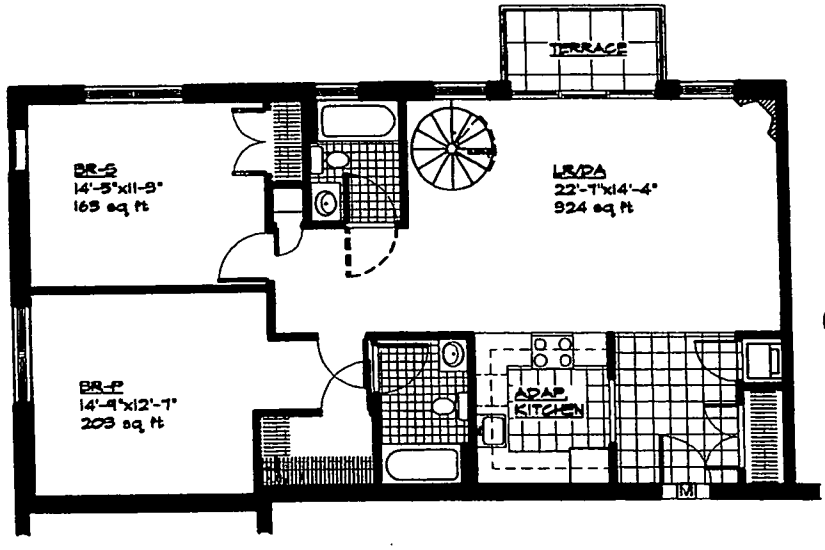






Scale: 3/32"=1'-0"

SEVENTH AND EIGHTH FLOOR KEY PLAN 08/18/04

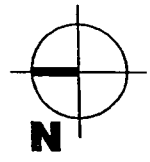


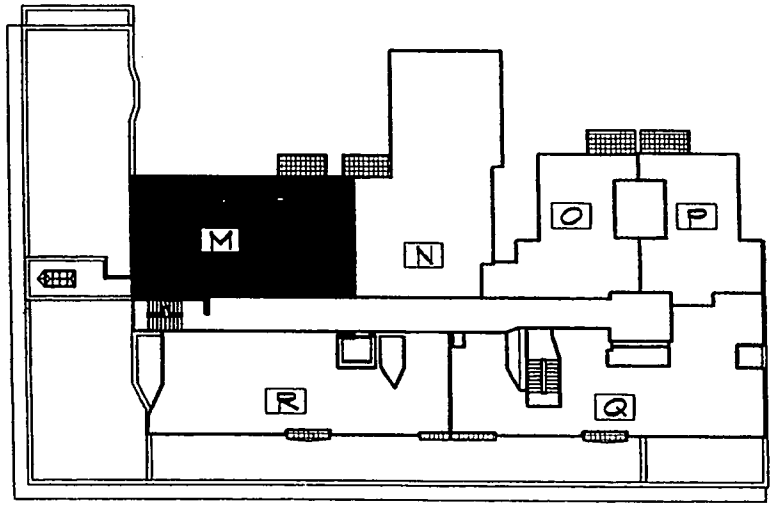
APT M
1,144 SQ FT

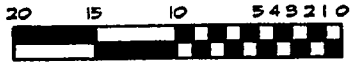
2 BEDROOMS, 2 BATHS

TERRACE SQ FT = 50.83 SQ FT

GATEWAY CONDOMINIUM







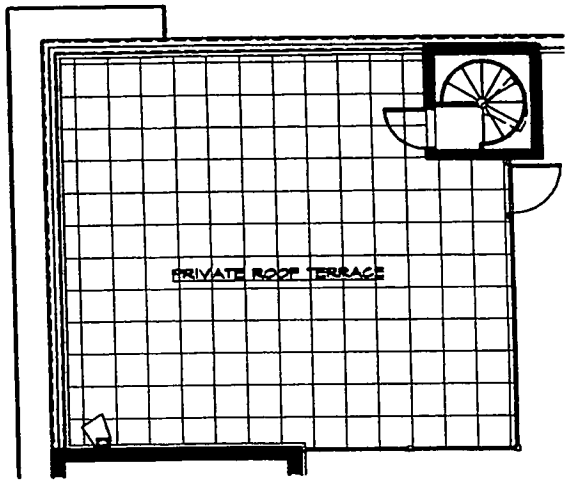
Scale: 3/32"=1'-0"

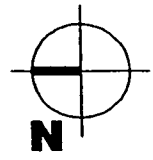
PENTHOUSE, 9TH FLOOR KEY PLAN 08/18/04

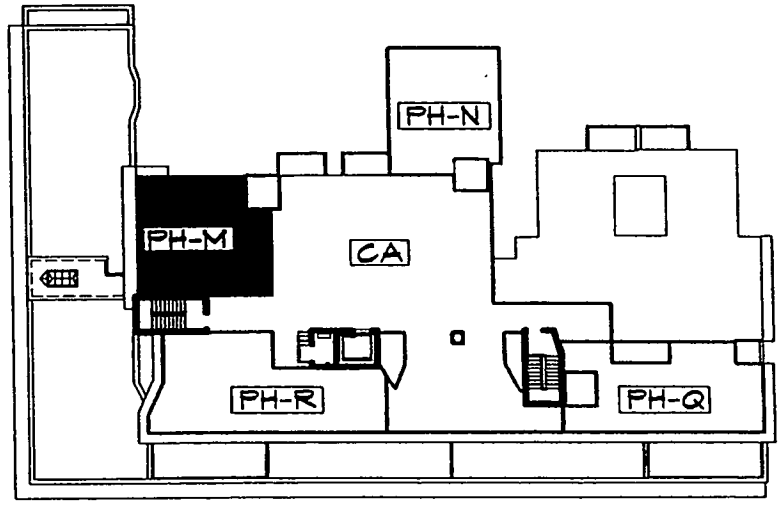
APT PH-M
712.34 SQ FT

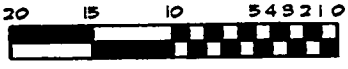
ROOF TERRACE

GATEWAY CONDOMINIUM





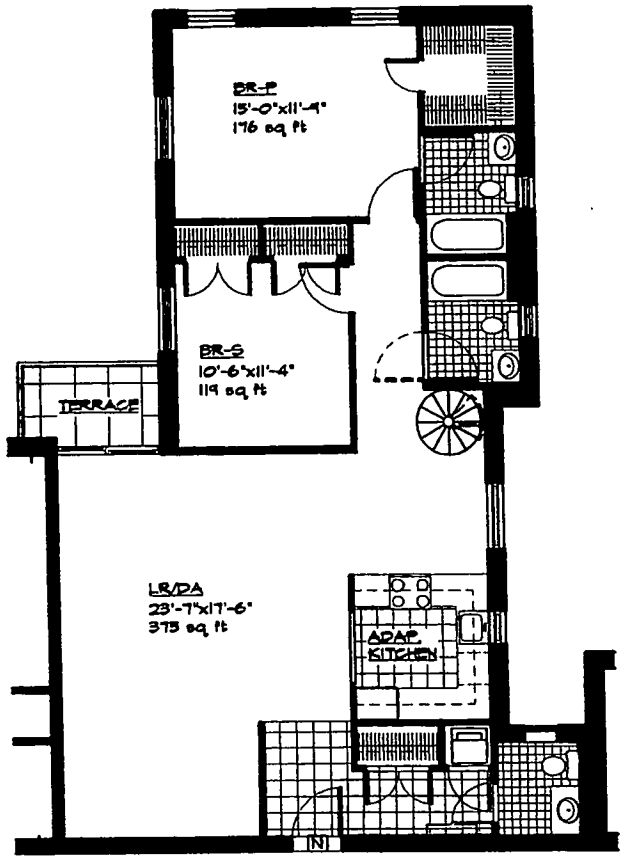




Scale: 3/32" = 1'-0"

ROOF PLAN

08/18/04



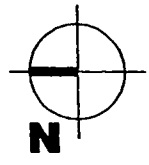
APT N

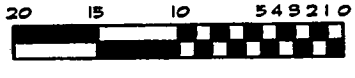
1,259.10 SQ FT

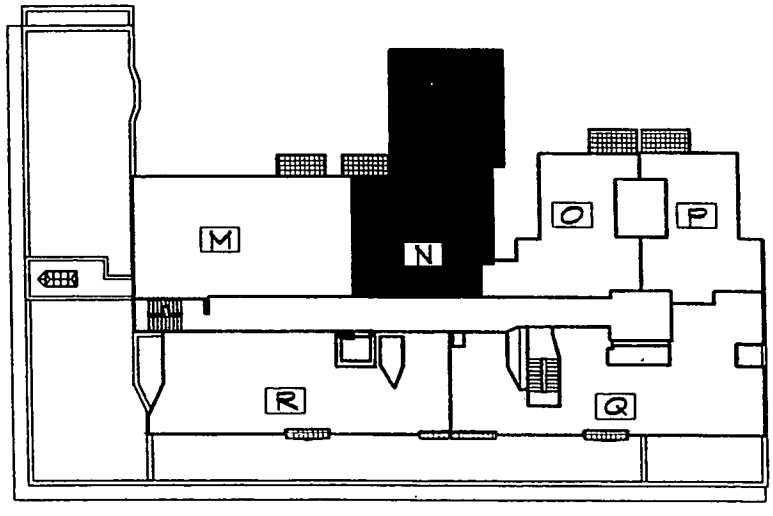
2 BEDROOMS, 2 1/2 BATHS

TERRACE SQ FT = 42.50 SQ FT

GATEWAY CONDOMINIUM







Scale: 3/32"=1'-0"

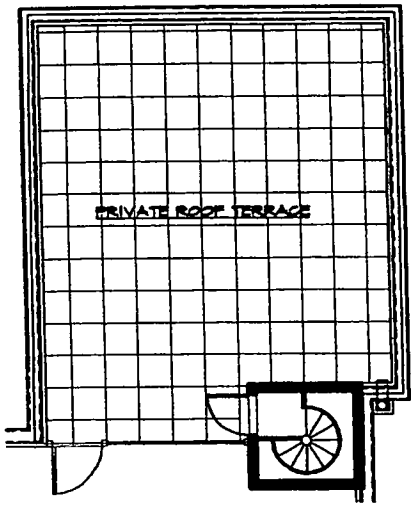
PENTHOUSE, 9TH FLOOR KEY PLAN

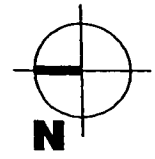
08/18/04

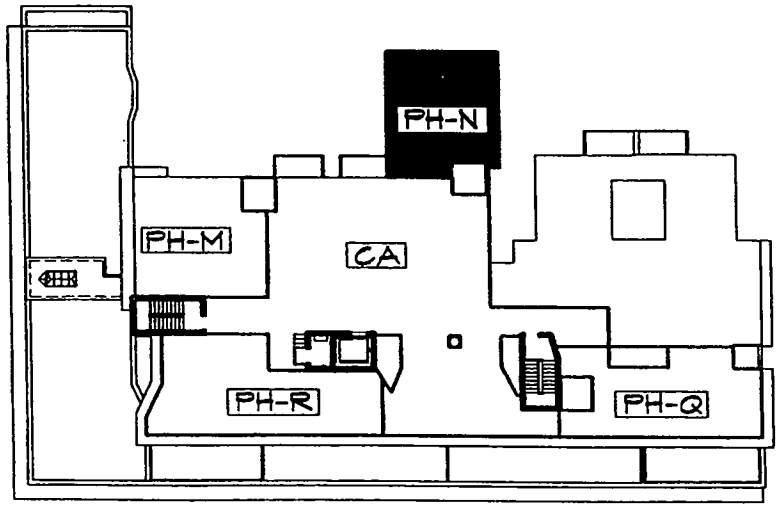
APT PH-N
601.93 SQ FT

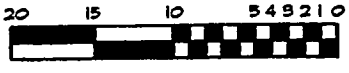
ROOF TERRACE

GATEWAY CONDOMINIUM





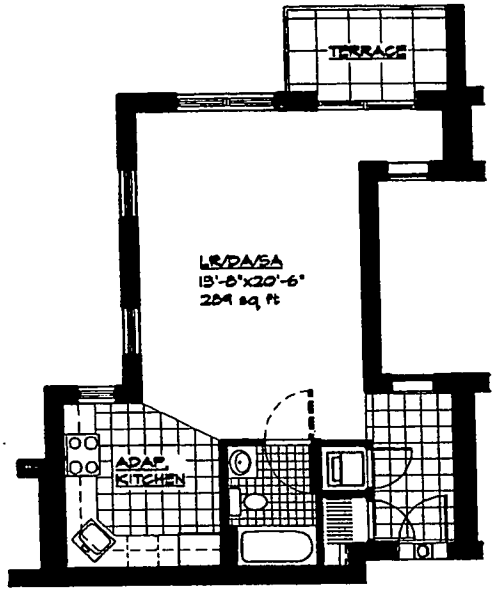




Scale: 3/32"=1'-0"

ROOF PLAN

08/18/04



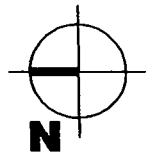
APT O

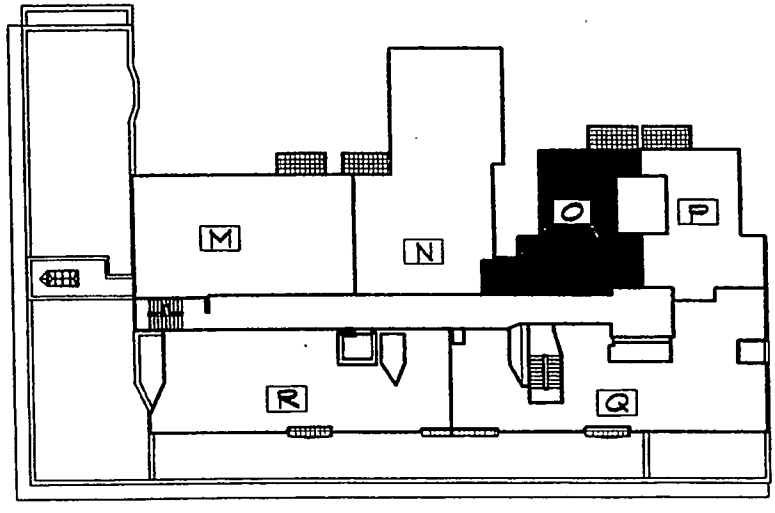
559.20 SQ FT

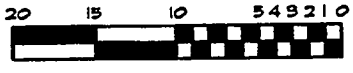
STUDIO, 1 BATH

TERRACE SQ FT = 55.86 SQ FT

GATEWAY CONDOMINIUM



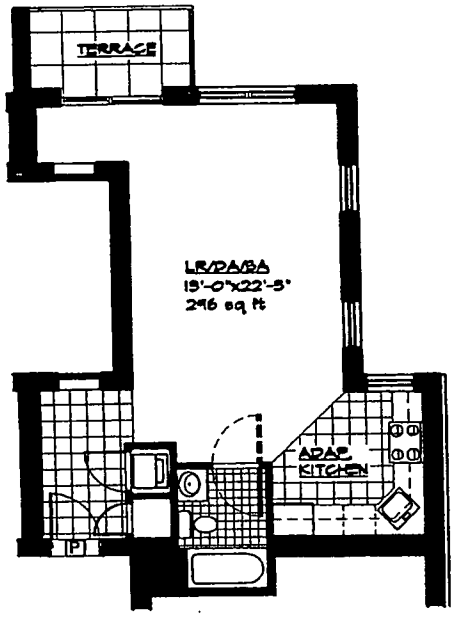




Scale: 3/32" = 1'-0"

PENTHOUSE, 9TH FLOOR KEY PLAN

08/18/04



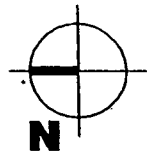
APT P

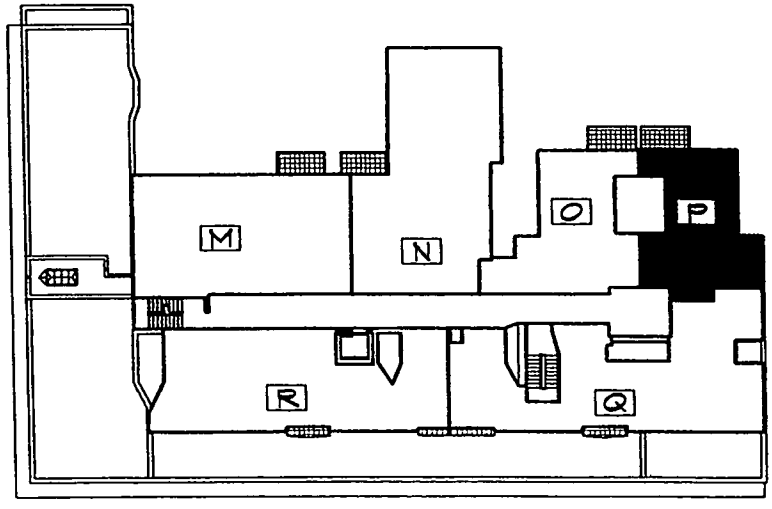
550.50 SQ FT

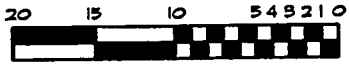
STUDIO, 1 BATH

TERRACE SQ FT =55.86 SQ FT

GATEWAY CONDOMINIUM







Scale: 3/32"=1'-0"

PENTHOUSE, 9TH FLOOR KEY PLAN

08/18/04

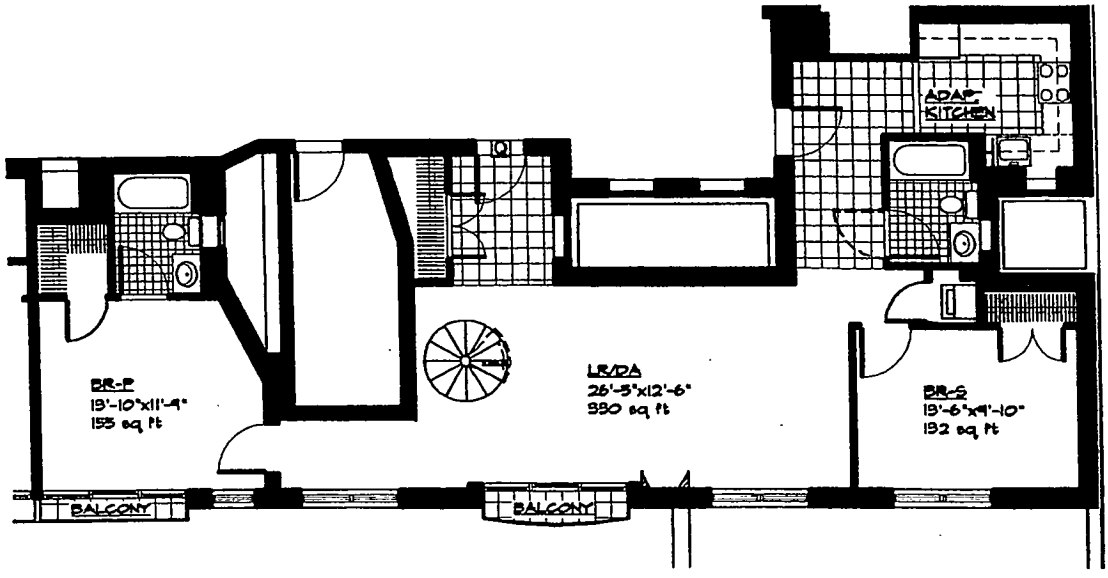
APT Q

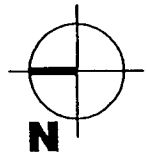
1,171.74 SQ FT

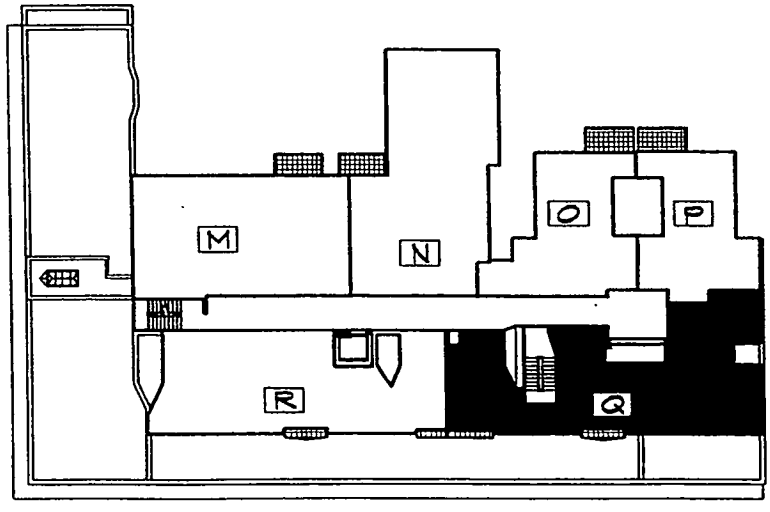
2 BEDROOMS, 2 BATHS

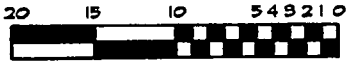
TERRACE SQ FT =33.55 SQ FT

GATEWAY CONDOMINIUM









Scale: 3/32"=1'-0"

PENTHOUSE, 9TH FLOOR KEY PLAN

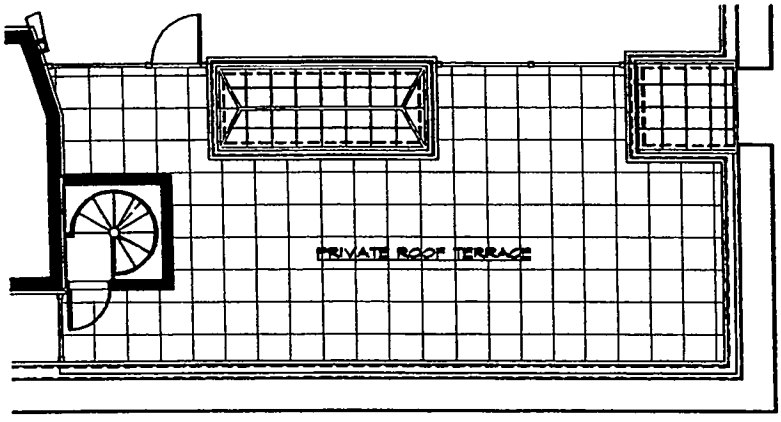
08/18/04

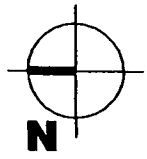
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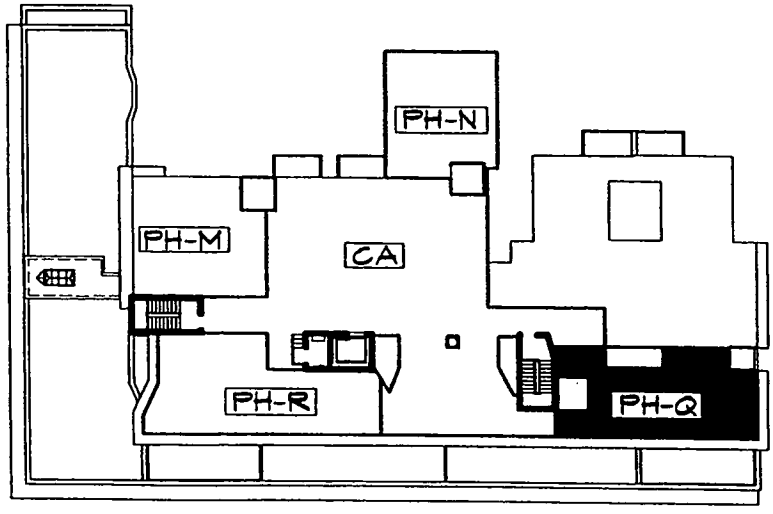
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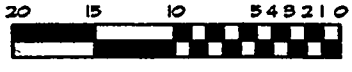
ROOF TERRACE

