THIS IS AN EVICTION PLAN. SEE PAGE 56. NON–PURCHASING TENANTS OTHER THAN ELIGIBLE SENIOR CITIZENS AND ELIGIBLE DISABLED PERSONS WILL BE EVICTED.

CONDOMINIUM OFFERING PLAN

PENNYFIELD ESTATES II CONDOMINIUM

PENNYFIELD ESTATES II CONDOMINIUM
24 PENNYFIELD AVENUE
BRONX, NEW YORK 10465
FIFTEEN (15) RESIDENTIAL UNITS ARE OFFERED FOR SALE

Total Purchase Price of 15 Residential Units (1)*	$6,522,000.00
Working Capital Fund (2)	$ 7,395.00
Reserve Fund *	$ 195,660.00

*Based upon the sale of all Units to Non-Tenant Purchasers

Name and Address of Sponsor:	*Name and Address of Selling Agent:*
PENNYFIELD PROPERTIES LLC 1512 Stillwell Avenue Bronx, NY 10461	ARGYLE REALTY ASSOCIATES LLC. 151 Broadway Hawthorne, New York 10532

(1) Prices for the Units may be changed so that Purchasers may pay different prices for similar interests (See Part I, Section G, entitled *Changes in Prices and Units*.).

(2) Subject to closing adjustments in favor of Sponsor. (See Part I, Section Z, entitled *"Working Capital Fund."*)

The date of acceptance for filing is August 1, 2006 (the "Acceptance Date"). The term of the initial offering is twelve (12) months commencing on the Acceptance Date. The term may be extended by duly filed amendment to the Offering Plan.

SEE PAGE (iii) FOR SPECIAL RISKS TO PURCHASERS.

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

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SPECIAL RISKS

1. The Sponsor will retain control over certain expenditures and fiscal actions of the Board of Managers of the Condominium for a period ending not more than five (5) years after the closing of the first Unit or whenever the unsold Units constitute less than twenty-five (25%) percent of the common interest, whichever is shorter. During this period, the Sponsor will have control of maintenance, facilities and services to be provided and will determine the common charges to be paid by all Unit Owners, including the Sponsor and the enforcement of the Sponsor's obligations. In addition, the Sponsor will retain control of the Board of Managers of the Condominium until 95% of the Units in the Condominium are closed. During this indefinite period, Sponsor will have the right to control all decisions including but not limited to expenses, management, improvements to common elements, employees and easements. The Sponsor has the right, pursuant to the terms of this Offering Plan to not sell the last Unit(s) and may indefinitely rent the Units. Purchasers should also note that during the period of time the Sponsor retains a majority of the Board of Managers, the Unit Owners individually will not be able to enforce Sponsor's obligations. Such obligations may, however, be enforced by the Board of Managers if the Sponsor controlled Board agrees to such enforcement.

2. The Declaration and By-Laws provide that the written consent of the Board of Managers are required prior to a Unit Owner making an alteration that would affect the structural soundness of the Building. This provision does not apply to the Sponsor as it pertains to the initial construction of the Condominium or any work required to correct a problem raised in a warranty claim.

3. A Purchaser shall be required to pay certain costs and adjustments at closing, including New York State Real Estate Transfer Taxes at the rate of $4.00 per $1,000 of consideration and New York City Transfer Tax of 1% of the purchase price for all Units less than $500,000 and 1.425% if the Unit is more than $500,000. Such taxes are additional consideration on which tax is calculated.

4. Purchasers should note that in the current real estate market, certain banks and other lenders are imposing various restrictions on loans. Such restrictions include requiring that a certain percentage (such as 25%) of the Units in a condominium be sold before the lender will consider making a loan. This, 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 and difficulty in reselling their Unit.

5. Pursuant to existing law and regulation, the Sponsor may declare the Plan effective by selling a minimum of fifty one (51%) percent of the Units in the Condominium. Even if the Plan is declared effective with a minimum number of sales, it is possible that the Sponsor may be able to convert the property to condominium ownership with fewer than the minimum number of sales, if purchasers counted towards effectiveness do not ultimately purchase a Home.

6. Purchasers should note that this development is eligible for a tax abatement from the New York Department of Housing Preservation and Development ("HPD") pursuant to the provisions of Section 421-a of the Real Property Tax Law of the State of New York ("RPTL").

Under Section 421-a of the State of New York Real Property Law ("RPTL"), the Units shall be exempt from taxation for local purposes; other than assessments for local improvements and exempt for the portions of the buildings, if any, which are non-residential and which exceed twelve (12%) percent of the aggregate residential space; for a period not to exceed fifteen (15) years. The real estate taxes on the Units (but not of the previous land and improvements) would be partially exempted during the fifteen (15) year declining period, as set forth below.

Year	Percentage Exemption on Improvements
1	100%
2	100%
3	100%
4	100%
5	100%
6	100%
7	100%
8	100%
9	100%
10	100%
11	100%
12	80%
13	60%
14	40%
15	20%
16	0%

As of the date of this Offering Plan the development has been granted a conditional certificate of eligibility under Section 421-a of the RPTL The Sponsor fully expects that a permanent certificate of eligibility will be obtained in the normal course of business and knows of no reason why such a permanent certificate will not be issued.. However, in the event such certificate is denied, the Property and Units will be taxed at the full rate then in effect.

7. Purchasers should note that deposits in excess of $100,000.00 will not be Federally insured under current guidelines set forth by the Federal Deposit Insurance Corporation.

8. "Time is of the essence" with regard to certain obligations of the Purchaser under the Purchase Agreement, specifically with respect to Purchase's obligation to close title on a specified date and also with respect to Purchaser's obligations to cure defaults (see Part I, Section M of the Plan, entitled "Procedure to Purchase").

9. The Sponsor is reserving the right to rent rather than sell units as they become vacant after 51% of the Units offered for sale have been sold to bona fide purchasers.

10. Since the property is in close proximity to the waterfront, the risk of flooding must be considered. In addition, because the cellar in which the Laundry room is located is below the level of the base plane elevation, the possibility of water seepage must also be measured. To date, a small amount of seepage has been noticed coming up between the tile joints on the floor.

SEE INSTRUCTION SHEET ON REVERSE BEFORE COMPLETING THIS FORM

SENIOR CITIZEN FORM

For use in New York City which is subject to GBL Section 352-eeee, an eviction plans in New York City, and municipalities in New York State which have adopted GBL Section 352-e(2-a).

NAME: _____

ADDRESS: _____ **APT.#** _____

_____

I elect not to purchase my apartment under the offering plan for conversion of the building to a cooperative or condominium.

I certify that:

1. **I am a tenant of the apartment listed above.**

2. **I or my spouse was 62 years of age or older on the date the Department of Law accepted the offering plan for filing.**

I understand that this senior citizen election does not preclude me from my apartment at a later date.

The above statements are true to the best of my knowledge and understanding.

SIGNED: _____

Sworn to before me this
_____ day of _____, 19____

_____
NOTARY PUBLIC

Receipt acknowledged and copy given to tenant.

SPONSOR/AGENT: _____ **DATE:** _____

FORM SH-1 (Rev. 3/89)

INSTRUCTION FOR COMPLETING SENIOR CITIZEN ELECTION FORM

State law provides that tenants who are "eligible senior citizens" cannot be evicted because they did not buy their apartments.

TO QUALIFY AS AN "ELIGIBLE SENIOR CITIZEN", (1) you must be a tenant, or the spouse of a tenant and (2) you must have been 62 years of age or older on the date the Department of Law "accepted the offering plan for filing" and (3) you must complete this election form and return it to the sponsor within 60 days of the date you first received the offering plan.

Who Is Considered A Tenant?

A tenant for purposes of this form is a person who has signed a lease or, the husband or a wife of a person who has signed a lease.

Date offering Plan Was Accepted For Filing

The approximate date the Department of Law "accepted the offering plan for filing" is printed on the front cover of the offering plan. You must have been 62 years of age or older on the filing date to qualify.

Return This Form Within 60 Days

You must complete and return this form within 60 days of the date you first received the offering plan. Return the form either by delivering it to the sponsor or the sponsor's selling agent at the location specification in the plan, or by mailing it by certified or registered mail, return receipt requested, to the sponsor or selling agent at the address specified in the plan.

WARNING: FAILURE TO RETURN THIS FORM WITHIN 60 DAYS COULD ULTIMATELY RESULT IN YOUR BEING EVICTED!

- Be sure to sign the form before a Notary Public

THE SPONSOR MAY DISPUTE YOUR ELIGIBILITY

The law allows the sponsor to dispute your eligibility as an "eligible senior citizen". In order to do so, the sponsor must apply to the Department of Law for an eligibility determination within 30 days after the sponsor receives your election form. In case of a dispute, the Department of Law has 30 days to determine your eligibility. If your eligibility is disputed, you will be notified by the Department of Law and given the opportunity to defend your eligibility.

SEE INSTRUCTION SHEET ON REVERSE BEFORE COMPLETING THIS FORM

DISABLED PERSON ELECTION FORM

For use in New York City which is subject to GBL Section 352-eeee, and for use in municipalities in Nassau, Rockland and Westchester Counties which have adopted GBL Section 352-eee, and to use in municipalities in the State of New York which have adopted GBL Section 352-e(2-a).

NAME: _____

ADDRESS: _____ **APT.#** _____

_____

I elect not to purchase my apartment under the offering plan for conversion of the building to a cooperative or condominium.

I certify that:

1. **I am a tenant of the apartment listed above.**

2. **I have an impairment which results from anatomical, physiological or psychological conditions (other than an addiction to alcohol, gambling, or any controlled substance) which (1) is demonstrable by medically acceptable clinical and laboratory diagnostic techniques, (2) is expected to be permanent, and (3) prevents me from engaging in any substantial gainful employment.**

I understand that this disabled person election does not preclude me from purchasing my apartment at a later date.

The above statements are true to the best of my knowledge and understanding.

Sworn to before me this
_____ day of _____, 19____

SIGNED: _____

_____
NOTARY PUBLIC

Receipt acknowledged, and copy given to tenant.

SPONSOR/AGENT: _____ **DATE:** _____

FORM SH-2 (Rev. 10/88)

INSTRUCTION FOR COMPLETING DISABLED PERSON ELECTION FORM

State law provides that tenants who are "ELIGIBLE DISABLED PERSONS" cannot be evicted because they did not purchase their apartments.

To qualify as an "ELIGIBLE DISABLED PERSON", (1) you must be a tenant, (2) you must have a disability as defined on the reverse side of this form, and (3) you must complete the form and return it to the sponsor within 60 days.

Who Is Considered A Tenant?

A tenant for purposes of this form is a person who has signed a lease or, the husband or a wife of a person who has signed a lease.

This Form Must Be Returned To The Sponsor

If you were disabled when you first received the offering plan, you must complete and return this form to the sponsor not more than 60 days later. However, if your disability first occurred after you received the offering plan, then this election may be made up to 60 days after the disability first occurred (unless after the first 60 days but before your election the sponsor has accepted a written agreement to purchase your apartment from a "bona fide" purchaser).

Return the form either by delivering it to the sponsor or the sponsor's selling agent at the location specified in the plan, or by mailing it by certified or registered mail, return receipt requested, to the sponsor or selling agent at the address specified in the plan.

WARNING: FAILURE TO RETURN THIS FORM WITHIN 60 DAYS COULD ULTIMATELY RESULT IN YOUR BEING EVICTED!

- Be sure to sign the form before a Notary Public

THE SPONSOR MAY DISPUTE YOUR ELIGIBILITY

The law allows the sponsor to dispute your eligibility as an "eligible disabled person". In order to do so, the sponsor must apply to the Department of Law for an eligibility determination within 30 days after the sponsor receives your election form. In case of a dispute, the Department of Law has 30 days to determine your eligibility. If your eligibility is disputed, you will be notified by the Department of Law and given the opportunity to defend your eligibility.

A. INTRODUCTION

Nature of the Transaction

Sponsor presents this Offering Plan (the "Plan") for condominium ownership of the Property. The purpose of the Plan is to set forth all the material terms and conditions of the offer to purchase. The Plan may be amended from time to time when an amendment is filed with the New York State Department of Law, and served upon Purchasers under Purchase Agreements and Unit Owners. The Condominium shall be known as the "Pennyfield Estates II Condominium" and is hereinafter referred to as the "Condominium." The Condominium is organized under and shall be subject to Article 9-B of the Real Property Law of the State of New York (the "Condominium Act"). The Condominium will consist of fifteen (15) Residential Units.

Pennyfield Properties LLC (the "Sponsor"), a New York limited liability company acquired fee title to the Building at 24 Pennyfield Avenue, Bronx, New York (the "Building") and the land on which the Building is situated (the "Land") on October 22, 2004. The Land and Building are hereinafter collectively referred to as the "Property." The Property was acquired from an affiliate of the Sponsor.

All capitalized terms used in Part I of this Plan without definitions are defined below in the subsection entitled "Certain Definitions".

The Offer

Sponsor hereby offers fifteen (15) Residential Units (as defined in this Plan) for sale under this Plan.

The purchase prices and estimated Common Charges for the Units offered under the Plan are listed in "Schedule A - Offering Prices and Related Information."

Features of Condominium Ownership

Ownership of a Condominium Unit is similar in many respects to ownership of a private home. The owner of each Unit (a "Unit Owner") has legal (fee) title to his Unit and is entitled to the exclusive possession thereof. The Unit Owner is entitled to use the Unit as allowed by the permanent certificate of occupancy. Purchasers of Units shall be entitled to the exclusive possession thereof from and after the closing under their Purchase Agreements. Units may be owned by individuals, partnerships, corporations, trusts, estates, sovereign governments, consulates or other entities capable of owning legal title to real property.

Each Unit Owner will own, in common with all other Unit Owners, an undivided percentage interest in all common areas (the "Common Elements") and the installations, equipment, apparatus and facilities contained in such areas or elsewhere in the Property

(collectively called "Facilities") other than within the Units themselves. The Common Elements include, among other things, the Land and the foundations and supports of the Buildings, the exterior walls, common hallways and vestibules, the roof (including its structure and surface material, but not rights of access and use), the basement (consisting of the laundry room, boiler room and mechanical room), laundry room (approx. 12' x 20') the boiler room (approx. 25' x 15'), the mechanical room (approx 12' x 5'), parking lot, the paved areas outside of the Building, the heating equipment, mechanical rooms (for meters, water supply pumps and boosters, and other mechanical equipment), and any corridor to and from each room containing the Building's mechanical equipment all of which are General Common Elements. The Common Elements also include the Limited Common Elements (for example, the terraces and yards). (See "B. Description of Property and Improvements, " in Part I and "Document No. 7: Declaration of Condominium" in Part II of this Plan for further details.)

The laundry room consists of three (3) washing machines and four (4) clothes dryers and is located in the basement of the building. There is no storage space in the building nor are there any amenities available to the unit owners. All vehicle parking is located in an outdoor paved parking area located on the premises. There is no indoor parking available to unit owners nor are there any grassy areas or sitting areas. There is a concrete walkway around the perimeter of the building affording unit owners access to the building entrance.

Each Unit Owner shall be required to pay Common Charges in accordance with the N.Y. Condominium Act (Real Property Law § 339-i). Each Unit Owner's Common Charges represent such Owner's proportionate share (as reflected in the percentage Common Interest allocated to the Unit) of the annual costs of operating and maintaining the Property. Each Unit Owner shall be obligated to comply with the requirements of the Declaration, the By-Laws and the Rules and Regulations of the Condominium, which appear in Part II of this Plan, and with such other requirements as the Board of Managers may, from time to time, establish.

Each Unit Owner may freely mortgage his Unit with such lender and in such amount as he chooses, subject only to compliance with certain notice requirements contained in the Condominium's By-Laws. Sponsor or its designee, as the owner of any Unsold Unit, is exempted from certain of these requirements. (See "U. Rights and Obligations of Unit Owners and Board of Managers; Mortgages of Units" for further discussion). Each Unit is separate and is not subject to the lien of any mortgage placed on other Units. Pursuant to a statute passed in 1997 (Real Property Law §339-jj), the Condominium Board may, on behalf of the Unit Owners, incur debt, provided that the power to borrow money is granted to the Condominium Board by either the Declaration or the By-Laws, subject to any limitations set forth therein, and provided also: (a) that debt may not be incurred until not earlier than the fifth anniversary after the First Closing and (b) the borrowing of money to provide for major and minor maintenance, repairs, additions, improvements, replacements, working capital, bad debt and unpaid common expenses, depreciation, obsolescence and similar purposes and may, among other things, assign its right to receive common charges, create a security interest in its right to receive

common charges, and increase the amount of common charges payable by each Unit Owner in order to repay the debt.

Following the creation of the Condominium, the City of New York will separately assess each Unit for real estate taxes. Each Unit Owner will be solely responsible for the payment of all real estate taxes and assessments on his own Unit. However, the Units benefit from a tax abatement provided by the City of New York, and will be exempt from all real estate taxes attributable to the property improvements during the first year of condominium operation of the property and for a period of time thereafter. Tax abatement benefits are scheduled to expire in approximately fifteen (15) years (See Special Risks Section of the Plan for a Schedule of tax abatement benefits).

Once the Units are separately assessed and taxed, no Unit Owner will be liable for the payment of, and no Unit will be subject to, any lien arising out of the non-payment of real estate taxes or assessments levied against any other Unit in the Building.

Each Unit Owner can sell or lease his Unit, subject to prior notice to the Condominium Board and its right of first refusal. The right of first refusal entitles the Condominium Board to match any bona-fide offer made for the sale or lease of a unit and to purchase it at such price. However, this match-offer right is not applicable to Units occupied by the Sponsor's designee, which may be sold or leased without being offered to the Condominium Board. (See "U. Rights and Obligations of Unit Owners: Sales and Leases of Units" for further discussion.) In no event shall any Unit be leased for a period of less than one (1) year (except to a member of such Unit Owner's immediate family or to the Purchaser thereof under an interim lease or occupancy agreement).

The Unsold Units (i.e., Units owned by the Sponsor) may be used for any lawful purpose, including, without limitation, as model Units or for a sales office or an office for the leasing or renting of any or all of the Units. (See "U. Rights and Obligations of Unit Owners; Restrictions on the Use of Units" for further discussion). Any subsequent transferee of a Unit is required to use his Unit in accordance with all applicable laws and the Declaration and By-Laws as set forth herein.

Each Unit Owner may decorate the interior of his Unit in any manner that he desires, subject to compliance with the Condominium's By-Laws and the Rules and Regulations promulgated pursuant thereto, and he will be solely responsible for the cost and expense of maintaining, repairing and painting his Unit. The Condominium Board shall, in general, be responsible for all maintenance and repairs in or to the Common Elements. (See "U. Rights and Obligations of Unit Owners; Repairs to, and Maintenance of, Units and Common Elements").

In addition, each Unit Owner will be responsible for the cost of any insurance covering (i) his furniture, belongings, equipment and other personal property and (ii) liability to others for personal injury or property damage as a result of occurrences in his Unit. There is no requirement that such insurance be purchased by the Unit Owner, but the Condominium Board will not purchase insurance for such purposes.

The Condominium Board will, from time to time and in accordance with the Condominium Act (Real Property Law Article 9-B, and other applicable state and local laws), assess all Unit Owners, charges ("Common Charges") for, among other things, the cost and expense of operating, maintaining and repairing the Common Elements (the "Common Expenses"). Each Unit Owner will be solely responsible for the payment of all Common Expenses assessed against his Unit. (See "U. Rights and Obligations of Unit Owners; Common Charges, Assessments, Collection and Lien for Non-Payment," for further discussion).

In accordance with Section 339-i(1)(iv) of the Real Property Law, the undivided percentage interest of each Unit in the Common Elements (the "Common Interest" of such Unit) has been determined based upon the floor space, subject to the location of such space and the additional factors of relative value to other space in the Condominium, the uniqueness of the Unit, the availability of Common Elements for exclusive or shared use, and the overall dimensions of the particular Unit. The aggregate Common Interest of all of the Units equals one hundred (100%) percent. Each Unit's Common Interest and the projected Common Charges that will be payable by the owner of each Unit during the first year of condominium operation of the Property are listed in "Schedule A-Offering Prices and Related Information."

The affairs of the Condominium shall be governed by the Condominium Board, which shall consist initially of three (3) members designated by Sponsor. At the first meeting of the Unit Owners, which will be held within sixty (60) days after the earlier to occur of (A) the closing of title to Units whose aggregate Common Interests exceed fifty (50%) percent or (B) twelve (12) months after the First Closing, the three (3) member Condominium Board shall resign in favor of a new, five (5) member Board comprised of three members selected by the Sponsor and two elected by the Purchasers of Units under the Plan. This five member Board will remain in control until the next annual meeting of the Unit Owners. Each Unit Owner delegates to the Board (by virtue of the Power of Attorney) the power and authority to manage the business of the Condominium.

A detailed description of the Property and Building Condition, prepared by Antonio Freda, AIA, is reproduced in Document No.6 in Part II of this Plan and should be reviewed carefully by prospective Purchasers.

The agreement to purchase a Unit is called a "Purchase Agreement," the form of which is reproduced as Document No. 1 in Part ll. The terms of sale of Units as well as the procedure to purchase the same are summarized below in the sections entitled "M. Procedure to Purchase" and "P. Terms of Sale." The Sponsor represents that no contracts or agreements have been entered into and no deposits or advances of funds have been accepted as of the date the Plan is accepted for filing by the Department of Law.

The form of Unit Owner's Power of Attorney that each Unit Owner will be required to give to the Condominium Board and to the Sponsor pursuant to the terms of the By-Laws, and the form of Deed that will be given to Purchasers of Units, are reproduced in Part II as Documents 3 and 4, respectively. As described in the "Special Risks" section of this Plan, the Power of Attorney gives to either the Condominium

Board or the Sponsor certain powers after the condominium regime is established in the Building which may affect each Unit Owner's rights.

The affairs of the Condominium are governed by the Condominium Board. Each Unit Owner votes for the members of the Condominium Board and delegates to such Board (by virtue of the Power of Attorney) the power and authority to manage the business of the Condominium.

The Declaration of the Condominium (the "Declaration"), which is the document that legally establishes condominium ownership of the Property, and the By-Laws of the Condominium (the "By-Laws"), which govern the operation of the Condominium and to which are annexed the Rules and Regulations of the Condominium (the "Rules and Regulations"), are reproduced in full in Part II as Documents 7 and 8 respectively. Each Unit Owner is obligated to comply with the Declaration, the By-Laws, the Rules and Regulations and all other requirements and directives established by the Board of Managers.

The opinion of James A. Cartelli, Esq., counsel to Sponsor, concerning certain income tax consequences of this Plan as to both the Condominium Board and the Unit Owners is summarized below in the section entitled "Taxes - Deductions to Unit Owners and Tax Status of Condominium" and is reproduced in full below.

Effective November 5, 2004, owners of Class A multiple dwellings in New York City, which include condominium units, must install carbon monoxide detectors. This law requires owners of residential condominium units to maintain those detectors.

Each of the 15 Units offered for sale is subject to the provisions of the Rent Stabilization Law. Upon the expiration of tax abatement benefits, the provisions of the Rent Stabilization Law will no longer apply to the Units.

Non-purchasing tenants may be evicted by application of the provisions of General Business Law Section 352-eeee after the expiration of their lease term. (See Section J. of the Plan entitled "Rights of Existing Tenants").

THIS OFFERING PLAN, INCLUDING ALL SCHEDULES, ALL OF THE DOCUMENTS REPRODUCED IN PART II OF THE PLAN AS WELL AS PARTS A, B, C and D OF THE EXHIBITS SUBM1TTED TO THE DEPARTMENT OF LAW PURSUANT TO PART 23 OF ITS REGULATIONS, CONSTITUTES THE SPONSOR'S ENTIRE OFFER, WHICH IS SUBJECT TO THE REQUIREMENTS AND SANCTIONS OF ARTICLE 23-A OF THE GENERAL BUSINESS LAW. COPIES OF THE PLAN AND PARTS A, B, C AND D OF THE EXHIBITS WILL BE AVAILABLE FOR INSPECTION BY PROSPECTIVE PURCHASERS WITHOUT CHARGE AT THE OFFICE OF THE SELLING AGENT OR AT THE BUILDING'S SALES OFFICE, AS WELL AS FOR INSPECTION AND COPYING AT A REASONABLE CHARGE AT THE NEW YORK STATE DEPARTMENT OF LAW.

The initial offering prices and estimated Common Charges for each Unit offered are listed in "Schedule A - Offering Prices and Related Information." **THE PRICES CONTAINED IN THIS PLAN HAVE BEEN SET BY SPONSOR ALONE WITHOUT ARMS LENGTH NEGOTIATION AND ARE NOT SUBJECT TO REVIEW OR APPROVAL BY THE DEPARTMENT OF LAW OR ANY OTHER GOVERNMENTAL AGENCY.**

THE PURCHASE OF A CONDOMINIUM UNIT 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.

Certain Definitions

For convenience of presentation, general definitions of certain terms used in Part I of the Plan are set forth below. These definitions are subject to the more particular definitions of such terms set forth in Exhibit C to the Declaration in Part II of the Plan.

"Affiliate" means any Person who is a Family Member or who controls, is controlled by, or is under common control with the named Person or a Family Member of the named Person. The terms **"control", "controlled" or "controlling"** shall mean direct or indirect ownership of more than fifty percent (50%) of the outstanding voting capital stock of a corporation or of more than fifty percent (50%) of the beneficial interests of any other entity.

"amend", "amended" or "amendment" refer to any amendment, whether by deletion of any existing provision, modification of any existing provision, or inserting a new provision.

"Applicable Law" means all applicable laws, statutes, treaties, rules, codes, ordinances, regulations of any Governmental Authority and to the extent the Property, any Unit, any Unit Owner, Sponsor, any Sponsor Successor and/or the Condominium Board, as the case may be, is bound thereby or subject thereto, any judgments, decrees, injunctions, writs, orders, notices of violation or like action of any Governmental Authority, court, arbitrator or other administrative, judicial or quasi-judicial tribunal or agency of competent jurisdiction now or hereinafter in affect.

"Appurtenant Interest" means, with respect to any Unit, the undivided interest of the Unit Owner thereof, pursuant to the terms of Section 339-x of the Condominium Act, in and to: (i) the Common Elements; (ii) any other Units owned or leased at the time in question by the Condominium Board or its designee, corporate or otherwise, on behalf of all Unit Owners; (iii) any proceeds of the sale or lease of Units of the nature described in subdivision(ii) above; and (iv) any other assets of the Condominium.

"Attorney General" means the Office of the Attorney General of the State of New York.

"BCL" means the Business Corporation Law of the State of New York, as amended from time to time.

"Building" means the buildings situated on the Land and known as Pennyfield Estates II Condominium, 24 Pennyfield Avenue, Bronx, New York 10465.

"Building Systems" means utility and service systems and appurtenant installations now or hereafter installed by or on behalf of the Condominium Board which service the Building and are not expressly included as part of a Unit, including without limitation: the elevators, elevator doors, elevator shafts, elevator pits and elevator machine rooms servicing such elevators; the electrical system; the water supply system; the water return (sewer) system; the gas supply system; the HVAC system; any exhaust systems; the fire or life safety system; any master television or cable system; the intercom system; and any other mechanical, plumbing or electrical systems and the Facilities for all such systems.

"By-Laws" means the By-Laws of the Condominium, in the form set forth in Part II of the Plan, including the Rules and Regulations, as amended from time to time pursuant to the terms thereof.

"Casualty Loss" means damage or destruction resulting from a fire or other casualty.

"Claim" or **"Claims"** shall include any claims, counterclaims, suits, actions or proceedings and any other liabilities, losses, damages, penalties, charges, costs and expenses and attorneys' fees and expenses incurred in connection with any of the foregoing.

"Closing," "Closing of title" and words of similar import are synonymous and mean the settlement of the mutual obligations of Sponsor and a Purchaser under such Purchaser's Purchase Agreement, including the payment to Sponsor of the Purchase Price and the delivery to such Purchaser of the deed transferring full ownership (fee simple title) to the Unit on the terms set forth in the Purchase Agreement.

"Closing Date" means the date scheduled for the closing of title to a Unit by Sponsor as same may be adjourned in accordance with the terms of the Purchase Agreement.

"Common Charges" means the charges allocated and assessed against the Units by the Condominium Board payable by the Unit Owners, pro rata in accordance with their respective Common Interests (except as otherwise provided in the Declaration or in the By-Laws), to meet the Common Expenses.

"Common Elements" means, collectively, the Limited Common Elements and the General Common Elements, and consist of all parts of the Property other than the Units.

"Common Expenses" means any and all: (i) costs and expenses paid or incurred generally by the Condominium pursuant to the Declaration and/or the By-Laws, including the Rules and Regulations in connection with its operation and maintenance, and its performance of Work in and to the Common Elements (including, without limitation, accounting, legal, architectural, engineering or other professional or service fees); (ii) other items which are provided in the Declaration or By-Laws to be Common Expenses or are paid or incurred by the Condominium in connection with the conduct of Condominium affairs; (iii) payments required by the Condominium Board to be made by the Unit Owners to establish or maintain such general operating reserves or reserve funds for working capital, for replacements with respect to the Common Elements, or to make up any deficit in the Common Charges for any prior year; and (iv) all costs and expenses paid or incurred by the Condominium in connection with the purchase, lease or sublease by the Condominium Board or its designee, corporate or otherwise, on behalf of all Unit Owners, of any Unit whose Unit Owner has elected to sell, lease, transfer or convey such Unit or that is to be sold at a foreclosure or other sale.

"Common Interest" means the undivided percentage interest of each Unit in the Common Elements.

"Condominium" means the Pennyfield Estates II Condominium to be established pursuant to the terms of the Declaration and to be governed pursuant to the By-Laws.

"Condominium Act" means Article 9-B of the Real Property Law of the State of New York as amended from time to time.

"Condominium Board" means the Board of Managers of the Condominium, which is the Condominium's governing body of the Condominium, whose members are selected pursuant to the terms of Articles 2 and 4 of the By-Laws.

"Condominium Documents" means, collectively, the Declaration, the By-Laws (including the Rules and Regulations) and the Floor Plans, all as amended from time to time.

"Declaration" means the declaration executed by Sponsor for the purposes of submitting the Property to the provisions of the Condominium Act and establishing a regime for the condominium ownership thereof and includes any duly adopted amendments thereto.

"Department of Law" means the New York State Department of Law.

"Downpayment" means the payment on account of the Purchase Price, in an amount equal to ten percent (10%) of the Purchase Price, required to be paid by a Purchaser at the time of delivery of a Purchase Agreement.

"Effective Date" means the date upon which the Plan is declared effective by Sponsor in accordance with the terms of the Plan.

"Escrow Agent" means James A. Cartelli, Esq.

"Facilities" means all personal property and fixtures now or hereafter existing in, on or under the Land or the Building and either existing for the common use of the Units or the Unit Owners or necessary or convenient for the existence, maintenance or safety of the Property. For purposes of illustrating the broad scope of such term and without intention to limit the generality of the foregoing in any respect, the term **"Facilities"** shall include all systems, equipment, apparatus, boilers, convectors, radiators, heaters, converters, heat exchangers, mechanisms, devices, machinery, induction units, fan coil units, motors, pumps, controls, tanks, tank assemblies, installations, condensers, compressors, fans, dampers, blowers, thermostats, thermometers, coils, vents, sensors, shut off valves, other valves, gongs, panels, receptacles, outlets, relays, alarms, sprinkler heads, electric distribution facilities, wiring, wire ways, switches, switchboards, circuit breakers, transformers, fittings, siamese connections, hoses, plumbing, fixtures, lighting fixtures, other fixtures, bulbs, signs, antennae, telephones, meters, meter assemblies, scaffolding, piping, lines, ducts, conduits, cables, risers, mains, shafts, pits, flues, locks, hardware, racks, screens, strainers, traps, drains, catch basins, leaders, filters, incinerators, canopies, closets, cabinets, doors, railings, copings, steps, furniture mirrors, furnishings; appurtenances, urns, baskets, mail chutes, mail boxes, carpeting , tiles, floor coverings, draperies, shades, window coverings, wallpaper, wall coverings, trees, shrubbery, flowers, plants, horticultural tubs and horticultural boxes.

"Family Members" means and includes a spouse, child (by blood, marriage or adoption), parents (including step-parents or parents-in-law), grandchildren, siblings and grandparents.

"Filing Date" means the date on which a letter issued by the Department of Law advising that the Plan or any amendment to the Plan has been filed or accepted for filing by the Department of Law.

"First Closing" means the first date upon which title to a Unit is conveyed to a Purchaser pursuant to the terms of the Plan.

"First Year Budget" means the projection of receipts and expenses of the Property for the first 12 months following the projected date of the First Closing contained in the Section of the Plan entitled **"Schedule B: Projected Budget for First Year of Condominium Operation."**

"Floor Plans" means the floor plans of the Units certified by Anthony Freda and to be filed in the Register's Office simultaneously with the recording of the Declaration, together with any supplemental floor plans thereto.

"GBL" means the General Business Law of the State of New York, as amended from time to time.

"General Common Elements" means those certain portions of the Land and the Building (other than the Units), as well as the Building Systems and those Facilities therein, either existing for the common use of the Units or the Unit Owners or necessary for, or convenient to, the existence, maintenance or safety of the Property, as more particularly described in Section B of Article 7 of the Declaration.

"Governmental Authority" means any federal, state, county, municipal, foreign, international, regional or other governmental authority, agency, board, body, instrumentality or court having jurisdiction.

"Hazardous Materials" means chemicals, pollutants, contaminants, wastes and toxic substances, including solid or hazardous waste, hazardous substances, toxic substances, insecticides, fungicides, rodenticides, gasoline or any other petroleum product or byproduct, polychlorinated biphenols, asbestos and urea formaldehyde to the extent any such substances are described as hazardous in any federal, state or local laws and regulations relating to pollution or protection of human health or the environment including but not limited to the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended; the Federal Insecticide, Fungicide, and Rodenticide Act, as amended; the Resource Conservation and Recovery Act, as amended; the Superfund Amendments and Reauthorization Act of 1986, as amended; and the Toxic Substances Control Act, as amended.

"Holiday" means those days designated as holidays under the applicable union contract, or, if there is no applicable union contract, then the term **"Holiday"** shall mean any day on which state chartered banks in New York City are authorized or required to be closed or such other days as the Condominium Board may designate from time to time.

"Initial Control Period" means the period ending on the earlier of: (i) the closing of title with Purchasers under the Plan to Units having more than fifty percent (50%) of the aggregate Common Interests appertaining to all Units or (ii) the fifth (5^{th}) anniversary of the First Closing.

"Institutional Lender" means (i) a savings bank, savings and loan association, bank or trust company, insurance company, real estate investment trust or mortgage trust or (ii) a federal, state, municipal, teachers' or union employee, welfare, pension or retirement fund or system having assets in excess of $300,000,000, in each case doing business in the State of New York; or (iii) any Governmental Authority including an agency of the City or State of New York.

"Institutional Mortgage" means any first mortgage covering one or more Units that is a Permitted Mortgage and the initial holder of which is either Sponsor or an Institutional Lender.

"Insurance Trustee" means a bank or a trust company, in either event having both an office in the City of New York and a capital, surplus and undivided profits of $500,000,000 or more, from time to time appointed to serve as such by the Condominium Board.

"Land" means all that certain tract, plot, piece and parcel of land situated, lying and being in the City and State of New York, County of Bronx, as more particularly described in Exhibit A of the Declaration.

"Lease" means any lease, sublease, license, concession or other use and occupancy agreement demising space in the Building.

"Limited Common Elements" means those certain portions of the Land and the Building (other than the Units) that are to be used by the Unit Owners of one or more Units to the exclusion of all other Unit Owners, as more particularly described in Section C of Article 7 of the Declaration.

"Liquidated Sum" means the Downpayment under the Purchase Agreement, together with any interest earned thereon.

"Majority of Unit Owners" means those Unit Owners having more than fifty percent (50%) of the total authorized votes of all Unit Owners (determined in accordance with the terms of Section 4.8 of the By-Laws) who are present, in person or by proxy, and voting at any duly constituted meeting of the Unit Owners at which a quorum is present.

"Managing Agent" means the Person engaged from time-to-time by the Condominium Board to perform the duties of a managing agent of the Building and initially will be Pennyfield Management LLC, having an office at 1512 Stillwell Avenue, Bronx, New York 10461.

"Mortgage Representatives" mean the representatives of the holders of all mortgages encumbering Units, designated by the holders of Institutional Mortgages in accordance with the terms of paragraph (B) of Section 8.6 of the By-Laws.

"Owner-occupied" means occupied by a Unit Owner or a Family Member of a Unit Owner.

"Permit" or **"Permits"** means any action, approval, consent, waiver, exemption, variance, franchise, order, permit, authorization, certificate of occupancy, right, license, building applications or other form of legally required permission, of or from a Governmental Authority, including any zoning, environmental protection, pollution, sanitation, safety, siting or building permit that is necessary to operate and maintain the Property or any Building Systems or to perform any Work on any part of the Property.

"Permitted Encumbrances" means those title encumbrances subject to which a Purchaser under the Plan takes title to a Unit, as more particularly itemized in the Section of the Plan entitled **"Closing of Title to Units and Terms of Sale."**

"Permitted Mortgage" means any mortgage covering one or more Units that is placed thereon in compliance with the terms contained in Article 8 of the By-Laws.

"Permitted Mortgagee" means any holder of a Permitted Mortgage at the time in question.

"Person" means any natural person, partnership, corporation, trust, estate, fiduciary, unincorporated association, syndicate, joint venture, limited liability company, organization, government or any department or agency thereof, or any other entity.

"Plan" means this offering plan to convert the Property to condominium ownership filed with the Department of Law of the State of New York pursuant to Section 352-eeee of the General Business Law of the State of New York, as amended from time to time.

"Presentation Date," "Date of Presentation," "presentation," "presented" and related words means the date of personal delivery or (if mailed) the fifth (5^{th}) day after mailing (whichever is the last to occur) of this Plan or any amendment to the Plan, as the context may require, to those Persons required to receive same pursuant to the GBL and the regulations of the Department of Law promulgated thereunder.

"Property" means the Land, the Building, all other improvements erected or to be erected on the Land, all easements, rights, and appurtenances pertaining thereto and all other property, real, personal or mixed, used or intended to be used in connection therewith.

"Purchase Agreement" means the purchase agreement between Sponsor and Purchaser under the Plan substantially in the form set forth in Part II of the Plan.

"Purchase Price" means the purchase price of a Unit.

"Purchaser" means a Person or Persons buying a Unit under a fully executed Purchase Agreement, whether for Personal occupancy or use of the Purchaser or a Family Member or for rental or other investment purposes.

"Register's Office" means the Bronx County Office of the Register of the City of New York.

"Restorations" means the repair and restoration and other Work performed to the Property after a Casualty Loss or a Taking.

"Rules and Regulations" shall mean the rules and regulations of the Condominium, adopted by the Condominium Board pursuant to the By-Laws, as amended, modified, deleted from or added to from time to time, pursuant to the terms of the By-Laws, provided that they are not in conflict with the terms of the Condominium Act, the Declaration or the By-Laws, initially in the form set forth in Part II of the Plan as Schedule 1 to the By-Laws.

"Selling Agent" means a licensed broker registered as Selling Agent with the Department of Law retained by Sponsor to sell Units and as of the date of initial offering

under this Plan shall mean Oxy Realty Corp., having an office at 3101 B Westchester Avenue. Bronx. New York 10461.

"Special Assessments" means the charges allocated and assessed against the Units by the Condominium Board and payable by the Unit Owners, pro rata in accordance with their respective Common Interests (except as otherwise provided in the Declaration or in the By-Laws), in accordance with paragraph (C) of Section 6.1 of the By-Laws.

"Special Work" means any modifications, alterations, additions or extras to the Unit agreed to be performed by Sponsor on Purchaser's behalf in connection with the sale of the Unit as more particularly described in the Purchase Agreement.

"Sponsor" means Pennyfield Properties LLC, a New York limited liability company, having an address at 1512 Stillwell Avenue, Bronx, New York 10461. The term Sponsor shall also mean any principal of Sponsor for so long as the Sponsor or its principal(s) own(s) any Units in the Building. See "Sec. BB Identity of Parties" for information regarding the principals of the Sponsor.

"Sponsor's Counsel" means the law firm of James A. Cartelli, Esq., with offices at 81 Main Street, White Plains, New York 10601.

"Sponsor's designee" shall mean any principal of Sponsor who owns a Unit in the Building and occupies it for personal use.

"Sponsor Successor" or **"Successor Declarant"** means any Person who either: (i) through amalgamation, consolidation, or other legal succession become and assumes the burdens of Pennyfield Properties LLC, or (ii) at any time purchases from Pennyfield Properties LLC, or otherwise succeeds to (a) twenty percent (20%) or more of all Units in the Condominium or (b) all remaining Units then owned by the Sponsor is designated as a Successor Sponsor (or Successor Declarant) and, in either case, is not purchasing such Units for his, her or its own occupancy or for occupancy by one or more of such Persons' Family Members. The term shall also include any nominee holding any Unit for the account of the Person referred to in clauses (i) or (ii) above. The phrase "owned by" shall include owned by any such nominee.

"Structural" when applied to any Work performed in or to a Unit or the Property means and refers to any Work affecting the foundations, columns, girders, beams, joints, supports, floors and other such structural members of the Building, those portions of the exterior walls of the Building lying beyond the interior face of the brickwork, and all Building Systems, including without limitation, the mechanical, electrical, water supply, fire protection and return (sewer), gas supply and heating systems.

"Taking" means a taking of all or any part of the Property in condemnation or by eminent domain.

"Tenant" means any tenant, subtenant, licensee, concessionaire or other occupant of a Unit or part thereof, other than the Unit Owner thereof, under a Lease.

"Unit" means any unit in the Condominium designated as such in the Declaration and described in Article 6 or created pursuant to Article 13 of the Declaration.

"Unit Deed" means any deed conveying fee title to a Unit.

"Unit Limited Common Elements" shall mean the various decks and terraces adjacent and appurtenant to the Units and the front and rear yards of the Building, all of which are designated for exclusive use and enjoyment of the Unit Owners immediately adjacent thereto.

"Unit Owner" means the record owner of a Unit at the time in question.

"Unsold Unit" means any Unit owned by the Sponsor or its designee at the time in question. The Sponsor's designee may include Purchasers purchasing one or more Units for investment.

"Work" means and includes demolitions, alterations, installations, additions and improvements, repairs, replacements, substitutions, restorations and any other work performed in or to the Units or the Common Elements.

All other capitalized terms used in Part I of the Plan which are not separately defined in Part I shall have the meaning ascribed thereto in Exhibit C of the Declaration.

B. DESCRIPTION OF PROPERTY AND IMPROVEMENTS

Location and Acreage

The property is situated in the Throggs Neck section, Bronx County, New York. Pennyfield Estates II Condominium consists of approximately 29,507 square feet of land upon which there is a single structure. The driveway in the condominium exits on to the eastern side of Pennyfield Avenue, a public roadway.

Topographical Features

The site consists of level land.

Parking Facilities

Parking is located in the open air lot on the south side of the property. There are 18 parking spaces, 15 assigned spaces and 3 unassigned spaces, one of which is reserved for handicapped parking. The handicapped space, and the other 2 unassigned spaces are part of the common area and not assigned to an individual Unit. The spaces will be assigned as Units are sold on a first come, first served basis. The first person to purchase a Unit will be assigned a parking space first, the second person will be assigned the second space and so on. The unassigned parking spaces, as well as on street parking directly outside the Property on Pennyfield Avenue will be available to visitors and the general public. When all of the units have been sold, the designated parking space assigned to that unit will remain with that unit upon any subsequent transfer of ownership. All parking spaces not assigned to units will be available for visitors of unit owners. In the event a unit owner is handicapped and his vehicle is equipped with a handicapped license plate issued by the State of New York, he shall be assigned the space designated for handicapped parking. Subsequent unit owners who are handicapped, as

aforesaid, will be given consideration for a parking space in close proximity to his unit, subject to availability.

Improvements General Description

The Condominium is fully developed and consists of fifteen (15) Units located in one (1) building in the manner set forth in the Plot Plan attached hereto in Part II of the Plan. Each Unit will receive a separate Certificate of Occupancy. The number of rooms, layouts and variations of Units are set forth in the Description of Property Report in Part II of the Plan.

The Building Plans are available for inspection at the Sponsor's office.

The Units, the Building containing them and all other improvements will comply with all applicable rules, regulations, laws and other requirements of all governmental authorities having jurisdiction thereof including those governing zoning and construction and the Sponsor and all other persons engaged by the Sponsor in connection with this Plan have complied and will comply with all applicable laws, rules, regulations and other governmental requirements pertaining thereto including but not limited to the Building Code of the City of New York. Before the closing of title to a Unit, a temporary or permanent Certificate of Occupancy will be issued for the Unit or Building in which such Unit is located. At the time of this offering, the exterior construction of all Units in the Building has been completed.