GATEWAY CONDOMINIUM









Scale: 3/32"=1'-0"

ROOF PLAN

08/18/04

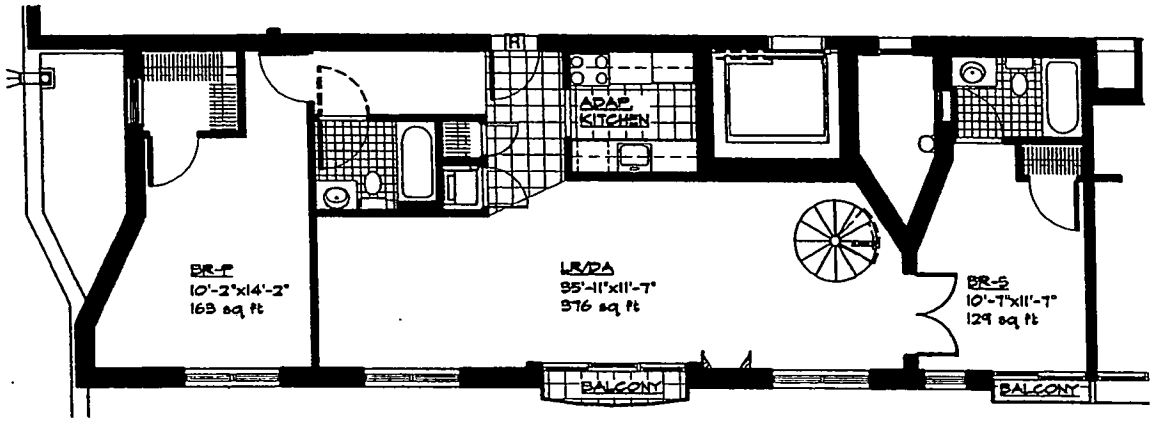
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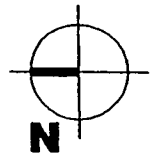
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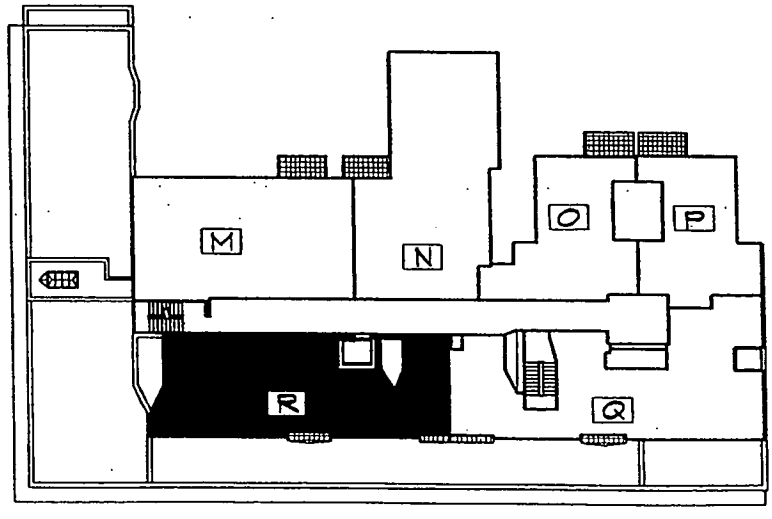
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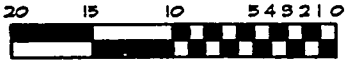
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GATEWAY CONDOMINIUM









Scale: 3/32"=1'-0"

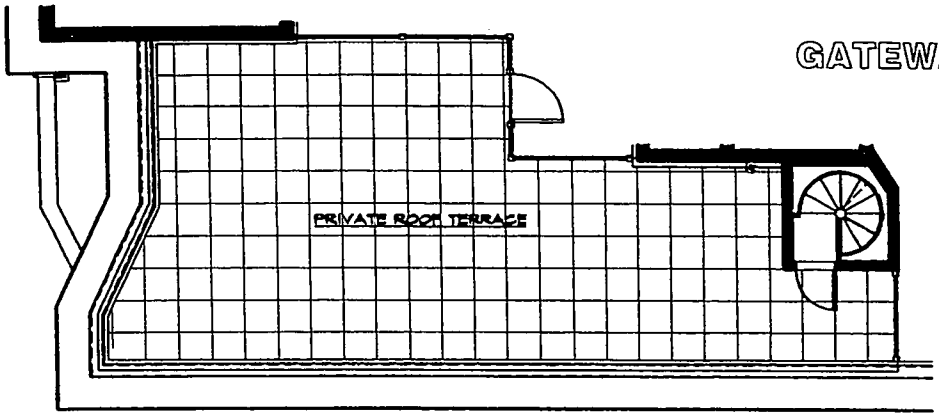
PENTHOUSE, 9TH FLOOR KEY PLAN

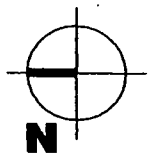
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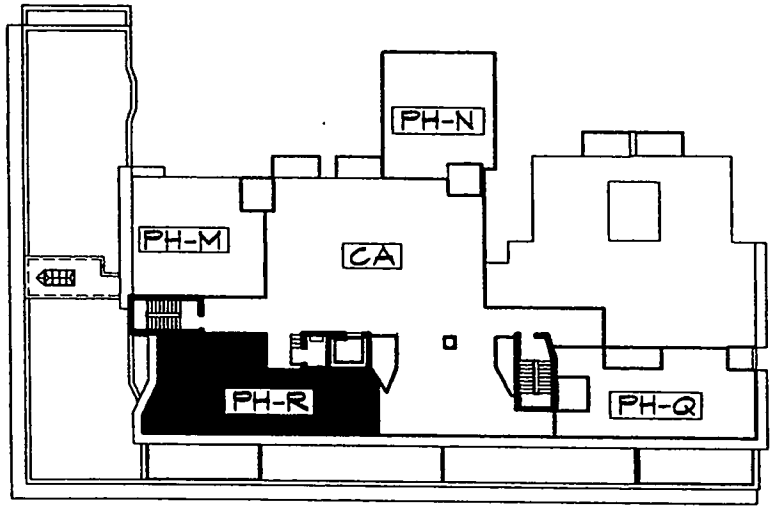
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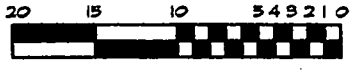
ROOF TERRACE

GATEWAY CONDOMINIUM









Scale: 3/32"=1'-0"

ROOF PLAN

08/18/04

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DECLARATION OF CONDOMINIUM

ESTABLISHING A PLAN OF CONDOMINIUM OWNERSHIP OF PREMISES LOCATED AT 2098 EIGHTH AVENUE, NEW YORK, NEW YORK PURSUANT TO ARTICLE 9-B OF THE REAL PROPERTY LAW OF THE STATE OF NEW YORK

NAME: THE GATEWAY CONDOMINIUM

SPONSOR:
Gateway II, LLC
c/o Gaetano and Associates, Inc.
400 Executive Boulevard
Ossining, NY 10562

DATE OF DECLARATION:

_____, 2004

SMITH, BUSS & JACOBS, LLP
Attorneys for Sponsor
733 Yonkers Avenue
Yonkers, NY 10704

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PLAN OF CONDOMINIUM OWNERSHIP

DECLARATION OF THE GATEWAY CONDOMINIUM

PURSUANT TO ARTICLE 9-B OF THE REAL PROPERTY LAW OF

THE STATE OF NEW YORK

In the City of New York, County of New York and State of New York on this _____ day of _____, 2004, Gateway II, LLC, a limited liability company organized and existing under the laws of the State of New York, whose principal office is situated c/o Gaetano and Associates, Inc., 400 Executive Boulevard, Ossining, NY 10562, hereinafter referred to as the "Sponsor", does hereby state:

FIRST: Submission of Property. By this Declaration the Sponsor submits the property described in this Declaration, including the land and the Building and all other improvements erected and to be erected thereon, all easements, rights and appurtenances belonging thereto, and all other property, real, personal or mixed, intended for use in connection therewith, to the provisions of Article 9-B of the Real Property Law of the State of New York.

SECOND: Description of Property. The Sponsor owns all that certain plot, piece or parcel of land, with the buildings and improvements thereon erected, situate, lying and being in the City of New York, County of New York, and State of New York, and more particularly described on Schedule B annexed hereto.

THIRD: Definitions.

(a) A **"Building"** as hereinafter referred to shall be defined as a number of Units, all of which are connected via common corridors and elevator, and protected under a continuous roof. The Condominium will contain a nine-story building which includes commercial space, plus a basement.

(b) **"Condominium"** as hereinafter referred to shall mean **THE GATEWAY CONDOMINIUM** which is composed of the Unit Owners.

(c) **"Party Walls"** as hereinafter referred to shall be defined as a wall which is common to and separates two Units.

(d) "**Repair**" or "**Repairs**" means "repair, maintain or replace."

(e) **"Sponsor"** as used herein refers to (i) Gateway II, LLC, the Sponsor of an offering plan (the **"Plan"**) for the conversion of the Property to condominium ownership; (ii) any person deemed a sponsor under the applicable definition under 13 NYCRR Part 20; or (iii) any person or entity designated by Sponsor to acquire title to a Unit and which is specifically designated by Sponsor at the time of acquisition of such a Unit to succeed to the rights and obligations of Sponsor

in place of the former Sponsor under this Declaration with regard to any such Unit, and any successor in interest to such a Sponsor-designee who is specifically designated by the then current Sponsor to succeed to the rights and obligations of Sponsor under this Declaration with respect to a Unit. With regard to a Unit owned by it, a Sponsor-designee shall have all rights and obligations as are set forth in this Declaration and the Plan for Sponsor.

(f) The Owner of each Unit is hereinafter referred to as the **"Unit Owner".** Every Unit Owner shall be treated for all purposes as a single owner, irrespective whether such ownership is joint, in common, or tenancy in the entirety. Where such ownership is joint, in common or tenancy by the entirety, majority vote of such owners shall be necessary to cast the Unit Owner's vote referred to in paragraph **TENTH** of this Declaration.

(g) (i) A **"Unit"**, as hereinafter referred to, shall include, individually and collectively, the Residential Units and the Commercial Units. Any Commercial Unit resulting from the subdivision or combination of one or more Commercial Units shall also be a Commercial Unit. Each Unit is defined as consisting of the area measured (1), horizontally, as follows: from the unexposed inside surface of the exterior walls, the Unit side of any window glass, and the unfinished inside surface of any exterior wall door or window frame, to the centerlines of any partition demising one Unit from another Unit, corridors, stairs, elevators and other mechanical equipment, or other Common Elements, or the unfinished inside surface of any opposite exterior wall; and (2) vertically by the underside of the Unit's finished flooring or the lower surface of the concrete slab forming the floor or basement of the Unit, where applicable, and the exposed painted face of a concrete ceiling or the unexposed side of the Unit's drywall or plaster ceiling. Certain doors, windows, and interior walls are part of the Unit, as specified more particularly in the definition of the Common Elements set forth herein. The description of the Units set forth herein pertains to the location of the walls, floors and roof and boundaries of the Units as they are finally set forth in the Floor Plans to be filed simultaneously with the recording of this Declaration.

(ii) Each Unit includes, and each Unit Owner shall be responsible for any doors to or within such Unit (other than the front entrance door), smoke detectors, for cleaning purposes the exterior glass surfaces of all windows, all plumbing, gas and heating fixtures and equipment such as refrigerators, dishwashers, heating, ventilating and air conditioning equipment (if any), including any fans inside such units, heating equipment, ranges and other appliances, as may be affixed, attached or appurtenant to such Unit and serving such Unit exclusively. Plumbing, gas and heating fixtures and equipment as used in the preceding sentence shall include exposed gas and water pipes from branch or fixture shut-off valves attached to fixtures, appliances and equipment and the fixtures, appliances and equipment to which they are attached, and any special pipes or equipment which a Unit Owner may install within a wall or ceiling, or under the floor, but (subject to the following sentence) shall not include gas, water or other pipes, conduits, wiring or ductwork within the walls, ceilings or floors. Each Unit shall also include (i) all lighting and electrical fixtures and appliances within the Unit, (ii) any special equipment or fixtures affixed, attached or appurtenant to the Unit, and (iii) any wiring for such appliances or fixtures to the extent that such wiring runs from a panel or junction box serving or benefitting only that Unit. The front entrance doors to Units shall be deemed Residential Limited Common Elements (as described further in this Declaration), but a Unit Owner will nevertheless be responsible for repairing and maintaining the interior surface of the

front entrance door to the unit, and any locks, bells or peepholes within the front entrance door. Notwithstanding anything contained in this Article to the contrary, each Unit Owner will have the right, exercisable at any time, to install, at such Unit Owner's sole cost and expense, decorations, fixtures and coverings (including, without limitation, painting, finishing, wallpaper, carpeting, pictures, mirrors, shelving and lighting fixtures) on the surfaces of the walls, ceilings and floors that face the interior of such Unit Owner's Unit and to a depth of one inch behind such surfaces for the purposes of installing nails, screws, bolts and the like, provided that no such installation shall impair the structural integrity and mechanical and electrical systems of such Unit of the Building.

(h) The term **"Unit"** and **"Unit Owner"** as used herein shall be construed to mean Unit and Unit Owner as defined in Section 339-e of Article 9-B of the Real Property Law of the State of New York.

FOURTH: Community. The Sponsor is constructing the building on the parcel of land described above and establishing a condominium community known as **Gateway Condominium** according to the plans filed simultaneously with the recording of this Declaration in the office of the Register of the County of New York, which plans set forth a description of the building stating the number of stories and the number of Units.

The Community will consist of a total of seventy-five (75) Residential Units, one superintendent's unit, and three (3) Commercial Units to be located in a building with a nine-story height and a five-story height, and the common elements appurtenant thereto, as set forth on the Plot Plan filed simultaneously herewith. Under the provisions of the New York State Building and Fire Prevention Code the building shall be classified as a multi-class building consisting of Class 3 and C1 structures. Construction of the Condominium will be completed over a period of approximately 18 months. Initially a Temporary Certificate of Occupancy will be granted for the occupancy of thirty-three (33) Residential Units, and two (2) Commercial Units, in four five-story buildings located at 2094- 2096- 2098 and 2104 Eighth Avenue, which buildings share certain common amenities. The Sponsor will simultaneously construct the remaining forty-two (42) Residential Units, and one (1) superintendent's unit, on land located at 2100-2102 Eighth Avenue. Upon completion of construction, the corridors of 2094-2098 and 2104 Eighth Avenue will be connected to the corridors of 2100-2102 to create a single continuous building with central facilities to be known as 2098 Eighth Avenue. A more detailed description of the building is annexed hereto and made part hereof as Schedule B. For the purposes of describing the location, approximate area, type and number of rooms of each Unit, and the common elements to which each Unit has immediate access, each Unit is numerically designated as set forth on Schedule "A" annexed hereto. Each unit will be sold to one or more Owners, each Owner obtaining fee ownership in, and exclusive right of occupancy and possession of the Unit, together with an undivided interest in the common elements of the Community, as listed hereinafter in this Declaration, and referred to as the "common elements", all of the above in accordance with Article 9B of the Real Property Law of the State of New York. The designation of the number of rooms, interior partitions and kitchen and bathroom facilities may be changed by mutual consent of the Owner and the Unit Owner at the time of construction of the Unit.

FIFTH: Common Elements.

(a) The Common Elements of the Condominium consist of the entire Property, including the land and all parts of the Building and improvements thereon other than the Units. The Common Elements include, but are not limited to, those rooms, areas, corridors, spaces and other parts of the Building and all facilities therein for the common use of the Units and the Unit Owners or which are necessary or convenient for the existence, maintenance or safety of the Property. The Limited Common Elements of the Condominium (the **"Limited Common Elements"**) consist of those Common Elements which serve or benefit exclusively (a) more than one Residential Unit or Residential Unit Owner (in which event they are called **"Residential Limited Common Elements"**) or (b) a Commercial Unit or Commercial Unit Owner (in which event they are called **"Commercial Limited Common Elements"**). Within the category of Residential Limited Common Elements is the subcategory of **"Restricted Residential Limited Common Elements"**, which are Residential Limited Common Elements appurtenant to a particular Residential Unit, the use of which is restricted to the owner of such Residential Unit. In addition, if a Commercial Unit is subdivided into two or more Commercial Units, the Commercial Unit Owner will have the rigt to convert any Commercial Limited Common Element into a "**Restricted Commercial Limited Common Element**', which is a Commercial Limited Common Element appurtenant to a particular Commercial Unit; the use of which is restricted to the owner of such Commercial Unit. A Common Element which is not a Limited Common Element is a **"General Common Element"**.

(b) (i) The General Common Elements include the following:

(1) The land on which the Building stands and all other land within the boundaries of the property, together with all easements, rights and privileges appurtenant thereto (except as otherwise expressly provided in this Article);

(2) All foundations, columns, beams, supports, bearing walls; those portions of the exterior walls and insulation beyond the unexposed face of the dry wall at the exterior face of the Building or, where applicable, those portions of the exterior walls beyond the interior face of the exterior wall; those portions of the walls and partitions dividing the Units from corridors, lobby and stairs located beyond the unexposed face of the dry walls enclosing the Unit; the subfloor and framing joists, including any framing attached to such joists from which the dry wall ceiling of the Unit below is attached; corridors, halls, stairs and stairway areas located beyond the unexposed face of the dry walls enclosing a Unit; storage and utility areas located beyond the unexposed face of the dry walls enclosing a Unit; all basement or cellar areas which are not included within a particular Unit and are used for the benefit of all Unit Owners; any laundry facilities not located within a Unit and the entrances to and exits from the Building; and mail rooms or mailboxes. Notwithstanding the above, the foregoing excludes all windows and window frames of the Residential Units (which are considered Residential Limited Common Elements), and all doors, windows and window frames of Commercial Units (which are considered part of each Commercial Unit).

(3) All central and appurtenant installations for services such as power, light, intercom, telephone, television, gas, hot and cold water, heat (including all pipes, ducts, wires, shoots, cables and conduits used in connection therewith) and all other mechanical equipment spaces, except that installations regarding such utilities and other services that have been or will be made by the owners or tenants of Commercial Units to exclusively benefit one or more Commercial

Units shall be Commercial Limited Common Elements, and any such installations exclusively serving the Residential Units or the Residential Unit Owners shall be Residential Limited Common Elements;

(4) Water service pipes and sewer pipes;

(5) Any house tank providing water to all Units and the pipes used in connection therewith;

(6) To the extent the Building is served by steam heat or hot water, portions of any steam riser and connections originating in the boiler room and distribution piping at below grade level and through the first floor;

(7) Ventilation supply system consisting of motors, duct work, fans and controls serving General Common Elements and steam and condensate return piping serving General Common Elements;

(8) All passages and corridors, mechanical and other rooms, tank room, meter room, areas and indoor or outdoor spaces located at the property serving or benefitting both the Commercial and Residential Units;

(9) Copings, flashings, leaders, gutters and parapets appurtenant to the main roof of the Building; and

(10) All other facilities of the Building, including (but not limited to) vaults, shafts, pipes, wires, ducts, vents, cables, conduits, lines, and roof over public stairways, which serve or benefit or are necessary or convenient for the existence, maintenance, operation or safety of both the Commercial Units and the Residential Units.

(ii) The expense for the repair and maintenance of General Common Elements shall be part of the Common Expenses, and shall be apportioned among Unit Owners as provided by this Declaration.

(c) (i) The Residential Limited Common Elements include the following:

(1) All stairs in the Building that (a) do not connect with the Commercial Units or (b) are located above the first floor of the Building;

(2) The main entrance to the Building, the lobby, service corridor and service entrance, portions of the basement or cellar used solely for the benefit of the Residential Unit Owners, any vaults accessed only from portions of the basement or cellar used solely for the benefit of the Residential Unit Owners, and other areas used in connection therewith. Any portion of the basement and cellar expressly reserved for the benefit of a particular Residential Unit, without a reservation by the Board of Managers to terminate usage or change the location of such reserved area, is a Restricted Residential Limited Common Element for that particular Unit;

(3) Compactor rooms, laundry room, and boiler room (if any);

(4) All fire escapes and landings in the Building (except as set forth elsewhere in this Declaration);

(5) Passages and corridors above the first floor of the Building, including, any passages and corridors that do not serve or connect with any Commercial Unit;

(6) Trash chutes, room(s) and access doors, and any sanitizing units or compactor units serving the Residential Units, and all passageways and ducts, chutes, or other facilities used in connection therewith;

(7) Window glass and window frames located on the perimeter of (but not exclusively serving) a Residential Unit, and all other window frames and window glass in the Building. Window frames and window glass that are located within a Commercial Unit are part of a Commercial Unit, and the window glass and window frame serving a particular Residential Unit are Restricted Residential Limited Common Elements for that particular Unit as per subsection (d);

(8) Corridor supply risers and ducts, kitchen and toilet exhaust risers and ducts, kitchen and toilet water vents, gas risers, electric risers and shafts serving Residential Units;

(9) Gas piping serving Residential Limited Common Elements and Residential Units;

(10) All passages and corridors, mechanical and other rooms, areas and indoor and outdoor spaces located at the Property serving exclusively one or more Residential Units and which are not General Common Elements or Commercial Limited Common Elements or part of any Unit;

(11) All doors abutting on common areas other than entrance or exit doors to or from Commercial Units, including, but not limited to, doors opening from Residential Units to corridors, and the entrance and exit doors to and from the Building. Any door leading to or from the Building or a General Common Element to a Commercial Unit shall be deemed part of the Commercial Unit that it leads to or from. The front entrance doors to Residential Units shall be deemed Residential Limited Common Elements, but a Unit Owner will nevertheless be responsible for repairing and maintaining the interior surface of the front entrance door to the unit, and any locks, bells or peepholes within the front entrance door.

(12) Residential passenger elevators, including their respective shafts, pits, machine rooms, rooftop elevator room, and appurtenant facilities;

(13) Any portion of the basement or cellar designated on the floor plans of the Condominium to be used for the residential occupants, including, but not limited to, the community room and health club;

(14) All other facilities of the Property (including, but not limited to, shafts, pipes, wires, ducts, vents, cables, conduits and lines) which serve or benefit or are necessary or convenient for the existence, maintenance, operation or safety of the Residential Units; and

(15) All other Common Elements other than General Common Elements. Restricted Residential Limited Common Elements, or Commercial Limited Common Elements.

(ii) The expense for the repair and maintenance of the Residential Limited Common Elements shall be part of the Common Expenses, which are to be apportioned among Unit Owners as provided by this Declaration.

(d) Restricted Residential Limited Common Elements.