Construction Data for Units and Common Elements

The Units and common elements are constructed substantially in the manner set forth in the Building Plans filed with the City of New York. Construction of the Units has been completed and closing of title to the Units are expected to commence shortly after acceptance of the Plan for filing and the Sponsor's declaration of effectiveness, barring any strikes, material shortages, acts of God or other unforeseen delays beyond the control of the Sponsor. All parking areas will be privately owned and maintained by the Condominium. The common elements will also consist of the paved areas outside the Building, as well as the basement, consisting of a laundry room (approx.. 12' x 20') with 3 coin operated washing machines and 2 coin operated dryers, a boiler room (approx. 25' x 15') and a mechanical room (approx. 12' x 5').

Recreational Facilities

N/A

C. LOCATION AND AREA INFORMATION

Location

The Condominium is located in the County of Bronx, City and State of New York. The Condominium driveway exists onto Pennyfield Avenue, which is a public street. The site is zoned for residential use only.

Transportation Services

The area is serviced by public transportation, predominately buses operated by the Metropolitan Transit Authority. The #40 bus stops in front of the Condominium Property. The #6 subway train is located at the Pelham Bay Station, a distance of approximately two and one-half (2½) miles from the entrance to the Condominium. Express bus service is available at the corner of Harding and Pennyfield Avenues, a distance of one-quarter (1/4) mile from the entrance to the Condominium.

Municipal Services

Fire – Fire protection is supplied by the City of New York Fire Department. Engine #72 is located at 3929 East Tremont Avenue, a distance of approximately one-half (½) mile from the entrance to the Condominium.

Police – The New York City Police Department services the Condominium. The 45th Precinct is located at 2877 Barkley Avenue, a distance of approximately two (2) miles from the entrance to the Condominium.

Electric and Gas – Consolidated Edison will provide electric and gas service, and each unit in the Condominium will be separately metered.

Telephone – Verizon will provide telephone service, and each unit in the Condominium will be separately billed.

Shopping – Local retail shopping is also available on East Tremont Avenue, a distance of approximately one-quarter (1/4) mile from the entrance to the Condominium.

Hospital – Jacobi Hospital and Albert Einstein Medical Center are located at 1400 Pelham Parkway, a distance of approximately one and one-half (1½) miles from the entrance to the Condominium.

Public Schools – Children in the community may attend schools operated by the Board of Education of the City of New York. Public School 72 (Pre-K through Grade 5) is located at 2951 Dewey Avenue, a distance of approximately one (1) mile from the entrance to the Condominium. Public School 192 (Grades 6 through 8) is located at 650 Hollywood Avenue, a distance of approximately one (1) mile from the entrance to the

Condominium. Lehman High School (Grades 9 through 12) is located at 1260 Tremont Avenue a distance of approximately two (2) miles from the entrance to the Condominium.

Private Schools – St. Francis DeChantal (Pre-K through Grade 8) is located at 2962 Harding Avenue, a distance of approximately one-half (½) mile from the entrance to the Condominium. Cardinal Spellman High School (Grades 9 through 12) is located at 1 Cardinal Spellman Place, a distance of approximately two (2) miles from the entrance to the Condominium.

Places of Worship – St. Francis DeChantal is located 2962 Harding Avenue, a distance of approximately one-half (½) mile from the entrance to the Condominium. The Throggs Neck Jewish Temple is located at 2918 Lafayette Avenue, a distance of approximately two and one-half (2 ½) mile from the entrance to the Condominium.

Water - Water is provided to the Condominium through the municipal water system maintained by the City of New York.

Sanitation - Private sanitation is provided to the Condominium at a cost provided for in the Budget (See Schedule E of the Plan).

Road Maintenance - The entrance to the Condominium is on Pennyfield Avenue, a public street maintained by the City of New York. There are no interior roads within the Condominium.

Snow Removal - Removal of snow from the paved parking area as well as the concrete walkways around the perimeter of the buildings is performed by the employees of the condominiums at no costs to the unit owners.

D. OFFERING PRICES AND RELATED INFORMATION

PENNYFIELD ESTATES II CONDOMINIUM
SCHEDULE A
PROJECTED CHARGES ARE FOR THE PERIOD 6/1/06-5/31/07

(1) Unit No.	(1) Bedroom/ Baths	(1) Approx. Total Sq. Ft.	(2) Offering Price to Tenants	(2) Offering Price to Non-Tenants	(3) Percentage of Common Interest	(4) Projected Monthly Common Charge	(4) Projected Annual Common Charge	(5) Projected Monthly R.E. Tax (Abated)	(5) Projected Monthly R.E. Tax (Unabated)	(5) Projected Annual R.E. Tax	(6) Projected Monthly Carrying Charge (Abated)	(6) Projected Monthly Carrying Charge (Unabated)
1A	2/1	731	250,000.00	300,000.00	4.5998%	170.19	2,042.31	30.08	38.39	360.96	200.27	208.58
1B	2/1	770	290,000.00	348,000.00	5.3357%	197.42	2,369.05	34.89	44.53	418.68	232.31	241.95
1C	3/2	1465	500,000.00	600,000.00	9.1996%	340.39	4,084.62	60.16	76.78	721.92	400.55	417.17
1D	1/1	661	250,000.00	300,000.00	4.5998%	170.19	2,042.31	30.08	38.39	360.96	200.27	208.58
1E	2/1	850	275,000.00	330,000.00	5.0597%	187.21	2,246.51	33.09	42.23	397.08	220.30	229.44
2A	2/1	731	320,000.00	384,000.00	5.8877%	217.85	2,614.14	38.50	49.14	462.00	256.35	266.99
2B	2/1	770	370,000.00	444,000.00	6.7463%	249.61	2,995.36	44.12	56.30	529.44	293.73	305.91
2C	3/2	1465	525,000.00	630,000.00	9.6596%	357.41	4,288.86	63.17	80.61	758.04	420.58	438.02
2D	1/1	661	290,000.00	348,000.00	5.3357%	197.42	2,369.05	34.89	44.53	418.68	232.31	241.95
2E	2/1	850	330,000.00	396,000.00	6.0717%	224.65	2,695.83	39.71	50.67	476.52	264.36	275.32
3A	2/1	731	365,000.00	438,000.00	6.7157%	248.48	2,981.77	43.92	56.05	527.04	292.40	304.53
3B	2/1	770	420,000.00	504,000.00	7.7276%	285.92	3,431.05	50.54	64.49	606.48	336.46	350.41
3C	3/2	1465	550,000.00	660,000.00	10.1195%	374.42	4,493.05	66.18	84.45	794.16	440.60	458.87
3D	1/1	661	325,000.00	390,000.00	5.9797%	221.25	2,654.99	39.11	49.90	469.32	260.36	271.15
3E	2/1	850	375,000.00	450,000.00	6.8997%	255.29	3,063.47	45.12	57.57	541.44	300.41	312.86
TOTALS		13,431	5,435,000.00	6,522,000.00	100%	3,697.70	44,372.40	653.99	834.55	7,847.91	4,351.26	4,531.73

All Units are subject to the Rent Stabilization Law.

FOOTNOTES TO SCHEDULE A

(1) The square footage for each Unit reflects the actual usable floor area of each Unit.No change in the sales price will be made other than pursuant to a duly filed amendment, except that the Sponsor reserves the right to decrease the sales prices below the Offering Plan prices without filing an amendment to the Plan at any time during the offering where a reduction in sales price does not constitute a general offering but is rather the result of an individually negotiated Unit purchase. (See Part I, Section G of the Plan, entitled "Changes in Prices and Units" for a moe detailed explanation). In addition, see Part I, Section Q of the Plan, entitled "Unit Closing Costs and Adjustments for a detailed explanation of the costs each Purchaser will be required to pay at closing.

(2) Each Tenant in Occupancy shall have the exclusive right to purchase his Unit for a period of 90 days from the Presentation Date of the Plan at the price set forth in the column entitled "Offering Price to Tenants". Thereafter, any non-purchasing tenant or any non-tenant may purchase a Unit at the price set forth in the column entitled "Offering Price to Non-Tenants".

(3) The percentage interest of each Unit in the Common Elements is based upon floor space, the location of the Unit and the additional factors of value relative to other space in the Condominium, the uniqueness of the Unit, the availability of Common Elements for exclusive or share use and the overall dimensions of the particular Unit pursuant to Section 339-i(1)(iv) of the New York Condominium Act.

(4) The figures are based upon the Projected Receipts and Expenses for the First Year of Condominium Operation set forth in Schedule B of the Plan. In addition to these estimated payments, each Unit Owner will be responsible for: mortgage payments under a loan or loans, if any, obtained by him or her to finance the purchase of his or her Unit, real estate and other taxes with respect to his or her Unit; the cost of gas or heating oil and electricity supplied to his or her Unit, which will be separately metered and will be payable directly to the utility company; the cost of interior repairs and decorations to his or her Unit; and for insurance premiums for such casualty and liability insurance coverage for the contents of, and liability for occurrences within his or her Unit that a Unit Owner elects to obtain. No representation of any kind is being made by the Sponsor, Selling Agent, Managing Agent or any other person as to what these additional costs may be. The aggregate of the monthly rents payable from tenants of all occupied units is the sum of $19,525.00.

(5) After the Condominium is divided ino individual tax lots, each Unit will be taxed as a separate tax lot for real estate tax purposes and the unit owner will not be responsible for the payment of, nor will the unit be subject to, any lien arising from the non-payment of taxes on other units. (See Part I, Section V of the Plan entitled "Real Estate Taxes" for a more detailed explanation) At the present time, all of the Units in the Plan receive the full tax abatement benefits afforded under Section 421-a of the State of New York Real Property Law, as more particularly described in the "Special Risks" Section of the Plan due to the fact that the taxing authorities of the City of New York presently tax the property with the full tax abatement benefits in effect notwithstanding the fact that the final Certificate of Eligibility has not yet been issued by the City of New York.. Construction of the building was completed in 2002. The building is currently assessed by the City of New York at an assessed value of $477,000.00 based upon a current fair market value of $1,060,000.00 at a current tax rate of $12.396 based upon a C1 tax classification (commercial building). The building currently enjoys the full benefits of a Section 421-a tax abatement resulting in taxes for the current fiscal year of $7,847.91. When the building is converted to individual condominium units, the assessed valuation will be reduced to 6% of the fair market value, based upon a change in classification. At that time, without any abatement for taxes, the real estate taxes for the current fiscal year will total $10,014.56.

E. SCHEDULE B

PENNYFIELD ESTATES II CONDOMINIUM
BRONX, NEW YORK

BUDGET FIRST YEAR CONDOMINIUM OPERATION

JUNE 1, 2006-MAY 31, 2007*

PROJECTED INCOME		
Common Charges		$ 44,400.00
Laundry (1)		$ 3,600.00
	total	**$48,000.00**
PROJECTED EXPENSES		
Labor (2)		$ 13,000.00
Heat (3)		$ 300.00
Utilities (Electric) (4)		$ 4,700.00
Water Charges (5)		$ 3,000.00
Repairs, Maint & Supplies (6)		$ 3,000.00
Service Contracts (7)		$ 7,000.00
Insurance (8)		$ 6,000.00
Management Fees (9)		$ 6,000.00
Accounting Fees (10)		$ 2,000.00
Legal Fees (11)		$ 500.00
Miscellaneous		$ 1,000.00
Contingency		$ 1,500.00
	Total	**$48,000.00**

* If the actual or anticipated date of commencement of condominium operation is delayed for more than 6 months from the budget year projected herein, the Plan will be amended to include a revised budget disclosing current projections. If such amended projections exceed the original projections by 25% or more, the Sponsor will offer all purchasers the right to rescind and a period of 15 days after presentation to exercise the right to rescind, whether or not the Sponsor offers to guarantee the previous budget projection. Sponsor will return any Downpayment to purchasers who rescind as aforesaid. The Sponsor will not declare the Plan effective where there are any material changes to the budget if such changes have not been disclosed by a duly filed amendment to the Plan.

FOOTNOTES TO SCHEDULE B

(1) Based upon actual monthly average of $300.00 from laundry room operations for the previous 12 months.

(2) Based upon the actual cost of services for one (1) full time superintendent and (1) part-time helper. Both employees also perform services at the adjoining complex located at 10 Pennyfield Avenue, Bronx, New York. The full time employee receives a base weekly salary of $1,459.05 and the part time employee receives a base weekly salary of $250.00. The cost attributed to 24 Pennyfield Avenue, Bronx, New York for both employees is $244.88 weekly (or 15% of the total wages paid to these employees). Both employees are non-union and receive no benefits. The full time employee performs superintendent duties and maintenance work. The part time employee performs clean up at the complex. The allocation of cost is based upon the relative size of both properties.

(3) Based upon the actual cost of natural gas for the laundry room hot water heater (at an average Therm usage of 10.4 monthly and an average monthly bill of $24.00 for the previous 3 years). Current natural gas consumption is approximately 10 therms monthly at a cost of $2.31 per therm. Each unit owner is responsible for payment of natural gas consumption for the heating of the unit. For individual energy costs applicable to each Unit, see Schedule B-1 in Part I of the Plan.

(4) Based upon the actual cost of electricity (at an average KWH of 1934 monthly and an average monthly bill of $350.00 for the previous 3 years) for lighting of the common areas. Current electric consumption is approximately 1900 KWH at a cost of 18 cents per KWH. Each unit owner is responsible for payment of electricity consumed within the unit. For individual energy costs applicable to each Unit, see Schedule B-1 in Part I of the Plan.

(5) Based upon the actual cost as per bills received from the New York City Department of Environmental Protection covering meter numbers N28461840, (at a daily average of 150 gallons) 823402398 (at a daily average of 142 gallons) and K11344288 (at a daily average of 1249 gallons) for the previous 12 months at a quarterly charge of $750.00 based upon consumption for the common areas, inclusive of the laundry room. Water is not individually metered. Current water consumption is approximately 1,489 gallons daily at a daily average cost of $7.50.

(6) This item is intended to provide for repair and maintenance to the common areas, interior and exterior, roofing repairs, exterior repairs (including walls, foundations, windows, doors and locks) hot water heating system, plumbing, electrical work, exterminating, janitor supplies, painting the common areas and such building services and maintenance items not included under "Service

Contracts" or "Miscellaneous". Since the Condominium was constructed in 2002, it is anticipated that during the first year of condominium operation, these costs will be minimal.

(7) Based upon the actual cost of the following month to month service contracts:

A. Bestway Carting, Inc. (Garbage & Rubbish Removal)
49-60 Annandale Lane, Little Neck, NY 11362 - $530.00 monthly

B. Plaza Exterminating Corporation $ 32.59 monthly

(8) Based upon the actual cost of insurance provided by Alea North American Insurance Company under policy number CPP2022075-00 issued through Professional Risk Managers, Inc., 2500 Westchester Avenue, Purchase, New York 10577, as follows:

		Limits
A.	All Fire and Risk (covering all structures)	$1,100,000.00 (Agreed Amount-Replacement Cost)
B.	Comprehensive General Liability (including personal injury)	$1,000,000 per occurrence, $2,000,000 aggregate
C.	Umbrella Liability	$100,000,000.00
D.	Loss of Rents	$756,000.00

In recent years, premiums for insurance have increased excessively. It is not possible to predict whether premiums will continue to escalate at the same inordinate rate or level off. Purchasers are urged to obtain additional insurance at their own cost to cover other risks, including fire and casualty loss to contents of the individual Units, replacements, addition, upgraded fixtures and improvements and Unit Owners liability coverage for occurrences within the individual Unit or upon the limited common elements.

Fire, casualty and general liability insurance are on terms that provide each Unit Owner as an additional insured and there will be no cancellations without notice to the Board of Managers and the Unit Owners. These policies further contain a waiver of subrogation, a waiver of invalidity due to acts of the insured and the Unit Owners and a waiver of pro-rata reduction if the Unit Owners obtain additional coverage.

(9) Based upon a management contract with Pennyfield Management LLC, an affiliate of the Sponsor, which provides for management services for the first year of Condominium operation.

(10) Based upon a proposal from Toni Ann Tantillo, CPA, 111 Lake Avenue, Suite 7, Tuckahoe, New York 10707, dated August 14, 2004 providing for preparation of tax returns and financial statements.

(11) Based upon the performance of minor, routine legal services limited to review of contracts and attendance at the annual meeting of Unit Owners.

SCHEDULE B-1

BUDGET FOR INDIVIDUAL ENERGY COSTS

(1)		(2)			(3)		
Apartment	Month	KWH	Price	Paid Cents	Therms	Price Cents	Paid
Apt 3-C	9/9/2003	1233	11.0	$ 268.93	17	75.7	$ 33.86
Apt 3-C	10/8/2003	718	11.1	$ 161.09	21	75.6	$ 36.06
Apt 3-C	12/10/2003	292	9.5	$ 68.13	100	72.1	$ 135.74
Apt 3-C	1/9/2004	254	9.2	$ 59.61	101	69.0	$ 141.09
Apt 3-C	2/10/2004	297	10.5	$ 68.62	166	72.0	$ 199.85
Apt 3-C	3/11/2004	234	13.5	$ 62.82	91	69.9	$ 129.09
Apt 3-C	4/9/2004	306	9.1	$ 64.03	84	66.4	$ 109.02
Apt 3-C	5/10/2004	267	10.1	$ 61.91	28	65.5	$ 46.07
Apt 3-C	6/9/2004	611	11.1	$ 135.80	18	71.9	$ 35.59
Apt 3-C	7/9/2004	1001	13.2	$ 242.89	16	74.6	$ 31.50
Apt 3-C	8/9/2004	1033	15.0	$ 258.61	16	76.9	$ 31.48
Apt 3-C	9/8/2004	1009	11.4	$ 236.66	17	76.0	$ 33.76
Average		660	12.2	$ 153.57	61.4	78.7	$ 87.56

Apartment	Month	KWH	Price Cents	Paid	Therms	Price Cents	Paid
Apt 5-A	5/9/2003	141	13.6	$ 43.85	21	75.4	$ 37.10
Apt 5-A	6/10/2003	161	12.6	$ 48.94	26	75.3	$ 43.34
Apt 5-A	7/10/2003	340	12.2	$ 89.14	18	80.1	$ 35.34
Apt 5-A	8/8/2003	277	14.0	$ 77.97	13	77.6	$ 27.91
Apt 5-A	9/9/2003	58	11.0	$ 27.02	9	75.5	$ 23.54
Apt 5-A	10/8/2003	47	11.1	$ 22.79	8	75.3	$ 20.22
Apt 5-A	12/10/2003	55	9.5	$ 25.37	28	72.3	$ 46.98
Apt 5-A	1/9/2004	256	9.2	$ 59.97	62	71	$ 91.63
Apt 5-A	2/10/2004	160	10.5	$ 43.80	95	71.6	$ 124.11
Apt 5-A	3/11/2004	43	13.5	$ 22.85	51	73.4	$ 77.30
Apt 5-A	4/9/2004	38	9.1	$ 19.80	47	69.0	$ 65.73
Apt 5-A	5/10/2004	40	10.1	$ 21.17	14	69.0	$ 28.42
Average		134.09	11	$ 41.71	33.7	73.6	$ 53.14

Apartment	Month	KWH	Price Cents	Paid	Therms	Price Cents	Paid
Apt 4-B	12/10/2003	252	9.5	$ 52.15	14	70.2	$ 27.86
Apt 4-B	1/9/2004	331	9.2	$ 64.10	77	70.0	$ 101.59
Apt 4-B	2/10/2004	220	10.4	$ 47.54	93	71.3	$ 121.90
Apt 4-B	3/11/2004	195	13.5	$ 47.95	36	72.9	$ 54.15
Apt 4-B	4/9/2004	195	9.1	$ 39.44	35	66.5	$ 50.34
Apt 4-B	5/10/2004	195	9.8	$ 42.15	22	66.9	$ 35.64
Apt 4-B	6/9/2004	213	10.0	$ 47.22	16	67.5	$ 29.95
Apt 4-B	7/9/2004	233	11.9	$ 54.09	13	69.8	$ 26.16
Apt 4-B	8/9/2004	247	13.6	$ 58.61	11	71.9	$ 23.65
Apt 4-B	9/8/2004	265	10.0	$ 58.16	12	71.2	$ 25.86
Apt 4-B	10/7/2004	190	9.3	$ 41.51	11	68.1	$ 23.45
Average		230.55	10.6	$ 50.27	30.9	69.7	$ 47.32

FOOTNOTES TO SCHEDULE B-1

1. The projections in this schedule are based upon actual consumption figures taken from the property at 10 Pennyfield Avenue, Bronx, New York, which is owned by the Sponsor. Sample Apartment 3C is approximately 1200 square feet in size. Sample Apartment 5A is approximately 900 square feet in size. Sample Apartment 4B is approximately 1200 square feet in size.

2. Covers the cost of electricity based upon actual KWH usage over a 12-month period as well as the actual cost thereof.

3. Covers the cost of gas fired hot water heater and boiler in each unit based upon actual Therm usage over a 12-month period as well as the actual cost thereof.

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JAMES A. CARTELLI
TRISHA L. CARTELLI*
*ADMITTED IN NY AND CT.

COUNSEL
JOSEPH S. COSTA
JOSEPH KOSOFSKY
TELECOPIER
(914) 993-0199

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

October 1, 2004

New York State Department of Law
120 Broadway
New York, NY 10271

Re: Pennyfield Estates II Condominium
24 Pennyfield Avenue
Bronx, New York 10465
Condominium Offering Plan
Compliance with Real Property Law Section 339(i) (1) (iv)

Dear Sir/Madam:

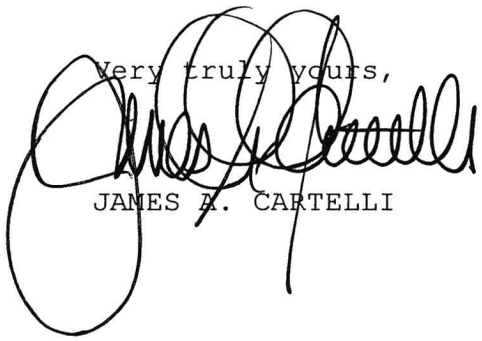
I am the attorney for the Sponsor and I have had 25 years of experience in preparing cooperative and condominium offering plans and preparing contracts of sale and closing title to the units in the respective offering plans and as such have the requisite experience to prepare this compliance letter. I am not the selling agent or managing agent for this property.

I have reviewed the pertinent data with respect to the floor area, relative values of the units, and other pertinent information with respect to the units. Based on these factors, and the annexed letter of Peter Diorio, the allocation of common interest is being made pursuant to Real Property Law section 339-i(1) subparagraph (iv) which provides:

"(iv) The determination of percentages of Common Interest allocated to each unit is 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 or exclusive or shared use, and the overall dimensions of a particular unit."

I certify that I am not owned or controlled by and have no beneficial interest in the Sponsor and that my compensation for preparing this letter is not contingent on the conversion of the property to a condominium or on the profitability of the offering.

Very truly yours,



JAMES A. CARTELLI

Chappaqua Realty & Management Co., Inc.
4 SOUTH EVARTS AVENUE
ELMSFORD, NEW YORK 10523
(914) 345-9351
TELEFAX (914) 345-9352

October 1, 2004

COMPLIANCE WITH REAL PROPERTY LAW 339-1 (1) (IV)

RE: 24 Pennyfield Avenue, Bronx, New York 10465

Dear Sirs:

You have requested an opinion from us regarding your allocation of common interest to units in your proposed condominium at 24 Pennyfield Avenue, Bronx, New York, pursuant to Section 339-I (1) (iv) of the New York Real Property Law. You have informed us that the method of allocation chosen is to evaluate the approximate fair market value of the individual unit in proportion to the anticipated aggregate fair value of all units on the day the condominium Declaration will be filed. You have further informed us that the factual basis of calculating the percentage of common interest consists of the size, layout, and location within the premises of each individual unit and the anticipated selling price of each unit. Based on our review of the foregoing factors, we have concluded that the proposed allocation of common interest to individual units is in compliance with Section 339-1 (1) (iv) of the New York State Real Property Law.

I have been a licensed real estate broker for in excess of Twenty years and have managed approximately Fifty buildings in this area with extensive experience in the sale, management, and rental of cooperative and condominium units in Bronx County. We have not, however, previously participated in the preparation of individual unit value appraisals for the purpose of inclusion in offering plans for the sales thereof. We are not, in any way, associated with you or any other participant in the project, and have no beneficial interest in your business, or in profitability of the project. This is an opinion only as to the relative value of each unit in relation to the value of the project as a whole and is strictly based upon the information provided to us in response to such reasonable inquiries as we deemed appropriate under the circumstances and is not intended as a guarantee of the actual value of any individual unit. We consent to the inclusion of this letter in your offering plan.

Sincerely

Peter Diorio, President

G. CHANGES IN PRICES AND UNITS

Changes in Prices of Units

The Offering Price for each of the Units offered for sale is set forth in Schedule A. The Purchase Prices and other sales terms of Units not under contract are negotiable and may be changed by Sponsor unless such change would constitute a prohibited discriminatory inducement. Notwithstanding the foregoing, the offering price to be paid by tenants will not increase during the exclusive 90 day purchase period afforded to tenants. Prices may be changed under the following conditions: (I) Sponsor may enter into an agreement with an individual Purchaser to sell one or more Units at prices lower than those set forth in Schedule A without filing an amendment to the Plan; and (ii) Sponsor will change the offering prices set forth in Schedule A by amendment to the Plan when the price change (A) is across the board, (B) affects a line or type of Unit, (C) is to be advertised, or (D) is a price increase for an individual Purchaser.

The Selling Agent, Managing Agent, Condominium Board, Unit Owners and Permitted Mortgagees of Units shall not have the right to approve any changes in purchase prices, whether before or after the First Closing.

Notwithstanding the foregoing, no change in Purchase Price shall be made with respect to a Unit for which a Purchase Agreement is then in effect without the consent of the Purchaser thereunder. The Purchase Agreement may not contain, or be modified to contain, a provision waiving Purchaser's rights or abrogating Sponsor's obligations under the Plan or Article 23-A of the GBL in this regard.

If the Sponsor changes the Purchase Price of one or more Units, the Purchaser(s) of such Unit(s) may pay, or may have paid, more or less than other Purchasers of comparable Units having the same Common Interest. However no such price change shall alter the Common Interest of, or the amount of the Common Charges payable by, the owner of such Unit(s).

Changes of Size, Layout and Number of Units or in the Amount or Quality of Common Elements

In order to meet the possible varying demands for number and type of Units, or to meet the particular needs of prospective Purchasers, or for any other reason, Sponsor reserves the right to change: (a) the layout of or number of rooms in, Unsold Units and (b) the size and/or number of Unsold Units by subdividing one or more Unsold Units into two or more separate Units by combining two or more separate Unsold Units into one or more Unsold Units by altering the boundary walls of any Unsold Unit(s), or otherwise, including, without limitation the use of any portion(s) of the Common Elements adjacent to such Unsold Units to the extent that such portion(s) are not for ingress or egress by other Unit Owners and the altering of the boundary wall does not interfere with any systems (such as electric, heating, plumbing, air conditioning or ventilation) servicing any other Unit (in which case such incorporated areas will become Limited Common Elements appurtenant to the Unsold Unit and will not change such Unit's Common Interest allocation). Except as provided to the contrary in this Section or in the

By-Laws, such right may be exercised by Sponsor from time to time, both before and after the First Closing, without the consent or approval of the Managing Agent, the Condominium Board, any Unit Owner, or any mortgagee. However, Sponsor shall first obtain the approval of all governmental authorities having jurisdiction thereof whose approval is required by law.

If Sponsor shall change the size (other than by incorporating Common Elements) and/or number of Unsold Units, Sponsor shall, if required by this Plan, increase or decrease the Common Interests appurtenant thereto accordingly; however, the aggregate amount of the Common Interests of all of the Unsold Units affected by such changes will not be changed. As a result of such reapportionment the amount of the Common Charges and the real estate taxes (if any) and assessments payable by the owners of the Unsold Units affected thereby will be increased or decreased proportionately, but the amount of the Common Charge and the real estate taxes (if any) and assessments payable by the owners of Units unaffected thereby will not be changed.

Notwithstanding the foregoing, unless an affected Purchaser consents, no material change will be made in Unit size, layout, or percentage of Common Interest with respect to any Unit for which a Purchase Agreement has been executed and delivered to the Sponsor, if the Purchaser thereof is not in default.

Moreover, unless all Purchasers consent, no material change will be made in the size, and no material adverse change will be made in the quality of the Common Elements reflected in this Plan. In the event of such a change to which all Purchasers consent, this Plan (and, if necessary, the Declaration and Floor Plans) will be amended to reflect any change in the size, or quality of the Common Elements.

As more particularly provided in the Declaration, Sponsor or its designee, as the owner of an Unsold Unit, will have the right to amend the Declaration to effectuate such changes itself, without the Condominium Board, other Unit Owners not affected by such change, or any mortgagee consenting to, or executing, such amendment.

If the size or configuration of a Unit is changed in compliance with this Plan and the Condominium Documents and, in connection therewith, a wall, space, hallway, or other area forming a part of the Common Elements servicing and benefiting only such Unit and not affecting access to any other Unit is demolished or incorporated in the Unit, then such Common Element shall be deemed to be for the exclusive use and benefit of the owner of such Unit and the Unit's Common Interest will remain unchanged.

H. ACCOUNTANT'S CERTIFIED STATEMENTS OF OPERATION

PENNYFIELD ESTATES II, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2003

PENNYFIELD ESTATES II, INC.
INDEX TO FINANCIAL STATEMENTS
DECEMBER 31, 2003

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FINANCIAL STATEMENTS	
Balance Sheet	3-4
Statement of Operations and Deficit	5
Statement of Cash Flows	6-7
Notes to Financial Statements	8-10

Schreck and Company
Certified Public Accountants, P.C.

352 Seventh Avenue - Suite 1040
New York, New York 10001

(212) 564-4786
Fax (212) 643-2843

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors and Stockholders
Pennyfield Estates II, Inc.

We have reviewed the accompanying balance sheet of Pennyfield Estates II, Inc. as of December 31, 2003, and the related statements of operations and deficit and cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute for Certified Public Accountants. All information included in these financial statements is the representation of the management of Pennyfield Estates II, Inc.

A review consists principally of inquiries of Company personnel and analytical procedures applied to financial data. It is substantially less in scope than an examination in accordance with auditing standards generally accepted in the United States of America, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Schreck and Company
Certified Public Accountants, P.C.

New York, New York
May 26, 2004

PENNYFIELD ESTATES II, INC.
BALANCE SHEET
DECEMBER 31, 2003

ASSETS

Investment in Rental Property		
Land (Notes 1, 2 and 3)		$ 528,514
Buildings (Notes 1, 2 and 3)		1,903,210
Other property and equipment (Notes 1 and 2)		8,498
		2,440,222
Less: Accumulated depreciation		162,845
Total Investment in Rental Property		2,277,377
Other Assets		
Marketable securities (Note 1)	$ 50,000	
Loans receivable, other	1,300	
Total Other Assets		51,300
TOTAL		$ 2,328,677

See accountants' review report and accompanying notes.

PENNYFIELD ESTATES II, INC.
BALANCE SHEET
DECEMBER 31, 2003

LIABILITIES AND STOCKHOLDERS' DEFICIENCY

Liabilities Applicable to Investment in Rental Property		
Construction loan payable (Note 3)		$ 1,100,000
Loans payable, affiliates (Note 4)		1,274,993
Total Liabilities Applicable to Investment in Rental Property		2,374,993
Other Liabilities		
Cash overdraft	$ 13,004	
Tenants security deposit payable	14,850	
Accounts payable and accrued liabilities	112,319	
Loans payable, stockholders (Note 5)	163,269	
Total Other Liabilities		303,442
Stockholders' Deficiency		
Common stock, no par value		
Authorized, 200 shares		
Issued and outstanding, 100 shares	2,000	
Deficit	(351,758)	
Total Stockholders' Deficiency		(349,758)
TOTAL		$ 2,328,677

See accountants' review report and accompanying notes.

PENNYFIELD ESTATES II, INC.
STATEMENT OF OPERATIONS AND DEFICIT
YEAR ENDED DECEMBER 31, 2003

Revenues		
Rental income	$ 220,600	
Other income	4,800	
Total Revenues		$ 225,400
Expenses		
Repairs snd maintenance	15,907	
Professional fees	1,725	
Management fees	1,200	
Insurance	5,293	
Utilities	4,752	
Water and sewer	228	
Real estate taxes	59,427	
Rubbish removal	9,220	
Office expense	681	
Depreciation	71,145	
Licenses and permits	6,345	
Total Expenses		175,923
Income From Operations Before Other Items and Provision for Income Taxes		49,477
Other Items		
Interest expense		(111,026)
Loss Before Provision for Income Taxes		(61,549)
Provision for Income Taxes (Note 1)		400
NET LOSS		(61,949)
DEFICIT, BEGINNING OF YEAR		(289,809)
DEFICIT, END OF YEAR		$ (351,758)

See accountants' review report and accompanying notes.

PENNYFIELD ESTATES II, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2003

Cash Flows From Operating Activities		
Net loss		$ (61,949)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	$ 71,145	
Changes in operating assets and liabilities:		
Decrease in rents receivable	625	
Increase in accounts payable and accrued liabilities	65,576	
Decrease in tenants security deposit payable	(9,900)	
Total adjustments to net loss		127,446
Net Cash Provided By Operating Activities		65,497
Cash Flows From Financing Activities		
Increase in loans payable, affiliates	86,193	
Decrease in loans payable, stockholders	(233,913)	
Net Cash Used By Financing Activities		(147,720)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(82,223)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		69,219
CASH AND CASH EQUIVALENTS, END OF YEAR		$ (13,004)

See accountants' review report and accompanying notes.

PENNYFIELD ESTATES II, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2003

Supplemental disclosures of cash flow information:

Cash paid during the year for:

Property and Equipment	$ -0-
Income Taxes	$ 400
Interest	$ 111,026

See accountants' review report and accompanying notes.

Note 1 - Summary of Significant Accounting Policies

This summary of significant accounting policies of the Company is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

a. Business Activity
Pennyfield Estates II, Inc. ("the Company") is a New York corporation, which is primarily engaged in rental real estate.

b. Revenue Recognition
Revenue is recognized for financial statement and income tax purposes by use of the accrual basis method of accounting. Therefore, income is recognized when earned and expenses are recorded as incurred.

c. Cash and Cash Equivalents
For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

d. Rents Receivable
The Company follows the policy of writing off bad debts as incurred. Therefore, no allowance for bad debts is necessary.

e. Property and Equipment
Expenditures for additional renewals, which extend the estimated useful lives of the assets and for the betterment of such assets, are charged to the appropriate fixed asset accounts. Expenditures for maintenance and repairs are charged to operations as incurred. Upon retirement or disposal of assets, it is generally the policy to eliminate the assets and accumulated depreciation from the accounts. Any resulting gain or loss on disposal is credited or charged to operations.

Depreciation for financial accounting purposes is computed by the straight-line and accelerated methods over the estimated useful lives of the respective assets, whereas, for income tax purposes is computed by the accelerated methods over prescribed statutory periods.

f. Marketable Securities
At December 31, 2003, marketable securities with a cost basis of $50,000 are carried at cost, which approximates market.

Note 1 - Summary of Significant Accounting Policies (Continued)

g. Income Taxes

The stockholders have elected to be treated as an "S" corporation for Federal income and New York State franchise tax purposes. Accordingly, no provision has been made for Federal income taxes.

h. Concentration of Credit Risk

Statement of Financial Accounting Standards No. 105 indicates that trade accounts potentially expose the Company to concentrations of credit risk.

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalent accounts in financial institutions, which from time to time exceed the Federal depository insurance coverage limit. There were no cash and cash equivalent accounts exceeding federally insured limits at December 31, 2003.

Note 2 - Land, Property, and Equipment

Land, property, and equipment, at cost, consist of the following:

Land	$ 528,514
Buildings	1,903,210
Equipment	8,498
	2,440,222
Less: Accumulated depreciation	162,845
Net	$ 2,277,377

Note 3 - Construction Loan Payable

The Company is indebted to a bank in the amount of $1,100,000 as at the balance sheet date. Interest only is payable monthly at the rate of 9.75% per annum. It is expected that this loan will be converted to a mortgage subsequent to the receipt of a Certificate of Occupancy that concludes construction.

The Company has received a Certificate of Occupancy and, as of the report date, is in the process of refinancing this loan.

Note 4 - Loan Payable, Affiliates

The Company is indebted to affiliated companies in amounts totaling $1,274,993 as at the balance sheet date. These loans are unsecured, non-interest bearing and payable upon demand.

Note 5 - Loans Payable, Stockholders

Loans payable, stockholders are unsecured, non-interest bearing and payable upon demand.

PENNYFIELD ESTATES II, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2002

PENNYFIELD ESTATES II, INC.
INDEX TO FINANCIAL STATEMENTS
DECEMBER 31, 2002

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Schreck and Company
Certified Public Accountants, P.C.

352 Seventh Avenue - Suite 1040
New York, New York 10001

(212) 564-4786
Fax (212) 643-2843

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors and Stockholders
Penneyfield Estates II, Inc.

We have reviewed the accompanying balance sheet of Penneyfield Estates II, Inc. as of December 31, 2002, and the related statements of operations and deficit and cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute for Certified Public Accountants. All information included in these financial statements is the representation of the management of Penneyfield Estates II, Inc.

A review consists principally of inquiries of Company personnel and analytical procedures applied to financial data. It is substantially less in scope than an examination in accordance with auditing standards generally accepted in the United States of America, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Schreck and Company
Certified Public Accountants, P.C.

New York, New York
April 29, 2003

PENNYFIELD ESTATES II, INC.
BALANCE SHEET
DECEMBER 31, 2002

ASSETS

Investment in Rental Property		
Land (Notes 1, 2 and 3)		$ 528,514
Buildings (Notes 1, 2 and 3)		1,903,210
Other property and equipment (Notes 1 and 2)		8,498
		2,440,222
Less: Accumulated depreciation		91,700
Total Investment in Rental Property		2,348,522
Other Assets		
Cash and cash equivalents (Note 1)	$ 69,219	
Rents receivable (Note 1)	625	
Marketable securities (Note 1)	50,000	
Loans receivable, other	1,300	
Total Other Assets		121,144
TOTAL		$ 2,469,666

See accountants' review report and accompanying notes.

PENNYFIELD ESTATES II, INC.
BALANCE SHEET
DECEMBER 31, 2002

LIABILITIES AND STOCKHOLDERS' DEFICIENCY

Liabilities Applicable to Investment in Rental Property		
Construction loan payable (Note 3)		$ 1,100,000
Loans payable, affiliates (Note 4)		1,188,800
Total Liabilities Applicable to Investment in Rental Property		2,288,800
Other Liabilities		
Tenants security deposit payable	$ 24,750	
Accounts payable and accrued liabilities	46,743	
Loans payable, stockholders (Note 5)	397,182	
Total Other Liabilities		468,675
Stockholders' Deficiency		
Common stock, no par value		
Authorized, 200 shares		
Issued and outstanding, 100 shares	2,000	
Deficit	(289,809)	
Total Stockholders' Deficiency		(287,809)
TOTAL		$ 2,469,666

See accountants' review report and accompanying notes.

PENNYFIELD ESTATES II, INC.
STATEMENT OF OPERATIONS AND DEFICIT
YEAR ENDED DECEMBER 31, 2002

Revenues		
Rental income		$ 195,645
Expenses		
Repairs snd maintenance	$ 24,115	
Professional fees	5,500	
Insurance	5,518	
Utilities	6,405	
Water and sewer	1,806	
Real estate taxes	57,821	
Rubbish removal	9,092	
Office expense	820	
Depreciation	72,437	
Licences and permits	770	
Total Expenses		184,284
Income From Operations Before Other Items and Provision for Income Taxes		11,361
Other Items		
Interest expense		(108,159)
Loss Before Provision for Income Taxes		(96,798)
Provision for Income Taxes (Note 1)		400
NET LOSS		(97,198)
DEFICIT, BEGINNING OF YEAR		(192,611)
DEFICIT, END OF YEAR		$ (289,809)

See accountants' review report and accompanying notes.

PENNYFIELD ESTATES II, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2002

Cash Flows From Operating Activities		
Net loss		$ (97,198)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation	$ 72,437	
Changes in operating assets and liabilities:		
Increase in rents receivable	(625)	
Increase in accounts payable and accrued liabilities	46,743	
Increase in tenants security deposit payable	4,550	
Total adjustments to net income		123,105
Net Cash Provided By Operating Activities		25,907
Cash Flows From Investing Activities		
Purchase of property and equipment		(127,687)
Balance Brought Forward		$ (101,780)

See accountants' review report and accompanying notes.

PENNYFIELD ESTATES II, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2002

Balance Brought Forward		$ (101,780)
Cash Flows From Financing Activities		
Proceeds from construction loan payable	$ 10,054	
Increase in loans payable, affiliates	155,000	
Increase in loans payable, stockholders	7,705	
Net Cash Provided By Financing Activities		$ 172,759
NET INCREASE IN CASH AND CASH EQUIVALENTS		70,979
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		(1,760)
CASH AND CASH EQUIVALENTS, END OF YEAR		$ 69,219

Supplemental disclosures of cash flow information:

Cash paid during the year for:

Property and Equipment	$ 127,687
Income Taxes	$ 400
Interest	$ (108,159)

See accountants' review report and accompanying notes.

Note 1 - Summary of Significant Accounting Policies

This summary of significant accounting policies of the Company is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

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Note 4 - Loan Payable, Affiliates

The Company is indebted to affiliated companies in amounts totaling $1,188,800 as at the balance sheet date. These loans are unsecured, non-interest bearing and payable upon demand.

Note 5 - Loans Payable, Stockholders

Loans payable, stockholders are unsecured, non-interest bearing and payable upon demand.

I. RIGHTS OF ELIGIBLE SENIOR CITIZENS ELIGIBLE DISABLED PERSONS

No eviction proceedings will be commenced at any time against eligible senior citizens and eligible disabled persons, except for non-payment of rent, illegal use or occupancy of the Unit, refusal of reasonable access to the owner or a similar breach of obligations to the landlord, and the rentals of eligible senior citizens and eligible disabled persons who reside in dwelling units not subject to government regulations as to rentals and continued occupancy and the rentals of eligible senior citizens and eligible disabled persons who reside in Units with respect to which government regulations as to rentals and continued occupancy are eliminated or becomes inapplicable after the Plan has become effective, shall not be subject to unconscionable increases beyond ordinary rentals for comparable Units during the period of their occupancy; provided, proceedings may be commenced for nonpayment of rent, illegal use or occupancy of the premises, refusal of reasonable access to the owner or a similar breach by the eligible senior citizen or eligible disabled person of his obligation to the landlord. Complaints concerning such increases may be referred to the New York State Department of Law, Real Estate Financing Bureau, 120 Broadway, New York, New York 10271.

Eligible senior citizens and eligible disabled persons who reside in Units subject to government regulations as to rentals and continued occupancy shall continue to be subject thereto.

The rights granted under the Plan to eligible senior citizens and eligible disabled persons may not be abrogated or reduced regardless of any expiration of or amendment to Section 352-eeee of the General Business Law.

As used herein, the term "eligible senior citizen" means non-purchasing tenants who are 62 years of age or older on the date the Attorney General has accepted the Plan for filing and the spouses of any such tenants on that date who have elected, within 60 days of the date of presentation (the "Presentation Date") of the Plan, on forms promulgated by the Attorney General and presented to such tenants by the Sponsor, to become non-purchasing tenants under the provisions of this Section; provided, that such election shall not preclude any such tenant from subsequently purchasing his dwelling unit on the terms then offered to tenants in occupancy. See Senior Citizens Election Form in Part I of the Plan.

As used herein, the term "eligible disabled persons" means non-purchasing tenants who have an impairment which results from anatomical, physiological or psychological conditions, other than addiction to alcohol, gambling, or any controlled substance, which are demonstrable by medically accepted clinical and laboratory diagnostic techniques, and which are expected to be permanent and which prevent the tenant from engaging in any substantial gainful employment on the date the Attorney General has accepted the Plan for filing, and the spouses of any such tenants on such date, who have elected within 60 days of the Presentation Date, on forms promulgated by the Attorney General and presented to such tenants by the Sponsor, to become non-

purchasing tenants as provided herein, provided, however, that if the disability first occurs after acceptance of the Plan for filing, then such election may be made within 60 days following the onset of such disability unless during the period subsequent to 60 days following the acceptance of the Plan for filing, but prior to such election, the Sponsor accepts a written agreement to purchase the Unit from a bona fide purchaser; and provided further that such election shall not preclude any such tenant from subsequently purchasing his Unit on the terms then offered to tenants in occupancy. See Eligible Disabled Person's Election Form in Part I of the Plan. If the disability first occurs after acceptance of the Plan for filing, then such election may be made within sixty (60) days following the onset of such disability unless during the period subsequent to sixty (60) days following the presentation of the Plan for filing, but prior to such election, the offeror accepts a written agreement to purchase the Unit from a bona fide purchaser. In the event that the Plan becomes subject to General Business Law Section 352-e (2-a) after the Plan was accepted for filing (a) the Plan must be amended immediately after the statute becomes applicable to such offering, and (b) such election may be made within sixty (60) days of presentation of such amendment.