(i) Certain portions of the Residential Limited Common Elements are limited and further restricted in use to the owners of particular Residential Units to which the Residential Limited Common Elements are appurtenant, subject to the right of the Board of Managers to enter upon any such Restricted Residential Limited Common Element to make repairs and replacements to such Restricted Residential Limited Element or any Common Element contained therein, and subject to the By-laws and Rules and Regulations of the Condominium.

(ii) The Restricted Residential Limited Common Elements include, but are not limited to, the following:

(1) Windows and window frames located on the boundary of a Residential Unit and serving exclusively that Unit.

(2) Any portion of the roof, terraces or balconies available for use by and serving exclusively one Residential Unit;

(3) Any portion of the basement and cellar expressly reserved for the service of a particular Residential Unit without a right by the Board of Managers to terminate such use or change the location of such area.

(iii) The Restricted Residential Limited Common Elements (as defined in the Declaration) shall be maintained, repaired and replaced by, and at the expense of, the following persons under the following circumstances: (i) the Board of Managers at the expense of the Unit Owner, if it is a Restricted Residential Limited Common Element and the Repair involves structural or extraordinary maintenance, repairs or replacements (including, but not limited to, the repair of leaks); or (ii) by the Unit Owner having direct and exclusive access to a Restricted Residential Limited Common Element at his sole cost and expense, if involving nonstructural or ordinary Repairs (as defined in Article THIRD).

(e) Commercial Limited Common Elements.

(i) In addition to other references in this Declaration, the following shall be Common Elements which shall be Commercial Limited Common Elements which shall be allocated to the specific Commercial Unit having exclusive use thereof;

(1) Any dividing wall or walls which are created in the event that any Commercial Unit is subdivided or combined which is for the exclusive use of the Commercial Unit Owners whose Units are separated by such walls;

(2) All drains, vents, flues, or other mechanical equipment installed by the owner or tenant of a Commercial Unit solely for the use of one or more Commercial Units;

(3) All other facilities of the Property (including, but not limited to, the courtyard and any shafts, pipes, wires, ducts, vents, cables, conduits and lines) which exclusively serve or benefit, or are necessary or convenient for the existence, maintenance, operation or safety exclusively of a Commercial Unit Owner.

(ii) All doors and all windows and window frames located on the boundary of a Commercial Unit, all doors leading from a Commercial Unit to other portions of the Building, and all street level doors and entrances to and exits from a Commercial Unit, shall be part of that Commercial Unit.

(iii) Commercial Limited Common Elements shall be maintained, repaired and replaced by the owner of the Commercial Unit who has use of or benefits by the particular Commercial Limited Common Element.

(iv) The holders of a majority in interest of the percentage of common interest allocated to the Commercial Units shall have the right to designate any Commercial Limited Common Element as a Restricted Commercial Limited Common Element, and to allocate the responsibility for the Repair of any such Restricted Commercial Limited Common Element to one or more Commercial Units who utilize such common element, upon written notice to the Board of Managers. The Commercial Unit Owner shall amend the floor plans of the Condominium to reflect such change.

(f) Restricted Commercial Limited Common Elements.

(i) Certain portions of the Commercial Limited Common Elements are limited and further restricted in use to the owners of particular Commercial Units to which the Commercial Limited Common Elements are appurtenant, subject to the right of the Board of Managers to enter upon any such Restricted Commercial Limited Common Element to make repairs and replacements to such Restricted Commercial Limited Element or any Common Element contained therein, and subject to the By-laws and Rules and Regulations of the Condominium. The Restricted Commercial Limited Common Elements include, but are not limited to, the following:

(1) Windows and window frames located on the boundary of a Commercial Unit and serving exclusively that Commercial Unit.

(2) Any portion of a sidewalk hatch or sidewalk vault which is available for use by and serving exclusively one Commercial Unit; and

(3) Any portion of the cellar expressly reserved for the service of a particular Commercial Unit without a right by the Board of Managers to terminate such use or change the location of such area

(ii) Repairs in or to the Commercial Limited Common Elements will be performed by the Commercial Unit Owner having direct and use of or who benefits from the particular Commercial Limited Common Element at his sole cost and expense.

(g) The common elements shall remain undivided and no Unit Owner shall bring any action for partition or division unless otherwise provided by law.

(h) The percentage of the undivided interest in the common elements established herein shall not be changed except with the consent of all of the Unit Owners affected expressed in a duly recorded amendment of this Declaration.

(i) The undivided interest in the common elements shall not be separated from the Unit to which it appertains and shall be deemed conveyed or encumbered with the Unit even though such interest is not expressly mentioned or described in the conveyance or other instrument.

SIXTH: Special Rights of Sponsor and Commercial Unit Owner.

(a) The Sponsor, its successors, assigns and purchasers, in their capacity as a successor Sponsor, reserves the easements, licenses, rights and privileges of a right-of-way in, through, over, under and across the common elements of the Condominium for the purpose of completing construction of the Building and facilities in the Condominium and sale of a Unit and towards this end, reserves the right to grant and reserve easements and rights-of-way in, through, under, over and across the common elements of the Condominium for the installation, maintenance and inspection of water, gas, electric, heating, telephone lines and appurtenances for public or private water, sewer, drainage, cable television, and other utilities; the right to alter, reconstruct, remove, and relocate any common elements of the Condominium in order to complete construction of the Building; the right of access to bring onto the Condominium and the right to install any other materials or services necessary for the completion of the work. Such easements include, without limitation, (i) attachment of protective covering over the roof of the Building, (ii) construction and maintenance of non-permanent scaffolding over and encroaching upon the Building and adjacent to the Building, (iii) operation of a crane or like equipment over the Building, for the non exclusive use and enjoyment of the Sponsor and its agents, employees, licenses, invitees and/or contractors, and (iv) the right to apply for permission to close the sidewalk adjoining the Building, provided that reasonable means of ingress and egress to and from the Building is maintained during such closing.

For further easements in favor of the Condominium and Unit Owners, see Article FIFTEENTH.

(b) The Sponsor, its successors, assigns, and purchasers, also reserve the right to alter,

relocate, install and connect with and make use of all utility lines, wires, pipes, conduits, cable television, sewers and drainage lines which may from time to time be in or along the streets and roads in any portions of the common elements in order to complete construction of the Building or any Units or operate the Commercial Units. (b) The Sponsor reserves the right to alter, relocate, install and connect with and make use of all utility lines, wires, pipes, conduits, cable television, sewers and drainage lines which may from time to time be in or along the streets and roads in any portions of the common elements in order to complete construction of the Building or any Units or operate the Commercial Units.

(c) The Sponsor, its successors, assigns and purchasers , reserves the right to continue to use the common elements and any facilities, sales offices, model units, and signs located on the common elements, in its efforts to market units in the Condominium.

(d) The Sponsor shall have the right, without the vote or consent of the Board of Managers, other Unit Owners or holders of Unit mortgages, to (i) make alterations, additions or improvements, structural and nonstructural, ordinary and extraordinary, interior and exterior, in, to and upon any Unit Owned by it (provided that no such change may be made to the exterior of the Building except in accordance with the laws governing changing the facades of landmark buildings, to the extent such laws actually apply to the Building) ; (ii) change the layout or number of rooms in the Unit; (iii) change the size or number of such Units by subdividing a Unit, combining separate Units (including those resulting from such subdivision or otherwise) into one or more Units, altering the boundary walls between Units, or otherwise; and (iv) reapportion among the Units affected by such change their appurtenant interests in the Common Elements, provided that in each instance Sponsor shall comply with all laws, ordinances and regulations of all governmental authorities having jurisdiction and shall agree to hold the Board of Managers and all other Unit Owners harmless from any liability arising therefrom. The Board of Managers shall sign any application or other document required to be filed with any governmental authority having or asserting jurisdiction in connection with any such structural change made by Sponsor to any Unit, provided that neither the Board of Managers nor the Unit Owners shall be subjected to any expense or liability by virtue of the signing of the application or such other document. If the Board of Managers shall not execute any such application promptly upon presentation, the Sponsor shall have the right to execute any such application as the agent and attorney in fact for the Board of Managers of the Condominium. With respect to any such change, Sponsor shall have the right to require the Board of Managers to execute and record any appropriate amendment to this Declaration, and Sponsor shall also have the right to execute and record such Amendment as the attorney in fact for the Condominium upon its own execution of such Amendment. A copy of any such application or other documents required by Sponsor will be furnished to the Board of Managers.

(e) The provisions of subsections (a) through (e) may not be added to, amended or deleted without the consent of Sponsor. For further easements in favor of the Sponsor, see Article FIFTEENTH.

(f) The owner of a Commercial Unit shall have the right, without the consent of the Board of Managers or other Unit Owners or holders of Unit mortgages to (i) make alterations, additions or improvements, structural and non-structural, interior and exterior, ordinary and extraordinary in

to and upon his Commercial Unit (provided that no such change may be made to the exterior of the Building except in accordance with the laws governing changing the facades of landmark buildings, to the extent such laws actually apply to the Building); (ii) subdivide the Commercial Unit into separate Units and combine Units resulting from any subdivision of one or more Commercial Units into single Units; (iii) change the layout of his Unit and any boundary walls between one or more of the subdivided or combined Commercial Units; (iv) alter or improve any Commercial Limited Common Elements; and (v) apportion among the subdivided or combined Commercial Units their appurtenant interests in the Common Elements, provided that in each instance the Commercial Unit Owner shall comply with all laws, ordinances and regulations of all governmental authorities having jurisdiction and shall agree to hold the Board of Managers and all other Unit Owners harmless from any liability arising therefrom. The Board of Managers shall sign any application or other document required to be filed with any governmental authority having or asserting jurisdiction in connection with any such structural change made by a Commercial Unit Owner, provided, however, that neither the Board of Managers or the Unit Owners shall be subjected to any expense or liability by virtue of the signing of the application or such other document. With respect to any such change, the owner of the appropriate Commercial Unit shall have the right to require the Board of Managers to execute and record any appropriate amendment to this Declaration, or such Commercial Unit Owner shall also have the right to execute and record such amendment upon his own execution of such amendment. A copy of any such applications or other documents required by a Commercial Unit Owner will be furnished to the Board of Managers. The provisions of this subsection (f) may not be amended, added to or deleted without the consent of all of the owners of the Commercial Units. For further easements in favor of the Commercial Unit Owner, see Article FIFTEENTH.

SEVENTH: Service of Process. Service of process on the Unit Owners in any action with relation to the common elements shall be made upon the Secretary of State of the State of New York as the Agent for the Board of Managers of the Condominium. The Condominium Board shall file with the Secretary of State the name and post office address of the Condominium for purposes of receiving copies of any process served against the Condominium Board. Copies shall also be mailed to: the President of the Board of Managers of Gateway Condominium at 2098 Eighth Avenue, New York, New York 10026. The Condominium's address for service of process may be changed by recording a Notice of Change of Address for service of process.

EIGHTH: Common Interest; Payment of Common Expenses.

(a) Each Unit Owner shall have such percentage interest in the common elements as is set forth on Schedule A attached hereto and shall bear such percentage of the common expenses of the Condominium. Each Unit Owner shall have one vote for each hundredth (.01) percentage of that Unit Owner's common interest for all voting purposes at any meeting of the Unit Owners. The percentage of common interest of each Residential Unit and the Commercial Unit in the common elements is based on floor space, location and uniqueness as of the date of recording this Declaration.

(b) (i) The contribution of the Commercial Unit Owners to common expenses will be based on (1) a fair allocation of the following expenses of the Condominium based on anticipated actual usage from year to year: water and sewer, to the extent that such usage is not separately metered or submetered; plus (2) the percentage of common interest of the Commercial Unit Owner

in the following other expenses of the Condominium: repairs and maintenance to the General Common Elements; insurance; contingency reserve; income taxes (if any); and capital Repairs to the General Common Elements.

(ii) Notwithstanding part (i) the Commercial Unit Owners will be obligated to pay their fair share of the expenses incurred by the Condominium in furnishing the services set forth above, as well as operating, maintaining and repairing those Common Elements that are utilized by the Commercial Unit Owners. No more frequently than once per year, the Board of Managers may seek to adjust the allocation of Common Expenses to reflect the proportions fairly attributable to the Residential and Commercial Units to the amount of usage fairly anticipated by such Unit Owners of the services and Common Elements in question during the following year, based on historical usage or (in the event of capital repairs) anticipated costs. However, without the consent of the Commercial Unit Owners, the Condominium Board may not (1) modify its method of allocations and assessments, or increase the number of building employees servicing the Commercial Units or the categories of services, utilities or supplies provided to the Commercial Units, in such a manner as would increase the Common Charges otherwise payable by the Commercial Unit Owners or (2) increase the Common Charges payable by the Commercial Unit Owners beyond their Percentage of Common Interest in any particular category of Common Charges, including charges for capital Repair projects not otherwise reflected in the annual operating expense budget. Any allocation shall conform to Section 339-m of the Real Property Law. If any category of Unit Owner contends that any method of allocation determined by the Board is inequitable, the Board or the Commercial Unit Owner may submit the dispute to arbitration in accordance with the By-laws.

(iii) In the event that the use of a Commercial Unit is changed from its then existing use, the Board of Managers may allocate expenses or specific expense items and apportion Common Charges allocated to the Commercial Unit resulting solely from such changes in use. If the owner of a Commercial Unit objects to any such allocation by the Board of Managers, the dispute shall be submitted to the American Arbitration Association for arbitration and the determination made in such arbitration shall be binding and conclusive on the parties. The cost of such arbitration shall be borne equally by the parties. Any allocation shall conform to Section 339-m of the Real Property Law.

(iv) Either the Board of Managers or the Commercial Unit Owner shall have the right to require that any utility used in common by the Residential and Commercial Units be separately metered or (if separate metering is not economically feasible) submetered. In such case, the cost of such utility will be payable based on actual usage rather than percentage of common interest. The ongoing cost of reading or Repairing any submeter will be split equally between the Residential and Commercial Unit. The initial cost of installing any meter or submeter will be split equally between the Residential and Commercial Units. The ongoing cost of any separate meter (as opposed to submeter) shall be paid for by the Unit whose consumption is being measured.

(v) If the Condominium contains a vault, the Board of Managers shall allocate any fees charged by the City of New York in connection with the use of the vault between the residential and commercial unit owners on the basis of the square footage of the vault actually used by each unit owner. If any portion of the vault is used in common by the Residential Unit Owners, the allocable

portion of such fees shall be borne by the Residential Unit Owners as a common expense.

(vi) The provisions of this subsection (b) may not be amended without the consent of the affected Unit Owner.

NINTH: Administration. The administration of the Condominium, the Community and parcel of land described herein shall be in accordance with the provisions of this Declaration and with the provisions of the By-Laws which are made a part of this Declaration and are attached hereto.

TENTH: Amendment and Withdrawal.

(a) The dedication of the property to Condominium ownership herein shall not be revoked or the property withdrawn from Condominium ownership unless 80% of the Unit Owners in number and in common interest and the first mortgagees, if any, of each of these same units agree to such revocation or removal of the property from the condominium plan by duly recorded instruments.

(b) Subject to the rights of the Sponsor or Commercial Unit Owner as set forth in this Declaration, the provisions of this Declaration may be modified or amended by an instrument executed by the Board of Managers upon a vote of 66-2/3% of the Unit Owners in number and common interest held at a duly called meeting of the Unit Owner, provided however, that:

(i) No amendment shall change any condominium parcel, nor a Unit Owner's proportionate share of the common charges, nor the voting rights appurtenant to any unit, unless all unit owner(s) affected in number and common interest thereof and the first mortgagees, if any, of each of those same units agree to such revocation by recorded instrument.

(ii) No amendment shall be passed which shall impair or prejudice the rights and priorities of mortgagees or the rights and privileges granted or reserved to the Sponsor hereunder.

(c) There shall be a presumption for a period of 60 days subsequent to the recording of the amendment that the vote of the Unit Owners was made at a duly called meeting and that the requisite voting percentage was obtained. After the 60 day period such presumption will be deemed conclusive.

(d) No amendment to this Declaration shall take effect until it is recorded in the Office of the City Register of the County of New York, New York.

(e) Irrespective of any other provision of this Declaration, no action for partition or division of the common elements shall be brought nor shall this plan of condominium ownership be terminated where such partition, division or termination will result in a violation of the then existing local zoning and building laws and codes.

(f) The Sponsor and any Commercial Unit Owner shall have the right, without vote or consent of other Unit Owners, the Board of Managers or the holders of Unit mortgages, to execute

or (on Sponsor's request) to require the Board of Managers to execute and record in the Office of the Register of the City of New York, County of New York, and elsewhere if required by law, an amendment or amendments to this Declaration (together with such other documents, plans and maps as may be required to effectuate the same) to reflect any changes in Units and the reapportionment of the Common Interest resulting therefrom, made by Sponsor or a Commercial Unit Owner in accordance with this Declaration. All expenses in connection with the preparation, recording and filing of any such amendment shall be paid by Sponsor or the Commercial Unit Owner making such filing, as the case may be.

(g) Pursuant to Section 339-i(2) of the Real Property Law of the State of New York, where an Owner of a Unit changes the number of rooms (provided that in no case such division results in a greater percentage of Common Interest for the total of the new Units than existed for the original Unit before division), an appropriate amendment to the Declaration may be filed by a new Unit Owner under the same file number and under the procedure set forth in Section 339-p of the Real Property Law of the State of New York, and the local tax authorities shall provide and certify upon the proposed amendment a conforming tax lot number upon completion of new Units. Nothing in this subsection shall give any Residential Unit Owner the right to change the number of rooms without the consent of the Board of Managers in accordance with the By-laws of the Condominium.

(h) Except as provided in this Article with regard to the right of Sponsor or its designee(s) to amend this Declaration, the following shall apply:

(i) Without the prior written consent of the affected Commercial Unit Owner(s), no amendment, modification, addition or deletion of or to the By-laws, the Declaration or the Rules and Regulations modifying the permitted uses of any Commercial Unit or affecting the rights, privileges, easements, licenses or exemptions granted to any Commercial Unit Owner, shall be effective in any way against that Unit Owner. The Board will not adopt any rules or regulations or amend the Declaration or By-laws in a manner which would adversely affect the operation of the Commercial Units.

(ii) Without the prior written consent of the Sponsor, no amendment, modification, addition or deletion of or to these By-laws, the Declaration or the Rules and Regulations modifying the rights of the Sponsor or affecting the rights, privileges, easements, licenses or exemptions granted to the Sponsor shall be effective in any way against the Sponsor. The Board will not adopt any rules or regulations or amend the Declaration or By-laws in a manner which would adversely affect the sales, marketing or operations of the Sponsor.

ELEVENTH: Subject to Declaration, By-Laws, Etc. All present or future Unit Owners, tenants, future tenants, or any other person that might use the facilities of the Community in any manner, are subject to the provisions of this Declaration, the By-Laws and Rules and Regulations of the Condominium and the mere acquisition or rental of any of the Units of the Community or the mere act of occupancy of any of said Units shall signify that the provisions of this Declaration and the By-Laws and Rules and Regulations of the Condominium are accepted and ratified and all of such provisions shall be deemed and taken to be covenants running with land and shall bind any person having at any time any interest or estate in such Unit, as though such provisions were recited

and stipulated at length in each and every deed, conveyance or lease thereof.

TWELFTH: Common Charges. All sums assessed as common charges by the Board of Managers of the Condominium but unpaid together with the maximum interest permitted in New York thereon, chargeable to any Unit Owner shall constitute a lien on his Unit prior to all other liens except: (a) tax or assessment liens on the Unit by the taxing subdivision of any governmental authority, including but not limited to State, County and City taxing agencies; and (b) all sums unpaid on any first mortgage of record encumbering any Unit in excess of six months of unpaid common charges and attorneys fees incurred by the Condominium in collecting such charges. Such lien may be foreclosed when past due in accordance with the laws of the State of New York, by the Condominium, in like manner as a mortgage on real property, and the Condominium shall also have the right to recover all costs incurred including reasonable attorneys' fees (but such right shall not be a lien against the Unit). In the event the proceeds of the foreclosure sale are not sufficient to pay such unpaid common charges, the unpaid balance shall be charged to all Unit Owners as a common expense. However, where the holder of an institutional first mortgage obtains title to the Unit as a result of foreclosure, or the institutional mortgage holder purchasing for its own account obtains title by conveyance in lieu of foreclosure, such acquirer of title, his successors or assigns, shall not be liable and the Unit shall not be subject to a lien for the payment of common charges chargeable to such Unit which were assessed and became due prior to the acquisition of title to such Unit by such mortgagee. In such event, the unpaid balance of common charges shall be charged to all other Unit Owners as a common expense. The term "institutional mortgage" herein used shall mean a first mortgage granted by a bank, savings and loan association, life insurance company, pension fund, trust company or other institutional lender or a mortgage granted by the Sponsor to a purchaser of a Unit or in which the Sponsor participates with one of the above. Every Unit Owner shall pay the common charges assessed against him when due and no Unit Owner may exempt himself from liability for the payment of the common charges assessed against him by waiver of the use or enjoyment of any of the common elements or by the abandonment of his Unit. In addition, every non-occupying Unit Owner shall be subject to the provisions of Section 339-kk of the Real Property Law. However, no Unit Owner shall be liable for the payment of any common charges accruing subsequent to a sale, transfer or other conveyance by him of such Unit made in accordance with Section 339-x of the Real Property Law or in accordance with the provisions of this Declaration and the By-Laws. The By-laws of the Condominium contain additional provisions regarding the right of the Board of Managers of the Condominium to collect Common Charges owed by a Unit Owner, which shall be deemed incorporated into this Declaration.

THIRTEENTH: Units Acquired by the Board. If any Unit Owner shall surrender, convey or lease his Unit to the Board of Managers or its designee in accordance with Section 339-x of the Real Property Law, or if the Board of Managers shall purchase any Unit at a foreclosure sale in accordance with Article X of the By-Laws, title to such Unit or the rights to the lease of such Unit together with the Unit Owner's percentage of common interest, shall be held by the Board of Managers or its designee on behalf of all of the other Unit Owners in proportion to their percentage of common interest.

FOURTEENTH: Power of Attorney. In order to carry out the provisions of Article 13 and to facilitate the proper operation of the Condominium, each Unit Owner shall, upon becoming such,

grant an irrevocable power of attorney, coupled with an interest, to the Board of Managers and their successors to exercise or waive the right of first refusal under the Condominium By-laws, acquire title or lease any such Unit under whatever terms the Board may in its sole discretion deem proper, to finance such acquisition, and to sell, lease, sublease, mortgage, vote, execute documents with respect to, or otherwise deal with such Unit under such terms as the Board in its sole discretion shall deem proper; to protest the Condominium's real estate tax valuations with the City of New York, and amend the Declaration and By-Laws of the Condominium; to borrow money for the repair of the General Common Elements; and to amend the Declaration and By-laws of the Condominium, provided that any such action is consistent with applicable law. Notwithstanding the above, the Board of Managers may not exercise any such power granted to it under the power of attorney so as to (i) adversely affect any rights or privileges of the Sponsor or Commercial Unit Owners, or (ii) increase the financial obligations of fewer than all unit owners (or, if the change affects only the Residential Units, fewer than all Residential Unit Owners) or change the percentage of common interest allocated to any Unit. In addition, the Power of Attorney shall provide that each Unit Owner shall designate the Sponsor and the Commercial Unit Owner as his attorney in fact to exercise any rights granted to the Sponsor or Commercial Unit Owner under the Declaration or By-laws.