Each owner of a Unit occupied by an eligible senior citizen or eligible disabled person shall be bound by the provisions of the General Business Law and the terms of the Plan. The by-laws of the Condominium will require that such purchase is subject to all of the rights of the eligible senior citizen or eligible disabled person occupying the Unit and that the purchaser, his successors and assigns, shall continue to be bound as long as such occupancy continues.

To take advantage of the special rights afforded to eligible senior citizens or eligible disabled persons, the Senior Citizens Election Form or the Disabled Person's Form must be signed, properly completed and personally delivered or sent by certified mail, return receipt requested to the Selling Agent. The Selling Agent will return an acknowledged copy of the form to the person making the election. The Senior Citizens Election Form in Part I and the Disabled Person's Election Form in Part I, may be removed from the Plan or such form may be retyped or hand printed on plain paper.

The Sponsor may dispute a person's election to be an eligible senior citizen or an eligible disabled person by applying to the Attorney General within 30 days of the receipt of the election forms for determination of such person's eligibility. The Attorney General shall, within 30 days thereafter, issue his determination of eligibility. The foregoing shall, in the absence of fraud, be the sole method for determining a dispute as to whether a person is an eligible senior citizen or an eligible disabled person. The determination of the Attorney General shall be reviewable only through a proceeding under Article 78 of the Civil Practice Law and Rules, which must be commenced within 30 days after such determination becomes final.

J. RIGHTS OF EXISTING TENANTS

As of the Presentation Date, all Units shown in Part I, Section C were subject to Section 352-eeee of the New York General Business Law, a copy of which appears in Part II, Document 9 of the Plan.

(a) Each tenant in occupancy of a Unit at the Presentation Date will have the exclusive right to purchase the shares allocated to his Unit for a period of 90 days from the Presentation Date, at the price set forth in Schedule A. Thereafter, tenants will not have the exclusive right to purchase their Units.

(b) The Plan will not be declared effective (and will be abandoned) unless, within 15 months from date the Attorney General has accepted the Plan for filing, at least 51% of the bona fide tenants in occupancy of Units in the Building on the date the Plan is accepted for filing by the Attorney General, as computed in accordance with Section 352-eeee of the New York General Business Law, have signed and delivered written agreements to purchase their Units made in good faith and without discriminatory repurchase agreements or other discriminatory inducements. Non-purchasing tenants who are granted rights of continued occupancy under the Plan by reason of their ages or the ages of their spouses or by reason of the physical disability or the physical disability of their spouses shall not be included in the base for computing the minimum number of purchasers required before the Plan may be declared effective.

(c) After the expiration of the 90 day exclusive right to purchase set forth in subparagraph (a) above, a tenant in occupancy at the Presentation Date, who has not purchased or waived in writing his right to purchase, will be given the exclusive right for an additional period of 6 months from said expiration date to purchase his Unit on the same terms and conditions contained in an executed purchase agreement (which may be in the form of a lease, with an option to purchase) made with a bona fide purchaser. The tenant must be given 15 days in which to exercise such right to purchase from the date of mailing by registered mail of notification of the execution of a purchase agreement. The notification shall contain a copy of the executed purchase agreement.

(d) Notwithstanding that all Units are subject to the Rent Stabilization Law, a non-purchasing tenant in occupancy at the Presentation Date shall be entitled to remain in possession (except for nonpayment of rent or other default), which possession shall be subject to applicable governmental regulations as to rentals and continued occupancy, until the expiration date of his lease. Thereafter, he may be removed by the owner of the Unit.

(e) A subtenant shall have no right to purchase unless approved by the tenant of record.

(f) Any bona fide tenant with the right to renew a lease on the date the Plan is accepted for filing or with the right to continued occupancy on the date the Plan is accepted for filing has the right to purchase as a tenant during the exclusive purchase period.

(g) For the purpose of determining who has the right to purchase during the exclusive period, a bona fide tenant of record with an unexpired lease on the date the Plan is accepted for filing shall be presumed to be a "tenant in occupancy" even if the tenant has sublet his or her Unit or the Unit is not the tenant's primary residence.

(h) A bona fide sublessee in occupancy on the date the Plan is accepted for filing has the right to purchase during the exclusive period if he or she: (i) sublets from a bona fide tenant; or (ii) has obtained written permission to purchase his or her dwelling unit from the bona fide tenant of record. Nothing herein shall be construed to deprive an owner of any legal remedy for illegal occupancy.

(i) A residential occupant entitled to protection under Article 7C of the Multiple Dwelling Law has the right to purchase during the exclusive period.

The By-Laws provide that non-purchasing tenants will be promptly notified of changes in ownership by any purchasers of their units and that the Board of Managers will retain and make available such information.

The Sponsor will not permit the assignment or transfer of purchase agreements by tenants in occupancy prior to declaring the Plan effective, without the prior, written consent of the Sponsor, which consent maybe withheld for any reason or no reason. See section N of the Plan entitled "Assignment of Purchase Agreements".

If the Sponsor amends the terms and conditions of the Plan prior to the closing of the first unit to be more favorable to non-purchasing tenants, a person entitled to purchase pursuant to this section as well as the regulations promulgated by the Department of Law and who has executed and submitted a purchase agreement for the Unit the tenant occupied on the date the Plan was accepted for filing, shall benefit from the more favorable terms and conditions, even though such purchase agreement was entered into before the Sponsor amended the terms. This provision shall also apply to tenants who purchased Units other than their own as well as assignees of tenants's purchase agreements.

Tenants in occupancy may purchase a vacant apartment or any other apartment not occupied by the tenant at the price offered to non-tenants by utilizing the procedure set forth in Section M of the Plan entitled "Procedure to Purchase". If more than one tenant elects to purchase such a Unit, the tenant who first submits an executed purchase agreement together with the required down payment shall be entitled to purchase such Unit.

No tenant in occupancy shall have the exclusive right to use any portion of the common elements.

A purchase agreement from a tenant in occupancy for his or her Unit executed during any exclusive purchase period shall have priority over and pre-empt any purchase agreement from non-tenants.

All of the Units are presently subject to the provisions of the Rent Stabilization Law of the City of New York. In addition, all of the Units presently receive real estate tax benefits resulting from the abatements afforded under Section 421-a of the Real Property Law of the State of New York. At the time that real estate tax benefits expire, the Units will no longer be subject to the provisions of the Rent Stabilization Law of the State of New York . Notwithstanding the foregoing, eligible senior citizens and disabled persons will not be subject to unconscionable rent increases.

The Selling Agent will not show a Unit occupied by a tenant on the Presentation Date to a prospective purchaser during the 90-day period following the Presentation Date unless the tenant waives in writing his right to purchase, or, if the tenant is an eligible senior citizen or eligible disabled person, unless the Sponsor has waived in writing any right to challenge the eligibility of the tenant as a senior citizen or disabled person, in which event the Selling Agent may exercise whatever right the landlord may have under the existing lease and/or applicable law to show such Unit to prospective purchasers and also to accept unconditionally a Purchase Agreement from any prospective purchaser of the Unit.

After the issuance of the letter from the Attorney General stating that the Plan has been filed, the Sponsor shall, on the thirtieth, sixtieth, eighty-eighth and ninetieth days after the Presentation Date and at least every thirty (30) days thereafter until such Plan is declared effective or is abandoned, as the case may be, and on the second day before the expiration of an exclusive purchase period provided in a substantial amendment to the Plan, (i) file with the Attorney General a written statement, under oath, setting forth the percentage of bona fide tenants in occupancy of all Units in the Building of the date the Plan was accepted for filing who have executed and delivered written agreements to purchase under the Plan as of the date of such statement and, (ii) before noon of the day said statement is filed, post a copy of such statement in the Building in a prominent place accessible to all tenants.

K. OWNERS OF DWELLING UNITS OCCUPIED BY NON-PURCHASING TENANTS

None of the Units in the Building are subject to Rent Control, Rent Stabilization or any other type of rent regulation. Thereafter, any tenant who does not purchase his Unit will be subject to eviction at the expiration date of his lease.

If a tenant or other person occupying a Unit does not voluntarily remove from a Unit on the date on which his lease expires, a purchaser, in order to gain occupancy of the Unit, may be required (at his own expense) to institute a summary dispossess proceeding in court. In any such proceeding, the court has discretionary power to stay the issuance of a warrant of eviction for not more than six (6) months depending upon the availability of other suitable accommodations and other factors.

NO REPRESENTATION IS MADE AS TO HOW LONG IT WILL TAKE FOR A PURCHASER OF A UNIT OCCUPIED BY ANOTHER TO GAIN POSSESSION OF THE UNIT.

If the Unit is purchased by someone other than the tenant thereof, the tenant or occupant will become the purchaser's tenant on the Closing Date and the purchaser will become his landlord. A purchaser who acquires the Unit occupied by any such tenant will be required to pay to the Condominium Association the common charges for such Unit, whether such common charges are greater or less than the rent received from the tenant in occupancy.

Any person interested in purchasing a Unit in which he does not reside is urged to examine any lease pertaining to the Unit, verifying not only the expiration date of the lease (or any renewal thereof) but also the rent currently payable for the Unit, which may be more or less than the common charges that will be payable to the Condominium Association for such Unit after the Closing Date, and the obligations of the landlord thereunder.

IT IS ALSO RECOMMENDED THAT EVERY SUCH PERSON CONSULT WITH AN ATTORNEY IN ORDER TO BECOME FULLY APPRISED OF THE EFFECT OF THE NEW YORK GENERAL BUSINESS LAW ON HIS RIGHTS AS A PURCHASER, AND HIS OBLIGATIONS TO ANY EXISTING TENANT OR OCCUPANT.

Any Unit occupied by a non-purchasing tenant shall be managed by the same managing agent who manages all of the other Units in the Building. The managing agent will provide to non-purchasing tenants all building services and facilities required by law on a non-discriminatory basis. The Sponsor shall guarantee the obligation of the managing agent to provide all such services and facilities until such time as the Sponsor surrenders control of the Board of Managers. In addition, it is unlawful for any person to engage in any course of conduct including, but not limited to, interruption or discontinuance of essential services, which substantially interferes with or disturbs the

comfort, repose, peace or quiet of any tenant in his use or occupancy of his Unit or related facilities.

A purchaser of the Unit subject to a lease will be entitled to receive the unapplied portion of any security deposit held by the Sponsor under the terms of the lease. Such security deposit must be held by the purchaser, in trust, in an interest-bearing account, in accordance with Section 7-103 of the New York General Obligations Law.

Purchase Agreements for dwelling Units occupied by non-purchasing tenants and the By-Laws for the Condominium shall include an agreement by the purchaser (other than the Sponsor) to deposit with the managing agent at the closing an amount not less than the greater of two months' common charges or two months' rent to be used as working capital to furnish services required under the non-purchasing tenant's lease and the New York City Rent Stabilization Law. Upon notice by the managing agent that the deposit has been diminished, the fund shall be replenished by the Unit owner within a specified period of time. The Declaration and the By-Laws shall provide that the failure of the Unit owner to replenish the fund in a timely fashion shall result in the Board of Mangers, on behalf of the Unit owners, having a lien against the dwelling Unit. Interest, if any, earned on the fund shall be the property of the Unit owner.

L. INTERIM LEASES

Once a Purchase Agreement is accepted by Sponsor for a vacant Unit and for so long as such Purchase Agreement is in effect, such Unit may only be leased by Sponsor to the Purchaser thereof pursuant to an "**Interim Lease**" on the terms set forth in this Section.

An Interim Lease shall be prepared on a form of lease that will be available for inspection at the office of Selling Agent and shall contain the default provisions (including failure of the tenant to comply with his or her obligations under his or her Purchase Agreement) described below. The term of each such Interim Lease shall expire on the earliest to occur of (i) the date of closing of title to the Unit covered by such Interim Lease, (ii) the dated fixed in the Interim Lease for the expiration of the term, (iii) the date upon which the Interim Lease is terminated at the option of Sponsor by reason of a default by the Purchaser-tenant under the Interim Lease or a casualty or condemnation affecting the Unit or (iv) the date upon which the Interim Lease is terminated by the Purchaser-tenant or Sponsor as provided below. The rent payable under the Interim Lease shall be negotiated by the parties and the amount of such rent shall not be subject to any limitation.

An uncured default by the Purchaser-tenant under the Purchase Agreement will constitute a default under the Interim Lease. A default in the performance or observance of the terms and conditions of the Interim Lease will also be a default under the terms of the Purchase Agreement and will permit Sponsor to cancel the Purchase Agreement in accordance with its terms. The Purchaser-tenant will be required to vacate his or her Unit within thirty (30) days after notice is sent of Sponsor's intent to cancel the Purchase Agreement, provided that the Purchaser-tenant fails to cure any such default within the applicable grace period, if any, with TIME BEING OF THE ESSENCE. Before a default under the Interim Lease may be declared a default under the Purchase Agreement,

however, either: (i) Sponsor must obtain an order of eviction or other judgment or order against the Purchaser-tenant from a court or agency of competent jurisdiction or (ii) the Purchaser-tenant must have vacated the Unit.

In the event that the Purchaser-tenant should exercise any right to terminate or rescind the Purchase Agreement or Interim Lease, such termination or rescission will be contingent upon his or her surrendering possession of his or her Unit and leaving the same vacant, in good condition and broom clean within thirty (30) days after he or she elects to terminate or rescind. He or she must also pay any rent then due and payable under his or her Interim Lease. Nothing contained herein shall relieve any Purchaser of liability for damage to his or her Unit or of any liability under the Purchase Agreement or Interim Lease.

In no event will any portion of the rental paid under an Interim Lease be credited towards the Unit's Purchase Price.

Sponsor's right to rent or lease any Unsold Residential Unit, Storage Unit or Commercial Unit will not be subject to any right of first refusal in favor of the Condominium Board to lease such Unsold Residential Unit, Storage Unit or Commercial Unit from Sponsor on the same terms offered to the prospective tenant or occupant.

In the event the Plan is abandoned, a Unit occupied pursuant to an Interim Lease shall be terminable by Sponsor on 90 days prior written notice to the Purchaser-tenant under the Interim Lease. Additionally, a Purchaser-tenant under an Interim Lease may, if the Plan is abandoned, cancel such lease and vacate the premises upon ninety (90) days' written notice to Sponsor sent to the address set forth on the cover page of this Plan.

M. PROCEDURE TO PURCHASE

A person interested in purchasing a Unit is required to obtain a copy of the Plan and any filed amendments thereto, which are available from the Selling Agent. Each person wishing to obtain a copy of the Plan will be required to provide a $100.00 deposit for each copy of the Plan and amendments. The deposit will be refunded if the Plan and amendments, if any, are returned to the Selling Agent in good reusable condition or upon signing of a Purchase Agreement.

Execution of Purchase Agreement and Downpayment

A person who wishes to purchase a Unit must complete and sign in triplicate a Purchase Agreement and deliver the same to Sponsor or the Selling Agent together with a check equal to the sum of ten (10%) percent of the Purchase Price ("Downpayment") as more particularly described below. A tenant in occupancy of his Unit on the Presentation Date may execute his Purchase Agreement with a Downpayment of $1,000.00.

The terms of sale and other provisions of an actual Purchase Agreement entered into between Sponsor and any Purchaser may vary from the provisions contained in the form of Purchase Agreement in Part II of the Plan. However, such variations shall have no effect on the provisions of any other Purchase Agreement theretofore or thereafter entered

into between Sponsor and any other Purchaser nor shall such variations materially and adversely affect Sponsor's obligations as set forth in the Plan.

All monies received by Sponsor directly or indirectly under the Plan will be held in trust by Sponsor pursuant to the provisions of Section 352-e(2b) and 352-h of the General Business Law and the New York State Attorney General's Regulations promulgated pursuant hereto. Purchasers shall not be obligated to pay any legal or other expense of Sponsor in connection with the handling or disposition of Downpayments paid by such Purchasers. However, nothing in the preceding sentence shall limit the obligation of any Purchaser to pay the fees and expenses of Sponsor's attorneys (to the extent such fees and expenses are expressly disclosed in the Plan) in connection with the purchase or closing of title to the Unit purchased by such Purchaser under the Plan.

A Downpayment will be deemed to have been unconditionally tendered when it is delivered to Sponsor or Selling Agent together with a Purchase Agreement in the form agreed to by Sponsor and signed by the Purchaser, without any request for a change in such form or the terms of the Purchase Agreement. Each Downpayment will be placed within five (5) business days after the date on which such Downpayment has been unconditionally tendered, in a special escrow account of James A. Cartelli, Esq. (hereinafter the **"Escrow Agent"**) whose address is 81 Main Street, White Plains, New York 10601 and whose telephone number is (914) 993-0100. The signatories on this escrow account are James A. Cartelli, Esq., and Trisha L. Cartelli, Esq., each of whom is authorized to withdraw funds: The name of the escrow account is "James A. Cartelli, Attorney Escrow Account for the Pennyfield Estates II Condominium (the **"Escrow Account"**), and such Escrow Account is maintained by Hudson Valley Bank, located at 40 Church Street, White Plains, New York 10601 (the "Bank"). Neither Sponsor nor any principal of Sponsor is a signatory to the Escrow Account. The Bank is covered by federal bank deposit insurance generally to a maximum of $100,000 in the aggregate with respect to all funds deposited by any person in one or more deposit accounts (including, without limitation, amounts deposited directly by such person and the Downpayment held in escrow for such person by the Escrow Agent).

If a Purchaser makes a Downpayment in excess of $100,000 for the purchase of a Unit, or if the amount of such Purchaser's deposits at the Bank and such Downpayment exceed $100,000, the aggregate of such Downpayment and all other such deposits will generally not be federally insured in excess of $100,000. No representation or guaranty is made by Escrow Agent or Sponsor that the Federal Deposit Insurance Corporation will insure any depositor's funds if and when called upon to do so. (See "Special Risks" Section of the Plan at page iii).

The Escrow Account will be interest bearing and, any interest earned on the Downpayment shall be delivered to a Purchaser at the closing of title to its Unit or other termination of the Purchase Agreement except if a Purchaser has defaulted thereunder beyond any applicable grace periods, in which event Sponsor shall be entitled to retain the **"Liquidated Sum"** (as hereinafter defined). The interest rate to be earned on the Downpayment will be the rate paid from time to time by the Bank for the same type of account as the Escrow Account, which rate has averaged approximately 0.05% during the past few month. Interest will begin to accrue when the check for a Downpayment is

collected and provided there is no charge back or debit collected by the Bank against the amount deposited.

Each Purchaser desiring to purchase a Unit should deliver the following to Sponsor's counsel at 81 Main Street, White Plains, New York 10601:

(i) Three (3) copies of the executed Purchase Agreement;

(ii) an unendorsed personal check, drawn on a New York City Clearing House Association member bank, in a sum equal to ten percent (10%) of the purchase price , or $1,000.00 in the case of a tenant in occupancy, (the **"Downpayment"**) made payable to the order of **"James A. Cartelli, Attorney Escrow Account for Pennyfield Estates II Condominium"**;

(iii) Three (3) copies of an Internal Revenue Service W-9 Form, Request for Taxpayer Identification Number and Certification (a **"W-9 Form"**) indicating the social security number or the taxpayer identification number of the Purchaser. If there is more than one Purchaser, a W-9 Form must be completed, executed and delivered for each Purchaser who will be receiving any interest earned on the Downpayment. The Purchaser's failure to provide a W-9 Form will be deemed a waiver of his, her or its right to receive interest on the Downpayment. The W-9 Form is annexed to the Purchase Agreement as Exhibit B; and

(iv) Three (3) copies of the completed and executed Lead-Based Paint Disclosure Form described below.

Notwithstanding anything to the contrary contained in this Section, Sponsor shall have no obligation to accept a Purchase Agreement for any Residential Unit unless at the time such Purchase Agreement is submitted to Sponsor, the Purchaser thereunder also delivers to Sponsor the Lead-Based Paint Disclosure Form fully completed and signed by the prospective Purchaser in triplicate.

All checks for Downpayments under the Plan shall be made payable to the order of **"James A. Cartelli, Attorney Escrow Account for the Pennyfield Estates II Condominium."** Within ten (10) business days after unconditional tender and delivery by a Purchaser to Sponsor or Selling Agent of a check for a Downpayment submitted with such Purchaser's Purchase Agreement on account of the Purchase Price thereunder, the Escrow Agent will notify the Purchaser that such funds have been deposited into the Escrow Account and will provide the account number and the initial interest rate. Subject to the provisions of the next sentence, if such Purchaser does not receive notice of such deposit within fifteen (15) business days after unconditional tender and delivery to Sponsor or the Selling Agent of such Downpayment, then such Purchaser may cancel such purchase and rescind such Purchaser's Purchase Agreement so long as such right to rescind is exercised within ninety (90) days after such Purchaser's unconditional tender and delivery of such Downpayment to Sponsor or the Selling Agent, or Purchaser may

apply to the Attorney General for relief. However, a Purchaser shall not be entitled either to rescind such Purchaser's Purchase Agreement or to receive a refund of such Purchaser's Downpayment where proof satisfactory to the Attorney General is submitted establishing that such Downpayment was timely deposited and notice as provided above was timely mailed to such Purchaser in conformity with the Attorney General's regulations.

Additionally, the Purchaser understands that receipt of the Downpayment by the Escrow Agent and deposit of the Downpayment in the Escrow Account by Escrow Agent shall not be deemed acceptance of this Agreement by Sponsor, which acceptance can only occur as provided below.

If any check for any payment to be made by the Purchaser under the Purchase Agreement (including without limitation the Downpayment) shall be dishonored for any reason whatsoever, it shall be deemed a material default by the Purchaser under the Purchase Agreement and Sponsor may, in that event, cancel the Purchase Agreement and, notwithstanding such cancellation, be entitled to recover the amount of such check in addition to, without limiting the foregoing provisions, the costs and expenses (including, but not limited to, reasonable attorneys' fees and expenses) of collection of any such check or other instrument so dishonored.

Release of Trust Funds

Since all Purchase Agreements are contingent upon the Plan 's becoming effective, under no circumstances shall Sponsor apply for release of the escrowed funds of a defaulting Purchaser until after consummation of the Offering Plan.

The Escrow Agent will hold the fund in escrow until otherwise directed pursuant to (i) a writing signed by both Sponsor and Purchaser; or (ii) a determination of the Attorney General pursuant to the dispute resolution procedures contained in the Attorney General's regulations; or (iii) a judgment or order of a court of competent jurisdiction.

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

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

Disputes Regarding Trust Funds

Purchasers, subscribers, and the escrow agent may apply to the Attorney General in the event of a dispute for a determination on the disposition of the Downpayment and

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

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

Attached to Part II of this Plan as Document No. 12 is a copy of the escrow agreement which incorporates the terms of the Attorney General's regulations.

Escrow Records and Escrow Revision

The Escrow Agent will maintain all records concerning the escrow fund for seven (7) years after the release of funds. Upon the dissolution of the law firm which was the Escrow Agent, the former partners or members of the firm shall make appropriate arrangements for the maintenance of these records by the successor firm and shall notify the Department of Law of such transfer. If for any reason it becomes necessary to transfer escrow funds to a new account or to change agents, the Department of Law shall be notified and the Plan shall be amended to disclose all information regarding the change as has been provided with respect to the original account.

Nothing contained herein shall diminish or impair the Sponsor's statutory obligation to each Purchaser pursuant to General Business Law Section 352-h to hold in trust all deposits, advances or payments made in connection with the offer until consummation of the transaction with such Purchaser.

Financing of Purchases

Each Purchaser is solely responsible for arranging his own financing and is free to obtain financing from the lender of his preference. The Purchase Agreement is not contingent upon the Purchaser obtaining financing. Generally, savings and commercial banks in New York are authorized to finance the purchase of condominium units. Due to money market conditions, those banks providing condominium unit financing have adopted individual policies as to the permissible "loan-to-value" ratio and the cost of obtaining the financing. In addition, if a loan commitment is issued, the interest rate may be the customary rate for this type of loan charged by the bank either at the time the loan commitment is issued or at the time of closing (that is, funding) of the loan. Further, the commitment period may expire before the First Closing. Banks may also consider the number of units in the Building which are held by the Sponsor. No representation is made that bank financing will be available to any Purchasers under the Plan or as to the amount, terms and conditions upon which financing may be granted or the cost to obtain it. A Purchaser seeking financing will be solely responsible for all fees and costs imposed by the lender, including (but not limited to) application, appraisal and origination fees (if any). Accordingly, each Purchaser should inquire about the amount, terms, cost, availability and Purchaser's eligibility for such financing with the lender of Purchaser's

preference before signing and returning the Purchase Agreement in order to avoid the risk of losing his or her downpayment.

NO FINANCING IS OFFERED BY SPONSOR. NO REPRESENTATION OR WARRANTY IS MADE AND NO ASSURANCE IS GIVEN WITH RESPECT TO THE COST OR AVAILABILITY OF FINANCING FROM ANY OTHER SOURCE.

Closing Date

Sponsor expects, but does not guarantee, that the First Closing will occur on or about sixty (60) days after this Plan is accepted for filing and an effectiveness amendment has been filed with the New York State Department of Law. It is projected that the First Closing will occur on or about June 1, 2006. If the First Closing does not occur twelve (12) months thereafter, Sponsor will amend the Plan to offer Purchasers the right to rescind their Purchase Agreements within fifteen (15) days following the expiration of that twelve month period. Any Purchasers electing to rescind will have their Downpayments returned with accrued interest. After consummation of the Plan, a Purchaser in default beyond any applicable grace period may not rescind.

After an amendment declaring the Plan effective is accepted for filing, Sponsor will give each Purchaser not less than thirty (30) days' prior written notice (to be served in compliance with applicable regulation) of the date, time and place (in the City of New York) for the transfer of title to his Unit. At title closing, such Purchaser shall pay the balance of the purchase price stated in the Purchase Agreement by official bank or cashier's check or, at Sponsor's option, by wire transfer of immediately available federal funds. However, such Purchaser may apply the proceeds of any financing obtained by him to make payment. **TIME SHALL BE OF THE ESSENCE WITH RESPECT TO PURCHASER'S OBLIGATION TO CLOSE TITLE ON SUCH DATE.** A Purchaser may waive the thirty (30) days' notice requirement and close on an earlier date that is mutually agreeable to such Purchaser and the Sponsor.

All checks at closing in payment of the balance of the purchase price shall be payable to the escrow account, unless alternative directions for payment have been provided by Sponsor's attorney within three (3) days prior to closing in accordance with the Sponsor's direction and otherwise in conformity with the requirements of the Purchase Agreement.

Events of Default

If a Purchaser: (i) defaults in paying the balance of the purchase price or the closing fee or any travel, attendance or adjournment fees on the date scheduled by Sponsor for closing title to his Unit (or his Downpayment check is dishonored); (ii) defaults in paying or performing any other obligation under the Purchase Agreement; or (iii) becomes a tenant of a Unit after the Plan is presented and defaults under his interim lease or tenancy (provided that such default shall become a default under the Purchase Agreement only if an order of eviction or other judgment or order from a court or agency

of competent jurisdiction is issued against Purchaser or Purchaser shall vacate the Residential Unit), then Sponsor shall have the right to cancel the Purchase Agreement by sending to Purchaser thirty (30) days' written notice of Purchaser's default and Sponsor's intention to cancel. If the default is not cured within the thirty (30) day notice period, the Purchase Agreement shall be deemed canceled. Sponsor shall retain as a Liquidated sum, the Downpayment, with all earned interest, **TIME IS OF THE ESSENCE FOR A PURCHASER TO CURE SUCH DEFAULT WITHIN THE THIRTY (30) DAY PERIOD.** Any payments received by Sponsor in excess of the Downpayment, except for the cost of Special Work, if any, done by Sponsor in the Unit at Purchaser's request, shall be refunded to the Purchaser after cancellation.

If a Purchase Agreement is canceled, both Sponsor and the Purchaser shall be relieved of all further obligations and liabilities thereunder and under this Plan. Sponsor shall be free to sell the Unit to another as though the Purchase Agreement had never been made and without accounting to the Purchaser for the proceeds on such sale.

Power of Attorney

At the closing of title under a Purchase Agreement and simultaneously with the delivery of the Unit Deed conveying the Unit to Purchaser, the Purchaser must execute and deliver a power of attorney (**"Unit Power"**) to the Condominium Board substantially in the form set forth in Part II of the Plan. Purchaser's failure to execute and deliver the Unit Power will constitute a default under the Purchase Agreement.

All Purchasers who have not been afforded at least three (3) business days to review the Plan and all filed amendments thereto prior to executing and delivering a Purchase Agreement, may rescind such Purchase Agreement by giving written notice of rescission to Sponsor within seven (7) days after the date of such Purchase Agreement.

Sponsor's Acceptance

Within twenty (20) days after delivery to Sponsor or the Selling Agent by the Purchaser of three (3) copies of the Purchase Agreement together with the requisite Downpayment, Lead- Based Paint Disclosure Form and W-9 Form, Sponsor shall either accept the Purchase Agreement by returning a fully executed counterpart thereof to the Purchaser or reject the Purchase Agreement and refund the full Downpayment previously tendered. If Sponsor takes no action to accept or reject the Purchase Agreement within said twenty (20) day period, the Purchase Agreement shall be deemed canceled and the Purchaser shall be entitled to receive immediately a full refund of the Downpayment.. Upon such refund being made, neither party will have any further rights, obligations or liabilities hereunder with respect to the other or any other party connected with the Plan. Sponsor has the right, without incurring any liability, to reject any Purchase Agreement (except with respect to Purchase Agreements tendered by Eligible Tenants within the Exclusive Purchase Period in accordance with the requirements set forth above) without cause or explanation, so long as such rejection is not based upon race, creed, color, national origin, ancestry, sex or other ground prohibited by Applicable Law.

Obligation of Tenant To Pay Rent

A Purchaser who is or becomes a tenant or occupant of the Property must continue to pay rent under its lease (or other tenancy), and Purchaser specifically waives any right of offset with respect to such rent. In no event shall Purchaser be released or excused from paying and performing Purchaser's lease or tenancy obligations, Sponsor will be entitled to collect from Purchaser all damages, losses, costs, expenses, and all other lawful sums to which Sponsor is entitled (including, but not limited to, legal fees and cost of collection) due to Purchaser's failure to pay rent or otherwise comply with Purchaser's lease or tenancy obligations. The right is reserved to Sponsor to apply any rent security against arrearages or other default in addition to sue any tenant to the extent such rent security is insufficient.

Risk of Loss

The risk of loss to any Unit by fire or other casualty until the closing of title to the Unit (or an earlier taking of possession by the Purchaser) is assumed by Sponsor, but Sponsor has no obligation or liability to repair or restore any Unit. If a Unit is damaged or destroyed by fire or other casualty prior to closing of title, but after the signing of a Purchase Agreement, and Sponsor gives written notice to the Purchaser of Sponsor's election to repair or restore the Unit, then the Purchase Agreement shall continue in full force and effect, and the Purchaser shall not have the right to reject title or receive a credit against, or abatement in, the purchase price. Sponsor shall be entitled to a reasonable period of time within which to complete the repair or restoration, and any proceeds received from insurance or in satisfaction of any claim or action in connection with such loss shall, subject to the rights of the Board and other Unit Owners, belong entirely to Sponsor.

However, if Sponsor notifies the Purchaser in writing that it does not elect to repair or restore the Unit, or if the Unit Owners do not resolve to make such repair or restoration pursuant to the By-Laws (see "Rights and Obligations of the Unit Owners and the Board of Managers" in Part I) the Purchase Agreement shall be deemed terminated. Sponsor shall return to the Purchaser the entire Downpayment, together with interest earned thereon, and the parties shall be released and discharged from all rights, obligations and liability under the Purchase Agreement, except that if Purchaser is then in default under the Purchase Agreement beyond any applicable grace period, Sponsor may retain such Purchaser's Downpayment, together with interest earned thereon. In any event, Sponsor shall be certified to retain the proceeds of any insurance.

Federal Regulations On Lead-based Paint

The United States Department of Housing and Urban Development and the Environmental Protection Agency have adopted **"Lead- Based Paint Regulations"** applicable to most housing built prior to 1978 (called **"Target Housing"**). Generally, the Regulations concern disclosure of the known presence of lead-based paint and lead-based paint hazards in Target Housing. The disclosures are required to be made in contracts of sale or lease (including lease renewals and subleases) of Target Housing. The Regulations

apply to all owners of cooperative and condominium units in Target Housing, including Unit Owners of the Building.

In order to comply with the Lead-Based Paint Regulations:

(i) Each prospective Purchaser will be given a copy of United States Consumer Product Safety Commission pamphlet entitled **"Protect-Your Family From Lead in the Home"**;

(ii) Each prospective Purchaser will be given a 10-day opportunity to conduct a risk assessment or inspection (collectively, **"inspection"**) for the presence of lead-based paint and/or lead-based paint hazards;

(iii) Each prospective Purchaser will receive and must sign and return to Sponsor, before entering into a Purchaser Agreement, a notice of such 10-day opportunity on a form entitled, **"Disclosure of Information on Lead-Based Paint and/or Lead-Based Paint Hazards,"** a copy of which is included in Part II of the Plan as Exhibit F by the Purchaser Agreement (the **"Lead-Based Paint Disclosure Form"**). The text of the Lead-Based Paint Disclosure Form is the sample disclosure form contained in the Lead-Based Paint Regulations;

Please refer also to the Sections of the Plan entitled **"Rights and Obligations of Unit Owners"** and **"Sponsor's Description of Building Condition."**

As all of the Units offered herein were constructed subsequent to 1978, the aforesaid Regulations are inapplicable to this offering.

Purchaser's Rights and Sponsor's Obligations

The Purchase Agreement and the Plan may not contain, or be modified to contain, a provision waiving the Purchaser's rights or abrogating the Sponsor's obligations under Article 23-A of the General Business Law. The purchase agreements to be used by tenant purchasers who purchase during any exclusive period may not be modified except by a duly filed amendment to the Plan.

N. ASSIGNMENT OF PURCHASE AGREEMENTS

No assignment of a Purchase Agreement shall be permitted without Sponsor's prior written consent, which may be withheld for any reason or no reason.

Any purported assignment by a Purchaser in violation of the Purchase Agreement will be voidable at the option of Sponsor. Sponsor's refusal to consent to an assignment will not entitle a Purchaser to cancel the Purchase Agreement or give rise to any claim for damages against Sponsor. Under no circumstances will Sponsor consent to an assignment of the Purchase Agreement in which the Purchaser will receive consideration. If Sponsor, in its sole discretion, consents to a Purchaser's request for an assignment of the Purchase

Agreement, the assignee of the Purchase Agreement shall be required to close title to the Unit on the originally scheduled Closing Date set forth in the Purchase Agreement. If Sponsor, in its sole discretion, consents to a Purchaser's request for an assignment of the Purchase Agreement, then the Purchaser shall be required to pay Sponsor's attorneys a fee of $500.00, in advance, for preparation of an assignment agreement and any necessary revisions to the other Closing documents. In no event will Sponsor consent to an assignment of Purchase Agreement with respect to a Unit, if such Purchase Agreement may not be included in the percentage required to declare the Plan effective.

O. EFFECTIVE DATE OF PLAN

The Sponsor's offer and obligations under this Plan are contingent upon the Plan being declared effective in compliance with the relevant conditions and time periods set forth in this section.

The Plan shall be declared effective by either personal service of a notice declaring it effective upon each Purchaser or by commencement of service by regular mail upon each of the Purchasers. The notice shall state the date on which the Plan was declared effective and shall list the units being counted to meet the minimum percentage under the terms of the Plan to declare it effective. Thereafter, a closing may occur without the Sponsor's filing an amendment with the Department of Law declaring the Plan effective; however, Sponsor will file all the information required to be part of an amendment declaring a plan effective when it files a post-closing amendment.

The Plan will not be declared effective until Purchase Agreements have been accepted by Sponsor from bona fide purchasers for at least fifty-one (51%) percent of the Units offered under the Plan.

When calculating the Purchase Agreements which may be counted toward the foregoing fifty-one (51%) percent quota, no Purchase Agreement shall be counted if it is:

(a) delivered by a Purchaser who has been granted a right to rescind his Purchase Agreement during a period of rescission after the presentation of an amendment to the Plan and the time period to rescind has not expired or the Purchaser has not waived his right to rescind the Purchase Agreement;

(b) delivered by a Purchaser who has assigned or transferred the Purchase Agreement without compliance with the terms of the Plan;

(c) conditioned upon an amendment to this Plan that has not been properly presented; or

(d) delivered by a Purchaser who is the Sponsor, the Sponsor's designee, the Selling Agent, a principal of, or is related to, the Sponsor or the Selling Agent by blood, marriage, adoption or as a business associate or an employee, unless Sponsor establishes that the Purchaser (other than the Sponsor or a principal of Sponsor) is a bona fide Purchaser who represents that he or she or one or more specified members of his or her

immediate family intends to occupy the Unit. However, these Units will be included in the base for calculating the 51% needed to declare the Plan effective.

Notwithstanding the foregoing, the Plan will not be declared effective based upon Purchase Agreements where the Purchaser was not afforded at least three (3) business days to review the Plan and all filed amendments prior to executing a Purchase Agreement unless fewer than three (3) business days remain in the statutory time period to declare the Plan effective.

The Sponsor may not declare the Plan effective unless at least fifty-one (51%) percent of the bona fide tenants in occupancy of all dwelling units in the building on the date the Plan was accepted for filing shall have executed and delivered written agreements to purchase under the Plan pursuant to an offering made in good faith without fraud and discriminatory repurchase agreements or other discriminatory inducements. In establishing a basis for computing the required fifty-one (51%) percent, all dwelling units in the building shall be included, except (1) those that were vacant and not under lease on the date the Plan was accepted for filing by the Department of Law ('the filing date"), and (2) dwelling units of eligible senior citizens and eligible disabled persons who have not subsequently purchased, unless the Sponsor has disputed such election in which case the affected dwelling unit will remain in the base until such time as a final determination is made that the election is sustained.

In computing the fifty-one (51%) percent requirement the following purchase agreements may be included:

(1) Purchases by bona fide tenants in occupancy on the filing date of their dwelling units;

(2) Purchases by bona fide tenants in occupancy on the filing date of dwelling units which are both vacant and not under lease;

(3) Purchases by bona fide tenants in occupancy on the filing date of a dwelling unit of another bona fide tenant;

(4) Purchases by the bona fide tenant of record on the filing date or by a subtenant who has the right to purchase; and

(5) Purchases of dwelling units leased to a corporation, partnership, trust, or other entity.

The Sponsor may, at its option, abandon the Plan for any reason whatsoever before it is declared effective or the 80% sales quota referred to in the foregoing paragraph is met. In the event of abandonment of the Plan, the Sponsor will promptly file an amendment and Form RS-3 with the Department of Law.

Once the Plan has been declared effective and before the First Closing, the Plan may not be abandoned or withdrawn, except that the Sponsor may abandon or withdraw the Plan if: (i) there exist one or more defects in title (including violations of record or work orders of an insurance carrier) affecting any one or more Units and/or the Common Elements which cannot be removed or complied with except through litigation or cannot be cured for less than a stated amount which shall not be less than one-half of one percent of the total offering amount, or, (ii) substantial damage to or destruction of the Building

by fire & other casualty which cannot be cured for less than a stated amount which shall not be less than one-half of one percent of the total offering amount, or (iii) a taking of any portion of the Property by condemnation or eminent domain. In calculating the costs referred to in clauses (i) and (ii) above, any defects in title or determinations of any authority or regulatory association that existed on the date the Units were initially offered for sale under the Plan, and were known to Sponsor or were a matter of public record, and attorney's fees shall be excluded.

Notwithstanding the foregoing, the Sponsor is obligated to convey title to each Unit at closing free and clear of all liens, encumbrances and title exceptions.

If this Plan is withdrawn or abandoned, all Purchasers will be notified in writing. Within ten (10) days thereafter, all Downpayments paid pursuant to Purchase Agreements then in effect (together with any interest earned thereon) will be returned to Purchasers. Upon the return of the Downpayment and interest, if any, all Purchase Agreements will be null and void and Sponsor will have no further obligation or liability to Purchasers under this Plan or under the Purchase Agreements. In case of abandonment, no new plan for the conversion of the Property to cooperative or condominium ownership shall be submitted to the Department of Law for at least twelve (12) months after such abandonment. In the event the Plan is abandoned, Sponsor will promptly submit an amendment to the Department of Law reflecting such abandonment and file a notice of abandonment on form RS-3 or such other form as the Department of Law may require.

Subsequent to the First Closing, this Plan may not be withdrawn or abandoned unless at least eighty (80%) percent of the Unit Owners, both in number and in Common Interests, vote to terminate the Condominium pursuant to Section 339-t of the Condominium Act. Sponsor will not vote the aggregate Common Interests appurtenant to its Unsold Units for such termination unless at least eighty (80%) percent of the Unit Owners, both in number and in Common Interests, elect to terminate, in which event Sponsor may choose to vote its Common Interests, either in favor of or against termination of condominium ownership, as it sees fit.

After this Plan has been declared effective, Sponsor will, from time to time, fix one or more dates for closing title to Units for which Purchase Agreements are in effect. The First Closing will be held on a date specified by the Sponsor after the Plan is declared effective, but in no event sooner than thirty (30) days after the date upon which notice is given that the Plan is declared effective. The closing of title to each Unit will take place in accordance with the terms of the applicable Purchase Agreement (See "Terms of Sale" and "Closing Costs and Adjustments" for a more complete discussion of the events that will occur at each such closing of title.)

P. TERMS OF SALE

The following is a summary of certain material provisions of the Purchase Agreement, but is not intended as a complete statement of these or other important provisions of the agreement. Reference should be made to the form of Purchase Agreement set forth in Part II of this Plan for the complete terms of the Purchase Agreement.

Prerequisites to Closing of Title

The closing of title to each Unit, defined as Sponsor's conveyance of title to a Unit to a Purchaser by delivery of a deed, upon payment to the Sponsor of the balance of the Purchase Price for the Unit, shall take place only after, or concurrently with, the latest of the following events to occur:

(a) The Plan being declared effective by Sponsor and written notice of the Closing Date, to be held no sooner than thirty (30) days after the date notice is given;

(b) Issuance of a temporary or permanent certificate of occupancy for the Property or for the portion of the Property which is the subject of the Purchase Agreement (unless Sponsor is unable to obtain a certificate of occupancy because of Special Work being done in the Unit at Purchaser's request, in which case obtaining the certificate of occupancy shall not be a prerequisite to the closing of title to such Unit);

(c) The recording and filing in the Office of the Register of Bronx County of the Declaration, By-Laws, Floor Plans and such other documents as may be required under the Condominium Act or other Applicable Laws to submit the Property to condominium ownership pursuant to the Condominium Act;

(d) The release of such Unit and its appurtenant common interest from the lien of all mortgages on the entire Property unless Sponsor has obtained from the holders of all such mortgages an agreement pursuant to which each such mortgage holder has either (a) consented to the formation of the Condominium and acknowledged that its lien will be limited to unsold Units and/or (b) subordinated the lien of its mortgage to the Condominium.

(e) If the Purchaser of such Unit so requests, the issuance of a title insurance binder insuring fee title to such unit in the Purchaser's name, at Purchaser's expense, subject only to the Permitted Encumbrances, insuring also that a valid condominium has been created pursuant to the terms of the Condominium Act (See "Unit Closing Costs And Adjustments" regarding the cost to obtain such insurance);

(f) Delivery to Purchaser, in proper form for recording of a duly executed bargain and sale deed with covenants against grantor's acts, conveying title to such Unit (the "Unit Deed").

Deed

Upon delivery to Sponsor of: (i) the balance of the Purchase Price, (ii) a Unit Owner's Power of Attorney in favor of the Condominium Board and Sponsor, (iii) a transfer tax return in the form required to be filed with the City of New York, (iv) a New York State Form TP-584 (items (iii) and (iv) having been executed and acknowledged by the Purchaser), (v) Purchaser's payment for the closing costs which are set forth in Section Q of this Plan, Sponsor will execute, acknowledge and deliver to the Purchaser, a bargain and sale deed with covenant against grantor's acts, conveying title to the Unit and its Common Interest to Purchaser subject only to the Permitted Encumbrances. The Unit Owner's Power of Attorney and Deed will be substantially in the forms reproduced in Part II of this Plan.