FIFTEENTH: Easement for Pipes, Ducts, Cable, Wires, Conduits, Public Utility Lines and Other Common Elements Located Inside of Units; Special Rights of Sponsor and Commercial Unit Owner.

(a) Each Unit Owner shall have an easement in common with the Owners of all other units to use in accordance with present use and present available facilities all pipes, wires, ducts, cables, conduits, public utility lines and other common elements located in any of the other units and serving his unit. Each unit shall be subject to an easement in favor of the owners of all other units to use in accordance with present use and present available facilities the pipes, ducts, cables, wires, conduits, public utility lines and other common elements serving such other units and located in such unit. The Board of Managers shall have a right of access to each unit to inspect the same, to remove violations therefrom and to maintain, repair or replace the common elements contained therein or elsewhere in the Building.

(b) In addition to the above, an easement in favor of the Board of Managers, its agents, contractors and employees shall exist providing for a right of access to the Units and to the Common Elements to inspect, maintain or repair or make repairs to the Units to prevent damage to the Common Elements or to any other Units, to make repairs to the Common Elements, to any wires, pipes, conduits or cable television systems servicing any of the Units or to make repairs to any other Units, or to perform such inspection, maintenance or repair work as would be necessary for the purpose of removing violations or curing defaults by Unit Owners or for the purpose of complying with any laws, orders, rules or regulations of any governmental body having jurisdiction thereof, provided such right of access shall be exercised in such a manner as will not unreasonably interfere with the normal conduct of business of the owner, tenant or other occupant of a Commercial Unit or with the use of the Residential Units for their permitted purposes. Such entry shall be permitted on not less than one day's notice, except that notice will not be necessary in the case of an emergency condition that requires repair or replacement immediately necessary for the preservation or safety of the Building or for the safety of the occupants of the Building or other persons, or as required to

avoid the suspension of any necessary service in the Building. The right of access to the Board of Managers will be subject to other provisions of the By-laws.

(c) The Sponsor, its designees, and their invitees, licensees, contractors and employees shall have an easement to erect, maintain, repair and replace from time to time one or more signs in or on the Property for the purposes of advertising the sale of the Units and the leasing of space in any Unit, as well as an easement in and access to Units and Common Elements consistent with the purposes of the Plan, as same may be amended, and Sponsor's rights and obligations thereunder, including, without limitation, the right to develop, renovate, maintain, repair, refurbish, offer, sell and lease Units.

(d) Sponsor and its agents shall have an easement to maintain general and sales and leasing offices and personnel on the premises of the Property, to erect, repair, maintain, replace and post signs on the Property and to conduct other activities connected with promotion, sales or leasing, such as allowing inspections by invitees of Sponsor and the display of vacant Units or leased Units owned by Sponsor, as well as Common Elements.

(e) Sponsor shall have the right to renovate and/or decorate and perform any construction work within or to any Unit owned by it or in connection with the subdivision or combination of any Units owned by Sponsor. In accordance with this right, Sponsor shall have a right of access and all necessary easements to perform any such work, including, but not limited to, access to the Building. corridors, hallways, elevators and all other Common Elements. Sponsor and its designee shall also have the right to store construction and renovation materials in any Unit owned by it. Sponsor's rights in accordance with the foregoing paragraph are subject to the obligation of Sponsor to comply with all appropriate laws and regulations of governmental agencies and the obligation not to prevent or unreasonably interfere with the normal conduct of business of the tenants and occupants of any Commercial Unit or with the use of the Residential Units for their permitted purposes.

(f) Sponsor shall have for itself, its invitees, contractors, agents, employees and tenants, any and all easements and rights of access, in and to Units and the Common Elements as are consistent with the purposes of the Plan and Sponsor's rights and obligations thereunder.

(g) The Sponsor reserves the easements, licenses, rights and privileges of a right-of-way in, through, over, under and across the common elements of the Condominium for the purpose of completing construction of the Building and facilities in the Condominium. Towards this end, reserves the right of access to any portion of the Condominium with labor and materials to install, construct, alter and decorate any portion of the Condominium, and to grant and reserve easements and rights-of-way in, through, under, over and across the common elements of the Condominium for the installation, maintenance and inspection of water, gas, electric, heating, telephone lines and appurtenances for public or private water, sewer, drainage, cable television, and other utilities; the right to alter, reconstruct, remove, and relocate any common elements of the Condominium in order to complete construction of the Building; and the right of access to any portion of the Condominium to install any other materials or services necessary for the completion of the work

(h) Sponsor and the Board of Managers shall have the right to grant such additional electric,

gas, steam or other utility easements or relocate any existing utility easements in any portion of the Property as Sponsor or its designee, or the Board of Managers, as the case may be, shall deem necessary or desirable for the proper operation and maintenance of the Building or any portion thereof, or for the general health or welfare of the owners, tenants and occupants of the appropriate Units, provided that such additional utilities or the relocation of existing utilities not prevent or unreasonably interfere with the normal conduct of business of the tenants and occupants of a Commercial Unit or with the use of the Residential Units for their permitted purposes. Any utility company and its employees and agents shall have the right of access to any Units or the Common Elements in furtherance of any such easement, provided such right of access shall be exercised in such a manner as shall not unreasonably interfere with the normal conduct of business of the tenants and occupants of the Commercial Units or with the use of the Residential Units for their permitted purposes.

(i) The owner of a Commercial Unit will have the right to grant such additional electric, gas, steam or other utility easements or relocate any existing utility easements in any portion of a Commercial Unit or a Commercial Limited Common Element or any portion of the Common Elements in connection with the subdivision or combination of Commercial Units, provided that such additional utilities or the relocation of existing utilities will not prevent or unreasonably interfere with the normal conduct of business of the tenants and occupants of other Commercial Units or with the use of the Residential Units for their permitted purposes.

(j) A utility company and its employees and agents shall have the right of access to any Units or the Common Elements in furtherance of such easement, provided such right of access shall , be exercised in such a manner as shall not unreasonably interfere with the normal conduct of business of the tenants and occupants of Commercial Units or with the use of the Residential Units for their permitted purposes.

(k) Any owner of Commercial Unit shall have an easement for any installation, maintenance, repair or replacement work performed in accordance with the combination or subdivision of any Commercial Units, and any such owner shall have the right to install, maintain, repair and replace separate mechanical systems, such as heating systems and all necessary pipes, lines, conduits, ducts, water lines, flues, etc. in connection with the subdivision, combination or operation of Commercial Units, and such easements shall run through the Building, its walls and common areas.

(l) Each Commercial Unit Owner shall, 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 for the purposes of advertising the sale or lease of all or any portion of his Commercial Unit and the operation of any business of a tenant or occupant of all or any portion of the Commercial Unit. Each Commercial Unit Owner shall have an easement to install, create. alter, repair, replace and maintain such signs and displays as may be permitted by law on or in the exterior wall of the building to the height and width of the Commercial Unit bounded on the interior side of such wall.

(m) Notwithstanding any other provisions of this Declaration, each Unit owner shall have, in common with all other Unit Owners, an easement for ingress and egress through any Unit or the Common Elements to the extent necessitated by an emergency.

(n) Each Unit shall have an easement of support and of necessity and shall be subject to an easement of support and necessity in favor of all other Units and the Common Elements.

(o) The beneficiary or user of any easement granted pursuant to this Article of the Declaration shall have the obligation of repairing any damage resulting from the use of such easement.

SIXTEENTH: Encroachments. The Unit Owners agree that if any portion of a Unit encroaches upon another Unit or the common elements, or if any portion of the common elements (whether restricted in use to an individual Unit Owner or not) or shall hereinafter encroach upon a Unit as a result of original construction or settling of the Building, or by reason of the repair, alteration or restoration by the Board of Managers of the Building, any Unit or the Common Elements, or by reason of the installation, maintenance, repair or replacement by the owner of a Commercial Unit or any Unit resulting from the subdivision or combination of a Commercial Unit of signs, flues, vents, air conditioning, heating, ventilating and water lines and other mechanical fixtures and equipment, a valid easement for the encroachment and the maintenance of the same, so long as it stands, shall and does exist. In the event the Building is partially or totally destroyed as a result of fire or other casualty or as a result of condemnation or eminent domain proceedings and are rebuilt, the Unit Owners agree that encroachments of any portion of the Unit or the common elements as aforedescribed, due to construction, shall be permitted, and that a valid easement for said encroachment and the maintenance thereof shall exist so long as the Building or reconstructed Buildings shall stand.

SEVENTEENTH: Unit Ownership. Upon the closing of title to a Unit, a purchaser shall automatically become a Unit Owner in the Condominium and shall remain such until such time as he ceases to own the Unit for any reason.

EIGHTEENTH: Conveyance of a Unit. In any conveyance of a Unit, either by voluntary instrument, operation of law or judicial proceeding in accordance with this Declaration or the By-Laws, the Grantee of the Unit shall be jointly and severally liable with the Grantor for any unpaid common charges against the latter assessed and due up to the time of the grant or conveyance without prejudice to the Grantee's right to recover from the Grantor the amounts paid by the Grantee therefor. Any such Grantee shall be entitled to a statement from the Board of Managers setting forth the amount of the unpaid common charge against the Grantor and such Grantee shall not be liable for any unpaid common charge against the Grantor in excess of the amount set forth in such statement. Grantee as used herein shall not include either the holder of an institutional mortgage of record or other purchaser of a Unit at a foreclosure sale of an institutional mortgage.

NINETEENTH: Covenants and Restrictions and Statement of Permitted Uses. The use of the Unit by the Unit Owner or other occupant shall be subject to the rules, regulations and provisions of this Declaration, the By-laws and Rules and Regulations of the Board of Managers, and the following covenants and restrictions:

(a) The Unit and area restricted to the Unit Owner's use shall be maintained in good repair and good overall appearance.

(b) No alterations to the exterior of the Unit or any part of the common elements may be made without the written consent of the Board of Managers. No alterations to the inside of a Unit which would affect the structure or affect the utility systems of the Building may be made without the written consent of the Board of Managers. No appliances may be installed (other than electrical appliances) without the consent of the Board of Managers. Consent may be requested by mailing a letter, certified mail, return receipt requested to the Management Agent, if any, or to the President of the Board of Managers, if no Management Agent is employed. The Board of Managers shall have the obligation to answer within sixty days and failure to do so within the stipulated time shall mean that there is no objection to the proposed modification or alteration. The provisions of this paragraph shall not apply to the Sponsor or the Owner of the Commercial Unit, provided that any such alterations do not materially adversely affect the structure or utility systems of the Building.

(c) Any Unit Owner who mortgages his Unit shall notify the Board of Managers prior to the date of the mortgage providing the name and address of his mortgagee. No mortgage will be permitted unless all common charges have been paid to the date of the mortgage.

(d) At the request of the mortgagee of the Unit, the Board of Managers shall report any unpaid common charges due from the Unit Owner of such Unit, at a charge to the Unit Owner of Fifty ($50.00) Dollars for each such request.

(e) No nuisance shall be allowed upon the Property nor shall any use or practice be allowed which is a source of annoyance to residents or which interferes with the peaceful possession and proper use of the property by its residents.

(f) No immoral, improper, offensive or unlawful use shall be made of the property nor any part thereof and all valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction thereof shall be observed.

(g) Regulations promulgated by the Board of Managers concerning the use of the property shall be observed by the Unit Owner provided, however, that copies of such regulations are furnished to each Unit Owner prior to the time the said regulations become effective.

(h) The common charges shall be paid when due.

(i) Occupancy of the Residential Units shall be restricted to residential occupancy, home occupation and professional use in accordance with the applicable zoning regulations of the municipality having jurisdiction over the Community.

(j) The Commercial Unit and any Units resulting from the subdivision or combination thereof may be used for lawful commercial purposes, including, but not limited to, professional offices or for any other lawful purpose, provided however, that the Commercial Unit may not be used for (i) any obscene or pornographic use or any sort of commercial sex establishment or for any nude or semi-nude live performance, such as modeling, rap sessions, or a so-called rubber goods shop or as a sex club, (ii) as a dry cleaner with on-site cleaning, (iii) any form of gambling establishment including but not limited to "Off-Track Betting (OTB)," (iv) a billiard parlor or pool

hall, (v) an amusement arcade or center having income from coin-operated games or other electronic devices; or (vi) massage parlor. The use of any Commercial Unit must conform to all applicable governmental and municipal regulations, including any applicable zoning requirements.

TWENTIETH: Allocation of Tax Benefits. Any real estate tax benefits meant to be conferred upon substantially all of the Residential Units by a governmental authority shall nevertheless be allocated among all of the Residential Units in accordance with their respective Percentage of Common Interest, regardless whether the construction of such Units resulted in an increase in the cubic content of the Building prior to the date of this Declaration.

TWENTY-FIRST: Invalidity. Invalidation of any of the covenants, limitations or provisions of the Declaration by judgment or court order shall in no wise affect any of the remaining part or parts hereof, and the same shall continue in full force and effect.

Declarant: GATEWAY II, LLC

By: _____
Steven C. Gaetano, Manager

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

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

_____
Notary Public

SCHEDULE A
TO THE DECLARATION OF
THE GATEWAY CONDOMINIUM

Unit Numbers	Tax Lot	Percentage of Common Interest	Approximate Area in Square Feet	Number of Rooms	Common Elements to Which Unit Has Access

SCHEDULE B
TO THE DECLARATION OF
THE GATEWAY CONDOMINIUM

[to be inserted]

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BY-LAWS

OF

THE GATEWAY CONDOMINIUM

ARTICLE I. PLAN OF UNIT OWNERSHIP

Section 1. Unit Ownership. The property located at 2098 Eighth Avenue, New York, New York, County of New York, specifically set forth in the Declaration and more commonly known has **"The Gateway Condominium"** has been submitted to the provisions of Article 9-B of the Real Property Law of the State of New York.

Section 2. By-Laws Applicability. The provisions of these By-Laws are applicable to the Condominium. The Term **"Condominium"** as used herein shall include the land and all buildings and improvements thereon, including the Condominium Units (as defined below) and the common elements and the use and occupancy thereof. The term **"Building"** as hereinafter used shall be defined as the exterior walls and roof of a Unit or number of Units all of which are constructed under a continuous roof. or the entire interior and exterior of any building or structure which shall form a portion of the Condominium but which does not contain any of the Units. The Unit or Units referred to as the **"Commercial Unit"** or **"Commercial Units"** consists of commercial space on the ground floor, which may include some basement space (as indicated in the Declaration). All other Units are referred to as **"Residential Units"**. Any Unit resulting from the subdivision or combination of one or more Commercial Units shall also be a Commercial Unit. The Commercial Unit and the Residential Units are sometimes hereinafter collectively referred to as **"Units"**. The **"Sponsor"** means Gateway II, LLC and any successor Sponsor.

Section 3. Personal Application. All present or future Unit Owners, mortgagees and lessees, or their employees, guests or any other person that might use the facilities of the Condominium in any manner are subject to these By-Laws, the Declaration and any Rules and Regulations established by the Board of Managers. The mere acquisition or rental of any of the Units or the mere act of occupancy of any, of said Units will signify that these By-Laws, the Declaration and the Rules and Regulations are accepted, ratified, and will be complied with.

ARTICLE II. CONDOMINIUM, VOTING, QUORUM, PROXIES AND WAIVERS

Section 1. Condominium. The Condominium shall be limited to Unit Owners. **"Unit Owner"** as referred to herein shall mean all of the owners of each Unit.

Section 2. Voting. Each Unit Owner (including the Sponsor and the Board of Managers. if the Sponsor or the Board of Managers shall then own or hold title to one or more Units) shall be entitled to cast one vote at all Unit Owners' meetings for each .01 (hundredth) percent of common interest in the common elements appurtenant to his or her unit, but the Board of Managers shall not

cast any of its votes for the election of any member to the Board. The total number of votes available shall be 10,000. For voting purposes, units held jointly shall be deemed to be owned by a single Unit Owner. The number of votes available to each Unit Owner pursuant to the above formula shall be referred to in these By-Laws as the Unit Owner's "voting interest".

Section 3. Quorum. Provided a majority in voting interest of all Unit Owners is present in person or represented by written proxy at the meeting, so many Unit Owners as shall represent at least 50.01% of the total voting interest of all Unit Owners shall constitute a quorum at all meetings of the Unit Owners for the transaction of business, except as otherwise provided by Statute by the Declaration, or by these By-Laws. If, however, such quorum shall not be present or represented at any meeting of the Unit Owners, the Unit Owners entitled to vote thereat, present in person or represented by written proxy, shall have power to adjourn the meeting from time to time without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting originally called.

Section 4. Vote Required to Transact Business. When a quorum is present at any meeting, the vote of a majority in voting interest of the Unit Owners present in person or represented by written proxy shall decide any question brought before such meeting and such vote shall be binding upon all Unit Owners unless the question is one upon which, by express provisions of the Declaration, Statute, or of these By-Laws, a different vote is required, in which case such express provisions shall govern and control the decision of such question.

Section 5. Right to Vote. At any meeting of Unit Owners, every Unit Owner having the right to vote shall be entitled to vote in person or by proxy. Such proxy shall only be valid for such meeting or subsequent adjourned meetings thereof.

Section 6. Proxies. All proxies shall be in writing and shall be filed with the Secretary prior to the meeting at which the same are to be used. A notation of such proxies shall be made in the minutes of the meeting.

Section 7. Waiver and Consent. Whenever any vote of Unit Owners at a meeting is required or permitted by any provisions of the Declaration, Statutes or of these By-Laws to be taken in connection with any action of the Condominium, the meeting and vote of Unit Owners may be dispensed with if all Unit Owners, who would have been entitled to vote upon the action if such meeting were held, shall consent in writing to such action being taken.

Section 8. Place of Meetings. Meetings shall be held at such suitable place convenient to the Unit Owners as may be designated by the Board of Managers.

Section 9. Annual Meetings. Within one year after the recording of the Declaration, the Sponsor shall call the first annual Unit Owners meeting. At such meeting a new Board of Managers shall be elected by the Unit Owners and the former members of the Board shall thereupon resign. Thereafter annual meetings shall be held on or about the anniversary of such date each succeeding year. At such meetings there shall be elected by ballot of the Unit Owners a Board of Managers in

accordance with the requirements of Article III of these By-Laws. The Unit Owners may also transact such other business of the Condominium as may properly come before them.

Section 10. Special Meetings. It shall be the duty of the President to call a special meeting of the Unit Owner's as directed by the Board of Managers or upon a petition signed by a majority of the Unit Owner's having been presented to the Secretary.

Section 11. Notice of Meetings. It shall be the duty of the Secretary to mail a notice of each annual or special meeting, stating the purpose thereof as well as the time and place where it is to be held to each Unit Owner of record, at least ten (10) but not more than fifty (50) days prior to such meeting. The mailing of a notice in the manner provided in the By-Laws shall be considered notice served.

Section 12. Order of Business. The order of business at all meetings shall be as follows:

(a) Roll call
(b) Proof of notice of meeting or waiver of notice
(c) Reading of minutes of preceding meeting
(d) Report of officers
(e) Report of Board of Managers
(f) Report of committees
(g) Election of inspectors of election (in the event there is an election)
(h) Election of managers (in the event there is an election)
(i) Unfinished business
(j) New business

ARTICLE III. BOARD OF MANAGERS

Section 1. Number and Term.

(a) The number of Managers which shall constitute the whole Board shall not be less than three (3) or more than nine (9). Until succeeded by the Managers elected at the first meeting of Unit Owners called for such purpose, Managers need not be Unit Owners; thereafter all Managers, other than representatives of Sponsor or Commercial Unit Owner, shall be Unit Owners, the principal or officer of a Unit Owner, or the spouse, son or daughter of a Unit Owner. The number of Managers elected at the first such meeting shall be seven (7), including the designee of the Commercial Unit Owner. Thereafter, within the limits above specified, the number of Managers may be changed by a vote of the Unit Owners at their annual meetings prior to the election of the next Board of Managers. At the first meeting of the Unit Owners at which Managers are to be elected, the term of office of three of the Managers shall be fixed for three years, the term of office of two of the Managers shall be fixed at two years, and the term of office of the two of the Managers shall be fixed at one year. The two nominees receiving the greatest number of votes shall serve a three year term; the two nominees receiving the next greatest number of votes shall serve two year terms; and the nominees receiving the next greatest number of votes shall have a one year term. The

initial designee of the Commercial Unit Owner shall be deemed to have the one-year term. At the expiration of the initial term of office of each respective Manager his successor shall be elected to serve a three-year term. To the extent that the Sponsor or the Commercial Unit Owner is entitled to designate members of the Board of Managers as set forth in subsection (b), such designation shall reduce the number of Managers elected by the Unit Owners during that year.

(b) (i) The Managers shall hold office until their successors have been elected and hold their first meeting. Notwithstanding the foregoing, the Sponsor will have the right to designate a majority of the Board of Managers until the earlier of (y) the sale of 90% of all Units in percentage of common interest have been sold, or (z) five (5) years from the first unit closing, whichever comes first ("triggering event"). The Sponsor will relinquish control at the first annual meeting to occur after the triggering event.

(ii) To assure the Sponsor of minimum representation on the Board of Managers after it turns over control of the Board to Unit Owners independent of the Sponsor, the Sponsor shall have the right to designate one member of the Board so long as the Sponsor continues to own one or more Residential Units. In addition, the Commercial Unit Owner shall have the right to designate one member of the Board of Managers at all times in addition to any Sponsor designee, and notwithstanding whether the Sponsor has the right to designate a Manager due to its ownership of a Unit. However, if the Sponsor is also the owner of the Commercial Unit, the Sponsor and Commercial Unit Owner will not designate more than one more than a majority of the members of the Board during the Control Period described in part (i) above.

Section 2. Vacancy and Replacement. If the office of any Manager or Managers becomes vacant by reasons of death, resignation, retirements, disqualification, removal from office or otherwise, a majority of the remaining managers, though less than a quorum, at a special meeting of Managers duly called for this purpose, shall choose a successor or successors, who shall hold office for the unexpired term in respect to which such vacancy occurred. If the vacancy occurs with respect to any member of the First Board of Managers (see Section 4 of this Article III) who has been designated by the Sponsor, the Sponsor shall have the sole right to choose such Manager's successor to fill the unexpired portion of his term. In addition, only the Commercial Unit Owner may designate a successor to fill a vacancy relating to the manager designated by the Commercial Unit Owner.

Section 3. Removal.

Except for a member of the Board of Managers designated by Sponsor or the Commercial Unit Owner, a member of the Board of Managers may be removed from office with or without cause by the affirmative vote of Unit Owners owning in the aggregate a percentage of Common Interest in excess of fifty percent (50%) of the Common Interest of the Condominium. A member of the Board of Managers designated by the Sponsor or Commercial Unit Owner may only be removed for cause or by the Sponsor or Commercial Unit Owner, and in either event, only the Sponsor or Commercial Unit Owner, as applicable, shall have the right to designate a replacement.

Any member of the Board of Managers whose removal has been proposed by the Unit

Owners shall be given an opportunity to be heard at the meeting at which his proposed removal is to be acted upon. If a member of the Board of Managers ceases to be a Unit Owner or mortgagee (or a partner, officer, director, stockholder or employee of a partnership or corporate owner or mortgagee or fiduciary owner or mortgagee), unless such member is a designee of the Sponsor or Commercial Unit Owner, he shall be deemed to have resigned effective as of the date such ownership or mortgage interest ceased.

Section 4. First Board of Managers. The first Board of Managers shall consist of Steven C. Gaetano, Michael Gaetano and Matthew Gaetano, who shall have the right to hold office and exercise all powers of the Board of Managers until the first annual meeting of Unit Owners. Any or all of said Managers shall be subject to replacement in the event of resignation or death in the manner set forth in Section 2 of this Article.

Section 5. Powers.

(a) The property and business of the Condominium shall be managed by its Board of Managers, which may exercise all such powers of the Condominium and do all such lawful acts and things as are not required to be exercised or done by the Unit Owner personally. These powers shall specifically include, but not be limited to, the following items:

1. To determine and levy monthly assessments (**"Common Charges"**) to cover the cost of common expenses, payable in advance. The Board of Managers may increase the monthly assessments or vote a special assessment in excess of that amount, if required. to meet any additional necessary expenses, but said increases can only be assessed among the Unit Owners pro rata according to their respective common interests;

2. To collect, use and expend the assessments collected to maintain, care for and preserve the Units, Buildings and other common elements;

3 . To make repairs, restore or alter any Units or the common elements after damage or destruction by fire or other casualty or as a result of condemnation or eminent domain proceedings within the limitations of these By-Laws;

4. To enter into and upon the Units when necessary and at as little inconvenience to the Unit Owner as reasonably possible in connection with the maintenance, care and Preservation of the property;

5. To open bank accounts on behalf of the Condominium and to designate the signatories to such bank accounts;

6. To insure and keep insured the common elements and Units in accordance with Article VII of these By-Laws, and settle claims;

7. To collect delinquent assessments by suit or otherwise, to abate nuisances and to enjoin or seek damages from the Unit Owner of the property for violations of the house rules

or rules and regulations herein referred to, and to levy such fines and late charges upon Unit Owners who fail to pay such rent or assessments in a timely manner or to comply with such rules and regulations in order to ensure compliance, in the reasonable judgment of the Board, and to assess individual unit owners for the legal or administrative costs of enforcing such rules and collecting such assessments;

8. To make reasonable rules and regulations and to amend the same from time to time, and such rules and regulations and amendments shall be binding upon the Unit Owners when the Board has approved them in writing. A copy of such rules and all amendments shall be delivered to each Unit;

9. To employ and terminate the employment of employees and independent contractors and to purchase supplies and equipment, to enter into contracts and generally to have the powers of a manager in connection with the matters hereinabove set forth;

10. To bring and defend actions by or against more than one Unit Owner and pertinent to the operation of the Condominium and to levy special assessments to pay for the cost of such litigation;

11. To exercise or waive a right of first refusal to purchase units, to acquire Units in foreclosure, by exercise of a right of first refusal on behalf of all Unit Owners, or as a result of abandonment, and to take any and all steps necessary to repair or renovate any Unit so acquired and to vote as Unit Owner, offer such Unit for sale or lease or take any other steps regarding such Unit as shall be deemed proper by the Board of Managers;

12. To hire a Management Agent to perform the duties of the Board of Managers, provided that if such a contract is entered into with the Sponsor, the contract may not be for a period in excess of three years and must contain a provision for termination by either party upon 60 days written notice after the second year;

13. To make additions, alterations, or improvements to the common elements of the Condominium, and to present to the Unit Owners the assignment of Common Charges or the placement of a lien on the common elements, when such presentation is required by law;

14. To borrow money on behalf of the Condominium when required in order to purchase a Unit at foreclosure, pursuant to the exercise of a right of first refusal, for Common Charges, and in connection with the operation, care, upkeep and maintenance of the common elements, provided, however, that if required by law, the consent of at least 50.01 % in percentage of common interest of all Unit Owners, obtained at a meeting duly called and held for such purpose in accordance with the provisions of these By-Laws, shall be required for the borrowing of any sum (except sums required to comply with applicable law or a work order of an insurance carrier) which is to be secured by an assignment of income under Section 339-jj of the Real Property Law. Except as required by law, the consent of the Unit Owners shall not be required to make any unsecured borrowing to be used for the benefit of the Condominium, or to borrow funds by a lien on the common charge payments of the Unit Owners.

15. To request a reduction in the taxable assessed valuation of the Condominium on behalf of all Unit Owners;

(b) The Board of Managers may, by resolution or resolutions passed by a majority of the whole Board, designate one or more committees, each of such committees to consist of at least one manager (but the committee may also have non-manager Unit Owners on it) which, to the extent provided in said resolution or resolutions, shall advise the Board of Managers in the management of the Condominium. The manager who is a member of any such committee, acting on behalf of the Board of Managers, or (to the extent permitted by law) any other available member shall also have and may exercise the powers of the Board of Managers in the management of the business and affairs of the Condominium, and may have power to sign all papers which may be required provided the said resolutions shall specifically so provide. Such committee or committees shall have such name or names as may be determined by the Board of Managers. Committees established by resolution of the Board of Managers shall keep regular minutes of their proceedings and shall report the same to the Board as required.

(c) Notwithstanding anything to the contrary contained in these By-Laws so long as the Sponsor or its designee shall continue to own twenty-five (25%) percent of the Residential Units but in no event later than five (5) years from the closing of title to the first Unit, the Board of Managers may not, without the Sponsor's prior written consent: (i) make any addition, alteration or improvements to the common elements or to any Unit, at the expense of the Condominium, the foregoing not to include necessary repairs and maintenance work, or (ii) assess any Common Charges for the creation of, addition to, or replacement of all or part of a reserve, contingency or surplus fund, except to the extent that the aggregate amount of such fund does not exceed 5% of the budgeted expenses of the Condominium or (iii) hire any employee in addition to the employees referred to in the Plan of Condominium Ownership, or (iv) enter into any service or maintenance contract for work not covered by contracts in existence on the date the said Plan is declared effective or (v) borrow money on behalf of the Condominium (except where necessary to perform work required by law to the extent that existing reserves are sufficient). The provisions of this paragraph may not be amended without the written consent of Sponsor.

(d) Notwithstanding Subsection (c), the Sponsor or Sponsor-designee shall not withhold its consent to the making of capital repairs to the Common Elements or assessment of any Common Charge for expenses required to comply with applicable law, or a work order of an insurance carrier.

Section 6. Management Agent. The Board of Managers may employ a management agent for the Condominium under a term contract or otherwise at a compensation established by the Board, to perform such duties and services as the Board shall authorize, including, but not limited to all of the duties of the Board listed in this Article which may be delegated under law.

Section 7. Compensation. Managers and officers as such, shall receive no compensation for their services.

Section 8. Meetings.

(a) The first meeting of each Board newly elected by the Unit Owners shall be held immediately, upon adjournment of the meeting at which they were elected, provided a quorum shall then be present, or as soon thereafter as may be practicable. The annual meeting of the Board of Managers shall be held at the same place as the Unit Owners meetings, and immediately after the adjournment of same. at which time the dates, places and times of regularly scheduled meetings of the Board shall be set.

(b) Regularly scheduled meetings of the Board may be held without special notice.

(c) Special meetings of the Board may be called by the President on two (2) days notice to each manager either personally or by mail, telegram, facsimile or e-mail. Special meetings shall be called by the President or Secretary in a like manner and on like notice on the written request of at least two (2) managers.

(d) At all meetings of the Board, a majority of the managers shall be necessary and sufficient to constitute a quorum for the transaction of business, and an act of the majority of the managers present at any meeting at which there is a quorum shall be the act of the Board of Managers, except as may be otherwise specifically provided by statute or by the Declaration or by these By-Laws. If a quorum shall not be present at any meeting of managers, the managers present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

(e) Before or at any meeting of the Board of Managers, any Manager may, in writing waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Manager at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all the Managers are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 9. Annual Statement. The Board of Managers shall furnish to all Unit Owners their mortgagees and the Department of Law (if required) of the State of New York, and shall present annually (at the annual meeting, but in no event later than four months after the close of the fiscal year) and when called for by a vote of the Unit Owners at any special meeting of the Unit Owner, a full and clear statement of the business conditions and affairs of the Condominium, including a balance sheet and profit and loss statement verified by an independent public accountant and a statement regarding any taxable income attributable to the Unit Owner and a notice of the holding of the annual Unit Owners meeting.

Section 10. Fidelity Bonds. The Board of Managers shall obtain adequate fidelity bonds for all officers and employees of the Condominium who handle or are responsible for Condominium funds. The premiums on such bonds shall be a common expense.

Section 11. Liability of the Board of Managers and Unit Owners. Any contract, agreement or commitment made by the Board of Managers shall state that it is made by the Board of Managers as agent for the Unit Owners as a group only and that no member of the Board of Managers nor

individual Unit Owner shall be personally liable for such contract, agreement or commitment except as set forth herein. The Unit Owners shall be liable as a group under such contract, agreement or commitment but the liability of each Unit Owner shall be limited to such proportion of the total liability thereunder as his common interest bears to the common interest of all Unit Owners. The Board of Managers shall have no liability to the Unit Owners in the management of the Condominium except for gross negligence, wilful misconduct or bad faith, and the Unit Owners shall severally indemnify all members of the Board of Managers against any liabilities or claims arising from acts taken by a member of the Board of Managers in accordance with his duties as such member except acts of gross negligence, wilful misconduct or acts made in bad faith. However, such several liability of the Unit Owners shall be limited as to each Unit Owner to such proportion of the total liability thereunder as such Unit Owner's common interest bears to the common interest of all Unit Owners.

ARTICLE IV. OFFICERS

Section 1. Elective Officers. The officers of the Condominium shall be chosen by the Board of Managers and shall be a president, a vice president, a secretary and a treasurer. The President must be a member of the Board of Managers and either a Unit Owner, the principal or officer of a Unit Owner, or the spouse of a Unit Owner. Other officers are not so restricted. The Board of Managers may also choose one or more assistant secretaries and assistant treasurers and such other officers as in their judgment may be necessary. The President and Treasurer may not be the same person.

Section 2. Election. The Board of Managers at its first meeting after each annual Unit Owners meeting shall elect a president, a vice president, a secretary and a treasurer. Only the president must be a member of the Board.

Section 3. Appointive Officers. The Board may appoint such other officers and agents as it shall deem necessary, who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board.

Section 4. Term. The officers shall hold office until their successors are chosen and qualify in their stead. Any officer elected or appointed by the Board of Managers may be removed with or without cause, at any time, by the affirmative vote of a majority of the whole Board of Managers other than a member designated by the Sponsor, who may be removed only for cause. If the office of any officer becomes vacant for any reason, the vacancy shall be filed by the Board of Managers.

Section 5. The President. The President shall be the chief executive officer of the Condominium; he shall preside at all meetings of the Unit Owners and Managers; shall be an ex-officio member of all standing committees, shall have general and active management of the business of the Condominium, shall see that all orders and resolutions of the Board are carried into effect and shall have such other powers and duties as are usually vested in the office of the President of a stock corporation organized under the Business Corporation Law of the State of New York.

Section 6. The 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 and shall have such other powers and duties as are usually vested in the office of Vice President of a stock corporation organized under the Business Corporation Law of the State of New York.

Section 7. The Secretary. The Secretary and/or Assistant Secretary shall attend all sessions of the Board and all Unit Owners meetings and record all votes and the minutes of all proceedings in a book to be kept for that purpose and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all Unit Owners' meetings and special meetings of the Board of Managers and shall perform such other duties as may be prescribed by the Board of Managers, or by the President, under whose supervision he shall be.

Section 8. The Treasurer. The Treasurer shall have the custody of the Condominium funds and securities and shall keep full and accurate chronological accounts of receipts and disbursements in books belonging to the Condominium including the vouchers for such disbursements and shall deposit all monies and other valuable effects in the name and to the credit of the Condominium in such depositories as may be designated by the Board of Managers.

He shall disburse the funds of the Condominium as he may be ordered by the Board, making proper vouchers for such disbursements and shall render to the President and Managers, at the regular meetings of the Board or whenever they may require it, an account of all his transactions as Treasurer and of the financial condition of the Condominium.

He shall keep detailed financial records and books of account of the Condominium, including a separate account for each Unit which, among other things, shall contain the amount of each assessment of Common Charges against such Unit, the date when due, the amounts paid thereon and the balance remaining unpaid.

The foregoing shall not bar the Board of Managers from employing personnel to perform the administrative duties consistent with the execution of their responsibilities set forth above.

Section 9. Agreements. etc. All agreements and other instruments shall be executed by the President or such other person as may be designated by the Board of Managers.

ARTICLE V. NOTICES

Section 1. Definition. Whenever, under the provisions of the Declaration or of these By-Laws, notice is required to be given to the Board of Managers, any manager or Unit Owner, it shall not be construed to mean personal notice; but such notice may be given in writing, by mail, by depositing the same in a post office or letter box in a postpaid sealed wrapper, addressed to the Board of Managers, such manager or Unit Owner at such address as appears on the books of the Condominium.

Section 2. Service of Notice-Waiver. Whenever any notice is required to be given under the

provisions of the Declaration, or of these By-Laws, a waiver thereof, in writing, signed by the person or persons entitled to such notice whether before or after the time stated therein, shall be deemed the equivalent thereof.

ARTICLE VI. OPERATION OF THE PROPERTY

Section 1. Checks. All checks or demands for money and notes of the Condominium shall be signed by the President and Treasurer, or by such other officer or officers or such other person or persons as the Board of Managers may from time to time designate.

Section 2. Assessments. The Board of Managers shall, from time to time, but at least annually, fix and determine the budget representing the sum or sums necessary and adequate for the continued operation of the Condominium and shall send a copy of the budget and any supplement to the budget to every Unit Owner and mortgagee. They shall determine the total amount required, including the operational items such as insurance, repairs, reserves, betterments, maintenance of the common elements and other operating expenses as well as charges to cover any deficits from prior years. The total annual requirements shall be assessed as a single sum against all Units and prorated against each of said Units according to the respective common interest appurtenant to such Units. This proration of assessments shall remain constant regardless of the percentage of the building square footage included in each Unit or the common elements restricted to the use of the Unit Owner of said Unit. Said assessments shall be payable monthly in advance as ordered by the Board of Managers. The Unit Owner agrees to pay promptly when due the monthly and all special assessments assessed against his own Unit. The Board of Managers may impose administrative fees, late charges, and interest on unpaid Common Charges, as described in Article VIII. Special assessments, should such be required, shall be levied and paid in the same manner as hereinabove provided for regular assessments. The Board may take action to collect any Common Charges due from any Unit Owner which remains unpaid 30 days from its due date by way of foreclosure of the lien on such Unit in accordance with Section 339-aa of the Real Property Law or otherwise. In addition, every non-occupying Unit Owner shall be subject to the provisions of Section 339-kk of the Real Property Law.

No Unit Owner shall be liable for any Common Charges which accrue against his Unit subsequent to a sale, transfer or other conveyance by him of his Unit in accordance with these By-Laws and the Declaration. A purchaser of a Unit (other than a first mortgagee purchasing for its own account pursuant to a foreclosure sale, which bid has not been assigned, and subject to Article TWELFTH of the Declaration) shall be liable for the payment of all Common Charges assessed against the Unit and unpaid at the time of the purchase.

Section 3. Statement of Common Charges. Upon the written request of any Unit Owner or his mortgagee, the Board shall promptly furnish such Unit Owner or his mortgagee with a written statement of the unpaid Common Charges due from such Unit Owner.

Section 4. Liability for Electricity. All electricity consumed in the Units shall be the expense of the individual Unit Owner.

Section 5. Operating Account. There shall be established and maintained a cash deposit account to be known as the **"Operating Account"**, into which shall be deposited the operating portion of all monthly and special assessments as fixed and determined for all Units. Disbursements from said account shall be for the general needs of the operation including, but not limited to, wages, repairs, betterments, maintenance and other operating expenses of the common elements and for the purchase, lease, sale or other expenses resulting from the purchase or lease of Units.

Section 6. Other Accounts. The Board shall maintain any other accounts as it shall deem necessary to carry out its purposes.

Section 7. Repairs and Maintenance of Common Elements.

(a) All maintenance of and repairs to any Unit, ordinary or extraordinary, and to the doors (except painting the exterior side of a Unit entrance door), windows (except painting exterior side of windows), electrical (except Common Elements), plumbing (except Common Elements) and heating fixtures and air conditioning units within the Unit or belonging to the Unit Owner shall be made at the Unit Owner's expense, excepting as otherwise specifically provided in the By-Laws.

(b) All maintenance, repairs and replacements (individually and collectively, **"Repairs"**) to the General Common Elements (as defined in the Declaration) and the painting and decorating of the exterior side of Unit entrance doors and windows shall be made by the Board of Managers and be charged to all the Unit Owners as a Common Expense, except if the Repairs are necessitated by the negligence, misuse or neglect or a Unit Owner, in which case the expense shall be charged to such Unit Owner. Repairs in or to the Residential Limited Common Elements (as defined in the Declaration) will be performed by, and at the expense of, the following persons under the following circumstances: (i) the Board of Managers as a Common Expense, if such Residential Limited Common Element may be used by all Unit Owners, (ii) the Board of Managers at the expense of the Unit Owner, if it is a Restricted Residential Limited Common Element and the Repair involves structural or extraordinary maintenance, repairs or replacements (including, but not limited to, the replacement of exterior windows or the repair of leaks); (iii) by the Unit Owner having direct and exclusive access to a Restricted Residential Limited Common Element at his sole cost and expense, if involving nonstructural or ordinary Repairs; or (iv) with respect to the Commercial Limited Common Elements, by the owner of the Commercial Unit who has use of or benefits by the particular Commercial Limited Common Element. The Board of Managers will have the right to establish rules and regulations regarding the approval of contractors, nature and standard of repair for any Residential Limited Common Element.

(c) Until all Units have been sold by the Sponsor, all repairs, painting or maintenance, whether made by the Unit Owner or by the Board of Managers to the doors, windows, or the exterior surface of any Building, including roofs, or to any generally visible portion of the common elements, shall be carried out in such a manner so as to conform to the materials, style and color initially provided by the Sponsor.

(d) The Condominium will have the right to enter any Unit upon reasonable notice for the purpose of making Repairs in an emergency, or if the Condominium determines (in its sole

discretion) that it is necessary or appropriate for the Condominium to make the Repair, whether or not for the account of the Unit Owner, and to charge the cost thereof to the appropriate person under the Condominium Documents. The Condominium will also have the right, but not the obligation, to require a Unit Owner to make a Repair to a Restricted Residential Limited Common Element (also at the expense of the Unit Owner) in the discretion of the Board. The Commercial Unit Owner will have the right to Repair any Commercial Limited Common Element upon reasonable prior notice to the Board except in an emergency, in which case such Repair may be made as needed. If the Board of Managers charges a Unit Owner for repairs or maintenance to his Unit or for repairs to any common element restricted in use to such Unit Owner, and the Unit Owner fails to make prompt payment, the unpaid amount will bear interest at the maximum legal rate, and the Board of Managers shall be entitled to bring suit thereon as additional Common Charges and, in such event, the Unit Owner shall be liable for the reasonable attorneys fees and costs of such suit or proceeding together with interest on all sums due.

(e) The Board of Managers and its agents, employees and contractors shall have a right of access to any Unit and to all portions of the common elements for the purpose of carrying out any of its obligations under these By-Laws or the Declaration of the Condominium. These purposes include (but are not limited to) making inspections, correcting any condition originating in his or her Unit and threatening another Unit or a Common Element, performing installations, alterations or repairs to the mechanical or electrical services or other Common Elements in his or her Unit or elsewhere in the Building and correcting any condition which violates the provisions of any mortgage covering another unit. Requests for entry shall be made in advance at a time reasonably convenient to the Unit Owner. Such right shall be exercised in such a manner as will not unreasonably interfere with the normal conduct of business by the occupants of the Commercial Units or with the use of the Residential Units for residential purposes. Notwithstanding the above, no prior notice shall be required if the Board of Managers shall determine that action is immediately necessary for the preservation or safety of the Building or for the safety of the residents of the Condominium or other persons or required to avoid the suspension of any necessary service to the Condominium.

(f) Notwithstanding the other provisions of this Section 7, if any painting, decorating, maintenance, repairs or replacements to the Property or any part hereof is necessitated by the negligence, misuse or neglect of any Unit Owner, the entire cost thereof shall be borne by such Unit Owner. Each Unit Owner shall be responsible for all damage to any and all other Units or to the Common Elements by reason of his negligence, misuse or neglect.

Section 8. General Restrictions on Use and Occupancy of Units.

(a) Each of the Residential Units in the Building shall be used as a residence only, except (i) a Residential Unit maybe used for any home occupation or professional use as permitted under local zoning laws (ii) a Residential Unit may be used for any permitted home occupation or professional use under applicable law, and (iii) that Sponsor, regardless of number of Units unsold, shall have the right to use any Unit owned by it for general and sales office purposes, as models and for other promotional purposes in connection with the sale or lease of Units and to erect and maintain signs at or on the Building and to use Units and the Common Elements in any other manner

permitted to Sponsor pursuant to the provisions of the Declaration or these By-Laws.

(b) The Commercial Unit and any Units resulting from the subdivision or combination thereof may be used for such commercial or professional purposes as may be permitted by law, subject to Article NINETEENTH (j) of the Declaration of Condominium.

(c) The use of any Unit must conform to the terms and conditions of the then existing Certificate of occupancy for such Unit and any and all applicable governmental and municipal regulations, including any applicable zoning variance.

(d) The foregoing provisions in Subsections (a), (b) and (c) of this Section 8 may not be amended, modified or deleted, except by an affirmative vote of 100% in number and Common Interest of the Unit Owners and the Condominium Board. The Residential Unit Owners shall not have the right to approve any change in the use of the Commercial Units or any part thereof or to approve any amendments to the Building's Certificate of Occupancy to authorize a different use for such Units.

(e) No immoral, improper, offensive, or unlawful use shall be made of the Property or any part thereof, and all valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction thereof shall be observed. However, this provision shall not be in derogation of the right of a Commercial Unit Owner to use his Unit for the purposes allowed by the Declaration and By-Laws. Violations of laws, orders, rules, regulations or requirements of any governmental agency having jurisdiction thereof, relating to any portion of the Property, shall be complied with by and at the sole expense of the Unit Owners or the Board of Managers, whichever shall have the obligation to maintain or repair such portion of the Property.

(f) Rules and regulations concerning the use of the Residential Units and the Common Elements may be promulgated and amended from time to time by the Board of Managers, provided that copies are furnished to each Unit Owner not less than five days prior to the time that they become effective. Any rule or regulation may be rescinded by vote of 66-2/3% of the Unit Owners at a meeting duly called for that purpose. The initial rules and regulations are attached hereto as Exhibit A for the purpose of distribution but not for recording as part of the Declaration and By-Laws.