State of Title

Title to each Unit and its appurtenant interest in the Common Elements will be conveyed at the closing of title to such Unit free and clear of all liens, encumbrances, and title exceptions other than those described in the Unit Deed and the exceptions and other matters set forth below (collectively the "Permitted Encumbrances"):

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

2. Any state of facts an accurate survey may show.

3. As to the Unit, any state of facts which an accurate survey and inspection brought down to date would show.

4. Terms, burdens, provisions, covenants, restrictions, conditions and options contained in and rights and easements established by the Declaration of Condominium and By-Laws as they are subsequently filed or recorded and the Plan and Purchase Agreement and any amendments thereto, so long as Policy insures against loss or damage occasioned by the premises not being part of a condominium validly created pursuant to Article 9-B of the Real Property Law, as amended.

5. Power of Attorney as set forth in the Purchase Agreement from the Purchaser to Members of the Board of Managers of the Condominium and their successors in office and to the Sponsor.

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

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

8. Any easement or right of use required by Sponsor or its designee to obtain a temporary, permanent or amended certificate of occupancy for the Building or any part of the same.

9. Revocability of licenses for vault space, if any, under the sidewalks and streets and the lien of any unpaid vault tax.

10. Encroachments of trim, copings, retaining walls, bay windows, balconies, sidewalk elevators, fences, fire escapes, cornices, foundations, footings, chutes, fuel oil lines, drainage and standpipes, and similar projections, if any, on, over or under the Property or the streets, sidewalks or premises abutting the Property, and the rights of governmental authorities to require the removal of any such projections, and variations between record lines of the Property and retaining walls and the like, if any.

11. Leases and services, maintenance, employment, concessionaire and license agreements, if any, of other Units or portions of the Common Elements.

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

13. The lien of any unpaid assessment payable in installments (other than assessments levied by the Board) except that Sponsor shall pay all such assessments due prior to the closing date and Purchaser shall pay all assessments due from and after such date.

14. Franchise taxes and New York City Business Corporation taxes of any corporation in the chain of title, provided that the Title Company would be willing in a fee policy then issued by it to Purchaser, to insure that such taxes will not be collected out of the Unit.

15. Standard printed exceptions contained in the form of fee title insurance policy then issued by the Title Company (or the title insurance company insuring Purchaser's title to the Unit).

16. Any encumbrance as to which the Title Company (or the title insurance company that insures Purchaser's title to the Unit) would be willing to insure, at its regular rates and without additional premium, in a fee policy issued by it to Purchaser, that such encumbrance will not be collected out of or enforced against the Unit if it is a lien, or that such encumbrance is not a blanket lien encumbering the Common Elements.

17. Any Certificate of Occupancy for the Building, so long as the same permits, or does not prohibit, use of the Unit for its stated purposes.

18. Any lease or other occupancy agreement for the Unit made by Sponsor and Purchaser.

19. Any violations against the Property (other than the Unit) that are the obligation of the Condominium Board or another Unit Owner to correct.

20. Variations between tax map and premises described in Schedule A.

Subject to the foregoing, the Sponsor must convey title to each Unit free and clear of all liens, encumbrances and title exceptions.

Incorporation of Plan

The Plan (including, without limitation, the proposed Condominium Documents contained in Part II of the Plan) as well as all amendments to the Plan duly filed by Sponsor (including, but not limited to, amendments involving any changes, modifications or updating of the estimated Common Charges, the estimated real estate taxes to be paid by the Purchaser or the Section of the Plan entitled **"Schedule B: Projected Budget for the First Year of Condominium Operation"**) are incorporated into each Purchase Agreement by reference. Any conflict between the Purchase Agreement and the Plan will be resolved in favor of the Plan. The execution and submission of a Purchase Agreement constitutes the Purchaser's acceptance of this Plan and his agreement to be bound by the terms of the Plan, including all duly filed amendments thereto. Any such amendments shall not excuse the Purchaser from performing the Purchaser's obligations hereunder, nor shall they entitle the Purchaser to any offset or credit against the performance of the Purchaser's obligations hereunder, nor shall they entitle the Purchaser to any offset or credit against the Purchase Price. Any such amendments may be made by Sponsor without the Purchaser's consent or approval; subject to the Purchaser's right to rescind in the event of a material amendment to the Plan or the Condominium Documents that adversely affects in any material respect the Purchaser's rights, obligations or inabilities under his Purchase Agreement or under the Plan as more specifically set forth in the Section of the Plan entitled **"General"**.

Units Sold in "As Is" Condition: Fixtures and Appliances

The Units and the Building are being sold in the condition in which they exist at the time of signing the Purchase Agreement subject to (i) ordinary use, wear and tear and natural deterioration, (ii) Sponsor's obligations to maintain the Building until the First Closing to the extent indicated in "Sponsor's Statement of Present Building Condition" and (iii) Sponsor's obligations to complete the Unit in order to obtain either a temporary or permanent certificate of occupancy for the whole project or of a partial, temporary or permanent certificate of occupancy for the Unit closed. Sponsor will not be obligated to make repairs, modifications, or changes to any Unit except those necessary to obtain a certificate occupancy, as set forth in the "Description of Property and Building Condition" in Part II of this Plan, or expressly agreed in writing. Each Purchaser will be given a reasonable opportunity to examine the Unit prior to closing, and is urged to make a careful inspection. Except as expressly set forth in the Plan, Sponsor does not make and is

unwilling to make any representations as to the conditions, income, expenses, tenants, use, operation or any other matter or thing affecting or relating to the Property or Title thereto or the transactions contemplated by the Purchaser Agreement.

At closing, each Unit will contain only those appliances, countertops, cabinets, sinks, vanities (if any), hardware and other fixtures and equipment installed therein as of the date of the Purchase Agreement relating thereto that are owned by Sponsor or which Sponsor has agreed to furnish as indicated in the Description of Property. Each Unit is to be sold unfurnished. There will be no modifications or extras unless agreed to in writing by the parties. Personal property located within the Common Elements on the date the Declaration is filed is excluded from this sale unless listed as a General or Limited Common Element.

Risk of Loss

IF A PURCHASER IS OR BECOMES A TENANT OR OCCUPANT OF THE UNIT BEFORE THE CLOSING OF TITLE THERETO AND, BEFORE SUCH CLOSING THE UNIT IS DAMAGED BY CASUALTY OR OTHERWISE, SUCH PURCHASER SHALL ASSUME THE RISK OF LOSS AND THE OBLIGATION TO REPAIR THE DAMAGE, UNLESS THE CAUSE THEREOF ORIGINATED OUTSIDE OF THE UNIT OR DID NOT RESULT FROM THE ACTS OF SUCH PURCHASER OR OTHER OCCUPANTS OF THE UNIT OR SUCH PURCHASER'S GUESTS, INVITEES, OR WORKMEN.

Except as set forth in the preceding paragraph, all other risk of loss or damage prior to closing is assumed by Sponsor, but Sponsor shall not be obligated or liable to repair the damage unless such damage is less than the Cure Amount in Sponsor's reasonable estimation. If Sponsor (or in the event the Declaration is filed, the Unit Owner) does not elect or is not required to repair the damage and gives written notice of such election to Purchaser, the Purchase Agreement will be canceled and be of no further force or effect. Thereafter, the Downpayment will be refunded together with all interest earned on it, unless Purchaser is then in default (beyond the applicable grace and cure period, if any), in which event the Downpayment will be retained by Sponsor as liquidated damages. If Sponsor is either required or gives written notice of its election to repair or replace the loss or damage, the Purchase Agreement shall continue in full force and effect and Purchaser shall not have the right to reject title to the Unit or to receive a credit against, or abatement in, the purchase price. Sponsor shall be entitled to a reasonable period of time to complete such repairs or replacement. Purchaser shall not be required to pay the balance of the Purchase Price unless and until (i) the Unit has been substantially repaired as near as reasonably possible to its condition immediately prior to the casualty, (ii) its essential services (such as gas, electricity, and heat) and a reasonable means of ingress and egress to the street have been restored and (iii) any condition in the Unit for which a violation (if any) is noted or issued has been corrected, other than those that are the obligations of the tenant to cure or that are caused by the act or omission of a tenant in his own Unit.

Closing of Title

The closing of title to each Unit will be held in such place in the City of New York, on such day and at such hour as Sponsor shall designate to the Purchaser of such Unit on not less than thirty (30) days' prior written notice. Such notice shall inform the Purchaser of his obligation to pay the balance of the Purchaser Price as set forth in the Section entitled **"Procedure to Purchase,"** above, and shall state when Common Charges will be due and payable. Sponsor has the right to postpone the closing date and to fix a new closing date. In such event, Sponsor shall give the Purchaser not less than five (5) business days' prior notice of the new date and time of closing. The closing shall take place only after or concurrently with the occurrence of the necessary concurrent or prerequisite events set forth in the subsection entitled **"Prerequisites to Closing of Title,"** herein.

Broker

Purchaser will represent to Sponsor that he has not dealt with any broker other than the Selling Agent or a Broker designated by Sponsor in connection with the acquisition of the Unit and will indemnify Sponsor against the claims of any other broker with whom the Purchaser may have dealt.

Purchaser's Broker

The Purchaser may elect to use a broker (**"Purchaser's Broker"**) other than Selling Agent in connection with this transaction; provided the following conditions are fully and completely met: (a) Purchaser identifies Purchaser's Broker to Sponsor in writing as the sole and exclusive agent for Purchaser in connection with this transaction; and (b) the Purchaser is solely responsible for any commissions or brokerage fees incurred in connection with the use of Purchaser's Broker; and confirming the foregoing and releasing Sponsor from all liability for any commissions or brokerage fees due Purchaser's Broker in connection with this transaction.

No Lien

Neither the Purchaser Agreement nor any monies deposited thereunder shall constitute a lien against the Property or any part thereof, including the Unit.

Inspection of Unit

Purchaser shall be given a reasonable opportunity to examine the Unit prior to Closing. The Sponsor's architect shall also prepare prior to closing a punch list of those items of Special Work or other Work that are incomplete or require repair, adjustment or correction and a copy of this list shall be provided to the Purchaser prior to Closing.

Notwithstanding any items noted on the Architect's Certificate which Sponsor must complete or correct in accordance with its obligations under this Plan or the Purchase Agreement, Purchaser shall nevertheless be obligated to close and pay the full Purchase Price, without provision for escrow.

1099S Return

The Purchaser shall cause its attorney to execute a designation agreement provided by Sponsor designating such attorney as the **"real estate broker"** who is required to file a 1099S return with respect to the purchase, and the Purchaser shall indemnify Sponsor and its attorneys against any costs resulting from the failure of such attorney to fulfill its duties as such **"real estate broker."**

Survival of Obligations

All representations made under this Plan, all obligations imposed upon the Sponsor by the General Business Law and Part 20 of the Attorney General's rules and regulations and all obligations which this Plan imposes upon Sponsor to be performed subsequent to closing shall survive delivery of the deed. Except as limited by the foregoing sentence, acceptance by the Purchaser of the Unit Deed will constitute Purchaser's acceptance and acknowledgment of the full performance by Sponsor of, and the discharge of Sponsor from all of its obligations under the Purchase Agreement.

Q. UNIT CLOSING COSTS AND ADJUSTMENTS

The estimated closing costs, expenses and adjustments to be borne by each Purchaser of a Unit are set forth below: SPONSOR MAKES NO REPRESENTATION OR WARRANTY AS TO SUCH COSTS WHICH ARE ONLY ESTIMATES AND WHICH ARE SUBJECT TO CHANGE.

Closing Adjustments between the Purchaser and the Sponsor

At the closing of title to each Unit, Sponsor and the Purchaser shall apportion, as of midnight of the day preceding the closing: (i) real estate taxes and assessments, if any, including water meter charges and sewer rents, if any, based on the Unit's actual taxes or charges for the fiscal or calendar year for which assessed (if the Unit has been separately assessed) or based on the Property's actual taxes or charges for said period pro-rated to the Units in the manner described in the Footnote to Schedule A; (ii) Common Charges for the month in which title closes (based on the number of days in the month in which the title closing occurs); (iii) rent or use and occupancy fees and other charges, if any, pursuant to a lease or interim lease or occupancy agreement for, or tenancy of, such Unit (based on the number of days in the month in which the closing occurs); and (iv) prepaid expenses pertaining to the Unit.

If at the time of title Closing real estate taxes are not separately assessed and have been paid by the Condominium Board as part of the Common Expenses, then the apportionment of real estate taxes will be extrapolated from the Common Charges as though paid by Sponsor directly to the taxing authority. In such case, to the extent the monthly Common Charge includes real estate taxes, the amount so extrapolated shall be deducted from the monthly Common Charges to be apportioned. Installments for tax assessments due after delivery of the deed (if any) shall be paid by the Purchaser and shall not be considered a defect in title (however, the then current installment shall be apportioned).

NOTWITHSTANDING THE FOREGOING, IF THROUGH NO FAULT OF SPONSOR A PURCHASER FAILS FOR ANY REASON TO CLOSE ON THE DATE ORIGINALLY SCHEDULED FOR THE CLOSING OF TITLE TO HIS OR HER UNIT, THEN THE AFOREMENTIONED CLOSING APPORTIONMENTS SHALL BE MADE

AS OF MIDNIGHT PRECEDING THE DATE ORIGINALLY SCHEDULED FOR CLOSING. IF PURCHASER FAILS TO NOTIFY SPONSOR OR SPONSOR'S ATTORNEY IN WRITING AT LEAST TEN (10) DAYS PRIOR TO CLOSING OF ANY OBJECTION TO TITLE THEN EXISTING AND SPONSOR ADJOURNS THE CLOSING IN ORDER TO REMOVE SUCH TITLE OBJECTION, THEN PURCHASER SHALL BE DEEMED AT FAULT FOR FAILING TIMELY TO SEND SUCH OBJECTION NOTICE AND, FOR PURPOSES OF CALCULATING THE FOREGOING CLOSING APPORTIONMENTS AND PER DIEM CHARGES, THE ADJOURNMENT OF CLOSING SHALL BE CONSIDERED TO HAVE BEEN MADE AT THE REQUEST OF PURCHASER.

Closing Adjustments between the Board and Sponsor

Immediately prior to the First Closing, Sponsor shall apportion all items customarily approved between a seller and a purchaser of real property in New York City (other than those which will be apportioned between the Sponsor and the Purchaser) with the Condominium Board as of midnight of the day immediately preceding the closing, which may include but need not be limited to the following:

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

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

(c) charges for electricity and gas and other utilities for the Common Elements;

(d) payments under assignable service and maintenance contracts and concession agreements, if any;

(e) cost of building supplies on hand, at Sponsor's cost, plus sales tax;

(f) premiums for transferable insurance policies (provided the coverage is as set forth in the footnotes to Schedule B-Projected Budget for First Year of Condominium Operation).

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

Closing Costs

At closing, Purchaser will pay certain costs in connection with the purchase of the Unit, in addition to the legal fees of Purchaser's counsel (if any) and the amount of any net credit in favor of Sponsor that may result from the closing apportionments and any daily late closing charge described in the preceding section entitled "Closing Adjustments". Such closing costs will include the following, the amounts of which (where applicable) are based on rates in effect on the date of the Plan and are subject to change without prior notice.

(i) If Purchaser elects to obtain fee title insurance (i.e., title insurance covering the Purchase Price of the Unit), Purchaser will pay a premium to the title company for such insurance which will vary depending upon the insurance company and the amount of insurance requested. The rate premiums for owners title insurance are in the following amounts:

Premium	Insured Amount
$402.00	First $35,000.00
$ 6.67/per 1,000	$35 000.00 - $ 50,000.00
$ 5.43/per 1,000	$50,000.00 - $100,000.00
$ 4.36/per 1,000	$100,000.00 - $500,000.00
$ 3.98/per 1,000	$500,000.00 - $1,000,000.00
$ 3.66/per 1,000	$1,000,000.00 - $5,000,000.00

Mortgage title insurance rates are discounted if a fee policy and mortgage policy are both obtained by Purchaser, Purchaser may obtain title insurance from a company other than Judicial Title Insurance Agency LLC ("JUDICIAL"), which is the title insurance company that prepared the title report for Sponsor and has agreed to insure title on the terms stated in the Plan. Sponsor makes no warranty as to the costs, terms or availability of title insurance from JUDICIAL or any other title company. Purchasers shall have the right to select a title insurance company of their choice, provided such company is licensed by the State of New York, and the sponsor will be obligated to cure all title defects raised by such company.

(ii) Purchaser will pay a fee for recording the Unit Deed and the Unit Owner's Power of Attorney, together with a service charge to the title company for recording each instrument, in the amount of $50.00 per document, $5.00 per page, including cover page, if Purchaser uses JUDICIAL. Each title company establishes its own service and surcharge for these services.

(iii) If Purchaser elects to obtain a mortgage loan, Purchaser will pay:

(a) a fee and service charge for recording the Mortgage and Partial Release of Mortgage of at the same rate given above for recording the Unit Deed and Unit Owner's Power of Attorney;

(b) for Units, a mortgage recording tax in the amount provided for by Applicable Law. At the presentation date of this Plan the tax is 1.75% for each $l00.00 on the first $10,000.00 of principal debt plus 2.0% for mortgages of less than $500,000.00, from which mortgagor receives a $25 deduction and on which mortgages that are institutional lenders pay .25%; or 1.875% for each $100.00 on the first $10,000.00 of principal debt plus 2.125% of the face amount of the mortgage for mortgages equal to $500,000.00 or greater, for which Mortgagor receives a $25.00 deduction and mortgagees that are institutional lenders pay .25%;

(c) to Sponsor a sum equal to the partial mortgage tax credit to which Purchaser is entitled under Section 339-ee(2) of the New York Condominium Act by reason of mortgage taxes previously paid. This sum is based, in general, on the Common Interest of the Unit being purchased multiplied by the mortgage tax previously paid on account of preexisting mortgages on the Property. The total amounts payable by Purchaser under subparagraphs (b) and (c) in no event exceed the total amount which would have

been payable by a Purchaser had Sponsor not been entitled to a mortgage tax credit under this subparagraph (c);

(d) the premium for mortgage title insurance, if required by the lender. Mortgage title insurance rates as quoted by JUDICIAL as of the date of this Plan are as follows: a base rate of $344.00 for the first $35,000.00 in coverage; $5.55per thousand dollars of coverage in excess of $35,000.00 up to $50,000.00, plus $4.54 per thousand dollars of coverage in excess of $50,000.00 up to $100,000.00, plus $3.64 per thousand dollars of coverage in excess of $100,000.00 up to $500,000.00; plus $3.31 per thousand dollars of coverage in excess of $500,000.00 up to $1,000,000.00; plus $3.05 per thousand dollars of coverage in excess of $1,000,000.00 up to $5,000,000,00, plus $2.71 per thousand dollars of coverage up to $10,000,000.00. Please note that if a mortgage title policy is purchased simultaneously with a fee insurance policy and through the same company, insurance coverage rates will likely be discounted.

(e) if required by the lender, deposits for Common Charges, real estate assessments and (if separately assessed) water charges and sewer rents in an initial amount and in such monthly sums after closing as is deemed sufficient in the sole discretion of the lender (the amount of such monthly deposits may be changed periodically by the lender). In any event, the amount to be initially deposited at closing and the amount of the monthly sums thereafter payable cannot be determined in advance and will depend upon the policies of the lender, the number of months remaining between the closing of title and the date upon which the taxes and other charges or impositions next due are to be paid and the lender's estimate of the amount of the taxes (if any) and other charges or impositions then payable; and

(f) all other closing costs and expenses (such as origination fees, appraisal fees, credit reports, flood certification fees, tax service fees, document review fees or other points) required to be paid to, or on behalf of, such lender (which costs and expenses may include the fees of such lender's counsel) in amounts to be determined by the lender. Sponsor makes no warranty as to the nature or amounts of the closing costs and/or expenses to be paid in connection with such financing, and it is recommended that the prospective Purchaser consult with a representative of his or her lender with respect thereto;

(iv) if, in connection with this purchase, Purchaser has dealt with any broker except (a) the Selling Agent or (b) any other broker who has been engaged in writing by the Sponsor, then Purchaser will be required to pay a commission to such broker unless Sponsor agrees otherwise in writing.

(v) Each Purchaser will be required to pay the Sponsor's counsel, James A. Cartelli, Esq., a fee of $1,000.00 for services in connection with the supervising, coordinating and attending the closing. If Purchaser's lender refuses to close at the office of James A. Cartelli, Esq., then the closing will be held at the office of Purchaser's lender or lender's counsel, provided the closing is held in New York City and Purchaser pays James A. Cartelli, Esq., in addition to this $1,000.00 closing fee, a travel and attendance fee of $300.00. If a James A. Cartelli, Esq., representative attends the closing and, through no fault of the Sponsor, the closing is adjourned, then Purchaser will be required to pay an additional travel and attendance fee (in the foregoing amount) for each attendance plus an additional $200 closing adjournment fee for extra costs incurred to re-date closing documents, recalculate closing adjustments and arrange anew the attendance of all persons for the adjourned date.

In addition, if the closing fails to occur on the Closing Date through no fault of the Sponsor, then at transfer of title to the Unit, Purchaser shall (i) pay to James A. Cartelli, Esq., an additional $200 for extra costs incurred in connection with the Unit Closing and (ii) reimburse Sponsor for special assessments payable during such interim period.

(vi) New York City Real Property Transfer Tax, which, for Residential Units is currently equal to one percent (1%) of the Purchase Price where the purchase price is less $500,000.00 and 1.425% where the consideration is equal to or greater than $500,000.00. The amount of taxable consideration, for purposes of the New York City Real Property Transfer Tax; will be increased by the tax which would have been due if paid by the Seller, who is customarily responsible for the payment of this tax.

(vii) New York State Real Estate Transfer Taxes (deed stamps), which are currently at the rate of $2.00 per each $500.00 of consideration or fraction thereof. The amount of taxable consideration for purposes of the New York State Real Estate Transfer Tax, will be increased by the sum which would have been paid by the Seller, who is customarily responsible for payment of this tax.

(viii) Contribution to the Condominium Working Capital Fund of an amount equal to two months of Common Charges applicable to the Unit.

(ix) If Purchaser is permitted to become a tenant or occupant of the Unit prior to Closing, Purchaser's unapplied interim lease or occupancy agreement security deposit, if any, will be refunded to Purchaser, together with any interest earned thereon, within thirty (30) days following the closing provided Purchaser is not in default under Purchaser's lease or occupancy agreement. Sponsor will have the right to deduct from any such security deposit the amount of any arrearage for rent or use and occupancy fee owing to Sponsor and to sue Purchaser to the extent such rent security is insufficient.

The following illustrates the projected Closing Costs (based on current rates) for Unit 1A purchased at the offering price of $250,000.00, assuming that Purchaser obtains financing for seventy-five (75%) per cent of the Purchase Price or $187,500.00 and a closing occurs in the Bronx. Note that the amount of mortgage recording tax is reduced by any partial mortgage tax credit to which Purchaser is entitled under Section 339-ee of the New York Condominium Act by reason of mortgage taxes previously paid. This sum is equal to the product of the Purchaser's pro rata percentage interest in the Common Elements and the mortgage tax already paid, but not upon the special additional tax imposed by §253(1-a) of the Tax Law. In this case, it is not anticipated that any mortgage tax credit will be available.

1.	Fee Title Insurance	$	1,427.00
2.	Fee for recording Unit Deed (estimated 16 pages)	$	135.00 - Deed
	and Unit Owner's Power of Attorney (estimated 4 pages) plus title company service charge	$	75.00 - POA
3.	Mortgage Loan Closing Costs		
	Recording fees (estimated 40 pages) (mortgage and service charges)	$	255.00
	Mortgage Recording Tax (payable to Taxing Authority)	$	3,725.00

	inclusive of payment of Partial Mortgage Tax Credit payable to Sponsor	
	Mortgage Title Insurance (Note: if purchased with fee title insurance, this amount may be less.)	$ 972.75
	Lender's Fees (Estimated)[1]	$ 5,000.00
4.	N.Y.C. RPT	$ 2,500.00 (includes $25 filing fee)
5.	N.Y.S. Real Estate Transfer Tax	$ 1,000.00
6.	Working Capital Fund Contribution	$ 340.38
7.	Sponsor's Attorney's Fees	$ 1,000.00
	TOTAL	$ 16,430.13

The projected closing costs referred to above are approximate and are not guaranteed. The mortgage loan closing costs, in particular, vary widely among lenders and loan programs chosen.

Notwithstanding the foregoing, each Purchaser may choose a title company other than JUDICIAL and the Sponor will remain obligated to cure all title defects.

[1]Lender's fees may include origination fees, appraisal fees, credit report fees, flood certification fees and bank closing fees, in addition to deposits for common charges (if required by the Lender), real estate taxes and/or insurance. It is impossible to estimate an amount for these deposits, because the amount will depend upon the timing of the closing and the policies of the lender.

R. SPONSOR'S RIGHTS AND OBLIGATIONS

Creation of the Condominium

Sponsor will bear all costs and expenses to be incurred in connection with the creation of the Condominium and the preparation, filing and distribution of this Plan. In addition, Sponsor will pay all selling expenses and brokerage commissions of the Selling Agent or other broker engaged by Sponsor.

If there are violations of record (except violations that result from the acts or omissions of tenants in their individual units and violations not affecting health or safety, which there is no obligation to correct) or title defects (other than mortgages and Permitted Encumbrances) affecting the Property at the time of the First Closing, except as otherwise provided in the Plan, Sponsor will cause the violations or defects to be cured, at its sole cost and expense. As set forth in the Section of the Plan entitled **"Effective Date of Plan"**, if the cost to cure such defects (excluding violations of record as of the Presentation. Date) exceeds $100,000.00, Sponsor shall have the right to abandon the Plan rather than cure the defects. The existence of any violations or defects will not constitute an objection to title or excuse any Purchaser from completing payment of the balance due under his Purchase Agreement (without provision for escrow), provided that Sponsor either furnishes adequate proof that such violation or defect has been cured or remedied or deposits with the Condominium Board a reasonable sum to secure Sponsor's obligation to cure and remedy such violation or defect subsequent to the First Closing. At Sponsor's request, the Condominium Board will apply the sums so deposited towards payment of the cost of curing or remedying violations or title defects, except the Condominium Board may retain a sufficient portion of such security deposit to pay for the reasonable costs of curing or remedying the remaining violations or defects.

Unsold Units

Sponsor will be obligated to pay all common charges, special assessments and real estate taxes with respect to Unsold Units. Sponsor represents that it has the financial resources to meet its obligations with respect to the payment of the costs associated with Unsold Units and anticipates that, in the first instance, the funds for these obligations will be obtained from projected sales of other units in the Building, as well as from rental on Commercial Units retained by the Sponsor and from the Sponsor's reserves.

EXCEPT FOR THE ESCROW FOR THE CERTIFICATE OF OCCUPANCY, NO BOND OR OTHER SECURITY WILL BE FURNISHED TO SECURE THE PERFORMANCE OF THE SPONSOR'S OBLIGATIONS SET FORTH HEREIN.

Sponsor's Construction-Related Obligations

– Obligation to Perform Alterations

Sponsor will, at its sole cost and expense and with reasonable diligence, perform or cause to be performed such work, and will supply or cause to be supplied all materials necessary to complete the Units substantially in accordance with the Plans and Specifications and with a quality of construction comparable to currently prevailing local standards. The issuance of a final certificate of occupancy for the Building shall be deemed presumptive evidence that the Building, its appurtenances and all the Units have been substantially completed in accordance with the Plan and the Plans and Specifications. However, nothing herein shall excuse Sponsor from its obligation to correct any defects in construction to the extent required below or in any Purchaser's Inspection Statement, nor relieve Sponsor from any of its other obligations under this Plan or the law.

Sponsor will pay or cause to be paid all expenses incurred in connection with the construction of the Building, including without limitation, all sums properly due to contractors, subcontractors and materialmen and all others involved in the construction of the Building and its appurtenances for work performed and fixtures, material and equipment supplied or installed, to the extent the work is contemplated or described in the Description of Property and Building Condition, which is Document Number 6 in Part II of the Plan and which is not specifically excluded under this Plan.

– Variations from Plans and Specifications

Sponsor reserves the right to amend or modify the Plans and Specifications from time to time (including, without limitation, changes in layouts and designs or changes affecting the materials, appliances, equipment, fixtures and other construction details) and to substitute materials, appliances, equipment and fixtures in place of those described in the plans and specifications, provided such substitutions are of equal or better quality and design and, provided further, that the approvals (if required) of any governmental authorities having jurisdiction and the construction lender, if any, are first obtained. All the foregoing amendments, modifications and changes to the Plans and Specifications may be made without prior notice or amendment to this Plan except as provided elsewhere in the Plan and subject to Purchaser's right of rescission.

Sponsor will not be obligated to correct and will not be liable to any Purchaser as a result of: (i) any insubstantial variations from filed building plans or the description of the Building or Units set forth in the Plan; or (ii) variations from filed building plans or the description of the Building or Units set forth in the Plan which are neither in violation of applicable building codes nor require the approval of any governmental authority having jurisdiction or which are necessitated by site conditions or job requirements, provided (A) such variations are of equal or better quality and design than that originally set forth in the plans or description, and (B) such changes do not affect the Common Interests or adversely affect the value of any Unit to which title has closed or for which a Purchase Agreement has been executed and is in effect, unless all

Unit Owners affected by such change consent to it in writing and all contract vendees directly affected by such change are given the right to rescind their Purchase Agreements and have their Downpayments returned to them or (iii) insubstantial variations in the dimensions or arrangement of rooms, walls or other areas within Units. The foregoing shall not change Sponsor's obligation to complete the alteration of the Building, including the Units, with materials of substantially equal or better quality and design than those set fort in the Plan.

– Delivery of Plans and Specifications

The Sponsor agrees to deliver a complete set of Plans and Specifications to the Condominium Board promptly after the issuance of a permanent certificate of occupancy.

– Obligations with Regard to Certificate of Occupancy

If a permanent Certificate of Occupancy for the Building has not been issued at the time of closing of title to any Unit, the Sponsor will, at its sole cost and expense, do and perform or cause to be performed all work and will supply or cause to be supplied all material necessary for its issuance, and will within two (2) years after the First Closing, secure the permanent Certificate of Occupancy for the Unit, unless it is prevented from doing so by reason of strikes, lock-outs, labor troubles, inability to procure materials, failure of power, restrictive governmental laws or regulations or any other reason not the fault of the Sponsor. In that event, the two (2) year period will be extended for a period equivalent to the period of such delay.

At the request of Sponsor (or its designee), the Condominium Board will execute any application or other documents required to be filed with any governmental authority having or asserting jurisdiction in connection with obtaining a permanent certificate of occupancy, at which time Sponsor or its designee (as the case may be) shall indemnify and hold the Condominium Board and the other Unit Owners harmless from any expense or liability by virtue of the execution of the application or such other documents.

Prospective Purchasers are advised that a permanent certificate of occupancy is required for permanent residential use of the Building and that a temporary certificate of occupancy may be used only for a total of two (2) years from the date of first issuance. **IF THE TEMPORARY CERTIFICATE OF OCCUPANCY SHALL HAVE EXPIRED PRIOR TO ISSUANCE OF A PERMANENT CERTIFICATE OF OCCUPANCY, RESIDENTIAL OCCUPANCY OF THE UNITS WILL BE A VIOLATION OF THE MULTIPLE DWELLING LAW, SUBJECTING THE OCCUPANTS TO PENALTIES UNDER THE MULTIPLE DWELLING LAW, INCLUDING POSSIBLE EVICTION OF RESIDENTIAL OCCUPANTS BY THE CITY OF NEW YORK. SPONSOR SHALL INDEMNIFY AND HOLD HARMLESS THE CONDOMINIUM BOARD OF MANAGERS AND ALL UNIT OWNERS FOR ANY ACTUAL LOSS, CLAIMS OR DAMAGE THEY MAY INCUR IF THE CITY OF NEW YORK COMMENCES LEGAL PROCEEDINGS AGAINST THE BOARD OR UNIT OWNERS AS A RESULT OF SPONSOR'S FAILURE TO OBTAIN A PERMANENT CERTIFICATE OF OCCUPANCY WITHIN TWO YEARS OF THE ISSUANCE OF A TEMPORARY CERTIFICATE OF OCCUPANCY.**

Sponsor or its representatives will make periodic visits to the Property at reasonable intervals and, except as hereinafter provided, will correct or cause to be corrected patent defects in the alteration of the Building and the Units or in the installation or operation of any mechanical equipment therein but only if (a) such defects are due to substantially improper workmanship or are substantially and materially at variance with the Plans and Specifications; and, (b) (i) as to any Unit, Sponsor is notified of such defects in the completed attachments to the architect's certificate which is Exhibit F to the Purchase Agreement to be completed, dated and signed prior to the closing of title to Purchaser's' Unit or, (ii) as to the Common Elements, Sponsor is notified by a majority of the resident members of the Condominium Board within two months from the time they are elected at the first meeting of the Unit Owners (which will be held sixty (60) days after the first to occur of (a) closing of title to Units whose aggregate Common Interests exceed fifty (50%) percent or (b) twelve (12) months after the First closing). If any patent defect in the Common Elements within an Unsold Unit can only be detected after said two-month period by occupancy of such Unsold Unit, then Sponsor will correct said defect in the alteration of the Common Elements or in the installation or operation of any mechanical equipment therein due to improper workmanship or materials substantially and materially at variance with the Plans and Specifications if notified by a majority of the members of the Condominium Board within two (2) months after the closing of title to such Unsold Unit.

Sponsor will correct or cause to be corrected latent defects (that is, defects which are not visually ascertainable) in the alteration of the Building and the Units or in the installation or operation of any mechanical equipment therein but only if (a) such latent defects are due to substantially improper workmanship or material substantially and materially at variance with the Plans and Specifications; and (b) (i) as to any Unit, Sponsor is notified of such defects in writing by the Unit Owner within one (1) year from the closing of title to such Unit, or (ii) as to the Common Elements, Sponsor is notified by the Condominium Board within one (1) year after the First Closing.

Sponsor, in its sole discretion shall select the method of correcting any defect. On three (3) days' notice from Sponsor, the Board and/or the Unit Owner in question shall allow Sponsor and/or Sponsors contractors and its agents access to the Building and/or the Unit in question on accordance with the Plans and Specifications.

Sponsor shall be deemed to have discharged any obligation it may have with respect to patent or latent defects, as the case may be, if (i) Sponsor is not notified of the unfinished work within the time periods specified herein, or (ii) the Condominium Board and/or the Unit Owner in question prevents Sponsor, Sponsor's contractors and/or the agent access to the Building and/or the Unit in question as provided herein, or (iii) Sponsor shall have corrected the defect in accordance with the practice of the industry as determined by Sponsor's architect or engineer, in its sole discretion.

Notwithstanding the foregoing, Sponsor shall not be responsible for correcting or repairing any defects in alterations or defects in the installation or operation of any appliances (including, without limitation, kitchen appliances) or Facilities with respect to which assignable warranties or other undertakings (however denoted) from manufacturers, contractors, materialmen, or others, are assigned to either Purchaser or the Condominium

Board. In addition, in no event shall Sponsor be responsible for correcting or repairing any of the following: (i) variations in floor levels, (ii) ceiling imperfections, (iii) painting defects, (iv) alignment of bathroom finishes, (v) air infiltration from windows, (vi) normal plumbing, heating and air-conditioning noises, (vii) normal floor noises and creaking, (viii) floor discoloring, (ix) variations in width, length or tone of wood floors, (x) repair of chips, scratches, mars, dents, breaks or other defects in any windows and window sashes, electrical fixtures, painted surfaces, sinks, tubs, basins, kitchen cabinets and countertops, vanity tops and cabinets, saddles, appliances, woodwork and doors, hardware, appliance cabinets and flooring, (xi) nail pops and ridging on sheetrock walls or ceilings, (xii) doors sticking due to weather, (xiii) door warpage less than1/2" and warpage of closet shelves, (xiv) bath tile grouting, (xv) slight separation in joints of kitchen floor tile, (xvi) slight separation between base and floor, (xvii) normal settlement and deflection or any consequential damage resulting therefrom, or (xviii) subsequent to the Unit Closing or, in the case of the Common Elements, the First Closing, paint touch-ups.

Except as expressly set forth above, Sponsor has no obligation to correct or repair any other defect or conditions in the Units, Common Elements or the Building and all other installations, apparatuses, fixtures and appurtenances. The foregoing sets forth the entire obligation of Sponsor to correct any defects and none other shall be implied. Except as provided in the Plan or under applicable law, Purchaser shall be required to complete the payment of the Purchase Price (without the provision off an escrow) and accept title at the time of closing, notwithstanding Sponsor's failure to complete minor construction items at such time.

Nothing contained herein shall be construed to render Sponsor liable for consequential damages (whether based on negligence, or breach of contract, warranty, or otherwise), it being intended that Sponsor's sole obligations pursuant to this section of the Offering Plan (and Purchaser's sole remedy) shall be to require Sponsor to repair or replace, at Sponsors option, any defective item of construction (arising as a result of substantial and material defects in material or as a result of improper workmanship) subject to the terms and conditions (and within the time limits) set forth in this section of the Offering Plan.

– Escrow for Certificate of Occupancy

If a permanent certificate of occupancy for the Building has not been obtained at or prior to the First Closing, Sponsor shall comply with the regulations of the Attorney General as set forth in 13 NYCRR §20.3(t)(12).

These regulations require that a sponsor maintain all deposits and funds in the special escrow account required by GBL Section 352-e(2-b) unless the Sponsor's engineer or architect certifies that. a lesser amount will be reasonably necessary to complete all alterations and improvements to the public portions and common areas of the Building. In such case the sum exceeding the amount so certified by the Sponsor's engineer or architect may be released from the special escrow account. Alternatively, Sponsor must deposit with an escrow agent an unconditional, irrevocable letter of credit, post a surety bond in the amount so certified, or provide other collateral acceptable to the Department of Law. This Plan is subject to GBL §352-ee; accordingly, the Sponsor's escrow will be

limited only to alterations and improvements to the public portions and common areas of the building.

– Extent of Sponsor Obligations

The foregoing undertakings set forth the entire obligation of Sponsor under this Plan with respect to completion of construction and no other warranties or undertakings shall be implied. The construction obligations of the Sponsor under this section shall survive the transfer of Units to the Unit Owners until the expiration of the periods heretofore set forth. All construction and other obligations of the Sponsor shall be enforceable only by the Condominium Board and not by the individual Unit Owners unless the alleged construction defect relates to one (1) Unit only or is not a common defect affecting two (2) or more Units and the Condominium Board has failed to take action to enforce such obligation. All of the Sponsor's 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.

Rights of Access

Sponsor reserves for itself, its successors, contractors, agents and employees the right to enter into the Units, the Common Elements and the Limited Common Elements and perform any agreement, work or contract necessary to obtain a certificate of occupancy. Sponsor agrees to repair any damage directly attributed to or caused by Sponsor or any entity affiliated with Sponsor as a result of its exercise of a right of access. Upon appropriate notice, tenants or other occupants are obligated by their Leases to provide Sponsor access to perform alterations, additions or work which improvements are necessary or which the Landlord deems advisable.

Removal of Mechanic's Liens

Sponsor will cause all mechanic's liens arising out of the construction of the Building and its appurtenances, authorized by Sponsor, to be discharged on or prior to the First Closing. Alternatively, Sponsor will cause the Title Company to affirmatively insure against collection thereof out of or enforcement against the Property or any portion thereof.

Delivery of Warranties

After the First Closing, with reasonable promptness after receipt of an assignable manufacturer's or subcontractor's warranty or bond (if and to the extent made by such manufacturer or subcontractor), Sponsor will deliver to the Condominium Board an assignment of such warranty or bond. If applicable, Sponsor will also deliver to each Unit Owner owning a Unit in which a new appliance was installed, with reasonable promptness after the issuance of the deed to him, an assignment of all assignable manufacturers' warranties and bonds relating to appliances in the owner's Unit, if applicable.

Repair of Damage

Sponsor assumes all risk of loss arising out of any casualty or other occurrence resulting in damage to a Unit prior to closing, if the Purchaser has not taken possession of the Unit under an interim lease or other agreement. If Sponsor elects to repair, it shall be on the terms set forth in the section of this Plan entitled **"Terms of Sale,"** and in paragraph 24 of the form of Purchase Agreement set forth in Part II of this Plan. However, Sponsor shall have no obligation to repair.

Assignable Service and Maintenance Contracts

At or immediately prior to the First Closing, Sponsor will assign to the Condominium Board any assignable service and maintenance contracts and agreements in its possession relating to the Property and the Condominium Board will, on behalf of all Unit Owners, assume these obligations and indemnify against all claims and liability under them that relate to matters and events occurring on or after the day upon which the First Closing occurs.

Insurance

Sponsor agrees to deliver to the Condominium Board, at the expense of the Condominium Board upon commencement of its operation, policies or binders for fire and casualty insurance providing coverage in accordance with Footnote 6 to Schedule B. The premium for such policies will be paid by the Condominium Board as a Common Expense.

Leasing of Unsold Units

The Sponsor intends, with regard to the sale of the units offered in Schedule A, that it will endeavor in good faith to sell all of the units in a reasonably timely manner. The Sponsor does not intend to rent any of the units once they have been vacated by existing tenants who have elected not to purchase their units under the Plan.

The holder of the mortgage presently encumbering the Property has imposed no obligation on the Sponsor to market Units for sale as they become vacant, including any minimum number or percentage of Units which must be under contract before the Plan can be declared effective. At the present time, the mortgagee has established a minimum release price equal to the greater of $230,000.00 or the net proceeds from any sale in order for the mortgagee to release its lien from the Unit being sold. The mortgagee has imposed no condition on the Sponsor to rent rather than sell under specified market conditions.

A Purchaser shall not have the right to occupy the Unit purchased by him prior to the Closing unless Sponsor agrees to permit such occupancy under an interim lease or other written occupancy agreement.

Condition of Property

So long as a majority of the members of the Condominium Board are related to or affiliated with Sponsor, Sponsor will cause the Board of Managers to maintain the

Property in substantially the same condition and manner as existed on the date of First Closing, until the Sponsor no longer controls the Board of Managers, subject to strikes, lockouts, labor difficulties, acts of God, fire or other casualty, storms, riots, insurrection, acts of terrorism, inability to obtain materials, equipment or labor, governmental restrictions or any other acts over which Sponsor is reasonably unable to exercise control.

General

– Scope of Sponsor's Liability

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

Sponsor shall defend the Board of Managers of the Condominium and shall indemnify and hold the Board and the Unit Owners harmless from and against any suits or proceedings which arise out of the acts or omissions of Sponsor or the representations made or obligations undertaken by Sponsor in this Plan. Sponsor shall not be obligated to defend or indemnify any other suit or proceeding.

EXCEPT FOR THE ESCROW FOR THE WORK IN COMMON AREAS AND PUBLIC PORTIONS OF THE BUILDING REQUIRED FOR THE CERTIFICATE OF OCCUPANCY, NO SECURITY WILL BE FURNISHED TO SECURE THE PERFORMANCE OF THE SPONSOR'S OBLIGATIONS SET FORTH HEREIN. THE ABILITY OF SPONSOR TO PERFORM ITS OBLIGATIONS WILL DEPEND UPON ITS FINANCIAL CONDITION, WHEN AND IF IT IS CALLED UPON TO PERFORM.

All of the Sponsor's 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.

– Liquidation of Sponsor

Sponsor reserves the right to transfer or sell its Unsold Units in bulk and otherwise liquidate its assets at any time, but a liquidation will not affect Sponsor's liability to perform its obligations hereunder. In the event of the dissolution or liquidation of the Sponsor or the transfer of 20% or more of the total number of units in the Condominium to a single Purchaser, the principals of the Sponsor will provide financially responsible entities or individuals who will assume the status and all obligations of the Sponsor for

those units under the Plan and applicable laws and regulations. Nothing contained in this paragraph shall limit Sponsor's liability for personal injury (including wrongful death) or shall be in derogation of Article 23-A General Business Law, Section 5-322.1 or 5-323 of the General Obligations Law or Part 20 of the Regulations issued by the Department of Law Concerning condominium offerings. See the next section of the Plan entitled "Control by the Sponsor" for further discussion of Sponsor's rights.

– Construction Financing

At the date of first submission of this Plan to the Department of Law for review, the construction of the Units and renovation of the Building is complete. The Sponsor does not anticipate requiring any further financing to complete the project.

S. CONTROL BY THE SPONSOR

Control of the Condominium Board

Sponsor shall have the right to vote all of the Common Interests attributable to Units owned by Sponsor as it sees fit. Sponsor will control the Condominium Board until expiration of the initial Control Period. Furthermore so long as the Sponsor owns at least one Unit, the Sponsor shall be entitled to appoint one (1) member of the Condominium Board on account of such ownership. Not more than two (2) members of the Condominium Board will serve by reason of appointment or votes cast by the Sponsor at any election held after expiration of the Initial Control Period.