Section 9. Additions, Alterations or Improvements by Board of Managers. Whenever in the judgment of the Board of Managers the Common Elements shall require additions, alterations or improvements, and the Board determines to require the placement of a lien on the common elements or an assignment of Common Charges payable by the Unit Owners, and (if required by law) the making of such additions, alterations or improvements shall have been approved by 50% in number and in Common Interest of the Unit Owners present in person and/or by proxy and voting at a meeting duly held in accordance with these By-Laws (and by the holders of Unit mortgages, if such approval is required), the Board of Managers shall have the right to proceed with such additions, alterations or improvements and to assess all Unit Owners for the cost thereof as a Common Charge. Any additions, alterations or improvements which do not require a lien to be placed on the common

elements or an assignment of the Common Charges payable by the Unit Owners may be made by the Board of Managers, without approval of the Unit Owners or the holders of Unit mortgages, and the cost thereof (unless paid from the Working Capital Fund or Reserve Fund in accordance with the Plan of Condominium Ownership) shall constitute part of the Common Expenses. So long as Sponsor or its designee shall own 25% of the Units, or for a period of three years from the first Closing of Title to a Unit, the Board of Managers may not make any addition, alteration, or improvement to the Common Elements without Sponsor's prior written consent, unless required by law. In the event that the Condominium Board erects a sidewalk bridge or other scaffolding at the Building, the Condominium Board shall give due regard to the use of the Commercial Units at the time in question and shall use best efforts to (i) minimize any disruption to the use of such Commercial Units and (ii) not restrict ingress or egress through the exterior doorways to the Commercial Units. In furtherance thereof, the Condominium Board agrees to consult with the commercial Unit Owners prior to the installation of such sidewalk bridge or other scaffolding and to permit the Commercial Unit Owners to install, at their cost and expense, signs upon the sidewalk bridge and scaffolding

Section 10. Additions, Alterations or Improvements by Unit Owners.

(a) A Unit Owner may make a non-structural alteration to a Unit that does not affect the exterior of the Building, the utility systems of the Condominium, or the value of other Units without the consent of the Board of Managers. However, the Board of Managers may establish regulations governing access, insurance and other matters relating to the performance of any work within a Unit. No other installations or alterations may be made to a Unit without the consent of the Board of Managers as described below. No Unit Owner, other than the Sponsor or Commercial Unit Owner, may make a structural alteration in a Unit, install any fixtures or appliances (other than electrical appliances), or make any alteration affecting the utility systems of the Building without the prior written approval of the Board of Managers, not unreasonably withheld. Any approval, if granted, shall provide that such alteration shall be at the Unit Owner's sole cost and expense, that work shall be done in accordance with all governmental or quasi-governmental laws, rules, regulations, codes and ordinances, that all work shall be done by reputable contractors with adequate liability, property damage and workmen's compensation insurances, (certificates for which shall be delivered to the Board of Managers prior to the commencement of construction), that any additions shall be maintained in their entirety by said Unit Owner (who shall also be responsible for any repairs, including structural repairs, to such addition under all circumstances, and to the Unit and any Common Elements where such repairs become necessary due to additional stresses caused by the structural alteration or due to improper design or construction of the structural alteration). Such approval shall further provide that the Unit Owner shall reimburse the Board of Managers for any out-of-pocket expenses incurred by the Board of Managers in connection with the granting of such approval and in connection with any services provided to such alteration. The Unit Owner shall sign an alteration agreement to the effect of the foregoing and incorporating such other terms as the Condominium may require.

(b) Any application to any department of the City of New York or to any other governmental authority for a permit to make an installation, addition, alteration or improvement in

or to any Residential Unit may be executed only by the Board of Managers without, however, incurring any liability on the part of the Board of Managers or any member thereof to any contractor, subcontractor, materialman, architect or engineer on account of such installation, addition, alteration or improvement, or to any person having any claim for injury to person or damage to property arising therefrom.

(c) The Sponsor and the Commercial Unit Owner shall have the right, without the consent of the Board of Managers, other Unit Owners or the holders of Unit Mortgages, to make alterations or additions to unsold Units or to the Commercial Unit, whether or not such alterations are structural or nonstructural, ordinary or extraordinary, so long as they do not materially adversely affect the structure or utility systems of the Building. The Condominium hereby appoints the Sponsor and the Commercial Unit Owner (severally) as its attorney in fact, coupled with an interest, to execute such documents on behalf of the Condominium as may be required in order to obtain any necessary licenses or permits to make or complete an alteration, and grants to the Sponsor and the Commercial Unit Owner (severally) an easement of access, ingress and egress to make any such alterations. The Commercial Unit Owner is appointed the agent and attorney in fact of the Condominium to apply for changes in the Certificate of Occupancy of the Commercial Unit and to execute all documents that may be necessary in order to procure such change. However, the Commercial Unit Owner shall not be authorized to execute any application in regard to a variance with the Board of Standards and Appeals without the consent of the Condominium.

(d) With regard to any work that may result in the subdivision or combination of Units, the Sponsor or the owner of the Commercial Unit, as the case may be, shall have the right, pursuant to Section 339-i (2) of the Real Property Law of the State of New York, to make and file an appropriate amendment to the Declaration under the same file number and procedure set forth in Section 339-p of the Real Property Law, and the local tax authority shall provide and certify upon the proposed amendment a conforming tax lot number upon completion of the Unit. In no event shall the subdivision of a Unit and its Common Interest appurtenant thereto result in a greater percentage of Common Interest for the total to the new Unit than existed for the original Unit.

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

(f) No Residential Unit Owner may alter, improve or enclose any portion of the Common Elements (including the Restricted Residential Limited Common Elements), without the consent of the Board of Managers.

(g) The Commercial Limited Common Elements may be altered or improved by the owner of the Commercial Unit who has use of or benefits by the particular Commercial Limited Common Element. However, structural alterations or alterations which affect the utility systems of

the Building require the consent of the Board of Managers, not unreasonably withheld or delayed.

Section 11. Contributions of Unit Owners to Common Expenses.

The contributions of the Commercial Unit Owners shall be as set forth in Article EIGHTH, Section (b) of the Declaration.

ARTICLE VII. INSURANCE AND INSURANCE TRUSTEE

Section 1. Insurance to be Carried by the Board. The Board of Managers shall be required to obtain and maintain, to the extent obtainable, the following insurance: fire insurance with extended coverage, water damage vandalism and malicious mischief endorsements, insuring all of the Buildings in the Condominium including the Community room, the Buildings including all of the Units (but not including fixtures, furniture, furnishings or other personal property supplied or installed by Unit Owner or the Sponsor), together with service machinery, contained therein, covering the interest of the Condominium, the Board of Managers and all Unit Owners and their mortgagees, as interest may appear, in an amount equal to the full replacement value of the Buildings. Each of such policies shall contain a New York standard mortgagee clause in favor of each mortgagee of a Unit which shall provide that the loss, if any, thereunder shall be payable to such mortgagee as its interest may appear, subject, however, to the loss payment provisions in favor of the Board of Managers and the Insurance Trustee hereinafter set forth; and such other insurance as the Board of Managers may determine. All such policies shall provide that adjustment of loss shall be made by the Board of Managers, except that adjustments in excess of $250,000 will require the approval of the Insurance Trustee and that the net proceeds thereof, if $250,000 or less, shall be payable to the Board of Managers, and if more than $250,000 shall be payable to the Insurance Trustee.

The fire insurance will commence with the closing of title to the first Unit in an amount as required by the mortgagee of such Unit and such amount will be increased upon the closing of title to all Units and until the first meeting of the Board of Managers following the first Unit Owners meeting. Such amount shall be at least in the sum of $1,500,000.

All policies of physical damage insurance shall contain waivers of subrogation and of any reduction of pro rata liability of the insurer as a result of any insurance carried by Unit Owners or of the invalidity arising from any acts of the insured or any Unit Owners, and shall provide that such policies may not be canceled or substantially modified without at least fifteen (15) days prior written notice to all of the insureds, including all mortgagees of Units. Duplicate originals of all policies of physical damage insurance and of all renewals thereof, together with proof of payment of premiums, shall be delivered to all mortgagees of Units at least fifteen (15) days prior to expiration of then current policies. Prior to obtaining any policy of fire insurance or any renewal thereof, the Board of Managers shall obtain an appraisal from a fire insurance company or otherwise of the full replacement value of the Buildings, including all of the common elements appurtenant thereto for the purpose of determining the amount of fire insurance to be effected pursuant to this Section.

The Board of Managers shall also be required to obtain and maintain, to the extent obtainable, public liability insurance in such limits as the Board of Managers may from time to time determine, covering each member of the Board of Managers, the managing agent and each Unit Owner. Such public liability coverage shall also cover cross liability claims of one insured against another. Until the first meeting of the Board of Managers following the first annual Unit Owners meeting, such public liability insurance shall be in a single limit of $ 1,000,000 covering all claims for bodily injury and for property damage arising out of one occurrence. Such public liability insurance shall commence on the closing of title to the first Unit.

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

Section 2. Insurance Trustee. The Insurance Trustee shall be a Bank, savings and loan association, insurance company or trust company located in the State of New York designated by the Board of Managers. All fees and disbursements for the Insurance Trustee shall be paid by the Board of Managers and shall constitute a common expense of the Condominium. In the event the Insurance Trustee resigns or fails to qualify, the Board of Managers shall designate a new Insurance Trustee which shall be a bank or trust company located in the State of New York.

Section 3. Restoration or Reconstruction After Fire or Other Casualty. In the event of damage to or destruction of the Building as a result of fire or other casualty (unless 75% or more of the Units are destroyed or substantially damaged and 75% or more of the Unit Owners do not duly and promptly resolve to proceed with repair or restoration), the Board of Managers shall arrange for the prompt repair and restoration of the Building (including any heating, air conditioning or other service machinery which is covered by insurance, but not including any, wall, ceiling or door decorations or coverings or other furniture, furnishings, fixtures or equipment installed by Unit Owners in the Units), and the Board of Managers or the Insurance Trustee, as the case may be, shall disburse the proceeds of all insurance policies to the contractors engaged in such repair and restoration in appropriate progress payments. Any cost of such repair and restoration in excess of the insurance proceeds shall constitute a common expense and the Board of Managers may assess all Unit Owners for such deficit as part of the Common Charges.

If 75% or more of the Units are destroyed or substantially damaged and 75% or more of the Unit Owners do not duly and promptly resolve to proceed with repair or restoration, the Property shall be subject to an action for partition at the suit of any Unit Owner or lien or, as if owned in common, in which event the net proceeds of sale together with the net proceeds of insurance policies (or if there shall have been a repair or restoration pursuant to the first paragraph of this Section 3, and the amount of insurance proceeds shall have exceeded the cost of such repair or restoration) then the excess of such insurance proceeds shall be divided by the Board of Managers or the Insurance Trustee, as the case may be, among all Unit Owners in proportion to their respective common

interests, after first paying out of the share of each Unit Owner the amount of any unpaid liens on his Unit, in the order of the priority of such liens.

ARTICLE VIII DEFAULTS

Section 1. Collection of Assessments. The Board of Managers shall take prompt action to collect any common charge due from any unit owner which remains unpaid for more than thirty (30) days from due date for payment thereof. Upon the failure of a Unit Owner to pay any element of Common Charges for the Unit within fifteen (15) days of the same becoming due and payable, the Board of Managers shall have the right to place a lien against the Unit Owner's Unit for the unpaid Common Charges as set forth above, and impose late fees and administrative fees of up to $100 as additional Common Charges with respect to each new violation to cover the additional costs of administration. Failure of the Board of Managers to place such a lien or impose such charges shall not constitute a waiver of the right to do so at a later date or with respect to a subsequent failure to pay within the designated time. Common Charges which remain unpaid for more than 30 days shall bear interest at the maximum rate permitted by law.

Section 2. Default in Payment of Common Charges and Assessments. If any unit owner defaults in paying to the Board of Managers the Common Charges or any other amounts determined by the Board of Managers to be due, including (but not limited to) Common Charges, late payment charges, fees and expenses of collection or enforcement of the Condominium Documents (including attorneys fees), interest or fines (individually and collectively, **"Charges"**), such unit owner shall be obligated to pay interest at the maximum legal rate on such Charges from the due date thereof, together with all expenses, including attorneys' fees, incurred by the Board of Managers in any proceeding brought to collect such unpaid Charges (which shall also be deemed Charges). Except as otherwise expressly set forth in the By-Laws, all Charges shall be payable within five (5) days after demand. The Board of Managers shall have the right and duty to attempt to recover such Charges, together with interest thereon, and the expenses of the proceeding, including attorneys' fees, in an action to recover the same brought against the unit owner, or by foreclosure of the lien on such unit granted by Section 339-z of the Real Property Law of the State of New York and Article TWELFTH of the Declaration of Condominium, in the manner provided in Section 339-aa thereof. For purposes of this section, all charges shall be deemed Common Charges under Section 339-z.

Section 3. Foreclosure of Liens for Unpaid Common Charges. All Charges assessed against a Unit Owner shall be a lien against a Unit upon the expiration of any grace period provided herein. In any action brought by the Board of Managers to foreclose a lien on a unit because of unpaid Charges, the unit owner shall be required to pay a reasonable rental for the use of his unit from and after the date of commencement of the foreclosure action, and the plaintiff in such foreclosure action shall be entitled to the appointment of a receiver to collect the same. A suit to recover a money judgment for unpaid Charges shall be maintainable without foreclosing or waiving the lien securing the same.

Section 4. Assignment of Rents. The Condominium shall have the remedies set forth in this Section 4 in addition to any other remedies available to it.

(a) For purposes of this Section 4, the term "non-occupying owner" shall mean any owner of a Residential Unit who does not occupy such Residential Unit.

(b) If a non-occupying owner rents its Residential Unit to a rental tenant and then fails to make payments due for Common Charges, assessments or late fees for such Residential Unit within sixty (60) days of the expiration of any grace period after they are due, then upon notice in accordance with subdivision (c) below all rental payments from the tenant shall be directly payable to the Condominium c/o the Board of Managers.

(c) If the Common Charges, assessments or late fees due for any Resi-dential Unit have not been paid in full within sixty (60) days after the expiration of any grace period after the earliest due date, the Board of Managers shall provide written notice to the tenant and the non-occupying owner providing that, commencing immediately and until such time as all payments for Common Charges, assessments or late fees are made current, all rental payments due subsequent to the issuance of such notice are to be made payable to the Condominium c/o the Board of Managers at its address listed on the notice. Where a majority of the Board of Managers has been elected by and from among the Unit Owners who are in occupancy, the Board of Managers may elect not to require that rental payments be made payable to the Condominium c/o the Board of Managers. At such time as payments for Common Charges, assessments and late fees from the non-occupying owner are once again current, notice of such fact shall be given within three (3) business days to the rental tenant and the non-occupying owner. Thereafter all rental payments shall be made payable to the non-occupying owner or a designated agent. A non-occupying owner who disputes the Condominium's claim to rental payments pursuant to this Section 4 shall be entitled to present facts supporting such owner's position at the next scheduled meeting of the Board of Managers, which must be held within thirty (30) days of the date that the Board of Managers receives notice that such owner seeks to dispute such claim.

(d) Nothing in this Section 4 shall limit any rights of Unit Owners or of the Board of Managers existing under any other law or agreement.

(e) Payment by a rental tenant to the Condominium c/o the Board of Managers made in accordance with this Section 4 shall relieve that rental tenant from the obligation to pay such rent to the non-occupying owner and shall be an absolute defense in any non-payment proceeding commenced by such non-occupying owner against such tenant for such rent."

Section 5. Abatement and Enjoinment of Violations by Unit Owners; Imposition of Fines. The violation of any rule or regulation adopted by the Board of Managers, or the breach of any By-Law contained herein, or the breach of provision of the Declaration, shall give the Board of Managers the right, in addition to any other rights set forth in these By-Laws: (a) to enter the unit in which, or as to which, such violation or breach exists and to summarily abate and remove, at the

expense of the defaulting Unit Owner, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions hereof, and the Board of Managers shall not thereby be deemed guilty in any manner of trespass; or (b) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity the continuance of any such breach. All costs of enforcement shall be deemed Common Charges. In addition, the Board of Managers may impose fines on Unit Owners violating the Declaration, By-Laws, or Rules and Regulations, in its reasonable discretion.

ARTICLE IX. AMENDMENTS

(a) Except as set forth below, these By-Laws may be altered, amended or added to at any duly called Unit Owners meeting; provided: (1) that the notice of meeting shall contain a full statement of the proposed amendment; (2) that the amendment shall be approved by sixty-seven (67%) percent of the Unit Owners in number and common interest and (3) said amendment shall be set forth in a duly recorded amendment to the Declaration. However, no amendment will affect or impair the validity or priority of a Unit Owners' interest and the interests of holders of a mortgage encumbering a Unit or Units.

(b) Sponsor and the Commercial Unit Owner shall have the right, without the vote or consent of other Unit Owners, the Board of Managers or the holders of Unit mortgages, to execute or (on its request) to require the Board of Managers to execute and record in the Office of the Register of the City of New York, County of New York and elsewhere, if required by law, all amendment or amendments to these By-Laws (together with such other documents as may be required to effectuate the same) to reflect any changes in unsold Units and the reapportionment of the Common Interest resulting therefrom, made by Sponsor in accordance with Article VI, Section 10 and the Declaration. All expenses in connection with the preparation, recordation and filing of any such amendment shall be paid by Sponsor or its designee.

(c) So long as the Sponsor continues to own a Unit, the provisions of these By-Laws may not be amended to adversely affect the rights of the Sponsor, without the consent of the Sponsor.

(d) These By-Laws may not be amended, modified or supplemented without the prior written consent of the affected Commercial Unit Owner(s) to the extent that such amendment, modification, addition, or deletion of or to these By-Laws, the Declaration or the Rules and Regulations modifies the permitted uses of any Commercial Unit or affects the rights, privileges, easements, licenses or exemptions granted to any Commercial Unit Owner.

(e) The following provisions of these By-Laws may not be amended without the consent in writing of Sponsor, so long as Sponsor or its designee shall be the Owner of one or more Residential Units, or the Commercial Unit Owner, insofar as such amendment may affect the rights of the owner of the Commercial Unit:

(i) Section 1 (b) of Article III with respect to the rights of the Sponsor and

Commercial Unit Owner to designate a certain number of the members of the Board of Managers;

(ii) Section 5(c) of Article III insofar as it provides that so long as Sponsor shall continue to own a Residential Unit or 25% or more interest in the Common Elements the Board of Managers may not exercise certain powers without Sponsor's prior written consent.

(iii) Sections (2) and (3) of Article III with respect to the rights of the Sponsor and Commercial Unit Owner with respect to removal of its designated member of the Board of Managers and its designation of a new member upon such removal or in the case of a vacancy;

(iv) Section 8(d) of Article VI;

(v) Section 11 of Article VI; and

(vi) Section 8 of Article X insofar as it provides that the provisions of Section 1 of Article X shall not apply with respect to a sale or lease of any Residential Unit owned by Sponsor or to a sale or lease of the Commercial Unit or any Units resulting from the subdivision thereof; and

(vii) This Article IX.

ARTICLE X. SALES, LEASES AND MORTGAGES OF UNITS

Section 1. Sales and Leases. (a) Except as set forth in Section 8, no Residential Unit Owner may sell his Residential Unit or any interest therein except by complying with the following provisions:

Any Residential Unit Owner who receives a bona fide offer which he intends to accept (hereinafter called an **"Outside Offer"**) for the sale of his unit together with: (i) the undivided interest in the common elements appurtenant thereto; (ii) the interest of such unit owner in any units previously acquired by the Board of Managers, or its designee, on behalf of all Unit Owners, or the proceeds of the sale or lease thereof, if any, and (iii) the interest of such unit owner in any other assets of the Condominium (the interests in subsections (i), (ii) and (iii) are hereinafter collectively called the **"Appurtenant Interests"**), shall give notice to the Board of Managers of such offer and of such intention, the name and address of the proposed purchaser, the terms of the proposed transaction and such other information as the Board of Managers may reasonably require, and shall offer to sell such Unit, together with the Appurtenant Interests, to the Board of Managers or its designee, on behalf of the owners of all other units, on the same terms and conditions as contained in such Outside Offer. The giving of such notice shall constitute a warranty and representation by the unit owner who has received such offer to the Board of Managers on behalf of the other unit owners that such Unit owner believes the Outside Offer to be bona fide in all respects. The Board of Managers may request reasonable additional information relating to the Outside Offer at any time after reviewing the initial notice and any additional information previously supplied by the Unit Owner, and may schedule a personal interview to obtain additional information regarding a prospective purchaser. Within thirty days after receipt of such notice and all additional information that had been reasonably requested by the Board, the Board of Managers may elect by notice to such unit owner, either (a) to purchase such unit, together with the Appurtenant Interests (or to cause the

same to be purchased by its assignee or designee, corporate or otherwise), on behalf of all other unit owners, on the same terms and conditions as contained in the Outside Offer and as stated in the notice from the offering unit owners the notice offering unit owner or (b) to produce a purchaser who will purchase such unit, together with the Appurtenant Interests, on the same terms and conditions as contained in the Outside Offer and as stated in the notice from the offering of unit owner. The Board of Managers may assign their right to purchase the Unit on behalf of all Unit Owners at any time without liability to the selling Unit Owner. If the Board of Managers shall elect to purchase such unit, together with the Appurtenant Interests, or to cause the Unit to be purchased by its designee, title shall close at the office of the attorneys for the Condominium in accordance with the terms of the offer but not less than forty five (45) days after the giving of notice by the Board of Managers of its election to accept such offer. At the closing, the unit owner shall convey the unit (and Appurtenant Interests) to the Board of Managers or to its designee on behalf of all other unit owners, by deed in the form required by Section 339-o of the Real Property Law of the State of New York, with all transfer stamps affixed, and shall pay all other taxes arising out of such sale. Real estate taxes, mortgage interest and Common Charges and expenses shall be apportioned between the unit owner and the Board of Managers or its designee, as of the closing date. If the Board of Managers or its designee shall fail to accept such offer or to produce a purchaser within thirty (30) days as aforesaid or fails to act within the 30-day period, the offering unit owner shall be free to contract to sell the unit to the Outside Offeror, together with the Appurtenant Interests, within sixty (60) days after the expiration of the period in which the Board of Managers or its designee might have accepted such offer, on the terms and conditions set forth in the notice of such Outside Offer from the offering unit owner to the Board of Managers. Any such deed to an Outside Offeror shall provide that the acceptance thereof by the grantee shall constitute an assumption of the provisions of the Declaration, the By-Laws and the Rules and Regulations, as the same may be amended from time to time. If the offering unit owner shall not convey such unit within such 60-day period to the Outside Offeror on the terms and conditions contained in the Outside Offer, then should the offering unit owner thereafter elect to sell the unit, together with the Appurtenant Interests, to the same or another Outside Offeror on the same or other terms and conditions, the offering unit owner shall be required to again comply with all of the terms and provisions of this Section I of this Article X.

Any purported sale of a Residential Unit in violation of this Section shall be voidable at the election of the Board of Managers by notice given to the person claiming to be the Unit Owner and the Board's right of first refusal shall be deemed reinstated.