The number of members of the Condominium Board may not be increased without the Sponsor's (or Successor Sponsor's) consent for so long as the Sponsor or Successor Sponsor owns any Unsold Units.

Notwithstanding the foregoing, the Sponsor agrees not to exercise voting control of the Condominium Board for more than two (2) years after the closing of the first Unit or whenever the Unsold Units constitute less than fifty (50%) percent of the Common Interests, whichever is sooner.

UNTIL SPONSOR NO LONGER ELECTS A MAJORITY OF THE MEMBERS OF THE CONDOMINIUM BOARD, SPONSOR WILL, THROUGH ITS CONTROL OF THE BOARD, BE ABLE TO CONTROL THE MAINTENANCE AND OPERATION OF, AND THE SERVICES TO BE PROVIDED BY, THE CONDOMINIUM, AND WILL DETERMINE THE COMMON CHARGES TO BE PAID BY ALL UNIT OWNERS, INCLUDING WHETHER THE WORKING CAPITAL FUND IS USED TO DEFRAY FUTURE INCREASES IN THE PROJECTED COMMON CHARGES. HOWEVER, THE SPONSOR- CONTROLLED CONDOMINIUM BOARD WILL NOT USE THE WORKING CAPITAL FUND TO REDUCE THE COMMON CHARGES SET FORTH IN THIS PLAN.

Control Over Certain Actions By The Condominium Board

As long as Sponsor or any Sponsor Successor continues to own at least twenty-five percent (25%) of the Common Interests or for a period not more than three (3) years following the First Closing, whichever is sooner, the Condominium Board will not be permitted, without the prior written consent of Sponsor or any Sponsor Successor, to:

(a) make any addition, alteration or improvement to the Common Elements or to any Unit required by Applicable Law;

(b) assess any Common Charges or Special Assessments for the creation or replacement of, or the addition to, all or any part of a reserve, contingency or surplus fund in excess of the lesser of (i) five (5%) percent in the aggregate of the estimated Common Expenses for any one (i) fiscal year of operation of (ii) the maximum assessment permitted under Applicable Law;

(c) increase, the number or change the type of employees from that described in the First Year Budget;

(d) enter into any service or maintenance contracts for Work not covered in the First Year Budget;

(e) borrow money on behalf of the Condominium; or

(f) exercise a right of first refusal to lease or to purchase a Unit.

Notwithstanding the foregoing, neither Sponsor nor any Sponsor Successor may exercise a veto over expenditures that (i) conform to the First Year Budget and are for the period covered by the First Year Budget; or (ii) are required to comply with Applicable Law, including to cure any notices of violations; (iii) are necessary to remedy any work order by an insurer which is the responsibility of the Condominium Board to remedy. See also the Section of the Plan entitled **"Board of Managers Condominium Board/Summary of By-Laws."**

Notwithstanding the foregoing, the Condominium Board may take any of the actions enumerated in clauses (a) through (e) above, under the following conditions: (i) if the cost of such actions, when added to all other budgeted operating expenses, shall not result in increasing the Common charges for any year of operation by more than five (5%) percent above the previous year's Common Charges, (ii) to comply with applicable laws or regulations, (iii) to remedy any notice of a violation, (iv) to remedy a proper work order of an insurer of the Building or (v) if all owners of Unsold Units consent thereto. Sponsor may not exercise veto power over expenses described in Schedule B.

T. BOARD OF MANAGERS

Eligibility and Term; Meetings

The affairs of the Condominium will be governed by the Condominium Board, which will consist initially of three (3) members designated by Sponsor. At this time, the Sponsor anticipates that the three (3) members designated by the Sponsor shall be Michael Boemio, Lisa Tantillo and Dominick Calcagni. These 3 individuals are the sole members of the Sponsor. At the first meeting of the Unit Owners, which will be held no later than within sixty (60) days after the earlier of (a) the closing of title to Units whose aggregate Common Interests exceed fifty (50%) percent (b) twelve (12) months after the First Closing, the five (5) member Condominium Board shall resign in favor of a new five (5) member Condominium Board, of whose members three (3) shall be appointed by the Sponsor or Sponsor's designee and two (2) shall be elected by the Unit Owners by majority vote with each Unit Owner having one vote. This Board structure shall continue until the end of the Initial Control Period. Elections to the Condominium Board shall be held at the regular annual meeting of Unit Owners to be held in April of each succeeding year. (See the subsection below entitled "Meetings and Votes of the Unit Owners" for further discussion.)

The term of office of each member of the Board shall be one year, expiring on the date of the annual meeting of Unit Owners, when their successors shall be elected.

All members of the Condominium Board shall be either: (a) individual Unit Owners, (b) Individual Permitted Mortgagees of Units (c) partners or employees of a partnership owning a Unit or a mortgage covering a Unit; (d) officers, directors, shareholders, partners, members, principals, employees or beneficiaries of corporations, partnerships; limited liability companies, fiduciaries or any other entities that are Unit Owners or Permitted Mortgagees of corporate owners or corporate mortgagees of Units; (e) fiduciaries or their beneficiaries who are owners or mortgagees of Units (or directors, officers, stockholders or employees of corporate fiduciaries, or partners or employees, of partnership fiduciaries); or (f) adult family members or spouses of any of the preceding who are individuals. However, members elected or designated by Sponsor or its designee need not be Unit Owners and need not reside in the Building. Other than members elected or designated by Sponsor or its designee, no member shall continue to serve on the Condominium Board after he ceases to be a Unit Owner or an interested party in a Unit Owner, as specified in the first sentence of this paragraph.

The Board shall have regular meetings from time to time but not less than six times a year. Special meetings may be called by the President or upon written request of two members.

Removal of Board Members

Members of the Condominium Board are subject to removal, without cause, by vote of Unit Owners owning a majority of the Common Interests attending a duly called

meeting at which a quorum is present, except that (I) members elected only by the Unit Owners may be removed by a vote of a majority of Unit Owners only for cause or by a majority of Unit Owners with or without cause; (ii) members designated or elected by Sponsor or any Sponsor Successor may be removed by a majority of Unit Owners for cause only or by Sponsor or such Sponsor Successor without cause. Sponsor or any Sponsor Successor will have the right to designate a replacement for any members selected by Sponsor or any Sponsor Successor who have been removed from the Condominium Board.

Decisions of the Board

Most decisions by the Board shall be made by a majority vote of those members of the entire Condominium Board attending a meeting duly called at which a quorum is present or (if without a meeting) shall be approved in a writing signed by all Condominium Board members and duly filed by the Secretary. The quorum for meetings of the Condominium Board shall consist of a majority of all Board members. All members of the Board shall serve without compensation, including members designated elected by the Sponsor or its designees.

Certain decisions affecting the Sponsor's Unsold Units or the Commercial Unit may not be made without the affirmative vote of the member of the Board designated by the Sponsor as the case may be. These decisions are set forth in the section of the plan entitled "S. Control by the Sponsor: Control Over Certain Actions by the Condominium Board".

Powers and Duties of the Condominium Board

The Condominium Board shall have the powers and duties necessary for administration of the affairs of the Condominium (subject to the limitations set forth in the By-Laws), including the following: the operation, care, upkeep and maintenance of the Common Elements, determination and collection of the Common Charges and Special Assessments, employment and dismissal of the personnel necessary for the maintenance and operation of the Condominium adoption and amendment of the Rules and Regulations, maintaining bank accounts on behalf of the Condominium, purchasing, leasing or otherwise acquiring Units in the name of the Condominium Board or its designees, selling, leasing, mortgaging or otherwise dealing with (but not voting the Common Interests appurtenant to) Units acquired or leased by the Condominium Board, making repairs, additions, and improvements to, or alterations of, the Property and Common Elements, and generally managing and supervising the Condominium pursuant to the Declaration and the By-Laws. See Article 2 of the By-Laws for further details.

Pursuant to amendments to the Condominium Act adopted in 1997 (Real Property Law sec. 339-jj), the Condominium Board may, on behalf of the Unit Owners, incur debt, provided that the power to borrow money is granted to the Condominium Board by either the Declaration or the By-Laws, subject to any limitations set forth therein, and provided

also that: (a) such debt may not be incurred earlier than the fifth anniversary after the First Closing and (b) the borrowing of money is approved by a majority of the Unit Owners. The Condominium Board may borrow money to provide for major and minor maintenance, repairs, additions, improvements replacements, working capital, bad debt, and unpaid common expenses, depreciation, obsolescence and similar purposes and may; among other things; assign its right to receive common charges, create a security interest in its right to receive common charges, and increase the amount of common charges payable by each Unit Owner in order to repay the debt.

The Condominium Board must at all times maintain and operate the Building in substantially the same manner and condition it is in at the First Closing.

Officers of the Condominium

The officers of the Condominium shall initially consist of a President, Vice President, Secretary and Treasurer, all of whom will be elected annually by majority vote of the Condominium Board. The Condominium Board may also appoint additional officers. The Sponsor or any Successor Sponsor shall be entitled to appoint one assistant secretary so long as Sponsor or any Successor Sponsor owns one Unit. All officers shall serve without compensation from the Condominium. The President and Vice-President must be members of the Condominium Board. Any officer may be removed as an officer, without cause, by vote of a majority of the Condominium Board at a meeting called for such purpose.

The President shall be the chief executive office of the Condominium, preside at meetings, appoint committee members and generally have the powers and duties of the president of a corporation organized under the BCL. The Vice-President shall take the place and perform the duties of the President when the President is absent or unable to act. The Secretary shall keep the minutes of meetings, be in charge of Condominium Board books and papers and generally have the powers and duties of a secretary of a corporation organized under the BCL. The Treasurer shall have care and custody of the funds and securities of the Condominium, keep accurate records and books of account thereof and generally have the powers and duties of a treasurer of a corporation organized under the BCL.

Meeting and Votes of the Unit Owners

Except for the first meeting, the Unit Owners shall hold annual meetings on or about the last Thursday in April of each year. At each annual meeting, the Unit Owners shall designate or elect (as the case may be) successors to the members of the Condominium Board whose term of office expires as of the date of such meeting. In addition, special meetings of Unit Owners may be held from time to time, pursuant to the By-Laws, whenever necessary for the affairs of the Condominium. The By-Laws provide for the calling of a special meeting of Unit Owners at any time by the President of the Condominium Board on a duly adopted resolution of the Board or upon receipt by the

Secretary of a petition calling for such a meeting signed by Unit Owners having, in the aggregate, not less than twenty-five (25%) percent of the Common Interests.

Each Unit Owner shall be entitled to cast one vote at all meetings of the Unit Owners for each .0001% of Common Interest attributable to the Unit(s) owned by him, but, when voting for members of the Condominium Board, shall not have the right to cumulate his votes in favor of any one or more members to be elected. At annual meetings of Unit Owners for the purpose of electing the Condominium Board a quorum shall consist of those Unit Owners owning a majority of the Common Interests present in person or by proxy. Unless otherwise provided, the decision of the Unit Owners casting a majority of the votes of the Unit Owners at a meeting at which a quorum is present at the commencement of the hearing shall be binding upon all of the Unit Owners. However, elections of members of the Condominium Board shall be determined by plurality vote.

The holder of Unsold Units may, instead of casting its vote for the Board members it is entitled to elect, appoint its members to the Board by written designation given to the Managing Agent or an officer of the Condominium Board.

Liability of the Condominium Board and Unit Owners

The members of the Condominium Board and its Officers will have no liability to Unit Owners for errors of judgment, negligence, or otherwise that individual members and officers will be liable for their own bad faith, willful misconduct or gross negligence and will be subject to removal by the Board for these reasons. The Condominium Board has a fiduciary duty to the Unit Owners. The Condominium Board may contract or effect other transactions with any member thereof, with any Unit Owner, with Sponsor, or with any affiliate of any of them at competitive rates without incurring any liability for self-dealing, provided that adequate disclosure of the relationship is made to the full Board and further provided that it does not act in bad faith. If the Condominium Board does act in bad faith, that would be deemed self-dealing..

Every contract made by the Condominium Board, by any officer of the Condominium, or by any superintendent or Managing Agent of the Building shall state (if obtainable) that:

(a) the contract is made only as agent for all Unit Owners and that the members of the Condominium Board or such officer, superintendent, or Managing Agent shall have no personal liability for such contract (except in their capacities as Unit Owners); and

(b) the liability of any Unit Owner with respect to such contract shall be limited to (i) such proportionate share of the total liability thereunder as the Common Interest of such Unit Owner bears to the aggregate Common Interests of all Unit Owners and (ii) such Unit Owner's interest in his Unit and its appurtenant Common interest, unless otherwise provided by law.

All Unit Owners shall indemnify each member of the Condominium Board against any liability or claim, contractual or otherwise, except those arising out of the bad faith or willful misconduct of such member or that are contrary to Applicable Law or the terms of the Declaration or the By-Laws, However, the liability of any Unit Owner on account of such indemnification will be limited to the proportionate share of the Common Interest ownership such Unit Owner bears to the aggregate Common Interests of all Unit Owners, unless otherwise provided by Applicable Law.

Indemnification

Subject to any specific limitation on the liability of Unit Owners set forth elsewhere in the By-Laws or in the Declaration, pursuant to Section 5.4 of the By-Laws, each Unit Owner, including Sponsor and any Sponsor Successor, will indemnify and hold harmless all other Unit Owners, including Sponsor and any Sponsor Successor, and the Condominium from and against all Claims which may be imposed upon or incurred by any of the foregoing by reason of: (i) any Work performed or required to be performed by such Unit Owner on or about the Property (ii) any negligence, wrongful acts or omissions on the part of such Unit Owner or any of his Family Members, officers, directors, shareholders, partners, tenants, agents, contractors, servants, employees, licensees, or invitees; or (iii) any failure on the part of such Unit Owner to perform or comply with any of the terms or conditions contained in the Declaration or the By-Laws on its part to be performed or complied with. Notwithstanding anything to the contrary contained herein, in no event will Sponsor be liable for the acts or omissions of any Sponsor Successor, except as specifically provided in the Plan or otherwise required by Applicable Law.

Subject to any specific limitation on the liability of the Condominium Board set forth elsewhere in the By-Laws or in the Declaration, pursuant to Section 5.4 of the By-Laws, the Condominium will indemnify and hold all Unit Owners, including Sponsor and any Sponsor Successor, harmless from and against all Claims which may be imposed upon or incurred by any of the Unit Owners and/or Sponsor and any Sponsor Successor by reason of: (i) any Work performed by the Condominium or the Condominium Board on or about the Property; or (ii) any negligence or wrongful acts or omissions on the part of the Condominium Board or any of its members, officers, agents, contractors, servants, employees, licensees, or invitees. The costs and expenses of the foregoing indemnification by the Condominium shall be a Common Expense.

Amendments to the By-Laws and Declaration

Any provision of the Declaration or the By-Laws may be amended by the vote of at least sixty six and two-thirds (66 2/3%) percent of all Unit Owners, both in number and in aggregate Common Interests.

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

Sale or Lease of Units

Each owner of a Unit may sell or lease his Unit provided, however, that in the case of a Residential Unit such owner (other than Sponsor or its designee with respect to Unsold Residential Units) first gives the Condominium Board written notice of his intention to do so. The notice shall be accompanied by a fully executed copy of the contract of sale or lease, as the case may be, containing all of the terms offered in good faith by the prospective purchaser or lessee. The Condominium Board, on behalf of all Unit Owners, shall have the exclusive right to purchase or lease the Residential Unit and shall give notice of its intent to exercise such right within twenty (20) business days after receipt of such notice of sale or lease, on the same terms set forth in the contract or lease, all as more specifically set forth in Article 7 of the By-Laws. The Condominium Board shall close any purchase or execute any lease it has elected to make within forty-five (45) days after notice is given. If the Condominium Board does not notify the Unit Owner during such twenty (20) day period of its election to purchase or lease the Unit or waives such election, the Unit Owner will have ninety (90) days thereafter to consummate the sale or lease in accordance with the terms stated in the contract of sale or lease appended to such notice, failing which the Unit Owner will again be required to first offer the same to the Condominium Board as provided above. The Condominium Board has the right, under the By-Laws, to request additional information about the sale, which may extend its time to give notice of intent to purchase or lease.

The Condominium Board may not exercise its option to lease or purchase any Unit without the prior approval of a Majority of Unit Owners. However, the Condominium Board has the right to release or waive any such option without prior approval of a Majority of Unit Owners.

If the Board decides to purchase or lease a Unit, the Condominium Board may assess each Unit Owner (other than the selling Unit Owner), in proportion to his Common Interest, an amount necessary to effectuate the purchase or lease. In addition to the Purchase Price, all costs and expenses incurred in connection with the acquisition or lease of a unit shall be assessed to all Units in proportion to their percentage of common interests. In lieu of a special assessment, the purchase may be made from funds deposited in the capital and/or expense accounts of the Condominium. If these funds are insufficient to effectuate the purchase, the Condominium Board may then levy a special assessment against each Unit Owner in proportion to its percentage interest or, in its discretion, finance the acquisition of such Unit.

After the acquisition, the Condominium Board shall own and hold the acquired Units on behalf of all Unit Owners, each of which shall be deemed to have waived rights of partition. Any Unit so acquired by the Board may be owned or may be used only for the purposes for which a Unit may otherwise be occupied in the property. All income, revenue, and profit derived from the Unit shall be collected on behalf of all Unit Owners and used solely to defray Common Charges. The Condominium Board is prohibited from discriminating against any person on the basis of race, creed, color, national origin, sex, age, disability, marital status or other grounds prohibited by law in connection with its exercise or failure to exercise, the right of first refusal.

Notwithstanding the foregoing, any Unit Owner may sell or lease his Unit to his spouse, adult child, parent, grandparent, parent-in-law, or adult sibling, or may convey his Unit by gift, devise it by will, or have it pass by intestacy, without complying with the restrictions described above, provided, however, that each succeeding Unit Owner shall be bound by, and his Unit shall be subject to, such restrictions. In addition, any Unit Owner that is not a natural person may sell, lease, or convey its Unit to a related or controlled entity without complying with these restrictions, provided, however, that each succeeding Unit Owner, shall be bound by, and his Unit shall be subject to, such restrictions, as more particularly set forth in Article 7 of the By-Laws.

The foregoing restrictions upon the sale and lease of Units shall not apply to Sponsor or its designee or to Units acquired by a mortgagee in foreclosure or by deed in lieu of foreclosure. Each of the foregoing shall be free to sell or lease their Units without first offering to sell or lease them to the Condominium Board.

Unit Owners (including the Condominium but excluding the Sponsor or other Unsold Unit Owner) who sell their Units shall be required to pay a reasonable fee in an amount to be determined by the Condominium Board to reimburse it the fee charged by the then managing agent or counsel to the Condominium for its services performed in connection with processing the application for the sale or lease of Units, including the waiver of the Condominium Board's first refusal rights.

Each conveyance of a Unit by a Unit Owner shall include, as part of the property to be conveyed, and in addition to the Unit, such Unit Owner's: (i) Common Interest, (ii) undivided interest in any Unit or Units acquired by the Condominium Board from Unit Owners (or the proceeds received at a foreclosure or other judicial sale of a Unit), and (iii) the Unit Owner's undivided interest in any other assets of the Condominium. In addition, title to a Unit may not be conveyed unless all unpaid Common Charges and liens against such Unit (other than mortgages which are to be assumed) are paid and satisfied at or prior to closing. However, this restriction shall not apply to Unsold Units. At the time of acquisition of a Unit and as a condition thereof the new Unit Owner shall be requited to execute, acknowledge and deliver a Unit Owner's Power of Attorney in favor of the Condominium Board and Sponsor, in the form set forth in Part II of this Plan and in accordance with Article 14 of the Declaration.

The lease for any Unit (other than an Unsold Unit or a Unit leased to a member of such Unit Owner's immediate family) shall be for a term of not less than one (l) year and substantially in the form of condominium apartment lease then approved by the Real Estate Board of New York, Inc. or the Bar Association of the City of New York, except for such changes thereto as are provided or permitted by the By-Laws.

The foregoing restrictions and limitations on the right to sell or lease a Unit may be modified in the future provided the provisions for amendment of the By-Laws are followed. However, no restriction or limitation may be placed on the sale or lease of Unsold Units or Units acquired by a mortgagee in foreclosure or by deed in lieu of foreclosure of a first mortgage.

Any Unit Owner may, by conveying his Unit to the Condominium Board for no consideration and by complying with the relevant conditions set forth in the By-Laws in connection therewith exempts himself from Common Charges thereafter accruing. Such conditions include the payment of all Common Charges and assessments then due and payable with respect to his Unit and such Unit being free and clear of all liens and encumbrances other than Permitted Mortgages placed on the Unit by the Unit Owner and any statutory lien for unpaid Common Charges. However, in no event shall Sponsor or its designee be permitted to convey any Unsold Unit to the Condominium Board and thereby exempt itself from Common Charges attributable to such Unit, except under limited circumstances described in the by-laws.

On a resale of any Unit, the Purchaser of Such Unit shall be required to pay unpaid Common Charges assessed against such Unit prior to his acquisition, except that a first mortgagee acquiring title to a mortgaged Unit or a Purchaser at a first mortgage foreclosure sale shall not be liable for, and such mortgaged Unit shall not be subject to, a lien for the payment of any Common Charges assessed subsequent to the recording of such first mortgage and prior to the acquisition of title to such Unit by the mortgagee or a Purchaser at said sale. In the event that the condominium Board forecloses its statutory lien on any Unit for unpaid Common Charges and the net proceeds of the foreclosure sale shall not be sufficient to pay such unpaid Common Charges, or if such Unit is acquired by a mortgagee or Purchaser at a mortgage foreclosure sale then either event the defaulting Unit Owner shall remain personally liable for the balance of such unpaid Common Charges.

Mortgages of Units

Each Unit Owner may mortgage his Unit, provided, that, with respect to Units other than Unsold Units, the owner first complies with the conditions set forth in Article 8 of the By-Laws. As more fully set forth in Article 8, these conditions include the requirements that: (a) the Condominium Board is notified in writing of the making of such mortgage and is given a copy thereof; (b) the Unit Owner making the mortgage (i) is not in arrears for Common Charges, and (ii) first satisfies all other unpaid liens against his Unit other than mortgages placed on his Unit in compliance with Article 8 of the By-Laws ("Permitted Mortgages"); and (c) the mortgage is substantially in the form of the New York statutory form of mortgage, except for such charges or additions as may be required to permit a lender to make the loan. Sponsor or its designee, as the owner of an Unsold Unit, shall have the right to mortgage their Unit(s) without any restriction or limitation, except that the Condominium Board shall be notified in writing of the making of any such mortgage and is to be given a copy thereof.

Common Charges and Assessments: Collection and Lien for Non-Payment

The Condominium Board will prepare and distribute to all Unit Owners, at least annually, a budget setting forth its projection of the Common Expenses for the coming fiscal year of the Condominium. Such Common Expenses will include, among other things: (a) all costs and expenses (including financing costs) in connection with the operation and maintenance and performance of any Work in, on or to the Common

Elements (to be borne by the Unit Owners in accordance with their respective Common Interests and referred to as the "Common Expenses"); (b) real estate taxes and assessments (including water charges and sewer rents) levied with respect to the Property (until the same are separately assessed to individual Units); and (c) amounts for such other items as the Condominium Board may deem proper (such as amounts for reserves, to make up deficits for prior years, to prepay indebtedness of the Condominium, or to purchase or lease Units). The Board is explicitly authorized under the By-Laws to accumulate reserves for capital improvements and is required to segregate the funds designated for that purpose. Based upon the budget, the Condominium Board will promptly determine, and advise each Unit Owner of, the Common Charges payable by such Unit Owner during the ensuing fiscal year, which shall represent a portion of the projected total Common Expenses of the Condominium assessed to such Unit Owner according to the percentage Common Interest allocated to his Unit.

Pursuant to the terms of Article 6 of the By-Laws, the Condominium Board has the right to revise its projection of the Common Expenses at any time and from time to time during any fiscal year of the Condominium. Any such revision may result in an increase or decrease in the amount of Common Charges payable by Unit Owners during such fiscal year in accordance with each Unit Owner's percentage interest in the Condominium. However, no such revision shall have a retroactive effect on the amount of Common Charges paid by Unit Owners prior to the date of such new determination. Notwithstanding the foregoing, the Condominium Board will not reduce the Common Charges payable during any year occurring within the initial Control Period solely as a result of either reducing the number of employees of the Condominium below the number employed for the Property on the date of recording the Declaration, or eliminating or reducing any service or reducing the insurance coverage below that provided for the Property on such date, except with the concurrence of a majority of the members of the Condominium Board elected by Unit Owners other than Sponsor or any Sponsor Successor.

In addition, the Condominium Board will have the right, subject to certain restrictions contained in the By-Laws, to levy Special Assessments to meet the Common Expenses. All Special Assessments will be levied against all Unit Owners in proportion to their Common Interests and may be payable either in one lump sum or in installments as the Board directs.

Under the provisions of Section 339-z of the Condominium Act and Article 6 of the By-Laws, the Condominium Board will have a lien, on behalf of all Unit Owners, on each Unit for unpaid Common Charges assessed against such Unit together with interest thereon. All such liens, however, will be subordinate, to the extent required by Applicable Law, to any liens for real estate taxes and assessments on such Unit. Any lien for unpaid Common Charges against a Unit will be effective from and after filing of a verified notice thereof in the Register's Office and until all sums secured thereby, with interest accrued thereon, shall have been fully paid, or until six (6) years from the date of filing (unless foreclosure of such lien is started within such six (6) year period), whichever shall be sooner. Such liens may be foreclosed by a suit brought in the name of the Condominium Board (acting on behalf of all Unit Owners) in like manner as the

foreclosure of a mortgage on real property, or an action may be brought by the Condominium Board to recover unpaid Common Charges without foreclosing the lien.

Unless otherwise stated by the Condominium Board, Common Charges will be payable in monthly installments, in advance, on the first day of each month. The Condominium Board may impose a late charge for Common Charges which are paid more than ten (10) days after they are due. No Unit Owner will be relieved from liability for the payment of his Common Charges by waiving the use of any of the Common Elements or by mere abandonment of his Unit. No Unit Owner, however, will be liable for the payment of any part of the Common Charges assessed against his Unit subsequent to a permissible sale, transfer, or other conveyance of his Unit. However, the Purchaser of that Unit will, in most cases, become liable for any Common Charges then due.

Real Property Law Section 339-kk

As the result of amendments to the Real Property Law enacted into law on July 22, 1998, if the Sponsor, with respect to Unsold Residential Units, or any other Unit Owner who does not actually occupy a dwelling unit, rents any dwelling unit and fails to make payments due for Common Charges within sixty (60) days after they become due, rental payments from the tenant become directly payable to the Board of Managers. The Board must notify the tenant and the non-occupying owner in writing when it requests that payment of rents directly to the Board commence. Such direct payments may be required until all unpaid common charges are paid in full by the non-occupying owner. If a non-occupying owner disputes the Board's right to request direct payments, he may ask to present the facts bearing upon his claim at a meeting of the Board which must be held within thirty (30) days after the date on which the Board receives notice that the non-occupying owner disputes the claim.

Repairs to, and Maintenance of, Units and Common Elements

Generally, all painting, decorating, maintenance, repairs and replacements, whether structural or non-structural, ordinary or extraordinary, in or to any Unit (other than the Common Elements to the extent provided in subparagraph (d) below), including any additions, alterations and improvements made by the Unit Owner, shall be performed by the owner of such Unit at such Unit Owner's sole cost and expense.

Repairs and maintenance in or to the Common Elements shall be performed by the Condominium Board, as a General Common Expense to all Unit Owners. Repairs and maintenance pertaining to a Limited Common Element shall also be performed and paid by the Condominium Board, if they involve structural or extraordinary maintenance, repair or replacement, or by the Unit Owner(s)entitled to exclusive use if involving, painting, decorating and non-structural ordinary maintenance, repairs and replacements. Notwithstanding the foregoing, all maintenance, repairs and replacements to the Common Elements, whether structural or non-structural, ordinary or extraordinary, that are necessitated by the negligence, misuse, or abuse by a Unit Owner or his agents, workers, guests, etc., will be made by such Unit Owner at his sole cost and expense.

In addition, Unit Owners shall be responsible for cleaning and maintaining the exterior glass surfaces of all windows of his Unit and for replacing the windows in accordance with criteria established by the Condominium Board.

Whenever, in the judgment of the Condominium Board, the Common Elements (other than the Limited Common Elements, unless involving structural extraordinary maintenance, repairs or replacement) shall require repairs or improvements costing more than $30,000.00, in the aggregate, in any calendar year, such additions, alterations, improvements or repairs shall not be made unless the same have been approved by the Unit Owners owning a majority of the Common Interests of all Units, including Sponsor, if it then owns any Unit, at a duly constituted meeting of Unit Owners and by the Mortgage Representatives, if any. If approved, the Condominium Board may, in its discretion, assess each Unit Owner his pro-rata share of the cost of such additions, alterations, or improvements, according to his Common Interest, as part of the Common Charges.

Any additions, alterations, improvements or repairs costing $30,000.00 or less, in the aggregate, in any calendar year may be made by the Condominium Board without the approval of the Unit Owners and Mortgage Representatives. Notwithstanding the foregoing, no Common Charges or Special Assessments shall be imposed to make additions, alterations, improvements or repairs to the Common Elements regardless of the cost thereof, unless the written consent of Sponsor and any Successor Sponsor, so long as Sponsor or any Successor Sponsor continues to own at least twenty-five (25%) percent of the Units during the five years following the First Closing, unless otherwise required by Applicable Law, is first obtained. Nothing contained in this paragraph shall restrict the right and obligation of the Condominium Board to repair the Common Elements.

The Rules and Regulations provide that the Board of Managers may require eighty (80%) percent of the floor area of each Residential Unit (except for kitchens, bathrooms, closets and foyers) to be covered with rugs, carpeting, or other equally effective noise-reducing material.

The By-Laws require that each Unit, all Limited Common Elements appurtenant thereto and all portions of the Common Elements be kept in first-class condition (and, with respect to any roof, terrace or other part of the Property exposed to the elements, free of snow, ice and accumulation of water) by the Unit Owner or the Condominium Board, whichever is responsible for the maintenance thereof. The By-Laws further require that those public or other areas of the Building that are exposed to public view (whether the same are required to be maintained by a Unit Owner or by the Condominium Board) be kept in good appearance in conformity with the dignity and character of the Building by such Unit Owner or the Condominium Board, as the case may be. If a Unit owner fails to keep his Unit or its appurtenant Limited Common Elements in good condition, the Condominium Board may, at the expense of such Unit Owner, enter the Unit or its appurtenant Limited Common Elements to perform any acts necessary to cure the default.

The cost of snow removal from the public walks around the entire Building shall be a Common Expense. All maintenance and repairs to the Common Elements shall be performed by employees of the Condominium or by independent contractors, in the discretion of the Condominium Board. The Condominium will employ a part-time, non-resident superintendent, whose estimated wages are included in Schedule B of the Plan.

New York City Regulations on Lead-Based Paint - Local Law 38

Effective Nov. 12, 1999, the New York City Administrative Code's lead-based paint requirements were replaced with a new section (§27-2056) (also known as **"Local Law 38"**), which requires owners of multiple dwellings, built before January l, 1960 (**"Affected Housing"**), to abate and repair peeling lead-based paint and deteriorated sub-surfaces covered with lead based paint, and presumes that paint in a multiple dwelling built before that date is lead-based. The new law prohibits dry scraping and sanding of lead-based paint regardless of when the building was built. It also imposes new notice and correction requirements on owners of Affected Housing.

Local Law 38 specifically permits an agreement between the condominium and a unit owner requiring the unit owner to comply with the inspection and correction requirements of the statute. The Condominium By-Laws hold the Unit Owner of a Residential Unit responsible for the maintenance and repair of the interior of his/her Unit as well as for painting and decorating of his/her Unit and will likely be sufficient to require each Unit Owner of a Residential Unit to be responsible for compliance with Local Law 38. In addition, if a Unit Owner of a Residential Unit fails to comply with his maintenance and repair obligations, the Condominium Board may, pursuant to Section 9.1 of the By-laws, make the corrections and charge the Unit Owner for any cost associated therewith, which would encompass corrective work required by Local Law 38.

Under Local Law 38, a lead-based paint notice must be given to each new occupant of a dwelling unit in Affected Housing and (b) annually to an existing occupant of each dwelling unit in Affected Housing to determine if there are any children under the age of 6 residing in the unit. In addition, a lead-based paint information pamphlet issued by the New York City Health Department must be given to each new occupant and each tenant renewing a lease in Affected Housing. If a Unit Owner has knowledge of a child under 6years of age residing in his Unit or if the lead-based paint notice is returned indicating that is the case, the Unit Owner must inspect the Unit for lead-based paint hazards.

A **"Lead-Based Paint Hazard"** exists when all of the following conditions are met:

(a) the paint is peeling or applied to a deteriorated subsurface;

(b) the paint is located within a dwelling unit;

(c) the paint is lead-based or presumed lead-based (i.e., when the multiple

dwelling was built before January 1, 1960); and

(d) a child under six year of age resides in the dwelling unit.

Each Unit Owner of a Unit in Affected Housing is required under Local Law 38 to correct all Lead-Based Paint Hazards discovered as a result of the annual inspection.. The new law does not require an owner to test for the presence of lead-based paint since the statute presumes that a multiple dwelling built before January 1, 1960 will contain lead-based paint. Therefore, a Unit Owner of a Residential Unit may want to test for the presence of lead-based paint if a Lead-Based Paint Hazard is noted prior to commencing any remedial work. The method for correcting any existing Lead-Based Paint Hazard is prescribed in the statute.

Additionally when any dwelling unit becomes vacant, the statute requires that the owner of Affected Housing conduct a visual inspection for any deteriorated lead-based paint and conditions and correct them before commencement of a new tenancy. The owner must certify compliance with these requirements on the lead paint notice to the new occupant.

As all of the Units offered for sale were built subsequent to January 1, 1960, the Units do not constitute Affected Housing covered by Local Law 38.

Alterations and Improvements of Units

No Unit Owner (except Sponsor or its designees) may perform structural work in his Unit or its appurtenant Limited Common Elements without the prior written approval of the Condominium Board. Such approval may be conditioned, in the discretion of the Condominium Board, upon the execution of an agreement by such Unit Owner in form and substance satisfactory to the Condominium Board, setting forth the terms and conditions upon which such alteration, addition, improvement, or repair may be made. Such conditions may include: (a) obtaining such insurance as the Condominium Board may reasonably require and (b) indemnifying the Condominium Board, the Managing Agent and all other Unit Owners against liability stemming from the work. However, an initial Purchaser of an Unsold Unit shall not be required to obtain the Condominium Board's consent for alterations or improvements to which Sponsor has consented in such Purchaser's Purchase Agreement.

The foregoing restrictions are not applicable to the respective owners of Unsold Units, who may make alterations, additions, improvements and repairs (structural and non-structural) without approval of the Condominium Board, provided only all applicable laws are complied with and the structural integrity of the Building is not adversely affected by the improvements.

Non-structural alterations, additions, improvements or repair within a Residential Unit do not require the prior written approval of the Condominium Board and are the right and obligation of the Unit Owner to make. In the event any such work requires the filing of an application to the New York City Department of Buildings for a building

permit, it shall be the obligation of such Unit Owner at his sole cost and expense to cause all necessary plans and specifications to be prepared in connection with the alteration, but the Condominium Board shall execute applications to any department of the City of New York having jurisdiction over the work. In addition, any Unit Owner proposing to perform alterations within his Unit shall obtain insurance in such form and in such amounts as the Condominium Board may require in connection with the performance of the work, including contractor's general liability insurance.

Except as otherwise provided in the By-Laws, no Unit Owner may make any alteration, addition, improvement or repair to the Common Elements. Such additions, alterations, improvements or repairs in or to the Common Elements will be made by the Condominium Board and their cost and expense will be charged to all Unit Owners as a Common Expense.

Except as may be provided to the contrary in this Plan, the By-Laws in Section 339-i of the Real Property Law, the Condominium Board, the Selling Agent; the Managing Agent, other Unit Owners or representatives of holders of mortgages on Units shall not have the right to approve (a) alterations, additions, improvements, or repairs in or to any Unsold Unit made by Sponsor, its designees whether structural or non-structural, interior or exterior, ordinary or extraordinary or (b) any subdivision, combination or change in the boundary walls of Unsold Units by the Sponsor, its designee, (see "G. Changes in Prices and Units" for further discussion as to Unsold Units). In addition, the respective owners of Unsold Units shall have the right to change the use of their Units as long as the zoning for the Property, the then existing certificate of occupancy and the Declaration permit the proposed use or the Unit Owner obtains a new or amended certificate of occupancy to permit such use.

Insurance

Upon commencement of condominium operation, the Property will be provided with the insurance coverage described in the footnote to "Schedule B - Projected Budget for First Year of Condominium Operation," and such coverage shall be continued until the first meeting of the Condominium Board elected by Unit Owners.

Each insurance policy obtained by the Board will contain a New York standard mortgagee clause in favor of each Permitted Mortgagee, which will provide that the loss proceeds thereunder, if any, will be payable to such Permitted Mortgagee as its interest may appear, subject, however, to the loss payment provisions in favor of the Condominium. Board and the Insurance Trustee as set forth below.

All such policies will contain waivers of subrogation and of any defense based on co- insurance or on invalidity arising from any acts of the insured and of pro-rata reduction of liability, and will provide that such policies may not be canceled or substantially modified without at least ten (10) days' written notice to all the insureds, including Permitted Mortgagees.

The Condominium Board will also maintain, to the extent practicable: (a) commercial general liability insurance as to personal injury and property damage in such limits and amounts as the Condominium Board may from time to time determine, covering each member of the Condominium Board, the Managing Agent (if any) and each Unit Owner; (b) rent insurance in an amount equal to the Common Charges for one year; (c) workmen's compensation and New York State disability benefits insurance; (d) boiler and machinery insurance; (e) water damage legal liability insurance; (f) umbrella liability insurance; (g) officers' and directors' liability insurance; and (I) such other insurance as the Condominium Board may from time to time determine. Such public liability policies will also cover cross-liability claims of one insured against another. However, such insurance will not cover the individual liability of a Unit Owner arising from any occurrence within his own Unit or its Limited Common Elements.

Any insurance maintained by the Condominium Board may provide for such deductible amounts as the Condominium Board may determine. The cost of all insurance will be paid by the Condominium Board and will be borne by all Unit Owners as part of the Common Charges.

The net insurance proceeds payable under insurance policies maintained by the Condominium Board by reason of damage to or destruction of any part of the Building by fire or other casualty will be payable either to the Condominium Board, if one hundred thousand dollars ($100,000.00) or less in the aggregate, or to the Owner.

Such proceeds will be applied for the purpose of repairing, restoring or rebuilding the Building unless otherwise determined by Unit Owners. In no event will such proceeds be paid to the holder of any mortgage placed by a Unit Owner on his Unit unless, in accordance with the provisions of Section 5.5 of the By-Laws, there is a determination not to rebuild the Building. The Insurance Trustee will be a bank or trust company, having any office in the City and State of New York, designated by the Condominium Board in accordance with the By-Laws.

Each Unit Owner should consider the desirability of obtaining additional insurance at his own cost covering; (i) fire or casualty losses to the contents of his Unit and any replacements, additions, upgraded fixtures and improvements therein and (ii) liability for personal injury or property damage as a result of occurrences in his Unit. Such insurance will not be provided by the Condominium. Unit Owners' polices must contain waivers of subrogation and provide further, that the liability of the companies issuing insurance procured by the Condominium Board shall not be affected or diminished by any Unit Owner's supplemental or additional insurance.

Nothing may be done or kept in any Unit or in the Common Elements that will increase the rate of insurance of the Building, or the contents thereof, without the prior written consent of the Condominium Board. No Unit Owner shall permit anything to be done or kept in his Unit or in the Common Elements, that will result in the cancellation of insurance on the Building, or the contents thereof, or that would be in violation of Laws.

Repair or Restoration After Fire or Other Casualty

Except as set forth in the next paragraph, if the Building or any part thereof is damaged or destroyed by fire or other casualty, the Condominium Board will arrange for the prompt repair and restoration thereof (including any damaged Units but excluding appliances, fixtures, furniture, furnishings or other personal property not constituting a part of such Unit).

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

If seventy-five percent (75%) or more of the Building is destroyed or substantially damaged and if seventy-five percent (75%) or more of all Unit Owners, both in number and in Common Interests, do not promptly resolve to proceed with the repair or restoration thereof, the Building will not be repaired and will be subject to an action for partition instituted by any Unit Owner or lienor, as if owned in common, in which case the net proceeds of the resulting sale, together with the net proceeds of insurance policies, will be divided among all Unit Owners in proportion to their respective Common Interests. No payment, however, will be made to a Unit Owner until there has first been paid out of his share of such funds, such amounts as may be necessary to discharge all unpaid liens on his Unit (other than mortgages that are not Permitted Mortgages) in the order of the priority of such liens. If Sponsor or any Sponsor Successor is then a Unit Owner, it will have the right to vote at any meeting of Unit Owners called for the purpose of deciding whether or not to proceed with the restoration or repair of the Building.

Restrictions on the Use and Occupancy of Units

All Units of the Condominium shall be used solely for residential purposes.

The rules and regulations of the Condominium, which are attached to its By-Laws, prohibit the keeping of pets within the units unless, in each instance, the Condominium Board or Managing Agent shall have authorized it.

Sponsor reserves the right (except to the extent prohibited by Applicable Law) at any time, before or after the recording of the Declaration, without consent of the Condominium Board, any other Unit Owners, purchasers or mortgagees of Units, to impose additional restrictions on the permitted uses and manner of usage of the Commercial Unit then held by Sponsor for the purpose of ensuring that the Building continues to operate in a manner consistent with comparable buildings located in the vicinity of the Property; provided however no such additional restrictions; (i) shall apply to any Unit other than Units owned by Sponsor or require any then existing Unit Owner,

tenant or occupant of a Unit to change, in any manner, the nature, form, personnel, materials, hours of operation or procedures used in its operations or use of the Building; or (ii) shall apply to any Unit owned by Sponsor which is subject to a Purchase Agreement with a Purchaser pursuant to the Plan, provided such Purchaser is not in default thereunder, unless such Purchaser consents thereto.

Sponsor and any Sponsor Successor may, for so long as either own any Units in the Condominium, without the consent of either the Condominium Board or any other Unit Owners, use or grant permission for the use of any of its Units as a professional or business office or for any other purpose, including, without limitation, use of any one or more of its Residential Units as model units and offices for the sales, promotions, management and operation of its Units, or lease its Units to third parties for their occupancy, provided only that the nature and manner of such use complies with Applicable Law and does not violate the then existing certificate of occupancy for the Building.

A Unit owned or leased by an individual, corporation, partnership, fiduciary or other entity may be occupied only by said individual, or by an officer, director, stockholder, or employee of such corporation, or by a designated partner or employee of such partnership, or by said fiduciary (including designated officers, directors, stockholders, or employees of corporate fiduciaries), or by the beneficiary of said fiduciary; respectively; or by members of the immediate family or guests of any of the foregoing and (in the case of an individual Unit Owner) an additional occupant and his dependent children. Within thirty (30) days after a Unit is acquired or occupied by someone other than an individual, such non-individual owner shall notify the Building's Managing Agent of the name of the officer, director, stockholder, and partner, principal or individual designated such owner to occupy its Unit. The person so designated may be changed from time to time by the non-individual owner by similar written notice to the Managing Agent. The foregoing restriction does not apply to Unsold Units.

All Applicable Laws, zoning ordinances and regulations of governmental bodies having jurisdiction over any portion of the Property shall be complied with at the sole expense of the respective Unit Owners or the Condominium Board, whoever shall have the obligation to maintain or repair such portion of the Property under the terms of the Declaration and By-Laws.

No Unit Owner will cause or permit any Hazardous Materials to be used, stored, transported, released, handled, produced or installed in, on or from its Unit or the Property other than substances used in de minimis quantities in household cleaning or in connection with the conduct of a home occupation or art profession, and, in any event all such Hazardous Materials will be used, generated, stored, released, handled, produced and installed in accordance with all Applicable Laws. Each Unit Owner will be responsible for compliance with all applicable laws regarding Hazardous Materials in its Unit or in connection with any work performed in such Unit.

Rules and Regulations

Attached to the By-Laws of the Condominium and made a part of them are a series of rules and regulations that regulate the rights and conduct of each Unit Owner in the Condominium. The rules and regulations, address a broad array of issues, including the use of the Common Elements, noise, the use of appurtenant storage rooms, prohibitions on pets unless permission has been obtained from the Condominium Board, maintenance of floor coverings over 80% of the Unit's floors (excluding kitchens, bathrooms and certain other areas), the rights of the Managing Agent to obtain access to Units for repairs and restrictions on the ability of a Unit Owner to direct the work of employees of the Managing Agent. Each of these regulations binds each Unit Owner as much as if it was part of the Declaration and By-Laws and may be the subject of the same penalties as are provided in the case of any breach by a Unit Owner of an obligation imposed by those documents. **PURCHASERS ARE THEREFORE CAUTIONED TO REVIEW THE RULES AND REGULATIONS ANNEXED TO THE BY-LAWS CAREFULLY, AS THEY ARE AN INTEGRAL ELEMENT OF THE CONDOMINIUM REGIME.**

Rights of Access

As more fully set forth in the By-Laws, the Condominium Board, the Managing Agent, the superintendent and other Persons authorized by the Condominium Board will have a right of access to any Unit for the purposes, among others, of (i) making inspections of the Unit, (ii) removing violations of laws or regulations placed against the Common Elements or any part of the Property (iii) curing defaults committed by the owner of such Unit under the Condominium Documents, or (iv) correcting any conditions originating in any Unit and threatening another Unit or any Common Element. Sponsor, and Successor Sponsor and their respective contractors, sub-contractors, agents and employees will have a right of access to each Unit and to all of the Common Elements for purposes of performing alterations and repairs in or about Unsold Units and to enable Sponsor to fulfill its obligations under the Plan. Unit Owners are required to provide such access under Article 5 of the By-Laws.

Self-Help

If any Unit Owner fails to maintain or repair parts of the Building he is required to maintain or repair, or in the event of any breach of the Condominium Documents, then, as set forth in Article 9 of the By-Laws, the Condominium Board has certain rights to perform such maintenance or repairs or to cure the breach, at the Unit Owner's expense.

Compliance with the Condominium Documents

Each Unit Owner must strictly comply with the provisions of the Condominium Documents, as they may be amended, modified or supplemented from time to time. Failure to comply strictly with the provisions of the Condominium Documents is grounds for an action for damages, injunctive relief, or both by the Condominium Board.

Reports to Unit Owners

An annual report of the income and expenses of the Condominium, certified by an independent certified public accountant, shall be submitted by the Condominium Board to all Unit Owners within four months after the end of each fiscal year of the Condominium or by April 1st of each year if the Condominium Board's fiscal year is on a calendar year. The books and records of the Condominium will be available for inspection by Unit Owners during reasonable business hours.

Amendments to the Condominium Documents

Subject to certain exceptions, and provided that any required consent of the holders of Permitted Mortgages is obtained, any provision of the Declaration, the By-Laws, or the Rules and Regulations may be amended or modified by the affirmative vote of two thirds of all Unit Owners both in number and in Common Interests. However, for so long as Sponsor or its designee is the owner of one or more Unsold Units, the Declaration, the By-Laws and the Rules and Regulations may not be amended or modified to adversely affect Sponsor without its prior written consent. In addition, the provisions of the Declaration and By-Laws relating to the use of units or to each Unit's Common Interest may not be amended without the prior written consent of every Unit Owner affected by such amendment. Similarly, the provisions of the Declaration and By-Laws affecting the rights, benefits and exemptions of the Holders of the Unsold Units may not be amended without the prior written consent of the owner of such Unsold Units (including the Sponsor if it still owns any Unsold Units).

Termination of the Condominium

The Condominium shall continue (unless terminated by casualty, loss, condemnation or eminent domain as provided in the By-Laws) until such time as the property shall be withdrawn from the provisions of the Condominium Act as a result of the vote to do so of at least eighty (80%) percent of all Unit Owners, both in number and in aggregate Common Interests. In addition, the written consent of the holders of Permitted Mortgages shall be required before such vote is effective. Sponsor will not vote the aggregate Common Interests appurtenant to Unsold Units for such withdrawal unless at least eighty (80%) percent of all other owners of Units, both in number and in Common Interests, elect to withdraw, at which time Sponsor may choose to vote its Common interests either in favor or, or against withdrawal from, Condominium ownership as it sees fit. In the event of withdrawal, the Property shall be subject to an action for partition by any Unit Owner or any lienor as if owned in common, in which

event the net proceeds of the sale resulting from the partition action shall be divided among all Unit Owners in proportion to their respective Common Interests, after first applying the share of the net proceeds of such sale otherwise payable to any Unit Owner to the payment of any liens on his unit, in the order of priority of the liens.

Easements

Each Unit and the Condominium shall have, in common with all other units: (a) an easement to install, use, maintain, repair, alter and replace all pipes wires, ducts, vents, cables, conduits, public utility lines and other Common or Limited Common Elements located in other units or elsewhere on the Property serving such Units; and (b) an easement for the continuation of any encroachment by such Unit on any other Unit or on any Common Elements existing, or that may come into existence, as a result of (i) the settling or shifting of the Building; (ii) any alteration or repair to the Common elements made by, or with the consent of, the Condominium Board in accordance with the By-Laws; or (iii) any repair or restoration of the Building (or any portion thereof) or any Unit or the Common Elements after damage by fire or other casualty or any taking by condemnation or eminent domain proceedings of all or any portion of any unit or the Common Elements so that any encroachment may remain so long as the Building shall stand. Similar easements shall be granted by the Commercial Unit Owner.

The Sponsor reserves for itself certain rights with respect to the grant of additional electric, gas, telephone, water, sewer, drainage, or other utility easements as the Sponsor or the Board deem necessary for the proper renovation, operation and maintenance of the Building. The Sponsor and the Selling Agent will also have an easement over and through the Common Elements for all purposes relating to the sale, rental, operation and management of Unsold Units, without being subject to any charge or fee. Finally, the Condominium Board, its officers, the Managing Agent and its employees shall each have an easement and right of access to each unit and the Common Elements for the purpose of inspecting, repairing, curing violations, altering, maintaining or restoring the Common Elements. In any case, these easements and rights of access must be exercised in such a manner as will not unreasonably interfere with the use of the Units for their permitted purposes.

V. REAL ESTATE TAXES

After the units are separately assessed, each Unit Owner will be taxed as a separate tax lot for real estate tax purposes, and no Unit Owner will be responsible for the payment of, nor subject to, any lien for non-payment of taxes on any other unit. Units will not be separately assessed for the first year of condominium operation. On closing, Sponsor shall deposit with the Board of Managers a sum sufficient to pay all taxes due for the balance of 2004/2005 tax year. The Board of Managers shall be authorized to pay such taxes as and when due from such escrow fund. As each subsequent individual condominium Unit is sold, the purchasers thereof, as a standard closing adjustment, shall reimburse the Sponsor for the portion of their tax liability paid by the Sponsor from the date of closing through the end of the 2004/2005 tax year. It is anticipated that Units will be separately assessed for the 2005/2006 tax year, and that individual Unit Owners (whether purchasers, holders of unsold shares, or the Sponsor) will pay the taxes thereof.

For the current fiscal tax year of July 1, 2005 through June 30, 2006, the Property is taxed by the City of New York which, through the Department of Finance, has assessed the property at a value of $472,500.00, and imposes a tax rate of 14.550%. For the previous fiscal tax year of July 1, 2004 through June 30, 2005, the Property was assessed at a value of $945,000.00 at an imposed tax rate of 14.550%. For the next previous fiscal tax year of July 1, 2003 through June 30, 2004, the Property was assessed at a value of $945,000.00 at an imposed tax rate of 14.550%. The City of New York is not bound by the allocation of Common Interests, and may allocate on a different basis.

There are no tax certiorari proceedings currently pending. Individual owners may challenge the assessment of their property by filing a tax protest in accord with the rules of the New York City Tax Commission. The Board of Managers may also file a protest on behalf of all Unit Owners. While there is no specific section of the By-Laws dealing with review of real estate tax assessment, the general grant of power in the Board of Managers to operate the property in the best interest of unit owners is sufficient to delegate to the Board of Managers a right to file tax protests on behalf of all unit owners.

The Sponsor has applied for and received a preliminary certificate of eligibility for Real Estate Tax Exemption Benefits pursuant to Section 421-A of the Real Property Tax Law of the State of New York. The benefits provided pursuant to this section are stated in more particularity in the Special Risks Section, included in this Offering Plan. Briefly stated, however, the program provides an exemption from any increase in assessed value of the property for real estate tax purposes, to the extent that such increase results from the reasonable cost of alteration or improvement to the building, for a period of eleven (11) years after granting of the exemption. Thereafter, the exemption declines by 20% per year until, after the fifteenth (15th) year, real estate taxes will be based on the full assessed value of the property. The Sponsor will use its best efforts to obtain a final certificate of eligibility for Real Estate Tax Exemption Benefits as expeditiously as possible. The Special Risks Section of the Plan sets forth a schedule of the progressive decrease in tax benefits during the benefit period.

W. INCOME TAX DEDUCTIONS TO UNIT OWNERS AND TAX STATUS OF THE CONDOMINIUM

The following discussion of certain income tax consequences of the ownership of Units and the income tax status of the Condominium Association is based, in part upon the income tax opinion of James A. Cartelli, Esq., copy of which is reproduced as "X. Opinions of Counsel" in this Plan. The opinion of James A. Cartelli, Esq., does not address the tax consequences which might result from ownership of a Unit in connection with the Unit Owner's trade or business or for purposes of investment or the production of income or which may result to a foreign Unit Owner by reason of his foreign status.

JAMES A. CARTELLI, ESQ., IS TAX COUNSEL TO SPONSOR AND NOT TO THE UNIT OWNERS. EACH PURCHASER SHOULD CONSULT WITH HIS OWN TAX COUNSEL AS TO THE TAX CONSEQUENCES OF OWNERSHIP OF A UNIT.

It is the opinion of James A. Cartelli, Esq., that under present law, and subject to certain qualifications set forth below, Unit Owners who use their Units as residences and who itemize their deductions will, in general, be entitled to a deduction for Federal, New York State and New York City income tax purposes in the taxable year in which the same are actually paid or accrued by such Unit Owners in accordance with their method of accounting for (i) real estate taxes assessed to the Unit, and (ii) as mortgage interest on indebtedness secured by the Units. The deduction available to the Unit Owner for mortgage interest is limited, in general, to a total of $1,000,000 of debt to acquire or substantially improve a primary or secondary residence.

In general, and except to the extent that certain disallowances or limitations of deductions apply, a Unit Owner who owns a Unit in connection with its trade or business may deduct real estate taxes and mortgage interest paid or accrued during its taxable year in determining its taxable income for Federal, New York State and, if a resident of New York City, New York City personal income tax purposes. In addition, non-corporate Unit Owners who own Units in connection with a trade or business that they conduct in New York City generally may deduct real estate taxes and mortgage interest paid or accrued during their taxable years in determining their taxable income under the New York City Unincorporated Business Tax.

The aforesaid deductions, however, are subject to certain exceptions and limitations, which are more particularly discussed in the income tax opinion set forth in the Section of the Plan entitled **"Opinion of Counsel."**

Common Charges will be borne by the Unit Owners and assessed and collected by the Condominium Board. See the income tax opinion in the Section of the Plan entitled **"X. Opinion of Counsel"** for a further discussion of the tax status of the Condominium.

NO WARRANTIES ARE MADE THAT THE INTERNAL REVENUE SERVICE, THE DEPARTMENT OF TAXATION AND FINANCE OF THE STATE OF NEW YORK OR THE DEPARTMENT OF FINANCE OF THE CITY OF NEW YORK WILL ALLOW INCOME TAX DEDUCTIONS. FURTHER NO WARRANTIES OR REPRESENTATIONS ARE MADE THAT THE TAX LAWS UPON WHICH SPONSOR'S COUNSEL BASES ITS OPINION WILL NOT CHANGE AND IN NO SUCH EVENT WILL SPONSOR, THE SELLING AGENT, SPONSOR'S COUNSEL, THE CONDOMINIUM BOARD, COUNSEL TO THE CONDOMINIUM BOARD OR ANY OTHER PERSON CONNECTED WITH THIS OFFERING BE LIABLE IF FOR ANY REASON IT SHALL BE DETERMINED THAT UNIT OWNERS DO NOT MEET OR AT ANY FUTURE TIME CEASE TO MEET THE REQUIREMENTS OF THE INTERNAL REVENUE CODE, THE NEW YORK TAX LAW, THE NEW YORK CITY ADMINISTRATIVE CODE OR ANY AMENDMENT TO ANY OF THEM. MOREOVER, NONE OF THE AFORESAID MAKES ANY REPRESENTATIONS, GUARANTIES OR WARRANTIES WITH RESPECT TO THE TAX CONSEQUENCES OF THE OWNERSHIP OF ANY UNIT OFFERED UNDER THE PLAN EXCEPT AS EXPRESSLY SET FORTH HEREIN, AND NO ONE ELSE HAS BEEN AUTHORIZED TO MAKE ANY REPRESENTATIONS, GUARANTIES OR WARRANTIES, OTHER THAN THOSE CONTAINED HEREIN.

EACH PERSON CONSIDERING THE PURCHASE OF A UNIT UNDER THIS PLAN SHOULD CONSULT HIS OWN TAX COUNSEL AS TO THE TAX CONSEQUENCES OF THE PLAN AND OF UNIT OWNERSHIP.

X. OPINION OF COUNSEL

June 1, 2004

Pennyfield Properties LLC
1512 Stillwell Avenue
Bronx, NY 10461

Re: Pennyfield Estates II Condominium
24 Pennyfield Avenue
Bronx, New York 10465

Gentlemen:

You have requested our opinion concerning: (i) the deductibility for Federal, New York State and New York City income tax purposes, of mortgage interest and real estate taxes paid by purchasers (the "**Unit Owners**") of condominium units pursuant to the above-referenced Plan; (ii) the income tax treatment to the Pennyfield Estates II Condominium (the "**Condominium**") of the assessments payable by Unit Owners to meet the common expenses of the Condominium (the "**Common Charges**") and (iii) compliance with Real Property Law Section 339(i).

The Plan provides for the establishment of condominium ownership of the land and building, and improvements thereto, situated at 24 Pennyfield Avenue, Bronx, New York. The Condominium will be comprised of fifteen (15) residential units ("**Residential Units**"), and the common elements (the "**Common Elements**").

In connection with this opinion, we have reviewed the Plan (including the exhibits thereto). The opinions expressed herein are based upon the assumptions that the Plan becomes effective and is consummated in accordance with its terms, Condominium ownership of the units situated at 24 Pennyfield Avenue, Bronx New York (the "**Property**") is established under applicable law and the legal consequences of the Plan are described therein.

All capitalized terms not otherwise defined herein shall have the same meanings ascribed to them in the Plan. The opinions expressed herein in connection with items (i) and (ii) above are further based upon the assumption that in the event the Board of Managers of the Condominium (the "**Board**") is ineligible to make a Section 528 election (as hereinafter defined), the Board will be

treated as a partnership for Federal income tax purposes and will not affirmatively elect to be treated as a corporation for Federal income tax purposes.

I. Deductibility of Mortgage Interest and Real Estate Taxes:

Under the Plan:

(a) a Unit Owner will own fee title to its Unit;

(b) each Unit Owner will be directly liable for the real estate tax assessment with respect to its Unit, but not with respect to any other Unit.

(c) subject to certain restrictions, a Unit Owner may mortgage its Unit as it wishes, and the Unit will not be subject to the lien of any mortgage placed on other Units; and

(d) a Unit Owner may separately transfer its Unit, subject, with certain exceptions, to certain rights of the Sponsor and the Board.

Residential Units.

Based upon the foregoing, it is our opinion that a Unit Owner who itemizes his deductions may, under present income tax laws and regulations, deduct from his income for Federal, New York State and New York City income tax purposes (i) real estate taxes assessed against the Unit Owner's Unit and paid or incurred by the Unit Owner, and (ii) interest paid or incurred by the Unit Owner on any mortgage indebtedness incurred to acquire, construct or substantially improve the Unit Owner's Unit provided that (A) the Unit constitutes a "**qualified residence**," as defined below, (B) the Unit Owner's deduction may be limited to the extent that interest paid or accrued on the aforesaid indebtedness, when added to the Owner's other indebtedness incurred with respect to each "**qualified residence**," exceeds certain limits (described below) set forth in Section 163(h) of the Internal Revenue Code of 1986, as amended (the "**Code**"), and (c) the Unit Owner's deduction may further be limited to the extent a Unit Owner's itemized deductions exceed certain limits (described below) set forth in Section 68 of the Code; and subject to the proviso that no deduction will be allowed to a cash basis taxpayer in the year of payment for prepaid interest (except in the case of points paid under certain circumstances).(See Sections 163 (interest), l64 (taxes) and 68 (limitation on itemized deductions) of the Code; Rev. Rule 64-31, 1964-1 C.B. 300).

A "**qualified residence**" generally means (i) the Unit Owner's "**principal residence**," and (ii) one other residence selected by the Unit Owner for the taxable year and, if such residence is rented at any time during the taxable year, such

residence must be used for the Unit Owner's "**personal purposes**" for a number of days which exceeds the greater of 14 days or 10% of the number of days during which such residence is rented at fair rental. (See Code Section 280A.) Section 163(h) of the Code, which concerns the deduction of home mortgage interest, limits the deduction of interest paid or accrued on (i) indebtedness incurred to acquire, construct or substantially improve "qualified residences, " and which is secured by such residences, to interest paid or accrued on $1,000,000 of such indebtedness ($500,000 in the case of a married individual filing a separate return), and (ii) indebtedness other than that set forth in clause (i), above, which is secured by "**qualified residences**" to the lesser of interest paid or accrued on $100,000 of such indebtedness ($50,000 in the case of a married individual filing a separate return) or the amount of such indebtedness which, when added to the indebtedness described in clause (i) above with respect to each "**qualified residence**", equals the fair market value of such "**qualified residence.**" Section 68 of the Code limits the amount of certain itemized deductions (including interest and taxes) available to individuals whose adjusted gross income exceeds $100,000 ($50,000 in the case of a married individual filing a separate return) (the "**Applicable Amount**"). If applicable, the itemized deductions for such individuals will be reduced by the lesser of (i) three (3%) percent of the excess of adjusted gross income over the Applicable Amount (the "Applicable Amount being adjusted for inflation); or (ii) eighty (80%) percent of the amount of itemized deductions otherwise allowable. For taxable years beginning after January 1, 2006, the limitation in Section 68 of the Code will be phased out over four (4) years and repealed entirely beginning January 1, 2010. This phase out and repeal, however, does not apply to taxable years beginning January 1, 2011. Counsel expresses no opinion whether, to what extent, or in what manner the foregoing limitations may apply to individual Owners.

General

With respect to individuals resident in New York City, the New York State and New York City income tax laws incorporate by reference (with certain modifications) Federal itemized deductions in regard to a resident individual. (See N.Y. Tax Law, Chapter 60, Article 22, Section 615; N.Y.C. Admin. Code, Title11, Chapter17, Section 11-1715.) With respect to all domestic (New York) corporations and foreign (non-New York) corporations which engage in activities within New York State and New York City, a franchise tax is imposed on the portion of Federal taxable income (with certain modifications) allocable to New York State and New York City, respectively. (See N.Y. Tax Law, Chapter 60, Article 9-A, Section 209;N.Y.C. Admin. Code, Title 11, Chapter 6, Section, 11-603.) Hence, the Federal authorities referred to herein should, for the most part, apply under the New York State and/or New York City income tax statutes.

II. Common Charges

Under the Plan, the Board will, from time to time, assess the Common Charges against the Unit Owners generally in proportion to their respective percentage interests in the Common Elements in order to pay the costs and expenses of operating, repairing and maintaining the Common Elements. The Board will also establish a Working Capital Fund, which will be funded by assessments to the Unit Owners generally in proportion to their respective percentage interests in the Common Elements, to be used exclusively for making capital repairs, replacements, or improvements.

The Board, if considered a separate entity for Federal income tax purposes, will be treated as a partnership under the entity classification provisions set forth in Treasury Regulation Section 301. 7701-3. Thus, all income earned by the Board, less the applicable expenses of earning such income would be deemed income to the Unit Owners and taxable to them. In such a case, the Common Charges and the contributions to the Working Capital Fund (if any) would not be considered income to the Board. (See Seven-Up Company v. Commissioner, 14 T.C. 965 (1950); Broadcast Measurement Bureau, Inc. v. Commissioner, 16 T.C. 988 (1951); Dri-Power Distributors Association Trust v. Commissioner, 54 T.C.460 (1970); Greater Pittsburgh Chrysler Dealers Assn. v. U.S., 77-1 USTC9293 (D.C. Pa. 1977).

To the extent contributions to the Working Capital Fund and any portion of the Common Charge receipts that are segregated and used to finance specified capital expenditures or reserves, such amounts (although we express no opinion on this point) should not constitute gross income to the Board either because such amounts are deemed to be nontaxable contributions to the capital of the condominium (Rev. Rul. 74-563; 1974-2 C.B. 38; Rev. Rul. 75-371, 1975-2 C.B.52; Lake Petersburg Ass'n v. Commissioner, 33 TCM 259; cf. Concord Village, Inc. v. Commissioner 65 T .C. 142 (1975), or because the Board is deemed to receive and hold such amounts as agent for the Unit Owners from whom the assessments were collected (Rev. Rul. 75-370, 1975-2 C.B. 25; Rev. Rul.70-604,1970-2 C.B.9). The Internal Revenue Service may contend, however, that even if such Common Charges or contributions to the Working Capital Fund constitute contributions to the capital of the condominium, when such amounts (together) with any funds accumulated by the condominium) are expended for capital improvements, the Unit Owners have received a benefit and should therefore be subject to tax on their proportionate share thereof. On the other hand, if any "**excess**" assessments were either promptly returned to the Unit Owners or used to reduce the next year's assessments, such "excess" should not be subject to tax. (See Rev. Rul. 70-604, 1970-2 C.B. 9.)

In the event that the Unit Owners were required to pay further Common Charges to fund any Federal, New York State and/or New York City income tax liability of the Board, such further Common Charges may be deemed to constitute either additional income to the Board (upon which additional Federal, New York State and/or New York City income taxes may be imposed), or contributions to the capital of the Board. (See Old Colony Trust Co. v. Commissioner, 279 U.S. 716(1929).)

In an effort to resolve any uncertainty, Congress added Section 528 to the Code pursuant to which the Board, if qualified as a "**homeowners association**"(as defined, in Section 528(c) of: the Code), may elect to be treated as a tax exempt organization and exclude from income the Common Charges payable by the Unit Owners. In the event the Board qualifies to make the election and the election is made, the Board will not be taxed on "**exempt function income**" (defined below), but will be taxed on all other income. Counsel typically recommends that if a Board qualifies to make the election, that the election be made; however, we express no opinion as to whether an election should be made in the instant case. In the event the Board does not make the Section 528 election or is ineligible to make the election, the Board will be treated as a partnership for Federal, New York State and New York City income tax purposes, as discussed above.

Section 528(c)(1) of the Code generally provides that the term "**homeowners association**" means an organization including an organization that qualifies as a "**condominium management association,**" if: (A) such organization is organized and operated to provide for the acquisition, construction, management, maintenance, and care of association property, (B) sixty percent or more of the gross income of such organization for the taxable year consists solely of amounts received as membership dues, fees, or assessments from Unit Owners of residential units, (C) ninety percent or more of the expenditures of the organization for the taxable year are expenditures for the acquisition, construction, management, maintenance, and care of association property, (D) no part of the net earnings of such organization inures (other than by acquiring, constructing, or providing management, maintenance, and care of association property, and other than by a rebate of excess membership dues, fees or assessments) to the benefit of any private shareholder or individual, and (E) such organization properly elects to have Section 528 of the Code apply for the taxable year.

Section 528(c)(2) of the Code provides that the term "**condominium management association,**" means any organization meeting the requirement of subparagraph (A) of the preceding paragraph with respect to a condominium project "substantially all" of the units of which are used by individuals for residences. Treasury Regulation Sectiom1.528-4(b) provides that "substantially all" of the units of a condominium management association will be considered as used by individuals for residences if at least 85 percent of the total square footage of all units within the project are used by individuals for residential purposes (the

"85% test"). Treasury Regulation Section 1.528-4(d) provides that a unit will not be considered used for residential purposes if, for more than one -half the days in the homeowners association's taxable year, such unit is occupied by a person or series of persons each of whom occupies such unit or building, for less than 30 days.

Section 528(d)(3) of the Code provides that the term "**exempt function income**" means any amounts received as membership dues, fees, or assessments from owners of condominium housing units in the case of a condominium management association, and Treasury Regulation Section 1.528-9(a) provides that for purposes of Section 528, "**exempt function income**" consists solely of income which is attributable to membership dues, fees or assessments of owners of residential units in their capacity as owner-members rather than in some other capacity, such as customers for services. Furthermore, income attributable to dues, fees, or assessments will not be considered exempt function income unless each member's liability for payment arises solely from membership in the association. However, any income from sources other than qualifying dues, fees or assessments, such as investment income, would be taxed to the Board for Federal income tax purposes at a flat rate of 30 percent.

We express no views as to any Federal, New York State, New York City tax consequences or as to any aspects of the Plan other than those explicitly discussed in this opinion, or as to the tax status and tax consequences of the Plan under the laws of any other U.S. or foreign jurisdiction. This opinion also does not address the tax consequences which might arise if Units were acquired and/or leased by the Board. We therefore strongly advise each person contemplating the purchase of a Unit to consult his own tax advisor as to all such matters (including the tax matters discussed in this opinion).

We make no warranty that the Internal Revenue Service, the New York State Department of Taxation and Finance or the New York City Department of Finance will accept any or all of the views stated above. Moreover, the Federal, New York State and New York City tax laws and regulations (and the rulings and decisions thereunder) may change and thereby affect, in whole or in part, the views stated above in a manner adverse to you and the Unit Owners.

III. Compliance with Real Property Law Section 339(i)

You have also requested our opinion on whether the method used to determine the undivided percentage interest of each Unit in the Common Elements of the Condominium complies with Real Property Law Section 339(i) ("**Section 339(i)**").

In connection with this opinion, we have reviewed the opinion of Peter Diorio, dated June 1, 2004 included in Part I of the Plan the information provided by you on Schedule A and the Floor Plans and have assumed the statements and

information contained therein are correct and accurate. We have not reviewed or verified the calculations of floor areas used in determining the sizes of Units or the Common Elements.

Section 339(i) requires that the Common Interest of each Unit be based on any one of several methods of calculation; one of which is the method stated in Article 8 of the Declaration.

Article 8 of the Declaration states that the Common Interest of each Unit in the Common Elements has been determined in accordance with Section 339-(i)(1)(iv) based upon "floor space, subject to the location of such space and the additional factors of relative value of each space 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 Unit." Article 8 also states that the aggregate Common Interests of all Units equal one hundred percent (100 %).

Based on the foregoing factors and the factual opinion of Peter Diorio with respect to the allocation of the Common Interest among the Units made by the Sponsor, it is our opinion that the requirements of Section 339(i) have been met.

The foregoing opinion is confined to the matters addressed herein with respect to Section 339(i) and is not intended, nor should be construed, as an opinion on other aspects of the Plan, such as the valid creation of a condominium, which is to be determined by a title insurance company. Further, this opinion is based upon our review of applicable statutory law and judicial precedent existing as of the date hereof, and we express no opinion as to the effect of any law that is hereafter enacted or any court case that is hereafter decided.

We assume no obligation to update or supplement the opinions contained herein to reflect any changes in statutory law or judicial precedent, or any changes in fact or circumstances that may hereafter come to our attention pertaining to the subject matter hereof.

We consent to the incorporation of this letter as an exhibit to the Plan and to the reference to our name in the Plan.

Very truly yours,

JAMES A. CARTELLI

Y. RESERVE FUND

Within thirty (30) days after the First Closing, Sponsor will establish and transfer to the Condominium Board a Reserve Fund in an amount as set forth below. The Reserve Fund is established in order to comply with the requirements of Chapter 8 of Title 26 of the Administrative Code of the City of New York (the "Reserve Fund Law"). The Reserve Fund is required to be used exclusively for making capital repairs, replacements and improvements necessary for the health and safety of the residents of the building. Until such time as a majority of the Condominium Board consists of members who reside in the Building and are unrelated to or unaffiliated with the holder(s) of the Unsold Units (including Sponsor), the Reserve Fund may not be used to reduce projected Common Charges in the Plan.

The Reserve Fund will be established in accordance with the following provisions and conditions:

1) Definitions: The following terms shall have the meanings ascribed with respect to the Reserve Fund:

a) "Total Price" means the sum of the cost of all Units in the offering at the last price which was offered to tenants in occupancy prior to the Effective Date oft this Plan, regardless of the number of sales made.

b) "Capital Replacement" means (i) a building-wide replacement of a major component of any of the following systems: (1) elevator, (2) heating, ventilation and air conditioning, (3) plumbing, (4) wiring, (5) windows; or, (ii) a major structural replacement to the Building; provided, however, that replacements made to cure code violations of record shall not be included.

2) Amount of Reserve Fund: The Reserve Fund to be established within thirty (30) days after the First Unit Closing shall be in an amount equal to either:

a) three percent (3%) of the Total Price; or

b) (i) three percent (3%) of the actual sales price of all Units sold by Sponsor at the time the Plan is declared effective (provided, however, that if such amount is less than one percent (1%) of the Total Price, then the fund shall be established as a minimum of one percent (1%) of the Total Price); plus (ii) supplemental contributions to be made by Sponsor at a rate of three percent (3%) of the actual sales price of Units for each Unit held by Sponsor and sold to bona fide Purchasers subsequent to the Effective Date of the Plan and within five (5) years of the First Unit Closing, notwithstanding that the total amount contributed may exceed

three percent (3%) of the Total Price, Sponsor shall pay the difference between the amount contributed and three percent (3%) of the Total Price. Supplemental contributions shall be made within thirty (30) days of each sale.

The Sponsor has elected to establish the Reserve Fund in accordance with the computation set forth in Paragraph 2(b) above.

3) Credit Against Amount of Reserve Fund: The amount of the Reserve Fund to be established pursuant to this Section may be reduced by an amount equal to the actual cost of "capital replacements" which are begun after the Plan is first submitted to the Department of Law and before the Plan is declared effective; provided, however, that any such replacements must be set forth in the Plan, or an amendment to the Plan, together with their actual or estimated costs and further provided that such reduction or credit shall not exceed the lesser of the actual cost of the Capital Replacements or one percent (1%) of the Total Price. Sponsor has no current plans for capital replacements that, if affected, would qualify for such a reduction or credit; however, Sponsor reserves the right to amend the Plan to disclose its intent to perform one or more capital replacements which will result in a reduction to or credit against the Reserve Fund.

4) Violations: Within thirty (30) days from the date the Plan is accepted for filing by the Department of Law, Sponsor will arrange to keep on file with Selling Agent at its offices at the Building, a listing of (or copies of) all outstanding violations of record against the Building as determined by the Department of Buildings and the Department of Housing Preservation and Development, which list will be periodically updated until the First Unit Closing and which list will be made available for inspection by prospective Purchasers.

5) Sponsor's Right to Reduce Reserve Fund: SPONSOR RESERVES THE RIGHT, PRIOR TO DECLARING THE PLAN EFFECTIVE, TO FILE AN AMENDMENT TO THE PLAN DISCLOSING THAT IT SHALL FUND A LOWER RESERVE FUND THAN IS PROVIDED FOR IN THE PLAN IF AND TO THE EXTENT SUCH LOWER FUNDING SHALL BE PERMITTED BY ANY CHANGE IN, REPEAL OF OR DETERMINATION OF INVALIDITY OR UNCONSTITUTIONALITY OF, THE RESERVE FUND LAW. However, Sponsor is not aware of any pending litigation challenging the constitutionality or validity of the Reserve Fund Law.

The Reserve Fund Law also provides for civil and criminal penalties for its violation, and further provides that any waiver of its provisions is void as against public policy.

Z. WORKING CAPITAL FUND

At the time of the First Closing, Sponsor shall contribute to the Condominium Board of its working capital a sum equal to two month's Common Charges in respect of each of the Units; (the **"Working Capital Fund"**). Thereafter, at the closing of title to each Unit sold by Sponsor to a Purchaser, the Purchaser shall reimburse Sponsor for the amount of the initial contribution made by Sponsor to the Working Capital Fund in respect to such Unit.

The Working Capital Fund may be held or used for working capital, to make repairs and/or for such other appropriate purposes permitted under the Declaration and the By-Laws as will be determined by the Condominium Board in its sole discretion.

Nor representation is made that the Working Capital Fund will be, or is intended to be, adequate to cover expenses for the first or any subsequent year of condominium operation, including, without limitation, the cost of any necessary repairs or replacements. If additional funds are required over and above the Working Capital Fund, it may be necessary to increase the Common Charges.

Closing Adjustments with Condominium Board

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

(a) Rents as and when collected;

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

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

(d) cost of fuel;

(e) charges for electricity and gas for the Common Elements;

(f) payments under service and maintenance contracts and concession agreements;

(g) water charges and sewer rents on the basis of the fiscal or calendar year for which assessed (unless separately assessed to individual Units);

(h) cost of supplies on hand at Sponsor's cost; and

(i) premiums for transferable insurance policies provided coverage of the policies conforms to the that set forth in Schedule B.

Prepaid rent for a Unit will be credited to the Condominium Board, which in turn will credit such rent against the first Common Charges payable by the owner of such Unit.

If the result of the closing adjustments is a net credit in favor of the Condominium, the amount of Sponsor's contribution to the Working Capital Fund will be increased by the amount of such net credit. If, however, the result of the closing adjustments is a net credit in favor of Sponsor, the amount of such net credit shall be paid to Sponsor at the time of the First Closing out of the Working Capital Fund, using Sponsor's initial contribution for such purpose. In no event, however, shall such payments be made to Sponsor to the extent that they would result in the reduction of the Working Capital Fund to an amount less than $5,000. If, because of the imitation set forth in the preceding sentence, Sponsor is not paid the full amount of the net credit to which it is entitled, at the time of the First Closing, the unpaid balance of the net credit in

favor of Sponsor shall be paid to Sponsor by the Condominium Board, without interest, in twelve equal consecutive monthly installments pursuant to the terms of a negotiable promissory note to be executed by the Condominium Board at the First Closing. The Condominium Board will be entitled to prepay such promissory note in full only, at any time and without penalty.

AA. MANAGEMENT AGREEMENT, CONTRACTS AND LEASES

Management Agreement

On the Closing Date, the Condominium Board will enter into a management agreement for the Condominium with Pennyfield Properties LLC (the "Managing Agent").

The management agreement shall be for an initial term of one (l) year and will be automatically renewed for additional terms of one (1) year thereafter unless canceled by the Condominium on at least thirty (30) days' prior written notice. In addition, the Condominium Board shall have the right to cancel the agreement at any time upon giving not less than thirty (30) days' prior written notice. The Management Agreement may be cancelled by the Managing Agent upon not less than sixty (60) days prior written notice.

The Managing Agent will receive an annual fee for its services to the Condominium Board of $6,000.00, payable in monthly installments of $500.00. The Managing Agent will receive a fee of $500.00 for services rendered in connection with processing an application for, and the transfer of the title to a person whom a Unit is sold, which shall be paid by the Purchaser. The Managing Agent will also be entitled to a fee of $350.00 from Unit Owners (other than Owners of Unsold Units) for services rendered in connection with the subletting of a Unit and a fee of $150.00 for processing Unit Owners' applications for appraisal or mortgage refinancing.

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

1. Bill and collect Common Charges and other charges and, if authorized by the Condominium Board, institute legal proceedings against Unit Owners in default in payment of Common and other Charges.

2. Cause the Units and Common Elements to be maintained, repaired and altered in the condition deemed advisable by the Condominium Board, except that the approval of the Condominium Board is necessary for any expenditure of over $1,000 for any one item of ordinary repairs or alterations (other than emergency repairs).

3. Contract for necessary services for the Condominium Units and Common Elements, such as electricity, gas, window cleaning, exterminator service, and fuel oil, subject to the prior approval of the Condominium Board.

4. Purchase all supplies necessary to properly maintain and operate the Units and Common Elements.

5. Review all bills, received in connection with the operation of the Units and Common Elements and cause all such bills and other expenses to be paid.

6. Supervise, pay, hire and discharge employees.

7. Maintain and render monthly statements of receipts and disbursements.

8. Prepare payrolls, maintain payroll records and file withholding and other tax statements for employees.

9. Obtain and maintain such fire, liability, and other insurance, and in such amounts, as may be designated by the Condominium Board.

10. Maintain an accurate set of books or records (other than books of account to be maintained by the Condominium Board accountants) and orderly files of rent records, insurance policies, receipted bills, etc.

11. Accept applications and references from all prospective Purchasers of Units, submit same to the Condominium Board and review all alteration agreements.

12. On request of the Condominium Board, prepare and submit annually an operating budget of the anticipated income and expenses for the ensuing year.

13. Attend meetings of the Condominium Board and Unit Owners, at the request of the Board.

A complete statement of the Managing Agent's duties is set forth in the proposed Management Agreement which is set forth in the exhibits prepared by the Sponsor and available for review by the prospective Purchasers.

The Sponsor, as owner of Unsold Units, guarantees the obligations of the Managing Agent until such time as a majority of the Condominium Board consists of owners of Units who are unrelated to Sponsor.

The annual financial statement of the Condominium Board will not be prepared by the Managing Agent, but instead will be prepared by an independent certified public accountant engaged by the Condominium Board, at the Condominium Board's expense and the cost of its preparation shall be charged to the Unit Owners as a common expense. The Managing Agent will cooperate with the Condominium's accountants with regard to the preparation of the annual statement.

All expenses incurred by the Managing Agent in performance of its duties shall be paid by the Condominium Board which will also indemnify the Managing Agent against any liability for acts properly performed by it pursuant to the agreement or the Condominium Board's instructions or for injury to person or property not resulting from the Managing Agent's negligence or failure to comply with its obligations under the Management Agreement.

Prior to commencing its services, the Managing Agent will deliver to the Condominium Board a fidelity bond in an amount not less than $250,000 insuring the Condominium Board against any loss suffered as a result of the dishonest or fraudulent acts committed by the Managing Agent or its employees.

Contracts

At the date of filing this Plan, the Sponsor has entered into no contracts that will be binding upon the Condominium. By the time of First Closing, however, there may be service agreements made by the Sponsor which will be binding upon the Condominium Board for amounts exceeding $2,500 per annum or with a term exceeding five (5) years after the First Closing. In that case, the Sponsor will amend the Plan to disclose the making of these contracts.

Leases

No leases will be assigned to or be binding upon the Condominium.

BB. IDENTITY OF PARTIES

Sponsor

Pennyfield Properties II (the "Company"), the Sponsor, is a limited liability company organized and existing under the laws of the State of New York. The Company was formed in October 2004, and maintains its principal office for the transaction of business at 1512 Stillwell Avenue, Bronx, New York 10461. The Articles of Organization under which the company operates designates Michael Boemio as the Managing Member, to be responsible for the conduct of all its business affairs. Michael Boemio is the only member of the Sponsor who has actively participated in the planning or consummation of this Offering Plan. Michael Boemio has been a principal in real estate ventures for more than ten (10) years. Among other things, he is a principal of the Sponsor of Outlook Point Condominium, a condominium complex consisting of 66 units in Bronx, New York.

The Sponsor has not been a sponsor or principal of a sponsor in any prior offering plans to convert properties to cooperative or condominium ownership which have been accepted for filing.

Michael Boemio is a shareholder of Outlook Point Estates Inc., the Sponsor of an Offering Plan to establish condominium ownership at premises 1400-1444 Outlook Avenue, Bronx, New York and is an active participant in that Offering. Michael Boemio is current in his obligations, financial and otherwise, pursuant to that Offering.

Neither the Sponsor nor any principals of Sponsor has any prior felony convictions. No prior bankruptcies, convictions, injunctions or judgments has been issued or filed against the Sponsor, any principals of Sponsor or any entities in which the principals of Sponsor were principals that may be material to the Offering Plan or to an offering of securities generally and that occurred within the fifteen (15) years prior to the submission of the proposed offering plan.

Selling Agent

The Selling Agent is Argyle Realty Associates, LLC., a licensed real estate broker in the State of New York. The principals of the Selling Agent are Michael G. Santangelo and Anthony J. Mangone, both of whom are attorneys at law, licensed by the State of New York. They have not been, in the past, active in the marketing of residential properties. Neither Selling Agent nor any principal of Selling Agent has any prior felony convictions, nor have they been the object of any injunctions or judgments material to the Plan or an offering of securities generally that occurred within the fifteen (15) years prior to the submission of this plan.

Managing Agent

At the time of recordation of the Declaration, the Condominium Board will enter into a management agreement with Pennyfield Management LLC, with an office at 1512 Stillwell Avenue, Bronx, New York 10461. The principals of Pennyfield Management LLC are the same as the principals of the Sponsor and possess more than 5 years' experience managing buildings in the metropolitan area and a substantial proportion of which are located in Bronx County.

Pennyfield Management LLC is an affiliate of the Sponsor.

Architect

Antonio Freda, AIA ("Sponsor's Architect"), was retained by Sponsor to provide a report of the physical condition of the premises.

The Sponsor's Architect has no financial interest in the Property, the Sponsor, the Condominium, the Condominium Board, the Selling Agent, the Managing Agent or any other party interested in this transaction, except for its fee for services rendered in connection with preparation of the report. Mr. Freda has been a licensed architect since 1986.

Attorneys

The Sponsor is represented by James A. Cartelli, Esq., 81 Main Street, White Plains, NY 10601. The plan and supporting documents were principally prepared by James A. Cartelli, on behalf of the Sponsor and at the Sponsor's direction. The firm's fees will be paid by the Sponsor. It is expected and suggested that prospective purchasers will seek advice from counsel of their own choosing.

Designation of Secretary of State

The Secretary of State has been designated to receive service of process for Pennyfield Properties LLC.

A. SPONSOR'S PROFIT

The Sponsor, through its predecessor affiliate, Pennyfield Estates, Inc., has owned the Property since April, 2000. The Sponsor is converting the Property to Condominium ownership and is offering the Units for sale with the intention and expectation of making a profit.

DD. REPORTS TO UNIT OWNERS

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

A. A copy of the proposed annual budget for the Condominium to be received at least 15 days prior to its anticipated adoption by the Board. As long as Sponsor controls the Board of Managers, the budget shall be certified as to its adequacy in accordance with the Attorney General's regulations.

B. An annual financial statement prepared by an independent certified public accountant to be received by Apnl1st of each year if the Condominium is on a calendar fiscal year or within four (4) months after the end of each financial year, whichever is adopted by the Board of Managers. As long as Sponsor is in control of the Board, such statement shall be certified.

C. Notice of the holding of an annual meeting of Unit Owners for the purpose of electing a new Board of Managers. The meeting is to be held within approximately thirty days of the anniversary of the prior annual meeting each year as shall be determined by the Board of Managers and written notice of any meeting shall be provided in the manner prescribed in the By-Laws.

These dates and procedures may be changed in the manner prescribed in the By-Laws.

EE. DOCUMENTS ON FILE

In accordance with Section 352-e(9) of the General Business Law, copies of this Plan, all documents referred to herein and all relevant exhibits submitted to the Department of Law regarding the Plan shall be available for inspection without charge, and for copying at a reasonable charge by prospective Purchasers and any person who shall have purchased securities offered by this Plan or shall have participated in the offering of such securities at the office of the Selling Agent, Oxy Realty Corp., as well as the offices of Sponsor's Attorney, James A. Cartelli, Esq., 81 Main Street, White Plains, New York 10601, and shall remain available for such inspection for a period of six (6) years from the First Closing. The Sponsor shall, at the time of the First Closing, deliver to the Condominium Board copies of all documents recorded in the Office of the Register of Bronx County in connection with this offering, consisting of the Declaration, the By-Laws and the Floor Plans.

FF. GENERAL

This Plan does not knowingly omit to state any material fact or knowingly contain any untrue statement of a material fact. This Plan does not contain a full summary (but does contain a fair summary) of all the provisions of the various documents referred. to herein. Statements made as to the provisions of such documents are qualified in all respects by the contents such documents.

To the best of Sponsor's knowledge, the Building has not been the subject of any prior cooperative or condominium offering. There are no lawsuits, administrative proceedings or other legal proceedings now pending, or any judgments outstanding, against the Sponsor or any person or persons which might become a lien against the Property or which might materially, affect this offering, Sponsor's capacity to perform its obligations under the Plan, the Property, the Condominium, or the operation thereof, except as is expressly set forth in the "Special Risks" section of this Plan.

In accordance with the provisions of the laws of the State and City of New York, neither Sponsor nor any selling agent engaged by Sponsor will discriminate against any

person because of sex, age, race, creed, color, national origin, ancestry, disability, marital status or other ground prohibited by law in the sale of the Units offered by Sponsor pursuant to this Plan, or in the leasing of any such Units or any other portion of the Building.