(b) Except as set forth in Section 8, no Residential Unit Owner may lease his Unit except by complying with the following provisions:

(i) Any Residential Unit Owner who receives a bona fide offer for a lease of his unit which he intends to accept (**"Lease Offer"**) shall give notice to the Board of Managers of such offer and of such intention, the name and address of the proposed lessee, the terms of the proposed lease, references and such other information as the Board of Managers may reasonably require, and shall offer to lease such unit to the Board of Managers or its designee on the same terms. The giving of such notice shall constitute a warranty and representation by the unit owner who has received such offer to the Board of Managers on behalf of the other unit owners that such Unit owner believes the Lease Offer to be bona fide in all respects. The Board of Managers may request reasonable additional information relating to the Lease Offer at any time after reviewing the initial

notice and any additional information previously supplied by the Unit Owner, and may schedule a personal interview to obtain additional information regarding a prospective tenant. Within thirty days after receipt of such notice and all additional information that had been reasonably requested by the Board, the Board of Managers may elect by notice to such unit owner, either (a) to lease such unit on behalf of all other unit owners (or to cause the same to be leased by its assignee or designee, corporate or otherwise), on the same terms and conditions as contained in the Lease Offer and as stated in the notice from the offering unit owners the notice offering unit owner or (b) to produce a tenant who will lease such unit on the same terms and conditions as contained in the Lease Offer and as stated in the notice from the offering unit owner. If the Board does not elect to exercise the above rights within the thirty (30) day period, the unit owner may enter into the lease, but if the proposed tenant fails to take occupancy within sixty (60) days after the consent of the Board has been given or the right of first refusal waived, the Lease Offer shall be deemed void and the unit owner will be required to repeat the above proceedings with respect to approval of the proposed lease. The waiver of the Board of Managers of its right to lease the unit shall not in any way be construed to relieve the unit owner from offering the lease to the Board of Managers and a unit owner who subsequently desires to lease such apartment unit shall be required again to comply with all the terms and provisions of this subsection (b).

(ii) Any such lease shall be consistent with these By-Laws and shall provide that it may not be modified, amended, extended or assigned, without the prior consent in writing of the Board of Managers; that the tenant shall not sublet the demised premises, or any part thereof, without the prior consent in writing of the Board of Managers; that the Board of Managers shall have power to terminate such lease and to bring summary proceedings to evict the tenant in the name of the landlord thereunder, in the event of default by the tenant in the performance of such lease: that in case of default by the unit owner the Board of Managers shall have the right to require the tenant to pay its rent to and attorn to the Board on demand; that the unit owner or tenant will maintain liability insurance naming the Condominium as an additional insured party, if available, and that the Board of Managers shall have the right to terminate the lease on not less than 30 days prior written notice upon foreclosure of the lien granted by Section 339-z of the New York State Real Property Law. Except as set forth above, the form of any such lease shall be substantially the then current form of apartment lease recommended by The Real Estate Board of New York, Inc. with such modifications as may be approved in writing by the Board of Managers.

(iii) Any purported lease of a Residential Unit in violation of this Section shall be voidable at the election of the Board of Managers, and if the board shall so elect, the unit owner shall be deemed to have authorized and empowered the Board of Managers to institute legal proceedings to evict the purported tenant in the name of the said unit owner as the purported landlord at the expense of the unit owner.

(iv) Except for a Unit owned by Sponsor or the Commercial Unit Owner, or a Unit owned by a mortgagee who took title in foreclosure or a deed in lieu of foreclosure, any lease for a Unit must be for a minimum period of six months (with each such lease being to a specific named tenant and with no right to substitute any other tenant during the term of the lease).

Section 2. Consent of Unit Owners to Purchase or Lease of Units by Board of Managers. The Board of Managers shall not actually purchase or lease any unit without the approval

of a majority in voting interest of the unit owners, except to the extent the right to conclude such sale or lease has been delegated to the Board pursuant to a Power of Attorney executed by a Unit Owner.

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

Section 4. Release by Board of Managers of Right of First Refusal. The right of first refusal contained in Section 1 of this Article X may be released or waived by the Board of Managers in which event the Residential Unit, together with the Appurtenant Interests, may be leased, sold or conveyed, free and clear of the provisions of such Section.

Section 5. Certificate of Termination of Rights of First Refusal. A certificate, executed and acknowledged by the Secretary of the Condominium, stating that the provisions of Section 1 of this Article X have been met by a unit owner, or have been duly waived by the Board of Managers, and that the rights of the Board of Managers thereunder have terminated, shall be conclusive upon the Board of Managers and the unit owners in favor of all persons who rely thereon in good faith. Such certificate shall be furnished to any unit owner who has in fact complied with the provisions of Section 1 of this Article X or in respect to whom the provisions of such Section have been waived, upon request.

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

Section 7. Payment of Common Charges and Assessments. No unit owner shall be permitted to convey, mortgage, pledge, hypothecate, sell or lease his unit unless and until he shall have paid in full to the Board of Managers all unpaid Common Charges and assessments and expenses theretofore assessed by the Board of Managers against his unit and until he shall have satisfied all unpaid liens against such unit, except permitted mortgages.

Section 8. Exceptions to Restrictions on Sales and Leases. The provisions of Section

1 of this Article X shall not apply with respect to (a) any sale, conveyance or lease by a unit owner of his unit and Appurtenant Interests to his spouse or to any of his children over the age of 18 years or to his parent or parents or to his brothers or sisters, or any one or more of them, or to a trust established for the benefit of any of them; (b) a sale or lease of a unit and Appurtenant Interests owned by the Sponsor or any principal thereof (as defined in the Offering Plan pursuant to which the Condominium was established); or (c) the sale or lease of the Commercial Unit or any part thereof by a Commercial Unit Owner; (d) the acquisition, sale or lease of a unit, together with the Appurtenant Interests, by a mortgagee who shall acquire title to such unit by foreclosure or by deed in lieu of foreclosure; or (e) a conveyance or transfer by gift during a Unit Owner's lifetime; or (f) the devise or a Unit by will or intestacy. However, the Board of Managers must be given written notice of every sale or lease of a Unit.

Section 9. Waiver of Partition Rights. The Unit Owners waive all of their voting rights concerning partition respecting any Unit acquired by the Board of Managers in accordance with this Article.

Section 10. Consent to Jurisdiction and Venue in Lease. By virtue of executing a lease, all Unit Owners, tenants and occupants irrevocably submit to personal jurisdiction in the State of New York and venue in New York County in any action commenced by the Board of Managers.

Section 11. Mortgages of Units. Each Unit Owner is free to mortgage his Unit. Prior to or simultaneously with the closing of any mortgage transaction, the Unit Owner must satisfy all arrearages for any unpaid Common Charges and assessments owed by such Unit Owner and discharge any liens therefor. The Board of Managers may request to a Unit Mortgagee that it be notified by a Unit mortgagee of any default under a mortgage on a Unit.

ARTICLE XI. CONDEMNATION

If all or part of the common elements are taken in condemnation or eminent domain proceedings, the award from such proceedings shall be paid to the Insurance Trustee if the award is more than $250,000 and to the Board of Managers if the award is $250,000 or less, to be distributed in accordance with Section 3 of Article VII but in the following amounts;

(a) so much of the award as is applicable to unrestricted common elements, to the Unit Owners pro rata according to respective common interests appurtenant to the Units owned by such Unit Owners.

(b) so much of the award as is applicable to irrevocably restricted common elements to the Unit Owner having general use of such common element.

In such eminent domain or condemnation proceeding, the Board shall request that the award shall set forth the amount allocated to unrestricted common elements and to each irrevocably restricted common element. In the event the award does not set forth such allocation then the question of such allocation shall be submitted to arbitration in accordance with the Arbitration

Statutes of the State of New York.

ARTICLE XII. MISCELLANEOUS

Section 1. Insurance. Under no circumstances shall a Unit Owner permit or suffer anything to be done or left in his Unit which will increase the insurance rates on his Unit or any other Unit or on the common elements.

Section 2. Severability. Should any of the covenants, terms or provisions herein imposed be void or be or become unenforceable at law in equity, the remaining provisions of these By-Laws shall, nevertheless, be and remain in full force and effect.

Section 3. Notice to Condominium. A Unit Owner who mortgages his Unit, shall notify the Condominium through the management agent, if any, or the President of the Board of Managers if there is no management agent, of the name and address of his mortgagee; and the Board Of Managers shall maintain such information in a book entitled "Mortgages of Units".

Section 4. Notice of Unpaid Assessments. The Board of Managers shall at the request of a mortgagee of a Unit, report any unpaid assessments due from the Units of such Unit.

Section 5. Examination of Books and Records. Every Unit Owner or his representative and mortgagee shall be entitled to examine the books and record of the Condominium on reasonable notice to the Board.

Section 6. Construction. Wherever the masculine singular form of the pronoun is used in the By-Laws, it shall be construed to mean the masculine, feminine or neuter; singular or plural, wherever the context so requires.

Section 7. Compliance with Article 9-B. These By-Laws are set forth to comply with the requirements of Article 9-B of the Real Property Laws of the State of New York. In case any of these By-Laws conflict with the provisions of said Statue or of the Declaration, the provisions of the Statute or of the Declaration, whichever the case may be, shall control.

SCHEDULE A

RULES AND REGULATIONS

THE GATEWAY CONDOMINIUM

1. Except as permitted under the By-Laws, no industry, business, trade, occupation or profession of any kind, commercial, religious, educational or otherwise, designed for profit, altruism, or otherwise, shall be conducted, maintained or permitted in any part of the Units or Common Elements nor shall any "For Sale", "For Rent", or "For Lease" signs or other window displays or advertising be maintained or permitted in any Unit therein or adjoining Common Elements, nor shall any Unit be rented for transient, hotel or motel purposes. The right is reserved by the Sponsor, its designee and the Board of Managers, or its agent, to place "For Sale", "For Rent" or "For Lease" or similar signs on any unsold or unoccupied Units, and the right is hereby given to any mortgagee, who may become the owner of any Unit, to place such signs on any Unit owned by such mortgagee. Additionally, the right is reserved by Sponsor and its designee to maintain and staff one or more vacant and unsold Units in the Building as a sales office and/or model Unit. Sponsor and its designee shall have the right to place "For Sale", "For Rent", or "For Lease" signs or similar signs on or in the vicinity of the Building without regard to size.

2. No exterior of any Residential Unit or the windows or doors thereof or any other portions of the Common Elements shall be painted or decorated by any Owner or in any manner without prior written consent of the Board of Managers.

3. No furniture, equipment, or other personal articles shall be placed in entrances, hallways, stairways, or other Common Elements.

4. No Unit Owner shall make or permit any noise or objectionable odor that will disturb or annoy the occupants of any of the Units in the Building or do or permit anything to be done therein which will interfere with the rights, comfort, or convenience of other Unit Owners.

5. Each Unit Owner shall keep his Unit in a good state of preservation and cleanliness and shall not sweep or throw or permit to be swept or thrown therefrom, or from the doors or windows of a Unit, any dirt or other substances.

6. No exterior shades, awnings, window guards, ventilators, fans or air-conditioning devices shall be used on or about the Building or Common Elements except such as shall have been approved by the Board of Managers.

7. Except for the Commercial Unit, no sign, notice, lettering, or advertisement shall be inscribed or exposed on or at any window, door, or other part of the Building, except such as shall have been approved in writing by the Board of Managers, nor shall anything project out of any window of the Building without the approval of the Board of Managers.

8. All garbage and refuse from the Building shall be deposited with care in plastic bags or other suitable receptacles intended for such purpose only at such times and in such manner as the Board of Managers may direct.

9. Water closets and other water apparatus in the Building shall not be used for any purposes other than those for which they were constructed; nor shall any sweepings, rubbish, rags, papers, ashes, or any other article be thrown into the same. Any damage resulting from misuse of any water closet or other apparatus shall be paid for by the Unit Owner causing such damage.

10. No Unit Owner shall engage any employee of the Condominium to perform tasks outside their stated job description for any private business of the Unit Owner without prior written consent of the Board of Managers,

11. The Board of Managers may establish reasonable rules and regulations regarding the weight, number, and registration of pets. In no event shall dogs be permitted in any of the public portions of the Building unless carried or on a leash. The individual Unit Owners who keep an animal in the Building shall each indemnify the Board of Managers and hold it harmless against any loss or liability of any kind or character whatsoever arising from or as a result of the Unit Owner having any animal in the Building.

12. No radio or television serial shall be attached to or hung from the exterior of the Building without written approval of the Board of Managers. The Board of Managers, upon the request of any Unit Owner, shall allow the installation of any hook-up necessary to provide cable television service to the Units.

13. The agents of the Board of Managers, and any contractor or workman authorized by them, may enter any Unit at reasonable hours, on reasonable notice, for any purpose permitted under the terms of the Declaration, By-Laws, or Rules and Regulations of the Condominium.

14. No Unit Owner shall alter any lock on any door leading into his Residential Unit unless the Residential Unit Owner shall also provide the Board of Managers with a key for their use.

15. No Unit Owner or any visitor, guest, patient, employee or any client of a Unit Owner shall be allowed in the heating, electrical or mechanical equipment areas without the express permission of the Board of Managers.

16. All damage to the Building or Common Elements caused by the moving or carrying of any article therein shall be paid by the Unit Owner responsible for the presence of such article.

17. No Unit Owner shall interfere in any manner with any portion of the heating or lighting apparatus which are part of the Common Elements and not part of the Unit Owner's Unit.

18. No Unit Owner shall use or permit to be brought into the Building any inflammable oils or fluids such as gasoline. kerosene, naphtha, benzine, or other explosives or articles deemed extra hazardous to life, limb or property without in each case obtaining the written consent of the Board of Managers.

19. The Unit Owner shall not be allowed to put his name on any entry to the Building or entrance to any Unit, except in the proper places approved by the Board of Managers for such purposes.

20. Any damage to the Building or equipment caused by Unit Owners, their guests, visitors, clients, patients or employees shall be repaired at the expense of the said Unit Owner.

21. Complaints regarding the management of the Building and grounds or regarding the actions of other Unit Owners shall be made in writing to the Board of Managers.

22. No Unit shall be used or be occupied in such manner as to obstruct or interfere with the enjoyment of occupants or owners of adjoining Units; nor shall any nuisance or immoral or illegal activity be committed or permitted to occur in or about any, Unit or upon any part of the Common Elements.

23. Certain parts of the Common Elements are intended for the purpose of affording pedestrian movement within the Condominium and of providing access to the Units. No part of the Common Elements shall be obstructed so to interfere with its use for the purposes hereinabove recited; nor shall any part of the Common Elements be used for general storage purposes, except maintenance storage; nor shall anything be done thereon in any manner which shall increase the rate of hazard and liability insurance covering said area and improvements situated thereon.

24. No immoral, improper, offensive, or unlawful, use shall be made of the Property or any part thereof, and all valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction thereof shall be observed. Violations of laws, orders, rules, regulations, or requirements or any governmental agency having jurisdiction thereof, relating to any portion of the Property, shall be eliminated, by and at the sole expense of the Unit Owners, or the Board of Managers, whichever shall have the obligation to maintain or repair such portion of the Property.

25. In addition to any other remedies available to the Condominium, the Board of Managers may impose fines on Unit Owners who violate these Rules and Regulations. The amount and administration of such fines shall be established in the Board's reasonable discretion. Such fines shall be deemed additional Common Charges.

26. Subject to the provisions of the By-Laws, these Rules and Regulations may be added to or repealed at any time by the Board of Managers.

ESCROW AGREEMENT

AGREEMENT made this 2nd day of March 2004, between Gateway II, LLC ("Sponsor") as sponsor of the offering plan and Smith, Buss & Jacobs, LLP ("Escrow Agent") as escrow agent.

WHEREAS, Gateway II, LLC is the sponsor of an offering plan to convert to condominium ownership the premises located at 2098 Eighth Avenue, New York, New York, which premises are known as The Gateway Condominium; and

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

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

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

1. ESTABLISHMENT OF THE ESCROW ACCOUNT.

1.1 SPONSOR and ESCROW AGENT hereby establish an escrow account with ESCROW AGENT for the purpose of holding deposits or payments made by purchasers or subscribers. The escrow account has been opened with Carver Federal Savings Bank, 75 West 125th Street, New York, New York 10027. The account number is _____.

1.2 The name of the account is SBJ-The Gateway Condominium Special Escrow Account.

1.3 ESCROW AGENT is the sole signatory on the account.

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

1.5 The escrow account is 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 payer, shall be deposited in the escrow account. All instruments to be deposited into the escrow account shall be made payable to, or endorsed by, the purchaser or subscriber to the order of Smith, Buss & Jacobs, LLP as escrow agent for The Gateway Condominium offering plan. Any instrument payable or endorsed other than as required hereby, and which cannot be deposited into such escrow account, shall be returned to the prospective purchaser or subscriber promptly, but in no event more than five (5) business days following receipt of such instrument by ESCROW AGENT. In the event of such return of funds, the instrument shall be deemed not to have been delivered to ESCROW AGENT pursuant to the terms of this Agreement.

2.2 Within ten (10) business days after tender of the deposit submitted with the subscription or purchase agreement, ESCROW AGENT shall notify the purchaser of the deposit of such funds in the bank indicated in the offering plan, provide the account number, and disclose the initial interest rate.

3. RELEASE OF FUNDS.

3.1 ESCROW AGENT shall not release the escrowed funds of a defaulting purchaser until after consummation of the plan as defined in the Attorney General's regulations. Consummation of the plan shall not relieve SPONSOR of its fiduciary obligations pursuant to GBL Section 352-h.

3.2 ESCROW AGENT shall continue to hold the funds in escrow until otherwise directed in (a) a writing signed by both sponsor and purchaser or (b) a determination of the Attorney General or (c) a judgment or order of a court of competent jurisdiction or until released pursuant to the regulations of the Attorney General pertaining to release of escrowed funds.

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

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

3.5 All funds received by Sponsor for upgrades or extras will initially be placed in the Escrow Account. However such funds may be released from the Escrow Account by

the ESCROW AGENT upon request as long as the Sponsor uses the funds for such upgrades or extras. As a result, in the event a Purchaser is entitled to rescission, the Purchaser will not receive a refund of any funds used for upgrades or extras.

4. RECORD KEEPING.

4.1 ESCROW AGENT shall maintain all records concerning the escrow account for seven (7) years after release of the funds.

4.2 Upon the dissolution of a law firm which was ESCROW AGENT, the former partners or members of the firm shall make 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 agent, including any selling agent, shall immediately deliver all deposits and payments received by them prior to closing of an individual transaction to ESCROW AGENT.

6.2 SPONSOR agrees that it shall not interfere with ESCROW AGENT'S performance of

its fiduciary duties and compliance with the Attorney General's regulations.

7. TERMINATION OF AGREEMENT.

7.1 This Agreement shall remain in effect unless and until it is canceled, by either:

(a) Written notice given by SPONSOR to ESCROW AGENT of cancellation of designation of ESCROW AGENT to act in said capacity, which cancellation shall take effect only upon the filing of an amendment with the Department of Law providing for a successor ESCROW AGENT; or

(b) The resignation of ESCROW AGENT upon giving notice to SPONSOR of its desire to so resign, which resignation shall take effect only upon the filing of an amendment with the Department of Law providing for a successor ESCROW AGENT; or

(c) All shares or units offered pursuant to the plan have been sold and all sales transactions have been consummated.

7.2 Upon termination of the duties of ESCROW AGENT as described in paragraph 7.1 above, ESCROW AGENT shall deliver any and all funds held by it in escrow and any 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 circumstances is determined to be invalid or unenforceable, the remaining provisions of this Agreement or the application of such provision to other persons or to other circumstances shall not be affected thereby and shall be valid and enforceable to the fullest extent permitted by law.

12. ENTIRE AGREEMENT.

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

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

ESCROW AGENT:

Smith, Buss & Jacobs, LLP

By:_____

SPONSOR:

Gateway II, LLC

By:_____
Steven Gaetano, Manager

ETF-1

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:

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: _____

_____

2/6/92

The Uniform Land Use Review Procedure (ULURP)

Uniform Land Use Review Procedure | ULURP Rules

Prior to 1976, the City Planning Commission reviewed only applications related to zoning, the city map and urban renewal and housing. In 1976, the list of applications subject to Commission review was enlarged and now includes, pursuant to the City Charter enacted in 1989, those items described below. The Charter's intent in requiring ULURP was to establish a standardized procedure whereby applications affecting the land use of the city would be publicly reviewed. The Charter also established mandated time frames within which application review must take place. Key participants in the ULURP process are now the Department of City Planning (DCP) and the City Planning Commission (CPC), Community Boards, the Borough Presidents, the Borough Boards, the City Council and the Mayor.

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- Community Board Review
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- City Planning Commission Review
- City Council Review
- Mayoral Review

ULURP: diagram of the process

Related pages:

- ULURP Rules: as adopted by the City Planning Commission on June 27, 1990, as amended
- Land Use Review Applications: Instructions and forms for applications to the NYC Department of City Planning for approval of land use actions

The Evolution of ULURP

On November 4, 1975, the city's voters approved a new City Charter. Section 197-c of the new charter stated that "applications by any person or agency respecting the use, development, or improvement of real property subject to city regulation shall be reviewed pursuant to a uniform review procedure." That section further required the City Planning Commission to establish procedures for such review by June 1, 1976. On June 1, 1976, after a public review process, the Commission adopted these procedures, commonly known as ULURP. The procedures became applicable to applications filed with the City Planning Commission starting on July 1, 1976. Subsequent charter changes in 1989 (and consequent ULURP Rules changes) continued this process with changes to reflect the dissolution of the Board of Estimate and the assumption of land use powers by the City Council.

The establishment of ULURP reflected two trends underway in the 1950's and 1960's: the increasing involvement of the city's Community Boards in the development of the city and a substantial increase in community participation in many aspects of government. The boards originated in Manhattan in 1951, when Manhattan Borough President Robert F. Wagner established 12 Community Planning Councils, later known as Community Planning Boards. These boards were the city's first formal participatory vehicles for neighborhood groups. The planning councils were designed to advise the Borough President on local planning and budgetary matters. The other borough presidents created similar groups.

In the late 1960's, there was a significant upsurge in community participation, aided in part by a requirement of community participation in Federal programs such as Model Cities. In 1968, as required by the City Charter of 1963, the city was divided into 62 community districts and the role of community boards as advisors to the city government was statutorily established. Each board was given the responsibility for advising the City Planning Commission on "any matter relating to the development or welfare of its district." In 1968, Section 84 of the City Charter which established Community Planning Boards, was repealed and reenacted under Local Law 39. The law spelled out in greater detail the structure and power of the now renamed Community Boards. Local Law 39 required that city departments shall:

- refer to the community boards all matters requiring public hearings by furnishing their calendars or notices of meeting to the board chairman.
- note in their records the recommendations of community boards made at public hearings and the failure of community boards to make recommendations.
- notify the community boards of actions taken subsequent to public hearings.
- give the community boards such information necessary for their work which they shall require.

During the next decade, the boards gained stature as effective vehicles for the expression of local views on a wide variety of public issues, especially those related to land use.

The State Charter Revision Commission for New York City, established by legislation in 1972, viewed the boards as appropriate recipients of new responsibilities and duties in relation to land use and development and these were included in the new City Charter adopted by the voters on November 4, 1975. The city is now divided into 59 community districts, each represented by a Community Board with up to 50 members who live or work within the district. Board members, who serve without pay, are appointed by the Borough President, half on the recommendation of local City Council members.

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Actions Requiring ULURP

Section 197-c, subsection a of the City Charter makes the following actions subject to ULURP:

Changes to the City Map. The City Map is the official adopted map of the city. It shows the location, dimension and grades of streets, parks, public places and certain public easements. The Director of City Planning is the custodian of the City Map.

Mapping of subdivisions or platting of land into streets, avenues or Public Places. This section has not been used since 1976.