Sponsor reserves the right substantially to revise the terms and conditions upon which Units are to be sold under this Plan including revisions affecting the rights, obligations and liabilities of Sponsor, Purchasers, or prospective Purchasers, without obtaining the consent of Purchasers or others. However, Sponsor may neither unilaterally cancel an outstanding Purchase Agreement, except as therein provided (such as in the case of an uncured default), nor unilaterally change the purchase price or the payment terms contained in such a Purchase Agreement. All substantive or material revisions will be contained in a duly filed amendment to this Plan. In the case of a material revisions adversely affecting the rights, obligations or liabilities of then existing Purchasers or reducing the undertakings or obligations of Sponsor, such Purchasers will be given the right to rescind their Purchase Agreements and will receive from the Sponsor a refund of all monies paid thereunder (with any interest earned thereon) within fifteen (15) days after the presentation of the amendment. However, rescission will be conditioned on the cancellation of any interim lease and surrender of possession of the Residential Unit within ninety (90) days thereafter.

No person has been authorized to make any statement or representation which is not expressly contained herein. Information, data or representations not contained herein or in the exhibits referred to herein must not be relied upon. This Plan may not be changed or modified orally.

GG. SPONSOR'S STATEMENT OF PRESENT BUILDING CONDITION

The Sponsor hereby adopts the "Description of Property and Building Condition: set forth in Part II of the Plan and represents that Sponsor does not know of any material defects or need for material repairs or alterations in the Building except: (i) as indicated in the Description of Property or included in "Schedule B – Projected Budget for First Year of Condominium Operation," described elsewhere in this Plan, or (ii) items customarily corrected by routine maintenance.

The Property is offered in the condition described in the "Description of Property and Building Condition" subject to reasonable wear and tear and natural deterioration. Neither the Sponsor nor the Condominium Board will have any obligation to make repairs or improvements within individual Units other than those identified in the Description of Property or Floor Plans.

The Sponsor will maintain and operate the Building until the First Closing in substantially the manner and condition required in the Plan, except to the extent that Sponsor is precluded from so doing by Acts of God, fire, storm or other casualty, strikes, lockouts, labor difficulties, riots, insurrection, acts of terrorism, inability to obtain materials, equipment or labor, governmental restrictions or any other acts over which Sponsor is reasonably unable to exercise control and provide the Condominium Board,

on or prior to the First Closing, with a certificate of occupancy (for all or part of the Building) and current permits, certificates and inspection reports required by applicable law or code. If for any of the reasons set forth in the preceding sentence, other than fire or other casualty, Sponsor is prevented from maintaining the Building (or causing it to be maintained), Sponsor shall make or cause to be made, within a reasonable period of time after such act ceases to exist, any repairs subsequent to the First Closing it was obligated to cause to be made prior to the First Closing.

Document Number 1

PURCHASE AGREEMENT

between

PENNYFIELD PROPERTIES LLC

as Seller
and

_____ as Purchaser

For Unit Number

at

Pennyfield Estates II Condominium
24 Pennyfield Avenue
Bronx, New York 10465

(P A)(i)

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EXHIBIT E TO PURCHASE AGREEMENT

EXHIBIT F TO PURCHASE AGREEMENT

EXHIBIT G TO PURCHASE AGREEMENT

EXHIBIT H TO PURCHASE AGREEMENT

(PA)l

PURCHASE AGREEMENT

AGREEMENT made this day of , 2004 between PENNYFIELD PROPERTIES LLC: ("Seller"), having an address 1512 Stillwell Avenue, Bronx, New York 10461, as Seller, and (" Purchaser"), a , having an address at
as Purchaser.

Recitals:

(A) The name of the Condominium is the Pennyfield Estates II Condominium.
(B) The name of the Seller is Pennyfield Properties LLC.
(C) The name of the Purchaser is
(D) The address of the Property is 24 Pennyfield Avenue, Bronx, New York 10465. A description of the Property is attached hereto as Exhibit A.
(E) The Unit covered by this Purchase Agreement is the Unit designated in the Declarations as Unit Number _____.
(F) The Common Interest, appurtenant to the Unit is _____%
(G) The Unit is currently vacant/occupied.
(H) The Purchaser's residence address, if an individual, or a business address' if an entity, is _____, New York.
(I) The Purchaser's telephone number is
(J) The Purchaser's facsimile number is _____[1]
(K) The Purchaser's e-mail address is _____[1]
(L) The Purchaser's social security number or federal identification number is _____.
(M) The Purchase Price is $ _____.
(N) The Downpayment payable herewith is $ constituting (i) 10% of the Purchase Price plus (ii) the cost of any special work for the Unit ordered by the Purchaser.
(O) The Balance of the Purchase Price is $

1. The Plan. The Purchaser acknowledges having received and read the Plan at least three (3) full business days prior to the Purchaser's signing this Agreement. Purchaser hereby adopts, accepts and approves the Plan (including, without limitation, the proposed Condominium Documents contained in Part II of the Plan) and agrees to be bound by the terms and conditions thereof, as well as all amendments to the Plan duly filed by the Seller (including, without limitation, amendments involving any changes, modifications or updating of the estimated Common Charges, the estimated real estate taxes to be paid by the Purchaser or the **"Schedule of Projected Budget for the First Year of Condominium Operation."** Any such amendments

[1]If none, please so indicate.

shall not excuse the Purchaser from performing the Purchaser's obligations hereunder nor shall they entitle the Purchaser to any offset or credit against the performance of the Purchaser's obligations hereunder nor shall they entitle the Purchaser to any offset or credit against the Purchase Price. Any such amendments may be made by the Seller without the Purchaser's consent or approval; subject to the Purchaser's right to rescind in the event of a material amendment to the Plan or the Condominium Documents which adversely affects the Purchaser's rights hereunder or under the Plan as more specifically set forth in the Plan. The Plan is hereby incorporated in this Agreement with the same force and effect as if set forth at length. In the event of any inconsistency or conflict between the provisions of this Agreement and those contained in the Plan, the provisions of the Plan shall govern and be binding. The Purchaser acknowledges having had a full opportunity to examine all documents and investigate all statements made herein and in the Plan.

2. Definitions.

(a) Capitalized terms used and not otherwise defined herein shall have the meaning ascribed to them in the Plan, unless the context otherwise requires.

(b) The terms **"closing," "closing of title"** and words of similar import are used synonymously and mean the settlement of the mutual obligations of the Seller and the Purchaser under this Agreement, including the payment to the Seller of the Purchase Price and the delivery to the Purchaser of the deed transferring full ownership (fee simple title) to the Unit on the terms set forth in this Agreement.

3. Agreement to Purchase. The Seller agrees to sell and convey, and the Purchaser agrees to purchase, the above-described unit together with the above-stated Common Interest appurtenant thereto (collectively **"Unit"**)for the Purchase Price stated above, upon and subject to the terms and conditions set forth in this Agreement.

4. Payment of the Purchase Price. Purchaser agrees to pay Seller the Purchase Price as follows:

(a) The Purchaser shall deliver herewith, to the Seller, c/o James A. Cartelli, Esq., the Purchaser's check to the order of **"James A. Cartelli, Esq., Attorney Escrow Account for Pennyfield Estates II Condominium"** in the amount of the above-stated Downpayment, subject to collection.

(b) $_____, as may be adjusted pursuant to Paragraph 9 hereof, at Closing, constituting the Balance of the Purchase Price, by good unendorsed certified check of Purchaser or official bank check or, at Seller's option, by wire transfer of immediately available Federal funds to an account designated by Seller in writing at least three (3) business days prior to the Closing. At the request of the Seller on or prior to the Closing, the Purchaser shall pay the balance of the Purchase Price to such payees as the Seller shall direct.

(c) Except for the Downpayment, which is to be paid as provided above, any payments made by the Purchaser in the form of a certified or bank check under this Agreement (including without limitation the payment of the .balance of the Purchase Price); whether to, on behalf of or at the request of the Seller, shall be made by checks, drawn in either case on a member bank of the New York Clearing House Association.

(d) In the event that any check for any payment to be made by the Purchaser under this Agreement (including, without limitation, the Downpayment) shall be dishonored for any reason whatsoever, it shall be deemed a material default by the Purchaser hereunder and the Seller may, in that event, cancel this Agreement and notwithstanding such cancellation, be entitled to recover the amount of such check in addition to, without limiting the foregoing provisions, the cost and expenses (including, but not limited to reasonable attorneys' fees and expenses) of collection of any such check or other instrument so dishonored.

5. Agreement Not Contingent Upon Financing

THE PURCHASER'S OBLIGATION TO PURCHASE THE UNIT PURSANT TO THIS AGREEMENT IS NOT CONTINGENT ON THE PURCHASER OBTAINING FINANCING FOR SUCH PURCHASE. ACCORDINGLY, THE FAILURE TO OBTAIN SUCH FINANCING SHALL NOT EXCUSE THE PURCHASER FROM PERFORMING HIS OBLIGATIONS HEREUNDER. If the Purchaser does finance the purchase of its Unit, neither the Seller nor the Condominium Board shall be obligated to execute or deliver any documents to Purchaser's lender in connection therewith, except as may be required by Applicable Law or as specifically set forth otherwise in the Condominium Documents.

6. Closing Date and Place

(a) The closing of title shall occur on the date and at the time and place in the City and State of New York as the Seller shall designate to the Purchaser on not less than thirty (30) days prior written notice. The Seller shall have the right, from time to time, to adjourn such date and time for closing on written notice to the Purchaser. If the closing of title is adjourned, the Seller shall fix a new date and time for closing and shall give the Purchaser not less than five (5) business days prior written notice of the new scheduled date and time for closing. The date scheduled for the closing of title by the Seller as same may be adjourned in accordance with the terms hereof shall be referred to as the **"Closing Date."**

(b) The closing of title shall occur only after or concurrently with compliance with the prerequisites set forth under **"Prerequisites to Closing Title"** in Part I of the Plan.

7. The Deed and Power of Attorney.

(a) On the Closing Date, upon receipt by the Seller of all payments and documents required hereunder, the Seller shall deliver to the Purchaser (except as set forth in subparagraph (c) below) a bargain and sale deed with covenants against grantor's acts in

substantially the form set forth in Part II of the Plan {the **"Unit Deed"**) conveying the Unit to the Purchaser as provided in the Plan subject to the exceptions referred to in the Declaration, the By-Laws, the Plan and the Exhibits. The Unit Deed shall be executed and acknowledged by the Seller and shall be in form for recording.

(b) Except as provided in subparagraph (c) below, on the Closing Date and simultaneously with the delivery of the Unit Deed conveying the Unit to the Purchaser, the Purchaser shall execute and acknowledge a power of attorney to the Condominium Board and the Seller prepared by the Seller and substantially in the form set forth in Part II of the Plan (the "Unit Power").

(c) The Unit Deed shall be delivered by the Seller and the Unit Power delivered by the Purchaser to the representative of the title company insuring the Purchaser's title (or if no such representative is present, then to the Seller's attorneys or the Purchaser's attorneys). If the Unit Deed and/or the Unit Power are delivered to the Seller's attorneys, then they shall be held until picked up by the Purchaser, the Purchaser's attorneys or a representative of the title company insuring the Purchaser's title. The Unit Deed shall be marked for return to the Purchaser or the Purchaser's attorneys after recording. The Unit Power shall be marked for return to the Condominium Board or its attorneys after recording. The Purchaser shall pay all recording or other fees in connection with the recording of the Unit Deed and the Unit Power.

8. State of Title.

(a) On the Closing Date, the Seller shall convey and Purchaser shall accept title in fee simple to the Unit, free and clear of all encumbrances other than the Permitted Encumbrances set forth Exhibit B to this Agreement. Any other lien, encumbrances or conditions shall not be an objection to title if: (i) the instrument required to remove it from the record is delivered to the representative of the Purchaser's title insurance company (or, if none, to the Purchaser's attorneys) for recording in the proper office, together with the recording or filing fees; or (ii) the Purchaser' s title insurance company will insure the Purchaser against its collection or enforcement out of the Unit.

(b) The Seller shall give, and the Purchaser shall accept, such title as the Purchaser's title insurance company shall approve and insure, provided that the only liens, encumbrances and conditions affecting title shall be the Permitted Encumbrances. The Seller shall have no obligation to cause the Purchaser's title company, if any, to omit any exceptions to title or to grant to the Purchaser any affirmative title insurance. In the event Purchaser's title company fails or refuses to issue title insurance in accordance with the terms of this Agreement, then the Purchaser shall accept such title as the Title Company or any other reputable title insurance company selected by the Seller and reasonably acceptable to the Purchaser shall approve and insure, subject to the provisions herein. Purchaser shall be responsible for the entire premium for Purchaser's title insurance. Notwithstanding the foregoing, Purchaser shall have the right not to obtain title insurance at all, at Purchaser's sole discretion.

9. Closing Adjustments.

(a) The following adjustments shall be made as of midnight of the day preceding the Closing Date with respect to the Unit, except as otherwise provided in the Plan:

(i) If the Unit has been separately assessed as of the Closing Date, then real estate taxes and assessments against the Unit (if any) shall be adjusted on the basis of the period for which assessed;

(ii) If the Unit is not separately assessed as of the Closing Date the Unit's share of the aggregate real estate taxes and assessments against the Property shall be determined as set forth in Schedule A in Part I the Plan, and such share shall be adjusted between the Seller and the Purchaser on the basis of the period for which assessed;

(iii) Common Charges for the month in which title closes;

(iv) Accrued rent or any other charges pursuant to an Interim Lease, if any, covering the Unit;

(v) Water charges and sewer rents, if separately assessed, on the basis of the period for which assessed.

(b) In the event that the Closing of Title occurs before the applicable real estate tax rate is fixed, adjustment of taxes shall be based upon the latest applicable real estate tax rate applied to the most recent applicable assessed valuation. Installments for real estate tax assessments due after the delivery of the Unit Deed, if any, shall be paid by the Purchaser and shall not be considered a defect in title.

(c) If the Purchaser fails to close on the Closing Date originally specified by the Seller for any reason, then (i) the closing adjustments shall be as of midnight of the day preceding the Closing Date originally specified by the Seller and (ii) the Purchaser shall pay to the Seller, as a late fee, interest at the rate of sixteen percent (16%) per annum on the unpaid balance of the Purchase Price for its Unit for each day's delay, beginning with the date originally scheduled for the Closing Date to and including the day immediately preceding the actual Closing Date. The provisions of this paragraph shall not be applicable if, through no fault of the Purchaser, the Seller postpones the Closing Date, except to the extent that thereafter the Purchaser postpones the closing for any reason or is in default.

(d) Any errors or omissions in computing apportionments at Closing shall be corrected and payment made to the proper party promptly after discovery. This provision shall survive the closing.

(e) The **"Customs in Respect of Title Closings"** recommended by the Real Estate Board of New York, Inc., as amended to date, shall apply to adjustments and other matters therein mentioned, except as otherwise provided herein.

10. Closing Costs. The Purchaser, in addition to the legal fees of the Purchaser's attorneys, if any, and the amount of any net adjustments in favor of the Seller and the other payments required under this Agreement, shall pay at the Closing, any closing costs specified in the Plan including, without limitation, any processing fees, and closing fees to the Seller's attorneys, and other fees and payments, provided for in the Plan.

11. Real Property Transfer Tax and Recording Fees. The Purchaser shall pay all real property transfer taxes (the **"Transfer Taxes"**) and any filing fees in connection with the payment of such Transfer Taxes. The Purchaser shall pay all deed stamp taxes, recording and other fees in connection with the recording of the Unit Deed and the Unit Power. At closing, the Purchaser shall duly complete and sign before a notary public, the real property transfer tax return: required to be filed with The City of New York (**"RPT Form"**) and a Combined Real Property Transfer Gains Tax Affidavit, Real Estate Transfer Tax Return and Credit Line Mortgage Certificate, if applicable (**"Combined Tax Form"**), required to be filed with the Department of Taxation and Finance of the State of New York. The RPT Form and Combined Tax Form shall be delivered at Closing to the representative of Purchaser's title insurance company (or, if none, to Seller's attorney) for filing with the proper governmental officer. The Seller and the Purchaser shall duly execute and swear to any other transfer tax returns and any other forms then required by Applicable Law to be filed in connection with the Closing, all of which shall be prepared by the Seller with Purchaser's full cooperation.

12. Downpayment to be held in Trust.

(a) The Seller will hold all monies received by it directly or through its agents, employees or the Escrow Agent, from the Purchaser under this Agreement in trust until actually employed in connection with the closing of the transaction as described in the Plan. The Seller will comply with the escrow and trust fund requirements of General Business Law Sections 352-e(2-b) and the New York State Attorney General's regulations promulgated pursuant thereto. The provisions of the Attorney General's regulations concerning escrow and trust funds, in effect on the date hereof, shall prevail over any conflicting or inconsistent provision in the Plan or this Agreement. The Purchaser shall not be obligated to pay any legal or other expense of the Seller in connection with the handling or disposition of the Downpayment paid by the Purchaser. However, nothing in the preceding sentence shall limit the obligation of the Purchaser to pay the fees and expenses of the Seller's attorneys (to the extent such fees and expenses are expressly disclosed in the Plan) in connection with the purchase or closing of title to the Unit to be purchased by the Purchaser hereunder or upon Purchaser's default.

(b) The Downpayment shall be deemed to have been unconditionally tendered when it is delivered to the Seller or the Selling Agent, together with this Agreement signed by the Purchaser, without any request for a change in such form or the terms of this Agreement.

The Downpayment shall be placed, within five (5) business days after the date on which the Downpayment has been unconditionally tendered, in a special escrow account of the Escrow Agent whose address 81 Main Street, White Plains, New York and whose telephone number is: 914-993-0100. The signatories on this escrow account and any one of whom is authorized to withdraw funds, are: James A. Cartelli, Esq., and Trisha L. Cartelli, Esq.. The name of the account is "James A. Cartelli, Esq., Attorney Escrow Account for Pennyfield Estates II Condominium" (the **"Escrow Account"**). The Escrow Account is maintained at Hudson Valley Bank, located at 40 Church Street, White Plains, NY 10601 (the **"Bank"**).

(c) The Bank is covered by Federal Bank Deposit Insurance generally to a maximum of $100,000 in the aggregate with respect to all funds deposited by any person in one or more deposit accounts (including, without limitation, amounts deposited directly, by such person and deposits held in escrow for such person by the Escrow Agent). **If the Purchaser's Downpayment hereunder is in excess of $100,000, or if the amount of the Purchaser's deposits at the Bank and the Downpayment exceed $100,000, the aggregate of the Downpayment and all other such deposits will generally not be federally insured in excess of $100,000. NO REPRESENTATION OR GUARANTY IS MADE BY ESCROW AGENT OR SELLER THAT THE FEDERAL DEPOSIT INSURANCE CORPORATION WILL INSURE ANY DEPOSITOR'S FUNDS, IF AND WHEN CALLED UPON TO DO SO.**

(d) The Escrow Account shall be interest-bearing and any interest earned on the Downpayment shall be delivered to the Purchaser at the closing of title to its Unit or other termination of this Agreement except if the Purchaser has defaulted hereunder beyond any applicable grace periods, in which event the Seller shall be entitled to retain such interest together with the Downpayment. The interest rate to be earned on the Downpayment will be the rate paid from time to time by the Bank. Interest will begin to accrue when the check for a Downpayment is collected, and provided there is no charge back or debit by the Bank against the amount deposited. The Seller and the Escrow Agent shall only be liable for interest earned on the Downpayment to the extent same is received by them from the Bank. No representation is made as to the rate or amount of interest that will be earned on the Downpayment.

(e) The Purchaser must complete, execute and deliver in triplicate simultaneously with this Agreement and the Downpayment, an Internal Revenue Service W-9 Form, Request for Taxpayer Identification Number and Certification (a **"W-9 Form"**) indicating his or her social security number or its taxpayer identification number. If there is more than one Purchaser, a W-9 Form must be completed, executed and delivered for each Purchaser who will be receiving any interest earned on the Downpayment. The Purchaser's failure to provide a W-9 Form will be deemed a waiver of his, her or its right to receive interest on the Downpayment. The W-9 Form is annexed to this Agreement as Exhibit B and made a part hereof.

(f) The Escrow Agent may, from time to time, upon notice to the Seller and the Purchaser, change the depository in which the Downpayment is held to another lending institution located in New York State.

13. Duties of Escrow Agent.

(a) Within ten (10) business days after unconditional tender and delivery by the Purchaser to the Seller or the Selling Agent of a check for the Downpayment submitted with this Agreement on account of the Purchase Price hereunder, the Escrow Agent will notify the Purchaser that such funds have been deposited into the Escrow Account and will provide the account number and the initial interest rate. Subject to the provisions of the next sentence, if the Purchaser does not receive notice of such deposit within fifteen {15) business days after unconditional tender and delivery to the Seller or the Selling Agent of such Downpayment, then the Purchaser may cancel such purchase and rescind this Agreement so long as such right to rescind is exercised within ninety (90) days after the Purchaser's unconditional tender and delivery of the Downpayment to the Seller or the Selling Agent. However, the Purchaser shall not be entitled either to rescind this Agreement or to receive a refund of the Downpayment where proof satisfactory to the Attorney General is submitted establishing that the Downpayment was timely deposited and notice as provided above was timely mailed to the Purchaser in conformity with the Attorney General's regulations. The Purchaser acknowledges that receipt of the Downpayment by the Escrow Agent and deposit in the Escrow Account shall not be deemed acceptance of this Agreement by the Seller, which acceptance can only occur in the manner provided in Paragraph 33.

(b) The Escrow Agent shall hold the Downpayment in escrow until:

(i) otherwise directed in one or more writings signed by the Seller and the Purchaser; or

(ii) otherwise directed in a determination of the Attorney General, pursuant to the dispute resolution procedures contained in the Attorney General's regulations; or

(iii) a judgment or order of a court of competent jurisdiction permits or requires the release of such Downpayment; or

(iv) the Downpayment is paid by the Escrow Agent into a court of competent jurisdiction; or

(v) the Downpayment is paid to the Seller as provided below in this Paragraph; or

(vi) the Downpayment is paid to the Purchaser as provided below in this Paragraph.

(c) If there is no written agreement between the Seller and the Purchaser to release the Downpayment, the Escrow Agent will not pay the Downpayment to the Seller until after ten (10) business days following the date that the Escrow Agent has given the Purchaser written notice that the Escrow Agent intends to pay the Downpayment to the Seller. Thereafter, the Downpayment may be paid to the Seller unless the Purchaser has already made application to the Attorney General pursuant to the dispute resolution provisions of the Attorney General regulations and the Escrow Agent has received within such ten (10) business day period, notice from the Purchaser that such application has been made.

(d) The Seller shall not object to the release of the Downpayment to the Purchaser, provided the Purchaser has not defaulted and has timely and validly rescinded this Agreement in accordance with an offer of rescission contained in the Plan or an amendment to the Plan.

(e) The Downpayment shall be delivered to the Seller at the closing unless disbursed as liquidated damages or returned to the Purchaser as herein provided. In the event the Plan is abandoned or withdrawn, the Downpayment shall be returned to the Purchaser together with interest, if any, earned thereon, except as otherwise provided in the next sentence. If at the time the Plan is abandoned or withdrawn the Purchaser is in default hereunder and has failed to cure such default within the applicable grace period (of if this Agreement had previously been canceled due to the Purchaser's uncured default), then the Seller shall retain, as and for liquidated damages, the Downpayment, together with any interest earned thereon, and any sums delivered to Seller on account of Special Work that has actually been performed at the time of cancellation (hereinafter called the "**Liquidated Sum**"), and any sums in excess thereof (together with any interest earned thereon) shall be returned to the Purchaser within fifteen (15) days after the date of such abandonment or withdrawal.

(f) The Purchaser or the Escrow Agent may apply to the Attorney General in the event of a dispute for a determination on the disposition of the Downpayment. The Seller must avail itself of this procedure if there is a dispute which needs to be resolved between the Seller and the Purchaser relating to the Downpayment and, in the case of the Purchaser, the Purchaser has given notice of objection to the Escrow Agent within the ten (10) business day period described above. A form for this purpose is attached as Exhibit C to this Agreement. The party applying for a determination must send all other parties a copy of the application.

(g) Included in Part II of the Plan is a copy of the escrow agreement between the Escrow Agent and the Seller which is subject to the terms of the Attorney General's regulations (the "**Escrow Agreement**"). In the event of any conflict between the Escrow Agreement and any other provision of the Plan or this Agreement, the Escrow Agreement shall control.

(h) The Escrow Agent will maintain all records concerning the Escrow Account for seven (7) years after the closing of the Escrow Account.

(i) Notices given by the Escrow Agent, the Seller, or its agents pursuant hereto shall be deemed given (i) upon delivery if personally delivered or (ii) upon the fifth (5^{th}) day after the date of mailing, if mailed; or (iii) on the next business day if delivered by overnight courier.

14. Agreement Subject to Mortgage. No encumbrance shall arise against the Property as a result of this Agreement or any monies deposited hereunder. In furtherance and not in limitation of the provisions of the preceding sentence, the Purchaser agrees that the provisions of this Agreement are and shall be subject and subordinate to the lien of any mortgage against the Unit or the Property, or any part thereof or any interest therein, heretofore or hereafter made and any advances heretofore or hereafter made thereon and any payments or expenses already made or incurred or which hereafter may be made or incurred, pursuant to the terms thereof, or incidental thereto, or to protect the security thereof, to the full extent thereof without the execution of any further legal documents by the Purchaser. This subordination shall apply whether such advances are voluntary or involuntary and whether made in accordance with any schedule of payments or accelerated by virtue of the right of the holder of any such mortgage to make advances before they become due in accordance with the schedule of payments. The Seller shall, at its option, either satisfy such mortgages or obtain a release of the Unit from the lien of such mortgages on or prior to the Closing Date. The existence of any mortgage or mortgages encumbering the Property, or portions thereof, other than the Unit shall not constitute an objection to title or excuse the Purchaser from completing payment of the Purchase Price or performing all of its other obligations hereunder or be the basis of any claim against, or liability of, the Seller, provided that the Unit is released from, or not subject to, the lien of any such mortgage.

15. Events of Default.

(a) **TIME IS OF THE ESSENCE** for the payment of the Balance of the Purchase Price pursuant to Paragraph 4 and the performance of the Purchaser's other obligations under this Agreement. If the Purchaser fails to make such payment when required as provided in this Agreement. or fails to perform any of the Purchaser's other obligations hereunder (each, an "**Event of Default**"), then the Seller shall be entitled to cancel this Agreement by sending Purchaser thirty (30) days prior written notice of its intention to do so. If the Seller elects to cancel, the Purchaser shall have thirty (30) days from the giving of the cancellation notice within which the Purchaser must cure the specified default. **TIME SHALL BE OF THE ESSENCE** to remedy the specified default within the thirty (30) day period. If the specified default is not

timely cured, then (i) the Seller shall have the right to retain, as liquidated damages, the Downpayment; (ii), the Seller shall have the right to sell the Unit to others as though this Agreement had never been made; and (iii) the Purchaser shall not have any furthers rights against or obligations to the Seller, the Condominium, the Condominium Board or any subsequent purchaser of the Unit. Whether or not the Seller has canceled this Agreement as provided above, if the Seller has not collected the proceeds of any check for any payments due under this Agreement, then the Seller may take such actions at law and in equity as may be required in order to collect such payments and any and all costs of collection, including, without limitation, all attorneys' fees and expenses incurred by the Seller in connection therewith and the cost of any Special Work.

(b) Notwithstanding the occurrence of an Event of Default, the Seller may, in its sole discretion, keep this Agreement in effect and proceed to close title without prejudicing the Seller's right to recover from the Purchaser damages, losses, costs, expenses and all other lawful sums to which the Seller is entitled (including, but not limited to, legal fees and the costs of collection).

(c) If the Purchaser becomes a tenant at the Property and the Purchaser shall fail to pay rent or otherwise comply with the Purchaser's lease or tenancy obligations (which failure results in the Purchaser's eviction from the Unit, by court order or voluntary removal), or the Purchaser vacates or abandons the Unit, then such failure, vacating or abandonment (as the case may be) shall constitute a default under this Agreement, entitling the Seller, at its sole option to cancel this Agreement. If this Agreement is not canceled and any default under the Interim Lease, as applicable, exists as of the Closing Date, then the Seller shall not be obligated to close title with the Purchaser unless and until such default is cured the Seller shall have a lien on the Unit as security therefor.

16. Obligation of Tenant to Pay Rent.

(a) A Purchaser who becomes a tenant or occupant of the Property must continue to pay rent under its Interim Lease, and the Purchaser specifically waives any right of offset with respect to such rent. In no event shall the Purchaser be released or excused from paying and performing the Purchaser's lease or tenancy obligations, and nothing contained in this Agreement shall limit or be deemed to limit any rights or remedies at law or in equity or under the Purchaser's Interim Lease, as the case may be, which the Seller, or any other party may have by reason of a default under the Purchaser's Interim Lease, as the case may be, including without limitation, the Seller's right to collect from the Purchaser all damages, losses, costs, expenses, and all other lawful sums to which the Seller is entitled (including, but not limited to, legal fees and costs of collection) due to the Purchaser's failure to pay rent or otherwise comply with the Purchaser's lease or tenancy obligations. The right is reserved to the Seller to apply any rent security against rent arrearages or other defaults and, in addition, to sue any tenant to the extent such rent security is insufficient. This Paragraph 16(a) shall survive the termination of this Agreement.

(b) In no event shall either the Purchaser's failure to pay rent as due or the pendency of eviction proceedings or vacating or abandonment of the Unit give the Purchaser any rights to any extension under this Agreement.

17. Agreement Subject to Plan Being Declared Effective. The performance by the Seller of its obligations under this Agreement is contingent upon the Plan being declared effective. The Plan may be abandoned at any time prior to its becoming effective as provided in the Plan and thereafter upon certain conditions as provided in the Plan. If the Plan is abandoned or does not become effective or if after being declared effective the Plan shall not be consummated for any reason, then this Agreement shall be deemed canceled and the Plan terminated on the date specified in a notice thereof by the Seller to the Purchaser. Within fifteen (15) days thereafter the Purchaser shall receive a refund in full of all moneys paid by it hereunder with interest earned thereon, if any (except as provided in Paragraph 15 hereof), and, upon such refund neither party shall have any further rights, obligations, or liability to or against the other or the Condominium under this Agreement and the Plan.

18. The Seller's Inability to Convey Title. If the Seller is unable to deliver title to the Unit to the Purchaser subject to the Permitted Exceptions set forth in the Plan in accordance with the provisions of this Agreement and the Plan, the Seller shall not be obligated to bring any action or proceeding or otherwise incur any cost or expense of any nature whatsoever in excess of its obligations set forth in the Plan in order to cure such inability. If the Seller elects to attempt to cure such inability then it shall be entitled to an adjournment of the Closing Date for a reasonable period of time within which to complete such cure. However, the Seller may notify the Purchaser at any time of its refusal either to cure or to continue to cure, as the case may be, such inability and if the Purchaser is then not in default hereunder beyond any applicable grace period, then the Purchaser's sole right and remedy shall be either: (a) to take title to the Unit subject to such inability (without any abatement in, or credit against, the Purchase Price, or any claim or right of action against the Seller for damages or otherwise); or (b) to terminate this Agreement. If the Purchaser so elects to terminate this Agreement, the Seller shall, within fifteen (15) days after receipt of notice of termination from the Purchaser, return to the Purchaser all sums deposited by the Purchaser hereunder, together with interest earned hereon, if any, and upon making such payment, this Agreement shall be terminated and neither party shall have any further rights, obligations or liability to or against the other under this Agreement and the Plan. The foregoing option must be exercised by notice of the Purchaser in writing to the Seller within ten (10) days after the giving of the Seller's notice of refusal to cure such inability. If the Purchaser fails to give such notice to the Seller within said ten (10) day period, with **TIME BEING OF THE ESSENCE**, it shall be conclusively deemed that the Purchaser has elected to acquire title to the Unit subject to such inability as aforesaid.

19. Legal Occupancy of Unit.

It is understood and agreed that the Unit may be lawfully occupied for residential purposes only.

20. Fixtures, Appliances and Personal Property.

(a) At closing, the Unit will contain only those fixtures, equipment, hardware, appliances and furnishings referred to in the Plan which are included in the Purchase Price. Kitchen appliances and equipment will be installed in the Units and shall be in working order and new condition.

Purchaser acknowledges and agrees that Sponsor has the right to substitute other appliances, equipment and cabinetry in place of those listed in the Plan provided only that the substitutions are of equal or better quality and design.

(b) Furniture, wall coverings, furnishings, decorations and the like in or about any model apartment are for display purposes only and are not included in the sale. Any floor plans or sketches shown to the Purchaser are only approximations of the Unit's dimensions and arrangement, and the Purchaser should not rely thereon.

(c) There shall be no modifications or extras unless agreed to in writing by both the Purchaser and the Seller. All modifications, alterations and additions to the Unit (collectively, **"Special Work"**) must be approved by the Seller in writing and described in Exhibit D attached to this Agreement or in a separate agreement signed by the Purchaser and the Seller (the **"Special Work Agreement"**). Any and all Special Work shall be performed at the Purchaser's sole cost and expense and shall be due and payable by the Purchaser upon the earlier to occur of (i) the Closing or as otherwise set forth on Exhibit D or in the Special Work Agreement or (ii} no later than thirty (30) days after the Seller's notice of an Event of Default under Paragraph15. Notwithstanding anything to the contrary contained in this Agreement, the Purchaser's liability for any costs and expenses incurred by the Seller in connection with Special Work shall survive the termination of this agreement and shall be in addition to the Downpayment the Seller is entitled to receive in the event this Agreement is terminated due to the Purchaser's default hereunder.

(d) If the Seller has agreed to perform any Special Work, then on before the Closing, the Seller shall deliver to the Purchaser a letter from the Seller's architect (the **"Architect' s Certificate"**) substantially in the form of Exhibit E hereto. The Architect's Certificate shall list any items of Special Work or other items of work relating to the Unit, which are incomplete or require repair, adjustment or correction (the **"Punch List Items"**). The Architect's Certificate shall be conclusive as to the satisfaction of the Seller's obligation to Closing. The Purchaser shall be required to close and complete payment of the Balance of the substantially complete the Special and other Work prior to Closing, subject only to the Punch

List Items, if any which the Seller agrees to complete as soon as reasonably practicable after the Purchase Price (without provision for escrow) and accept title at the time of Closing, notwithstanding any Punch List Items noted on the Architect's Certificate, which the Seller must complete or correct in accordance with its obligations under the Plan or this Agreement. The Purchaser shall also be required to close and complete payment of the Balance of the Purchase Price (without provision for escrow), notwithstanding any work to the Common Elements agreed or required to be performed by the Seller pursuant to the Plan. The provisions of this subparagraph (d) shall survive the Closing.

21. Acceptance of Condition of Property and Unit

(a) The signing of this Purchase Agreement by the Purchaser signifies the Purchaser's acceptance of the conditions of the Property, including the Building, the Unit, and all fixtures, machinery, equipment, furnishings, appliances, installations and any other property contained therein (hereinafter collectively called **"Installations"**), in their respective existing conditions, subject to reasonable use, wear and tear, natural deterioration between the date the Purchaser signs this Agreement and delivery of the deed to the Purchaser and subject also to Seller's obligation to complete the Improvements described in the Plan. The Purchaser acknowledges having read , or having had ample opportunity to read the Description of Property and Building Condition set forth in Part II of the Plan, which sets forth a description of the then existing physical condition of the Building and the proposed Improvements that will be a part of the Unit and the Building. The Purchaser understands that the Seller has no obligation to make any repairs, improvements or decorations in or to the Property, the Building, the Unit or the Installations except as set forth in the Plan. However, the Seller has agreed in the Plan to maintain the Building in substantially the same condition it is in on the Presentation Date, unless prevented from so doing by reason of acts or events beyond the Seller's control, as more particularly set forth in the Plan.

(b) Purchaser shall be given a reasonable opportunity to examine the Unit prior to closing and is advised to make a careful examination at such time.

22. Lead-Based Paint and/or Lead-Based Paint Hazards. The Purchaser understands that under applicable Federal regulations (namely, 24 CFR Part 35 and 40 CFR Part 745), before Purchaser becomes obligated under this Purchase Agreement, the Purchaser must be permitted a 10-day period to conduct a risk assessment or inspection for the presence of lead-based paint and/or lead based paint hazards (the, **"Lead-Based Paint Inspection"**), unless the Purchaser elects in writing to waive same. At or prior to signing and submitting this Purchase Agreement to the Seller, the Purchaser shall complete (where appropriate) and sign a certain form entitled, **"Disclosure of Information on Lead-Based Paint and/or Lead-Based Paint Hazards"** (the **"Lead-Based Paint Disclosure Form"**), indicating, among other things, whether the Purchaser has waived the right to conduct the Lead-Based Paint Inspection or has been given the opportunity to conduct same. A copy of the Lead-Based Paint Disclosure Form is attached hereto as Exhibit F. The Purchaser hereby repeats and affirms all of the Purchaser's

acknowledgments on the Purchaser's signed Lead-Based Paint Disclosure Form, which by this reference are hereby made a part of this Purchase Agreement. Notwithstanding anything to the contrary contained herein, the Seller shall have no obligation to accept any Purchase Agreement submitted by the Purchaser unless accompanied by the Lead-Based Paint Disclosure Form completed and executed by the Purchaser.

Notwithstanding the foregoing, the provisions of this paragraph 22 are not applicable due to the fact that the Unit was built subsequent to 1978.

23. Security Deposit

If the Purchaser is or hereafter becomes a tenant of the Unit, the Purchaser's un-applied rent security deposit, if any, shall be refunded to the Purchaser, together with any interest earned thereon, within (30) days following the Closing, provided that the Purchaser is not in default under the Purchaser's Existing Lease, Interim Lease or this Agreement.

24. Damage to the Unit

(a) The Purchaser shall not be entitled to occupy the Unit until the Unit Deed is delivered to the Purchaser at Closing, unless the Seller, in its discretion, grants possession of the Unit to Purchaser under an Interim Lease as provided in the Plan. If the Purchaser is given possession of the Unit prior to Closing under an Interim Lease or otherwise, then the Purchaser shall assume the risk of loss and the obligation to repair and shall be solely responsible for any damage to, or loss or other condition in, the Unit resulting from casualty, the Purchaser's use and occupancy or from the acts or negligence of the Purchaser's guests, contractors, subcontractors, licensees, agents, employees or other invitees or otherwise and the Seller shall not be obligated to make any repairs to the Unit or its Installations. If the Purchaser is obligated to repair the damage, then the Purchaser's failure to make such repair shall not excuse Purchaser from paying the Balance of the Purchase Price and accepting delivery of the Unit Deed. Notwithstanding the foregoing, until Closing, the Seller shall remain responsible to make those repairs required of it as landlord under any Interim Lease and, after Closing, the Condominium Board shall be responsible to make those repairs required of it under the Condominium Documents.

(b) Except as provided in subparagraph (a) , all other risks of loss prior to Closing shall be assumed by the Seller, but without any obligation or liability of the Seller to repair the damage or restore the Unit. If the Seller or (in the event the Declaration is filed) the Unit Owners elect, pursuant to the Condominium Documents, to repair or replace the loss or damage, in the event of a fire or other casualty, this Agreement shall continue in full force and effect, the Purchaser shall not have the right to reject title to the Unit or to receive a credit against, or abatement of, the Purchase Price, and Seller shall be entitled to a reasonable period of time, to complete (or to permit, the Condominium Board to complete) such repairs or replacements. The Purchaser shall not be required to pay the Balance of the Purchase Price unless and until (i) the Unit has been substantially repaired to as near as reasonably possible its condition immediately prior to the casualty and (ii) its essential services (such as gas, electricity,

and heat) and a reasonable means of ingress and egress to the street have been restored. Any proceeds received from insurance, or in satisfaction of any claim or action in connection with such loss shall belong entirely to the Seller (subject to the rights, if any, of the Condominium Board or of other Unit Owners in the event the Declaration is filed) and if such proceeds are paid to the Purchaser, the Purchaser shall promptly upon receipt turn them over to the Seller.

(c) In the event the Seller notifies the Purchaser that it does not elect to repair or restore the Unit or (in the event the Declaration is filed) if the Unit Owners do not resolve to make such repairs or restore the Unit pursuant to the Condominium Documents, this Agreement will be deemed canceled and of no further force or effect and the Seller will instruct the Escrow Agent to return to the Purchaser all sums deposited hereunder (with interest, if any, earned thereon) whereupon the parties will be released and discharged from all obligations and liability hereunder and under the Plan, except that if the Purchaser is then in default hereunder (beyond any applicable grace period), the Seller will retain the Downpayment pursuant to Paragraph 15 above.

(d) The Purchaser expressly waives the provisions of Section 227 of the Real Property Law and agrees that the provisions of this Paragraph 24 shall govern and control in lieu thereof.

25. No Representations. Except as set forth in the Plan. the Seller has not made, does not make and is unwilling to make any representations as to the condition, income, expenses, use, operation or any other matter or thing affecting or relating to the Property or title thereto or the transactions contemplated hereby. The Purchaser acknowledges and represents that, except as expressly set forth in the Plan or in this Agreement, the Seller has not made and the Purchaser has not relied upon any representations, warranties, statements or estimates of any nature whatsoever, whether written or oral, made by the Seller, whether consisting of or contained in any architect's plans, sales plans, selling brochures, advertisements or otherwise, including, but not limited to, any relating to: (a) the description or physical condition of the Property or the Unit, or the size or the dimensions of the Unit, or any other physical characteristics thereof; (b) the services to be provided to Unit Owners; (c) the estimated Common Charges allocable to the Unit; (d) the right to any income tax deduction for any real estate taxes or mortgages interest paid by the Purchaser; (e) the current or future real estate tax liability, assessment or valuation of the Property or the Unit; (f) the potential qualification of the Property of the Unit for any and all benefits conferred by federal, state or municipal laws, whether for subsidies, special real estate tax treatment, insurance, mortgages, or any other benefits, whether similar or dissimilar to those enumerated; (g) the compliance of the Unit or the Property, in its current or any future state with applicable zoning ordinances and the ability to obtain a variance in respect to any non-compliance, if any, with said zoning ordinances; (h) the availability of any financing for the purchase, alteration, rehabilitation or operation of the Unit or the Property from any source, including but not limited to the state, city or federal government or any institutional lender; (i) the current or future use of the Unit or the Property; (j) the current or

future condition and operating state of any and all machinery or equipment in the Unit or on the Property and the current or future structural and physical condition of the Unit, the Building or any other improvements to the Property or their suitability for rehabilitation or renovation; or (k) the state of title to the Unit; and (l) the presence or absence of violations of Applicable Law; the Purchaser having relied solely on its own judgment and investigation in deciding to enter into this Agreement and purchase the Unit. No person has been authorized to make any representations on behalf of the Seller except as herein or in the Plan specifically set forth. No oral representations or statements shall be considered a part of this Agreement. The Purchaser agrees that the Seller and its agents and contractors will have no liability to the Purchaser nor shall the Purchaser be relieved of any of its obligations hereunder if there is a minor error or inaccuracy in the layout or dimensions of the Unit or of the Common Elements or any Limited Common Elements of the Condominium as shown on the Floor Plans.

26. Broker: The Purchaser represents to the Seller that the Purchaser has not dealt with any broker other than the Selling Agent and _____ (the "Broker") in connection with this transaction. The Purchaser agrees that should any claim be made against the Seller for commissions by anyone other than the Selling Agent and the Broker based on alleged dealings with the Purchaser or the Purchaser's representatives, the Purchaser shall (i) give testimony to such effect in any case, action or proceeding by any broker other than the Selling Agent or Broker and, (ii) indemnify and hold the Seller harmless from and against any and all liabilities, claims, damages, costs and expenses (including but not limited to reasonable attorneys' fees and expenses) arising out of or in connection with any claim for commissions or other compensation with respect to this transaction or with respect to the Purchaser.

27. Assignment

(a) The Seller may assign this Agreement without limitation. The Purchaser shall not have the right to assign this Agreement without the prior written consent of the Seller.

(b) If the Seller consents to an assignment of this Agreement by the Purchaser, then any such consent shall be conditioned on the following:

(i) The assignee executing and delivering to the Seller, within five (5) days after the making of such assignment, an assumption of this Agreement in form and substance satisfactory to the Seller;

(ii) The Purchaser executing and delivering to the Seller a guarantee of the assignee's obligations under this Agreement and any instruments or agreements made pursuant to the provisions of this Agreement on or before or in connection with the Closing hereunder; in form and substance satisfactory to the Seller;

(iii) The Purchaser and the assignee completing, executing and

delivering any transfer tax returns required by Applicable Law to be filed in connection with such assignment and paying any transfer taxes due thereon at the Closing hereunder; and

(iv) The Purchaser paying such additional fees as are specified in the Plan in connection with an assignment of this Agreement.