Designation or change of zoning districts. The Zoning Resolution guides the development of the city and includes regulations dealing with use, bulk and parking. Zoning districts and boundaries are shown on the zoning maps and identify the permitted use, density, height, setback, yard and other bulk regulations and parking

requirements for development on individual sites. Changes to the zoning maps, including district designations and boundaries are subject to ULURP. Amendments to the Zoning Resolution are not subject to ULURP but go through a similar public review process.

Special Permits within the Zoning Resolution requiring approval of the City Planning Commission (CPC). Special permits are discretionary approvals that can modify zoning controls such as use, bulk and parking. *(Note: CPC authorizations pursuant to the Zoning Resolution are not subject to ULURP. Variances and Special Permits reviewed by the Board of Standards and Appeals are also not subject to ULURP.)*

Site selection for capital projects. This includes the selection of sites for new city facilities such as sanitation garages, fire houses, libraries and sewage treatment plants. A capital project is the construction or acquisition of a public improvement classified as a capital asset of the City.

Revocable consents, requests for proposals and other solicitations or franchises, and major concessions. A ***franchise*** is a grant by an agency of a right to occupy or use the inalienable property of the city to provide a public service such as a private bus line or bus stop shelters. A ***revocable consent*** is a grant by the city, revocable at will, for private use on, over or under city property such as bridges over streets or street furniture. Revocable consents that the Department of City Planning has determined do not have land use impacts or implications are not subject to ULURP. *(Note: sidewalk cafes are revocable consents that are reviewed pursuant to a process established in the city's Administrative Code. The City Planning Commission does not review such applications).* A ***major concession*** is a grant made by an agency for the private use of city-owned property, and which has significant land use impacts and implications or which requires the preparation of an environmental impact statement. The City Planning Commission has established rules for determining if a concession is major and requires ULURP review.

Improvements in real property the costs of which are payable other than by the City. Applications for such non-city improvements are rarely made.

Housing and urban renewal plans and project pursuant to city, state and federal laws. Urban Renewal Plans developed pursuant to the General Municipal Law (Article 15) are required to be reviewed by the Charter and State Law.

Sanitary or waterfront landfills.

Disposition of city owned property. This includes sale, lease or exchange of real property.

Acquisition of real property by the city. Office space acquisition is excluded and subject to a separate review pursuant to Section 195 of the City Charter.

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ULURP Review Process

Filing of Application. An applicant must file a standardized Land Use Review Application and all required accompanying documentation with the Department of City Planning (DCP). Copies of all applications and accompanying material are sent to the affected Borough President, Community Board and the City Council within five business days of receipt. If the application involves land in more than one community district it is also sent to the appropriate borough board. The Borough Board is comprised of the Borough President, all

Community Board chairs and City Council members within the affected borough.

Certification. DCP is responsible for certifying that the application is complete, and ready for public review through the ULURP process.

An application cannot be certified until DCP determines that the application includes all forms, plans and supporting documents that are necessary to address all issues related to the application. If the particular application is subject to environmental review, a negative declaration or a conditional negative declaration or a notice of completion of a Draft Environmental Impact Statement must be issued before an application can be certified. There is no mandated time by which this pre-certification review must be completed. The Charter permits applicants or the affected Borough President to appeal to CPC for certification after six months from the date of application submission.

Certified applications are sent within nine days to the affected Community Board, Borough President and the City Council and if appropriate, to the Borough Board.

Community Board Review. Within sixty (60) days of receiving the certified application, the Community Board is required to hold a public hearing and adopt and submit a written recommendation to CPC, the applicant, the Borough President and when appropriate, the Borough Board. The ULURP rules include provisions relating to the notice and conduct of a Community Board public hearing. ULURP provisions also govern the quorum, vote and content for a Community Board recommendation. If a Community Board fails to act within its time limit or waives its right to act, the application proceeds to the next level of review.

Borough President Review. Within thirty (30) days of receipt of a Community Board recommendation, or if the Community Board fails to act, within thirty (30) days of the expiration of the Community Board's review period, the Borough President shall submit a written recommendation to the City Planning Commission. If an application involves land in more than one community district, the Borough Board may (within the Borough President's review period) also review and submit a recommendation to CPC. If the Borough President fails to act within the time limit, the application proceeds to CPC.

City Planning Commission Review. CPC must hold a public hearing and approve, approve with modifications or disapprove the application within 60 days of the expiration of the Borough President's review period. City Planning Commission hearings are generally held twice a month on Wednesdays in Spector Hall at 22 Reade Street. Adoption of a CPC report approving, modifying or disapproving an application requires an affirmative vote of seven commissioners. If the Borough President has recommended against an application for site selection, disposition of city owned property or acquisition and has recommended an alternative site pursuant to the fair share provisions of the Charter (section 204), then nine affirmative votes are required. CPC then files copies of its decision with the City Council. In most cases, disapproval of an application by CPC is final and terminates ULURP. Disapproved applications for urban renewal plans are subject to Council review. In addition, disapproved applications for special permits, zoning text changes and zoning map changes that the Mayor has certified as necessary are subject to review by the City Council. *(Note: No "certificate of necessity" has been issued by any mayor since ULURP went into effect).*

City Council Review. The City Council does not automatically review all ULURP actions that are approved by CPC. The Charter requires the Council to review certain actions, some only under special circumstances, and makes provision for the Council to elect to review other actions.

The City Council automatically reviews (Mandatory Review):

- zoning map changes;
- zoning text changes (not subject to ULURP but subject to Charter section 200 and

201);
- housing and urban renewal plans;
- disposition of residential buildings, except to non-profit companies for low-income housing

The Council may elect to review the following by voting to take jurisdiction within 20 days after CPC files its report (Council "call-up"):

- City Map changes;
- maps of subdivisions or plattings;
- zoning special permits;
- revocable consents, franchise RFP's, and major concessions;
- non-City public improvements;
- sanitary and waterfront landfills;
- disposition of commercial or vacant property;
- disposition of residential buildings to nonprofit companies for low-income housing;
- acquisition of real property; and
- site selection.

Applications disapproved by the Community Board and Borough President (Triple no):

An application which is subject to elective review by the Council, will be reviewed if that application was disapproved by the Community Board and Borough President, was approved or approved with modifications by the City Planning Commission, and the Borough President files an objection to CPC approval with the Council and CPC within 5 days of receipt of CPC's approval.

Within 50 days of receipt of the CPC report on an application that is either subject to mandatory review, is "called-up" by the Council, or is a "triple no" application, the Council must hold a public hearing, and approve, approve with modifications or disapprove the decision of the City Planning Commission.

If, during the course of its 50-day review period, the Council decides it wants to approve an application with a modification, it can do so only by referring the proposed modification back to CPC. CPC must then determine if the modification is of such significance that additional environmental review is necessary or that additional review pursuant to ULURP is required. If CPC determines that additional review is needed, the Council may not adopt the modification. If no additional review is needed, the Council can adopt the application with the modification. When the Council proposes a modification, CPC has 15 days to make its determination and during that period the City Council's 50-day clock is stopped.

A City Council action approving, approving with modifications or disapproving most CPC actions, requires a majority vote of the Council. Urban Renewal Plans that have been disapproved by CPC can only be approved by a 3/4 vote of the Council.

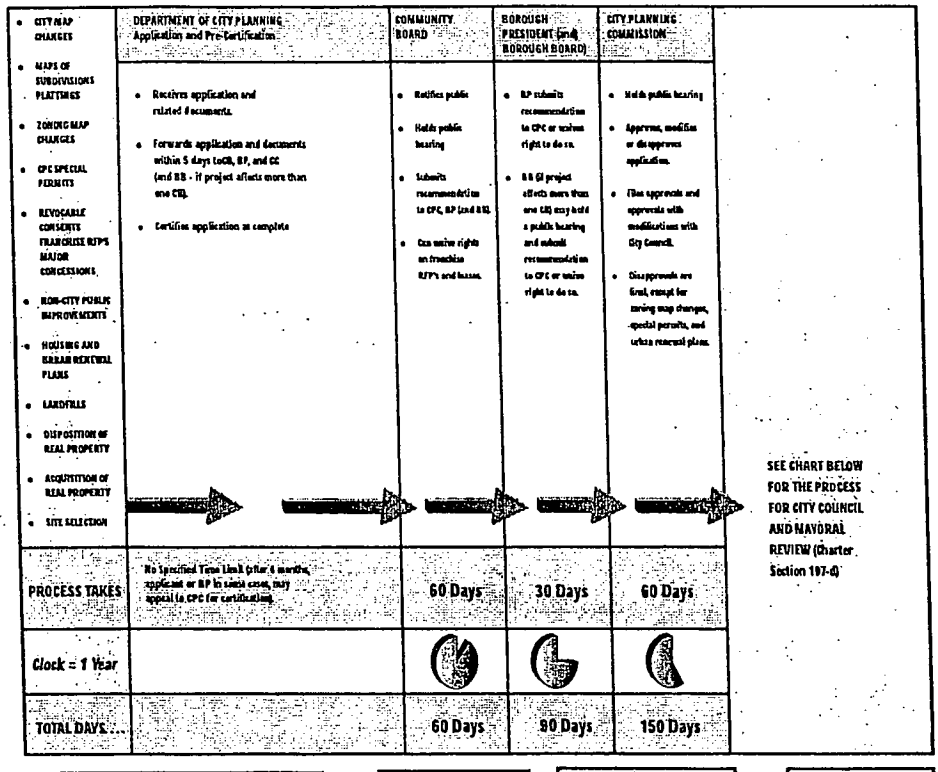
If the Council fails to act within its review period, the Council shall be deemed to have approved the decision of the City Planning Commission.

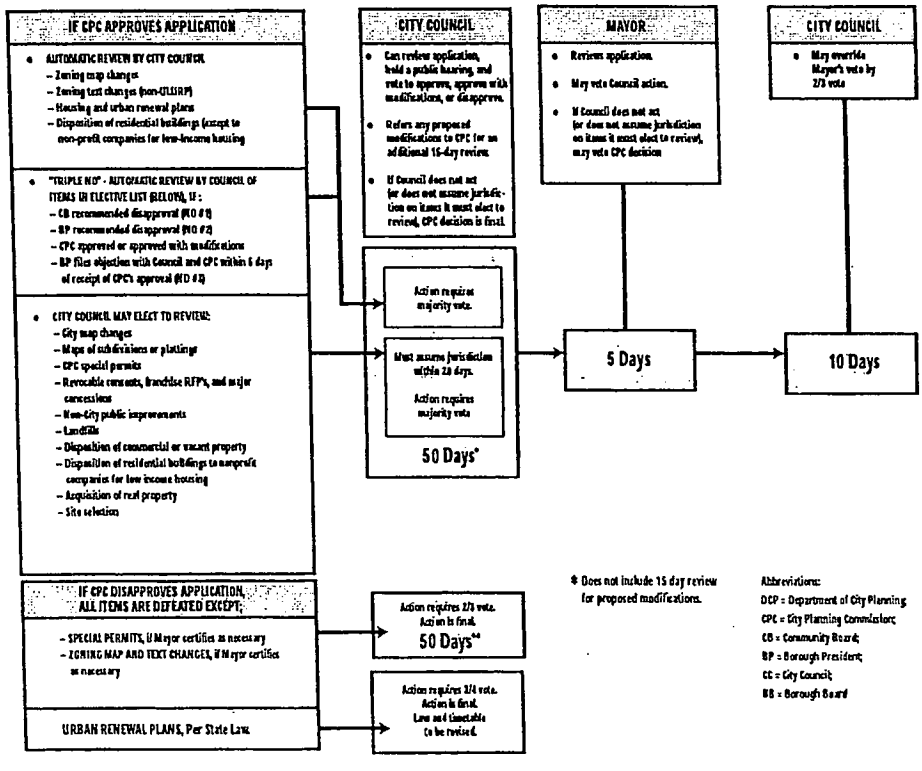
Mayoral Review. The Mayor can veto a council action within 5 days of the vote.

Applications approved by CPC that the Council did not assume jurisdiction or act on within its 50 day review can also be vetoed by the Mayor within 5 days of the expired Council time period. The Council, by a 2/3 majority, can override a Mayor veto of its decision within 10 days of the veto.

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UNIFORM LAND USE REVIEW PROCEDURE





Abbreviations: DCP = Department of City Planning; CPC = City Planning Commission; CB = Community Board; BP = Borough President; CC = City Council; BB = Borough Board

Sponsor's Certification

New York State Department of Law
120 Broadway
New York, New York 10271

Attention: Real Estate Financing Bureau

Re: **2098 Eighth Avenue**
New York, New York

Ladies and Gentlemen:

We are the sponsor and the principals of the 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 Attorney General in Part 20 and such other laws and regulations as may be applicable.

We have read the entire offering plan. We have investigated the facts set forth in the offering plan and the underlying facts. We have exercised due diligence to form a basis for this certification. We jointly and severally certify that the offering plan does, and that documents submitted hereafter by us which amend or supplement the offering plan will:

(i) set forth the detailed terms of the transaction and be complete, current and accurate;

(ii) afford potential investors, purchasers and participants an adequate basis upon which to found their judgment;

(iii) not omit any material fact;

(iv) not contain any untrue statement of a material fact;

(v) not contain any fraud, deception, concealment, suppression, false pretense or fictitious or pretended purchase or sale;

(vi) not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances; and

(vii) not contain any representation or statement which is false, where we: (a) knew the truth; (b)

with reasonable effort could have known the truth; (c) made no reasonable effort to ascertain the truth, or (d) did not have knowledge concerning the representations or statement made.

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

Sponsor: Gateway II, LLC

Sworn to before me this
24 day of February, 2004

By: Steven C. Gaetano, Manager

Lore Gaetano
Notary Public

Steven C. Gaetano (individually)

Sworn to before me this
24 day of February, 2004

By: Matthew Gaetano, Manager

Lore Gaetano
Notary Public

Matthew Gaetano (individually)

Sworn to before me this
24 day of February, 2004

By: Michael Gaetano, Manager

Lore Gaetano
Notary Public

Michael Gaetano (individually)

LORE GAETANO
Notary Public, State of New York
No. 4874854
Qualified in Westchester County
Commission Expires Oct. 27, 20 04

LPE ENGINEERING, P.C.

ENGINEER'S CERTIFICATION

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

RE: THE GATEWAY II CONDOMINIUM
2098 EIGHTH AVENUE
NEW YORK, NEW YORK

The sponsor of the offering plan to convert the captioned property to condominium ownership and retained our firm to prepare a report describing the renovation and construction of the property (the "Report"). Our firm visually inspected existing portions of the renovated property, if any, on February 5, 2004. I reviewed the building plans and specifications relating to the renovation which were approved as of February 3, 2003 and prepared the Report dated March 1, 2004, a copy of which is intended to be incorporated into the offering plan so that prospective purchasers may rely on the Report. Since the new construction portion of the development has not begun as of the date hereof, I have not conducted an inspection of such new construction.

I am a registered engineer in the State in which the property is located.

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 (the aspects of the property discussed in the addendum) 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 (the aspects of the property discussed in the addendum) 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;

141 WEST 36TH STREET, SUITE 1801, NEW YORK, NY 10018
P 212.564.8531 F 212.564.8534
626 WEST 165TH STREET, NEW YORK, NY 10032
P 212.568.6437 F 212.568.5763

(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; and

(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 representation 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 guarantee or warranty of the physical condition of the property.

LPE Engineering, P.C.

By: Lynn Levine

Sworn to before me this
4th day of March, 2004

Notary Public

JOSHUA P. RUBIN
Notary Public, State of New York
No. 31-4927336
Qualified in New York County
Commission Expires April 25, 2006

GAETANO AND ASSOCIATES, INC.

DEVELOPERS - MANAGERS - CONSTRUCTION CONSULTANTS - RESIDENTIAL - COMMERCIAL - INDUSTRIAL - DESIGN BUILD

400 EXECUTIVE BLVD. SUITE 202, OSSINING, NY 10562
PHONE: (914) 944-9200 FAX: (914) 944-4911 WEB: WWW.GDA-INC.COM

ARCHITECT'S CERTIFICATION

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

RE: THE GATEWAY II CONDOMINIUM
2098 EIGHTH AVENUE
NEW YORK, NEW YORK

The sponsor of the offering plan to convert the captioned property to condominium ownership retained our firm to prepare a report describing the renovation and construction of the property (the "Report"). Our firm visually inspected existing portions of the renovated property, if any, on June 5, 2002. I prepared the building plans and specifications relating to the renovation which were approved as of February 3, 2003 and I reviewed the Report, dated March 1, 2004, from LPE Engineering, P.C. Since the new construction portion of the development has not begun as of the date hereof, I have not conducted an inspection of such new construction.

I am a registered architect in the State in which the property is located and I am a principal of the sponsor, Gateway II LLC.

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 construction, provided that renovation and 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 construction, provided that renovation and 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; and

(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 representation or statement made.

This statement is not intended as a guarantee or warranty of the physical condition of the property.

Steven C. Gaetano Architect, P.C.

By: Steven C. Gaetano, AIA

Sworn to before me this
29 day of March, 2004

Notary Public

LORE GAETANO
Notary Public, State of New York
No. 4874854
Qualified in Westchester County
Commission Expires Oct. 27, 20 04

HALSTEAD

CERTIFICATION OF EXPERT

ADEQUACY OF BUDGET

Re: The Gateway II Condominium
2098 Eighth Avenue
New York, New York

The sponsor of the condominium offering plan for the captioned property retained my firm to review or prepare Schedule(s) B-1, B-2 and B-3 containing projections of income and expenses for the first year of condominium operation. My experience in this field is as follows:

As a licensed Real Estate Broker with Halstead Property, LLC. and The Executive Director of Sales, I have been involved with the management and development of over 20 residential properties in the New York Area; I have been involved with the management of each of these properties for a minimum period of two years. My other relevant Real Estate experience and qualifications include: Membership in The Real Estate Board of New York where I just finished a two-year term as chairperson of the Ethic Committee and currently chair the Downtown Committee, and a 6 year term as President of the Downtown Brokers Association and have held a New York State Brokers License for over 13 years. Halstead Property was founded in 1984 and has managed rental and condominium buildings in New York City for the past 3 years.

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 Schedule(s) B-1, B-2 and B-3.

I have reviewed the Schedule(s) and investigated the facts set forth in the Schedule(s) and the facts underlying it with due diligence in order to form a basis for this certification. I have also relied on my experience in managing residential buildings.

I certify that the projections in Schedule(s) B-1, B-2 and B-3 appear reasonable and adequate under existing circumstances, and the projected income appears to be sufficient to meet the anticipated operating expenses for the projected first year of condominium operation

I certify that the Schedule(s):

(i) sets forth in detail the projected income and expenses for the first year of condominium operation;

SoHo: 451 West Broadway, New York, NY 10012 212-475-4200 Fax: 212-614-0430
Eastside: 1356 Third Avenue, New York, NY 10021 212-734-0010 • Westside: 408 Columbus Avenue, New York, NY 10024 212-769-3000
Greenwich Village: 784 Broadway, New York, NY 10003 212-253-9300 • Midtown: 770 Lexington Avenue, New York, NY 10021 212-517-7800
www.halstead.com

(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; and

(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 representation or statement made.

I further certify that I am not owned or controlled by the sponsor. I understand that a copy of this certification is intended to be incorporated into the offering plan. This statement is not intended as a guarantee or warranty of the income and expenses for the first or second year of condominium operation.

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

Halstead Property, LLC,
Licensed Real Estate Broker

Stephen G. Kliegerman
Executive Director of Sales

Sworn to before me
this 29th day of March, 2004

Notary Public

FRANK CAMERA
NOTARY PUBLIC, STATE OF NEW YORK
No. 01CA6072473
QUALIFIED IN KINGS COUNTY
MY COMMISSION EXPIRES APRIL 8, 2006

HALSTEAD

CERTIFICATION BY EXPERT ON ADEQUACY OF COMMON CHARGES PAYABLE BY NON-RESIDENTIAL UNIT OWNERS PURSUANT TO SECTION 20.4 (e) OF THE REGULATIONS ISSUED PURSUANT TO GENERAL BUSINESS LAW ARTICLE 23A, AS AMENDED

New York State Department of Law
120 Broadway, 23rd Floor
New York, New York 10271

RE: The Gateway II Condominium
2098 Eighth Avenue
NEW YORK, NEW YORK

The undersigned certifies as follows:

The Sponsor of the condominium Offering Plan for the captioned property retained our firm, The Halstead Property Company, to review Schedule B-1 and B-2, which includes projections of common charges payable by the owners of the retail unit hereinafter the "Non-Residential Units."

Our firm is in the real estate management and brokerage business for a period in excess of Ten (10) years. We currently manage and in the past managed residential brownstone and conventional elevator or non-elevator apartment buildings, which are either operated in the cooperative or condominium form of ownership or as rental properties. We also manage commercial property. Some of the properties that we manage or have managed are as follows:

451 West Broadway, New York, New York (Cooperative) – 10 Residential Units and 2 Commercial Spaces.

18 Orchard Street, New York, New York (Condominium) – 5 Residential Units and 1 Commercial Space.

22 East 10th Street, New York, New York (Apartment Building) – 5 Residential Units.

35 West 11th Street, New York, New York (Apartment Building) – 5 Residential Units.

42-44 Grand Street, New York, New York (Apartment Building) – 16 Residential Units and 1 Commercial Space.

We understand that we are responsible for complying with Article 23-A of the General Business Law and the regulations promulgated by the Department of Law in Part 20 insofar as they are applicable to the Non-Residential Units listed in Schedule A.

We have reviewed the Schedules as they impact upon the Non-Residential Units and investigated the facts underlying them with due diligence in order to form a basis for this certification. We also have relied on our experience in managing residential and commercial buildings, including residential buildings, which contain commercial and professional space.

We certify that the projections in Schedule B for common charges payable by the owners of the Non-Residential Units appear reasonable and adequate under existing circumstance to meet the anticipated operating expenses fairly attributable to such Non-Residential Units for the projected first year of condominium operation, and that the allocation of common charges attributable to the Non-Residential Units also reflects special or exclusive use or availability or exclusive control or particular common areas as set forth in the Offering Plan.

We certify that the estimates in Schedule B for the common charges payable by the owners of the Non-Residential Units:

(i) set forth in detail the projected common charges for the Non-Residential Units 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 owners of the Non-Residential Units;

(iii) do not omit any material fact;

(iv) do not contain any untrue statement of a material facts;

(v) do not contain any fraud, deception, concealment, or suppression;

(vi) do not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;

(vi) do not contain any representation or statement which is false, where we:

(a) knew the truth;

(b) with reasonable effort could have known the truth;

(c) made no reasonable effort to ascertain the truth; or

(d) did not have knowledge concerning the representation or statement made.

We further certify that we are not owned or controlled by the sponsor. We understand that a copy of this certification is intended to be incorporated into the Offering Plan. This statement is not intended as a guarantee or warranty of the common charges attributable to the Non-Residential Units for the first year of condominium operation.

This certification 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.

By: _____
Stephen G. Kliegerman
Director of Downtown Sales
Property Manager

Sworn to before me this
29th Day of March, 2005

Notary Public

FRANK CAMERA
NOTARY PUBLIC, STATE OF NEW YORK
No. 01CA6072473
QUALIFIED IN KINGS COUNTY
MY COMMISSION EXPIRES APRIL 8, 2006

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