(c) Notwithstanding any such consent or assignment, the Purchaser shall not be released from any liability under this Agreement.

28. The Purchaser's Representations

The Purchaser represents to the Seller and the Condominium as follows:

(a) If the Purchaser is an individual then the Purchaser is over 18 years of age and resides in the State of New York.

(b) If the Purchaser is an entity then it is legally authorized to acquire the Unit and has an office for the conduct of its business in the State of New York.

(c) The Purchaser is not purchasing for the purpose of resale, subletting, assigning, or as an accommodation to, or solely for the account or benefit of the Seller or its principals.

29. Possession of Unit and the Purchaser's Work Except pursuant to an Interim Lease, the Purchaser shall not be entitled to have access to the Unit prior to the Closing of title thereto without obtaining the Seller's prior written consent. Unless otherwise agreed in writing by the Seller, such access shall be for the limited purpose of inspection and taking measurements. If the Purchaser is permitted such access, the Purchaser shall release the Seller from any and all liability, loss, cost, expense or damage, foreseen or unforeseen, resulting from any injuries sustained by any person or damage to any property resulting from such access, even if such injury results from the negligence of the Seller, the Selling Agent, or any of their respective agents, employees, contractors or representatives. In addition, the Purchaser shall indemnify and hold the Seller, the Selling agent and their respective agents, employees, contractors and representatives harmless from and against any and all liability, loss, cost, expense or damage, foreseen or unforeseen resulting from such access, including without limitation reasonable attorneys' fees and expenses.

30. Liability of the Seller

(a) The Seller shall not have any liability to the Purchaser or others with respect to any of the Seller's obligations under this Agreement, under the Plan, or otherwise in excess of the net proceeds paid to the Seller from the sale of the Units after payment of, or reserve for, any liabilities, costs or expenses of the Seller arising out of the promulgation of the

Plan, the offering of the Units for sale and the consummation of the transaction contemplated in the Plan.

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

31. Working Capital Fund Contribution. On the Closing Date, the Purchaser shall either: (a) contribute to the Working Capital Fund a sum equal to two months' Common Charges for the Unit as set forth in Schedule A of the Plan, as a portion of the initial working capital for the Condominium; or (b) reimburse the Seller in the event the Seller has previously made such a contribution to the Working Capital Fund for such Unit. This contribution is not refundable or transferable if the Purchaser sells its Unit. Unless the Seller advises the Purchaser to the contrary, it shall be assumed that the Seller previously made the contribution of two months' Common Charges to the Working Capital Fund for such Unit and the Purchaser shall reimburse the Seller for such contribution at Closing.

32. Acceptance of the Purchase Agreement. The submission to the Seller of this Agreement shall not constitute a binding obligation on either the Purchaser or the Seller. No such binding obligation will arise until this Agreement is executed by both the Purchaser and the Seller (or the Seller's duly authorized agent) and one fully-executed copy has been delivered to the purchaser and two fully executed copies have been delivered to the Seller together with the Lead-Based Paint Disclosure Statement in accordance with paragraph 22 herein. If within twenty (20) days after the Seller or the Selling Agent receives this Agreement signed by the Purchaser, a copy of this Agreement signed by the Seller or its authorized agent is not sent or delivered to the Purchaser, then it will be deemed rejected and of no force or effect, and all monies paid by the Purchaser shall be refunded, without interest, within ten (10) days thereafter. Upon such refund being made, neither Party will have any further rights, obligations or liabilities hereunder with respect to the other or any other party connected with the Plan. This Agreement may not be rejected due to the Purchaser's sex, race, creed, color, national origin, ancestry or other ground proscribed by law. The Seller has the right, without incurring any liability, to reject this Agreement without cause or explanation to the Purchaser.

33. Federal Form 1099S. The Purchaser shall cause its attorney to execute a designation letter designating such attorney, or such other person specified by the Seller as the **"real estate broker"** who is required to file a 1099S return with respect to the sale of the Unit pursuant to Section 6045 of the Code. The Purchaser shall cause such **"real estate broker"** to make such 1099S return and to comply with all other requirements of Section 6045 of the Code in connection with the sale of the Unit, and the Purchaser shall indemnify and hold harmless the

Seller and its attorneys against any and all penalties, loss; and expense (including, without limitation, attorneys' fees and expenses) resulting from the failure of the Purchaser or such **"real estate broker"** to comply with the Code and the provisions of this Agreement and such designation letter. The obligations of Purchaser under this Paragraph shall survive the Closing.

34. Notices. Notices hereunder shall be in writing and shall be either (i) personally delivered (with receipt acknowledged) or (ii) mailed by registered or certified mail, return receipt requested or (iii) sent by overnight courier (with receipt acknowledged) or (iv) sent by facsimile transmission, if available, provided and so long as a copy of such notice is sent the same day by any of the methods set forth in clauses (i), (ii) or (iii), to the parties as follows: to the Purchaser, at the address and facsimile number (if any) first stated in this Agreement and to the Seller, at the address and facsimile number (if any), first stated in this Agreement with a copy in like manner to James A. Cartelli, Esq., 81 Main Street, White Plains, NY 10601 (Fax No.: 914-993-0199). Any of the parties noted in this Paragraph may change his, her or its address and/or facsimile numbers for purposes of this Paragraph by giving notice thereof to the other parties in the manner provided above. James A. Cartelli, Esq., may give notices on behalf of the Seller. Notices shall be deemed given on the same day if personally delivered or sent by facsimile transmission, the next business day if sent by overnight courier or five (5) days after mailing if sent by registered or certified mail, return receipt requested. Notwithstanding the foregoing, no notice of change of address shall be deemed given until actually received.

35. Joint Purchasers. The term **"Purchaser"** shall be read as **"Purchasers"** if more than one person are purchasers, in which case their obligations shall be joint and several.

36. Survival of the Seller's and the Purchaser's Obligations. All of the obligations of the Seller under this Agreement shall be deemed satisfied upon delivery of the deed to the Unit. and the closing of title hereunder and no obligations of the Seller shall survive delivery of the deed except as otherwise expressly provided in this Agreement or the Plan. Except where the context otherwise requires, all the representations, warranties, and obligations of the Purchaser under this Agreement shall survive delivery of the deed and. the closing of title hereunder, whether or not specifically so stated in any particular provision.

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

38. Severability. If any provision of this Agreement or the Plan is invalid or unenforceable either as against any person or under certain circumstances, the remainder of this

Agreement or the Plan and the applicability of such provision to other Persons or circumstances shall not be affected thereby. Each provision of this Agreement or the Plan, except as otherwise set forth herein or therein provided, shall be valid and enforced to the fullest extent permitted by Applicable Law .

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

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

41. Waiver of Jury Trial. **EXCEPT AS PROHIBITED BY APPLICABLE LAW, THE PARTIES SHALL, AND THEY HEREBY DO, EXPRESSLY WAIVE TRIAL BY JURY IN ANY LITIGATION ARISING OUT OF, OR CONNECTED WITH, OR RELATING TO, THIS AGREEMENT, OR THE RELATIONSHIP CREATED HEREBY. WITH RESPECT TO ANY MATTER FOR WHICH A JURY TRIAL CANNOT BE WAIVED, THE PARTIES AGREE NOT TO ASSERT ANY SUCH CLAIM AS A COUNTERCLAIM IN, NOR MOVE TO CONSOLIDATE SUCH CLAIM WITH, ANY ACTION OR PROCEEDING IN WHICH A JURY TRIAL IS WAIVED.**

42. No Recordation. This Agreement shall not be recorded by the Purchaser without the Seller's prior written consent. Any purported recordation thereof by the Purchaser shall be void and constitute an Event of Default by the Purchaser hereunder.

43. Entire Agreement. This Agreement, together with the Plan, supersedes any and all understandings and agreements between the parties hereto and constitutes the entire agreement between them. The Purchaser acknowledges and agrees that the Plan may be amended by the Seller from time to time as provided in the Plan and that this Agreement may be amended by the Seller to conform to the provisions of any such amendment. by delivering to the Purchaser a notice thereof, subject however to any rights which the Purchaser may have to rescind this Agreement as provided in the Plan.

44. Certain References. A reference in this Agreement to any one gender, masculine, feminine or neuter, includes the other two, and the singular includes the plural, and vice versa, unless the context otherwise requires. The term **"herein"**, **"hereof"** or **"hereunder"**

or similar terms used in this Agreement refer to this entire Agreement and not to the particular provision in which the term is used unless the context otherwise requires. The term **"including"** shall be deemed to mean **"including without limitation"** whether or not so stated in the text.

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

46. Successors and Assigns. Without limiting the provisions of Paragraph 27, the provisions of this Agreement shall bind the Purchaser and its heirs, legal representatives, successors and assigns and inure to the benefit of the Purchaser's heirs, legal representatives and permitted assigns and shall bind and inure to the benefit of the Seller and its successors and assigns.

47. No Oral Changes. This Agreement cannot be changed or terminated orally. Any changes or additional provisions must be set forth in a rider attached hereto at the time of execution hereof, in a separate written agreement signed by the parties or in an amendment to the Plan as provided in Paragraph 1 herein.

48. Miscellaneous Closing Deliveries. In addition to the other deliveries the Purchaser is required to make hereunder, the Purchaser shall, at closing, duly execute (in triplicate) and/or deliver executed original copies of:

(a) the Deposit Authorization and Release of Escrow Agent substantially in the form set forth as Exhibit H to this Agreement.

(b) a letter prepared by the Seller authorizing the Condominium Board to execute, deliver, acknowledge, file and record any instrument affecting the Unit in connection with any petition seeking administrative and judicial review of an assessment made in accordance with Real Property Law Section 339-y(1) pursuant to Real Property Law Section 339-y(4); and

(c) such other instruments or documents as may be required pursuant to this Agreement or the Plan to the party requesting such instrument or document.

49. Prohibition Against Advertising. Prior to the Closing of title to its Unit, the Purchaser shall not advertise or otherwise offer, promote or publicize the availability of the Unit for sale.

50. Seller Not a Foreign Person. The Seller represents that it is not a foreign person as defined in Section 1445(F)(3) of the Internal Revenue Code of 1986 and the Seller agrees to deliver a certification to that effect at Closing.

51. Recitals, Exhibits and Schedules. The Recitals contained in this Agreement and each of the Exhibits and Schedules referred to herein and attached hereto are incorporated herein and made a part hereof by this reference.

52. Counterparts. This Agreement may be executed in one or more original counterparts, all of which shall constitute one and the same document.

53. Dates. Any date specified in this Agreement which falls on a Saturday, Sunday or legal holiday shall automatically be extended until the first regular business day after such date.

IN WITNESS WHEREOF, the parties hereto have made, and executed this Agreement the day and year first above written.

Seller: PENNYFIELD PROPERTIES LLC

By:_____
Name:
Title:

Purchaser(s): _____
Name:
Title:

_____
Name:
Title:

(PA)A-1

EXHIBIT A TO PURCHASE AGREEMENT

DESCRIPTION OF THE PROPERTY

(PA) B-1

EXHIBIT B TO PURCHASE AGREEMENT

PERMITTED ENCUMBRANCES

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

2. State of facts shown on survey by _____, dated _____.

3. As to the Unit, any state of facts which an accurate survey and inspection fought down to date would show.

4. Terms, burdens, provisions, covenants, restrictions, conditions and options contained in and rights and easements established by the Declaration of Condominium and By-Laws as they are subsequently filed or recorded and the Plan and Purchase Agreement and any amendments thereto, so long as Policy insures against loss or damage occasioned by the premises not being part of a condominium validly created pursuant to Article 9-B of the Real Property Law, as amended.

5. Power of Attorney as set forth in the Purchase Agreement from the Purchaser to the Members of the Board of Managers of the Condominium and their successors in office and to the Sponsor.

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

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

8. Any easement or right of use required by Sponsor or its designee to obtain a temporary, permanent or amended certificate of occupancy for the Building or any part of same.

9. Revocability of licenses for vault space, if any, under the sidewalks and streets and the lien of any unpaid vault tax.

10. Encroachments of trim, copings, retaining walls, bay windows, balconies, sidewalk elevators, fences, fire escapes, cornices, foundations, footings, chutes, fuel oil lines, drainage and standpipes, and similar projections; if any, on, over or under the Property or the streets, sidewalks or premises abutting the Property, and the rights of governmental authorities to require the removal of any such projections, and variations between record lines of the Property and retaining walls and the like, if any.

11. Leases and service, maintenance, employment, concessionaire and license agreements, if any, of other Units or portions of the Common Elements.

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

13. The lien of any unpaid assessment payable in installments (other than assessments levied by the Board), except that Sponsor shall pay all such assessments due prior to the closing date and Purchaser shall pay all assessments due from and after such date.

14. Franchise taxes and New York City Business Corporation taxes of any corporation in the chain of title, provided that the Title Company would be willing in a fee policy issued by it to Purchaser, to insure that such taxes will not be collected out of the Unit.

15. Standard printed exceptions contained in the form of fee title insurance policy then issued by the Title Company (or the title insurance company insuring Purchasers title to the Unit).

16. Any encumbrance as to which the Title Company (or the title insurance company that insures Purchasers title to the Unit) would be willing to insure, at its regular rates and without additional premium, in a fee policy issued by it to Purchaser, that such encumbrance will not be collected out of or enforced against the Unit if it is a lien, or that such encumbrance is not a blanket lien encumbering the Common Elements.

17. Any Certificate of Occupancy for the Building, so long as the same permits, or does not prohibit, use of the Unit for its stated purposes.

18. Any lease or other occupancy agreement for the Unit made by Sponsor and Purchaser.

19. Any violations against the Property (other than the Unit) that are the obligation of the Condominium Board or another Unit Owner to correct.

20. Variations between tax map and premises described in Schedule A.

21. Rights of tenants or occupants in possession under any Interim Lease [if any].

(PA) D-l

EXHIBIT D TO PURCHASE AGREEMENT

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: .
Bronx, New York ,
File Number: _____

Application is made to the Attorney General to consider and determine the disposition of downpayments held pursuant to GBL Sections 352-e(2-b) and 352h: 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 time share.
[ ] 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 the 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:

EXHIBIT E TO PURCHASE AGREEMENT

DESCRIPTION OF SPECIAL WORK

[TO BE ATTACHED]

EXHIBIT F TO PURCHASE AGREEMENT

FORM OF ARCHITECT'S CERTIFICATE

Date:_____

Purchaser's Name
Purchaser's Address

Re: Unit No.
Pennyfield Estates II Condominium
_____
_____

Gentlemen:

This is to confirm that all of Seller's Work (as such term is defined in the Purchase Agreement between you as purchaser and Pennyfield Properties LLC, as seller, dated as of_____, relating to the captioned Unit has been substantially competed, except for those matters, if any, listed on the attached schedule which are incomplete or require repair, adjustment or correction (collectively, the **"Punch List Items"**).

By signing this certification where indicated below, you confirm that you have found the Unit to be in good and satisfactory condition, free of any defects, except for those matters, if any, noted as Punch List Items. The undersigned Purchaser acknowledges and agrees that it is required to complete the payment of the Purchase Price for the Unit (without the provision for escrow) and accept title to the Unit on the Closing Date, notwithstanding the presence of any Punch List Items.

Very truly yours,

_____
[Seller's Architect]

By:_____

AGREED TO AND ACCEPTED:

_____
[Purchaser]
By: _____
Name:
Title:

EXHIBIT G TO PURCHASE AGREEMENT

LEAD-BASED PAINT DISCLOSURE

Disclosure of Information on Lead-Based Paint
and/or Lead-Based Paint Hazards
(Sales)

LEAD WARNING STATEMENT:

Every purchaser of any interest in residential real property on which a residential dwelling was built prior to 1978 is notified that such property may present exposure to lead from lead-based paint that may place young children at risk of developing lead poisoning. Lead poisoning in young children may produce permanent neurological damage, including learning disabilities, reduced intelligence quotient, behavioral problems, and impaired memory. Lead poisoning also poses a particular risk to pregnant women. The seller of any interest in residential real property is required to provide the buyer with any information on lead-based paint hazards from risk assessments or inspections in the seller's possession and notify the buyer of any known lead-based paint hazards. A risk assessment or inspection for possible lead-based paint hazards is recommended prior to purchase.

NOTE: The use of this form and the preparation of its contents may have significant legal consequences. Consult your attorney as to the proper use and preparation of this form. Retain this record and copies of all documents to which it refers for at least three) years.

Seller's Disclosure

(a) Presence of lead-based paint and/or lead-based paint (check (i). or (ii), below):

(i)_____ Known lead-based paint and/or lead-based paint hazards are present in the housing. (Explain below. If the space provided is not adequate, attach additional sheets).

_____

_____

(ii) _____ Seller has no knowledge of lead-based paint.

(b) Records and reports available to the seller (check (i) or (ii) below):

(i)_____ Seller has provided the purchaser with all available records and reports pertaining to lead-based paint and/or lead-based paint hazards in the housing (list documents below).

_____

_____

(ii) _____ Seller has no reports or records pertaining to lead-based paint and/or lead-based paint hazards in the housing.

Purchaser's Acknowledgment (initial the appropriate statement)

(c) _____ Seller has received copies of all information listed above.

(d) _____ Purchaser has received the pamphlet Protect Your Family from Lead in Your Home

(e) Purchaser has (check (i) or (ii) below):

(i) ____ received a 1O -day opportunity, (or mutually agreed upon period) to conduct a risk assessment or inspection for the presence of lead-based paint and/or lead-based paint hazards, or

(ii)____ waived the opportunity to conduct a &k assessment or inspection for the presence of lead-based paint and/or lead-based paint hazards.

Agent's Acknowledgment (initial)

(f) _____Agent has informed the Seller of the seller's obligations under 42 U.S.C 852d and is aware of his/her responsibility to ensure compliance.

CERTIFICATION OF ACCURACY
The following parties have reviewed the information above and certify, to the best of their knowledge, that the information they have provided is true and accurate.

_____ Seller	_____ (Print Name)	_____ Date
_____ Seller	_____ (Print Name)	_____ Date
_____ Purchaser	_____ (Print Name)	_____ Date
_____ Purchaser	_____ (Print Name)	_____ Date
_____ Agent	_____ (Print Name)	_____ Date
_____ Agent	_____ (Print Name)	_____ Date

EXHIBIT H TO PURCHASE AGREEMENT

DEPOSIT AUTHORIZATION AND RELEASE OF ESCROW AGENT

Date: _____

_____
_____
_____
Attn: _____

Re: Purchase of Condominium Unit ___ in Pennyfield Estates II Condominium
Premises: _____
_____

Gentleman and Ladies:

In connection with the closing of the sale of Unit ____ of Pennyfield Estates II Condominium to _____ ("Purchaser"), the undersigned hereby authorizes _____("__") to (i) release from the Escrow Account the principal amount of the Downpayment in the amount of $_____ to Sponsor or as directed by Sponsor, and (ii) release from the Escrow Account all interest earned on the Downpayment to Purchaser. Sponsor and Purchaser each acknowledge receipt of the foregoing sums.

This letter acknowledges and confirms that ___ has performed all of its duties as Escrow Agent under that certain Escrow Agreement between Sponsor and __, dated _____. With the exception of Escrow Agent's obligation to maintain records of the Escrow Account under the Plan, ___ is hereby released from any and all obligations, claims, causes of action and liability under the Purchase Agreement and Escrow Agreement.

All capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Condominium Offering Plan for Pennyfield Estates II Condominium, dated approximately _____, as same may be amended.

Very truly yours,

SELLER:

PENNYFIELD PROPERTIES LLC

By: _____
Name:
Title:

PURCHASER:

By: _____
Name:
Title:

DOCUMENT NO. 2

PURCHASER'S AFFIDAVIT OF INTENTION TO RESIDE

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

_____, being duly sworn, deposes and says:

1. I am the Purchaser named in a Purchase Agreement dated _____ with Pennyfield Properties LLC, the Seller, relative to the purchase of Unit ____ in the Premises known as 24 Pennyfield Avenue, Bronx, New York 10465 and known as part of Pennyfield Estates II Condominium.

2. I hereby attest to the fact that, upon closing of title of the aforesaid Unit, I fully intend to reside therein and otherwise occupy the Unit as my residence.

_____

Sworn to before me this
day of _____, 200_

_____

DOCUMENT NUMBER 3

TO

THE CONDOMINIUM BOARD OF
THE PENNYFIELD ESTATES II CONDOMINIUM
AND
PENNYFIELD PROPERTIES LLC ("SPONSOR")

UNIT OWNER'S POWER OF ATTORNEY

PENNYFIELD ESTATES II CONDOMINIUM
24 Pennyfield Avenue
Bronx, New York
UNIT#_____

County: Bronx
Section: _____
Block: _____
Lot: _____

Record and Return To:

JAMES A. CARTELLI, ESQ.
81 Main Street
White Plains, New York 10601

1

PENNYFIELD PROPERTIES LLC
UNIT OWNER'S POWER OF ATTORNEY

All terms used in this Unit Owner's Power of Attorney that are used (a) in the declaration (the "**Declaration**") establishing a plan for condominium ownership of the premises known as and by the street number 24 Pennyfield Avenue, Bronx, New York 10465 (the "**Property**") under Article 9-B of the Real Property Law of the State of New York, dated _____, 2004, and recorded in the Office of the Register of the City of New York, Bronx County, on _____, 2004, in Reel _____, Page _____, or (b) in the by-laws of the Condominium (the "**By-Laws**") attached to, and recorded together with, the Declaration, shall have the same meanings in this Power of Attorney as in the Declaration or the By-Laws.

The undersigned _____, (having an office) (residing)* at _____, the owner of the Condominium Unit (the "**Undersigned's Unit**") known as Unit No. ___ in the Pennyfield Estates II Condominium (the "**Condominium**"), known by the street address as 24 Pennyfield Avenue, Bronx, New York 10465 and consisting of the real property and improvements thereon as more particularly described on Schedule A annexed hereto and made a part hereof, such Unit being also designated as Tax Lot ___ in Block ____ of the Borough of Bronx on the Tax Map of the Real Property Assessment Department of the City of New York and on the Floor Plans, (does) (do)* hereby irrevocably nominate, constitute and appoint the persons who may from time to time constitute the Condominium Board, true and lawful attorneys-in-fact for the undersigned, coupled with an interest, with power of substitution, in their own names, as members of the Condominium Board or in the name of their designee (corporate or otherwise), on behalf of all Unit Owners, in accordance with the Unit Owners' respective Common Interests, subject to the provisions of the By-Laws then in effect (1)(a) to lease any Unit, together with its Appurtenant Interests, from any Unit Owner so desiring to sell, convey, transfer, assign or lease, (b) to acquire the Unit, together with its Appurtenant Interests, of any Unit Owner who elects to surrender such Unit pursuant to the terms of [Section 7 of Article V] of the By-Laws, and (c) to acquire any Unit, together with its Appurtenant Interests, that becomes the subject of a foreclosure or other similar sale, on such terms and, with respect to any transfer pursuant to the terms of subdivision l(a) or l(c) of this paragraph at such price or at such rental, as the case may be, as such attorneys-in-fact deem proper, and thereafter to convey, sell, lease, mortgage or otherwise deal with (but not vote the interest appurtenant to) any such Unit so acquired by them, on such terms as such attorneys-in-fact may determine, granting to such attorneys-in-fact the power to do all things in such premises which the undersigned could do if the undersigned were personally present, and (2) to execute, acknowledge and deliver (a) any declaration or other instrument affecting the Condominium that the Condominium Board deems necessary or appropriate to comply with any law, ordinance,

---

* Delete inapplicable parenthetical(s)

regulation, zoning resolution or requirement of the Department of Buildings, the City Planning Commission, the Board of Standards and Appeals, or any other public authority, applicable, to the maintenance, demolition, construction, alteration, repair or restoration of the Condominium or any part thereof or (b) any consent, covenant, restriction, easement or declaration, or any amendment thereto, affecting the Condominium or the Common Elements or any part thereof, that the Condominium Board deems necessary or appropriate.

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 PENNYFIELD PROPERTIES LLC, (the "**Sponsor**"), as attorney-in-fact for the undersigned, coupled with an interest, with power of substitution, to amend from time to time the Declaration, By-Laws and the Rules and Regulations of the Condominium, or any of such documents, when such amendment (i) shall be required to reflect any changes in Units and/or the reapportionment of the Common Interests of the affected Units resulting therefrom made by Sponsor or its designee in accordance with [Article IX] of the Declaration or (ii) will be required by (A) an Institutional Lender designated by Sponsor to make a mortgage loan secured by a mortgage on any Unit, (B) any governmental agency having regulatory jurisdiction over the Condominium, or (C) any title insurance company selected by Sponsor to insure title to any Unit; provided, however, that any amendment made pursuant to the terms of subdivisions (i) or (ii) of this paragraph will not (x) change the Common Interest of the Undersigned's Unit, (y) require a material, physical modification to the Undersigned's Unit, or (z) adversely affect the priority or validity of the lien of any purchase money mortgage or any mortgage held by an Institutional Lender covering the Undersigned's Unit unless the undersigned (in the event described in subdivisions (x) or (y) of this paragraph) or the holder of such mortgage (in the event described in (z) of this paragraph) shall consent thereto by joining in the execution of such amendment. The terms, covenants and conditions contained in, and the powers granted pursuant to, this paragraph will remain in full force and effect until such time as Sponsor or its designee will cease to own any of the Units in the Condominium.

IN WITNESS WHEREOF, the undersigned (has) (have)* executed this Unit Owner's Power of Attorney as of the _____ day _____, 2004.

_____

By:_____

Name:

Title:

---

* Delete inapplicable parenthetical(s).

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

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 whose name is subscribed to in the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument

_____
Signature and Office of individual taking acknowledgment

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

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 whose name is subscribed to in the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument

_____
Signature and Office of individual taking acknowledgment

DOCUMENT NUMBER 4

PENNYFIELD PROPERTIES LLC,
Grantor

TO

_____, Grantee

CONDOMINIUM UNIT DEED

PENNYFIELD ESTATES II CONDOMINIUM

24 Pennyfield Avenue
Bronx, New York 10465
UNIT# ___

County: Bronx
Section: ___
Block: ___
Lot:____

Record and Return To:

JAMES A. CARTELLI, ESQ.
81 Main Street
White Plains, New York 10601

CONDOMINIUM UNIT DEED

THIS INDENTURE, made the day of _____, by and between PENNYFIELD PROPERTIES LLC, a New York limited liability company, having an office _____ _____ (hereinafter referred to as the "Grantor") and _____ (having an office)(residing)* at _____ (hereinafter referred to as the "Grantee"").

W I T N E S S E T H:

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

The Condominium Unit in the building (hereinafter referred to as the "Building") known as the Pennyfield Estates II Condominium and by the street number _____, said Unit being designated and described as Unit No. _____ (hereinafter referred to as the "Unit") in that certain Declaration dated _____, 2004 made by Pennyfield Properties LLC, pursuant to Article 9-B of the Real Property Law of the State of New York (hereinafter referred to as the "Condominium Act") establishing a plan for condominium ownership of the Building and the land (hereinafter referred to as the "Land") upon which the Building is situate (which Land is more particularly described in Exhibit A annexed hereto and by this reference made a part hereof), which Declaration was recorded in the Bronx County Office of the Register of The City of New York on _____, 2004, in Reel _____ page _____ (which declaration, and any amendments thereto are hereinafter collectively referred to as the "Declaration").

This Unit is also designated as Tax Lot _____ in Block ____ Section ____ of the Borough of Bronx on the Tax Map of the Real Property Assessment Department of The City of New York and on the Floor Plans of the Building, certified by _____, on _____, 2004 and filed with the Real Property Assessment Department of The City of New York on _____,2004, as Condominium Plan No.___ and also filed in the City Register's Office on _____, 2004, as Condominium Map No._____.

Together With an undivided _____ percent (_____%) interest in the Common Elements (as such term is defined in the Declaration);

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

---

* Delete whichever is inapplicable.

Together with the exclusive right to the use of any terrace or balcony to which the Unit has sole access;

Together with, and subject to, the rights, obligations, easements, restrictions and other provisions of the Declaration and the By-Laws (including the Rules and Regulations) of Pennyfield Estates II Condominium, as each of the same may be amended from time to time in a document duly recorded in the Bronx County Office of the Register of the City of New York (said By-Laws and any amendments thereto are hereinafter collectively referred to as the "By-Laws"), all of which shall constitute covenants running with the Land and shall bind any person having at any time any interest or estate in the Unit, as though recited and stipulated at length herein and subject also to any other matters of record as of the date hereof;

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

If any provision of the Declaration or the By-Laws is invalid under, or would cause the Declaration or the By-Laws to be insufficient to submit the Property to the provisions of the Condominium Act, or if any provision that is necessary to cause the Declaration and the By- Laws to be sufficient to submit the Property to the provisions of the Condominium Act is missing from the Declaration or the By-Laws, or if the Declaration and the By-Laws are insufficient to submit the Property to the provisions of the Condominium Act, the applicable provisions of Article ___ of the Declaration shall control.

Except as otherwise specifically permitted by the Condominium Board (as such term is defined in the Declaration) or provided in the Declaration or in the By-Laws, the Unit is intended for all legal uses permitted subject to applicable governmental regulations and restrictions contained in the Declaration and the Property's certificate of occupancy.

The Grantor covenants that the Grantor has not done or suffered anything whereby the Unit has been encumbered in any way whatever, except as set forth in the Declaration and the By-Laws (and any Rules and Regulations adopted under the By-Laws). This covenant is for the personal benefit of Grantee only and cannot be assigned to, or exercised by, or inure to the benefit of anyone else, including (without limitation) any insurer of Grantee's title or any successor to Grantee's interest.

The Grantor, in compliance with section 13 of the Lien Law of the State of New York, covenants that the Grantor will receive the consideration for this conveyance and will hold the right to receive such consideration as a trust fund for the purpose of paying the cost of the improvements at the Property and will apply the same first to the payment of the cost of such improvements before using any part of the same for any other purposes.

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

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

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

IN WITNESS WHEREOF, the Grantor has duly executed this indenture as of the day and year first above written.

PENNYFIELD PROPERTIES LLC, GRANTOR

By: _____
Member

GRANTEE:

_____

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

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 whose name is subscribed to in the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument

_____
Signature and Office of individual taking acknowledgment

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

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 whose name is subscribed to in the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument

_____
Signature and Office of individual taking acknowledgment

DOCUMENT NUMBER 5

FORM OF ASSIGNEE AFFIDAVIT

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

_____ being duly sworn deposes and says:

1. I am the assignee under an assignment made the _____ day of _____, 2004 of that certain Purchase Agreement dated _____ made by Pennyfield Properties LLC, as Seller and _____ as Purchaser for Unit _____ (the "Unit") at 24 Pennyfield Avenue, Bronx, New York 10465.

2. Neither I, nor my purchase was procured by Pennyfield Properties LLC, as Seller (the "Sponsor"), Oxy Realty Corp. (the "Selling Agent") or by any of the principals of either the Sponsor or the Selling Agent.

3. I intend that I or _____, who is a member of my immediate family, will personally occupy the Unit.

_____
(Signature of Assignee)

_____
(Print Name)

Sworn to before me this
____ day of _____, 2004

_____
Notary Public

DOCUMENT NO. 6

Pennyfield Estates II, Inc Condominium Narrative

A description of Property and Building Condition of the Pennyfield Estates II, Inc. Residential condominium.

Section 23.7

(a.) The property is located on the north side of Pennyfield Avenue, Bronx NY. It is bounded on the east side by single-family residences. It is bounded on the west side by a development of 3-family attached houses. The rear yard (north elevation) is on a small inlet to Eastchester Bay. The front yard is on Pennyfield Avenue. This complete and *occupied property* complies with all use and zoning requirements of the City of New York in conjunction with the NYC Department of Buildings. The building complies with New York City Local Law 58 (Handicapped Access Law).

(1) Address: 24 Pennyfield Avenue, Bronx, New York 10465.

(2) Block and Lot Number: Block 5529 Lot 409

(3) Zoning: District R-4

(4) Permissible Use: Multi-family residential, *use and occupancy conforms with the current Certificate of Occupancy*

(b.) This 15 unit building was constructed calendar years 2001/2002, with certificates of occupancies issued on October 28th, 2002. The buildings are classified as type 11-B.
(1) *The Permanent* Certificate of Occupancy number is 200451849(f) for this 15 dwelling unit (classification J-2) was issued on the above date.
(2) The Housing Merchant Implied Warranty time, fifteen months, has expired for this building. Therefore, purchaser has no implied warranty form sponsor.

(c.)
(1) The site is completely constructed and occupies a total of 29,507 square feet, with a total (over 3 floors) of 15,568.5 occupied.

(2) Number of Buildings: 1, 15 dwelling unit, residential 3-story building occupies the space.

(3) Streets and Driveways:

There are no streets owned or maintained by the project.

There is a simple curb cut onto the property off of the city owned Pennyfield Avenue.

(4) Drives, Sidewalks and ramps: The majority of the site is covered with walks and parking lot area. Description of materials as follows

(i.) Paving: Bituminous Concrete Paving. Walks are cast in place concrete.

(ii.) Curbing: Concrete curbs at all walk areas. Curbs constructed to accommodate pitch and flow.
(iii.) Catch Basins and Drainage: Four twelve foot diameter retention tanks which are gravity fed from gutters/leaders and the apron drain is located below the parking lot.
(iv.) Street Lighting: None
(v.) Lighting for parking: Globe lights are situated on the property line masonry piers, as well as wall mounted lights around the structure to provide ample lighting.
(vi.) All items are in accordance with the New York City Building Code.

(d.) Utilities: Water will be supplied by the New York City Water Department and will be individually metered at each unit. Con Edison of New York will provide gas and electric service and each unit shall be individually metered. Telephone service shall be provided by Verizon Inc. Cable television shall be supplied by Cablevision of New York. The Sanitary Sewer System is gravity fed to the NYC municipal system.

(e.) Sub-soil Conditions:
The site consists mainly of Rock and Rubble fill laid on Manhattan Schist ledge rock. The depth of this material is approximately 25 vertical feet.
(1) There is no uneven foundation movement or settling as the structures are built on forty ton bearing piles driven to refusal into rock.
(2.) There is no evidence of ground water and seepage at Grade elevation as the site is built well above water tables.
(3.) The premises are located within the Flood Hazard area. The cellar is located below the level of the base plane elevation. No portion of the cellar is used for living purposes. Some water seepage has been noticed in the laundry room, coming up between the tile joints on the floor.

(f.) Landscaping and enclosures:

(1) Grass: None
(2) Plantings: None
(3) Trees: (none)
(4) Fencing: Typical property line fence is wrought steel. Fences are located on the West side and are integral with a handicap ramp, and also along the street elevation in conjunction with masonry low walls and piers.
(5) Gates: At the main entrance there is a wood J-gate for both entry and exit off the street onto the parking lot area. This gate is activated by a card system as well as through the telephone system.
(6) Low Masonry walls occur along the street elevation, with wrought steel fencing above it.

(g.) Building Size

1. The total height of each structure from grade level to the highest part of the ridge is approximately 34'-0"
2. Crawl spaces NA
3. Cellars: There is one cellar, which is under a portion of the first floor.
4. There exists the cellar plus 3 floors.
5. The mechanical equipment room, meter room, electric closet, and laundry room are located in the cellar
6. Parapets NA

(g.) Structural Systems

** General Note ** The structural integrity of the building is sound, with wear that is consistent with a structure of this age. All visible structural elements are in a serviceable condition.

1. Exterior of buildings

Note Overall condition of the exterior wall system is good and well maintained. Wear and condition is consistent with similar applications of the materials used.

(i) Walls: The foundation system for the structures is comprised of steel pipe piles, which are capped with concrete pile caps. Poured in place concrete Grade beams are used to span from cap to cap, to support a combination of poured in place concrete and concrete block bearing walls.

The exterior wall assembly is comprised of 8" CMU, with an E.I.F.S. finishing system on the exterior face, 3-1/2" furring w/ R-11 insulation and 5/8" Gypsum board. The interior bearing walls are CMU, which are

furred with 3-1/2" stud, and finished with 5/8" Gypsum wallboard. The interior non-bearing partitions are comprised of metal studs w/ 5/8" gypsum wallboard. All corridor walls and stair shafts are of split face concrete CMU

(ii) Windows: Super-seal vinyl double hung with insulated double pane glass and screens.
Note Windows are in good serviceable condition.

2. Parapets and copings: NA

2. Chimneys and caps: The structure has a masonry flue with a terracotta flue lining which through metal boiler breeching exhausts flue gases generated from the domestic hot water heaters and boilers out of the mechanical equipment room, rising through the roof. The chimney is finished in the same material (E.I.F.S) as the structure.

Note Chimney and flue is in a serviceable condition with wear that is consistent with similar structures of this age.

4. Balconies
Note Balcony top surfaces require annual re-coating with a waterproofing agent.

(i) Are constructed of Reinforced concrete slabs
(ii) Balustrade are painted steel
(iii) Railings are painted steel
(iv) Copings NA
(v) Sofits are Vinyl covered
(vi) Doors to balconies are Steel doors in steel frames, with single glass lights.

5. Exterior entrances
(i) The main entrance door is of the curtain wall type (Aluminum and glass) with self closing hinges, keyed lock, with electronic intercom and door latch
(ii) There is one handicap ramp made of concrete leading from the parking lot up to the entry level. There is also one concrete stair with steel railing from the parking lot level to the entry level.
(iii) Any and all railings and rails are of painted wrought steel
(iv) Mail boxes: US Post Office standard grouped at common locations by refuse storage area.

6. Service Entrance: NA

7. Roof and Roof Structure:
   (i) Type of roof:

   Note Roof is in a well maintained condition with no chronic problems. Condition and wear is consistent with similar applications of this roofing product. It should be expected that additional 15 year of service life could be expected if properly maintained.

   a. Material 30 Year class A asphalt and fiberglass shingle, 15Lb felt over 5/8" fire rated sheeting.
   b. INSULATION: R-30
   c. Surface finish: light sand Fiberglass shingle
   d. Expected useful life: 30 years
   e. Guarantee: Material for 30 years
   f. Flashing Materials: Aluminum Sheet
   g. Roof access is by means of a BILCO roof Hatch located in the Rear (North) stairwell, top floor.

   (ii) Drains:

   a. Number: NA
   b. Material and type: NA
   c. Gutters and Leaders: to be 4" Seamless aluminum with 4" Leaders. 6 leaders are situated at all outside corners of façade

   (iii) Skylights: all stairwells to have ventilated skylights w/ wire glass and wire screens. Top units to have fixed 30"x30" skylights as manufactured by Anderson
   (iv) Bulkheads: NA
   (v) Metal work @ roof level: NA
   (vi) Rooftop Facilities: NA

8. Fire Escapes: NA

9. Yard and courts:
    a. Front yard is comprised totally of an open air parking lot, with asphalt paving, concrete car bumpers, concrete sidewalks and a concrete handicap ramp with steel railings. The front yard is demised on the lot line by a low masonry wall with a wrought iron fence atop it.
    b. Side yards are all asphalt paved and are accessible through the parking lot.
    c. Rear yard is partially paved with asphalt and partially a natural sand beach. The beach is accessible by means of a wooden stair from the paved area down to the beach elevation.

10. Interior stairs:
    (i) Number of stairs: There are two (2) U shaped stairs with an intermediate landing between stories located within the building. There is also a stair to the cellar, which is accessed off the first floor hall way/lobby.
    (ii) Enclosure: Split face CMU
    (iii) Stair Construction: Steel
    (iv) Stringers: Steel
    (v) Treads: Concrete in steel pans cover with preformed vinyl.
    (vi) Risers: Steel
    (vii) Guardrails: Steel
    (viii) Balustrade: Steel
    (ix) Landings: Covered w/ Vinyl Composite Tile

11. Interior doors and frames:
    (i) Unit entrance doors are steel w/ steel frames.
    (ii) Interior doors and frames: hollow core Masonite doors in wood frames. No fire rating required.
    (iii) Corridor Doors: NA
    (iv) Stair hall doors: Steel doors in steel frames
    (v) Roof Doors: NA
12. Elevators: NA
13. Elevator Cabs: NA

(j) Auxiliary Facilities:
1. Laundry Rooms: **Note** condition of equipment is good/ well maintained, with an expected service life of an additional 5 years.
    (i) There is a laundry room located in the cellar of the building.
    (ii) Clothes washer : 3 Maytag Commercial coin opperated washing machines, Model# MAH20PDAWW
    (iii) Clothes Dryer : 2 stack units (4 dryers) made by Maytag, coin opperated Model# MLG15PDAWW

(iv) The room is naturally vented by means of a window
(v) The dryers are vented thru light gage steel stove pipe to the exterior.

2. Refuse disposal:
   i. Incinerators: NA
   ii. Compactors: NA
   iii. Approvals: NA
   iv. Dwelling occupants to transport refuse to a central storage enclosure, located at the property line at the front (south) side of the building. Rubbish to be placed within the garbage receptacles (Dumpsters).
   v. Pick-up: scheduled twice weekly

(j) Plumbing and Drainage:

Note All plumbing and drainage components are in a good serviceable condition. There are no chronic problems.

1. Water supply: Water will be provided to the site by New York City Water Department (municipal)
   (i) distributed thru copper pipes to each dwelling unit
   (ii) Each unit will have a 50 gal AO Smith gas Fired Hot water Heater for domestic Hot water. Current Hot Water Heaters are in a good serviceable condition with an additional 7 years of useful life expected under normal usage. All Hot Water Heaters are located in the Cellar boiler room, Naturally vented thru Steel boiler breaching.

2. Fire protection:
   (i) Standpipes: NA
   (ii) Hose Racks: NA
   (iii) Sprinkler Heads: Located in all rooms of every apartment as well as all hallways and stairwells. All piping is black iron. Sponsor will obtain an updated inspection and permit, if required by law or ordinance, before selling the units.
   (iv) Siamese Connection: Located on the street façade of structure
3. Water storage tanks: NA
4. Water pressure: NYC maintained

(i) Distributed thru copper pipes to each dwelling unit.

5. Sanitary sewage system:
   (i.) Piping: the gravity collector system will consist of steel piping
   (ii.) Pumps: NA
   (iii.) Disposal: Connection to NYC municipal sewer system
6. Permits requires: Project complete see C.O. number and date above.

7. Storm Drainage system:
   (i) Catch basins: There are 4, 12 ' Diameter. Under-ground retention tanks located under the parking lot to store and dissipate storm drain(1 trench drain located at driveway apron) and roof leader drain water.
   (ii) There are no roof drains, just 6 leader pipes attached to Steel piping which gravity feeds into retention tanks.
   (iii) Piping: Steel
   (iv) Ejector or sump pump: NA

k. Heating:
Note There are no chronic adequacy problems with the hydronic heating systems. The heating systems are in a well maintained condition which is consistent with similar equipment in similar applications. The useful life of the boilers would be expected to be 15 additional years with proper maintenance under normal operating conditions.

1. Heating (space heating and domestic water heating):
   Each unit shall have a 50-gallon, natural gas fired water heater (American Water Heater Company model G61-50T40-3NV) 15 total for apartments plus 1 for laundry room (Model G62-75T75-4NV).
2. Number of Boilers: 15 boilers by Smith Cast Iron Boiler Model # GB100-W-4cond with an input of 75,000 BTU output of 63,000 BTU. Boilers were installed in new condition in Summer 2002
3. Heating is baseboard type hydronic system, individually controlled by thermostats in the dwelling unit.
4. Controls: Each unit shall have a wall mounted heat thermostat as manufactured by White Rogers or equal.
5. All piping is copper, Baseboard is slant-fin type.
6. Fuel: Natural gas to be supplied by Consolidated Edison of New York
7. Boilers are of the residential type, i.e. each unit has it's own exclusive boiler, inspections are not required for residential boilers of such nature.

L. Gas Supply

Natural gas is to be supplied to each unit from the street main through individual gas meters. Piping is black iron, which is welded and or threaded to meet the specific building code. Gas main is provided by Consolidated Edison Company

M. Air Conditioning
Note There are no chronic complaints on the adequacy of the A/C units. A/C units are in a used condition. The expected useful life of these units would be approximately 4 additional seasons.

1. Each dwelling unit will have Fedders sleeve mounted Cooling units (model ALAL0wzb-c 10000BTU), one in each room

N. Ventilation: each kitchen shall have a range exhaust hood that is ducted to the outside. Each bathroom shall have a vent-light ducted to the outside with 4" round stove-pipe.

O. Electrical System: Series of pad mount transformers located by Consolidated Edison.

1. Primary service (400 Amps 240 Volt AC 3 phase) is provided by Consolidated Edison via existing electrical poles (carried by risers) leading thru underground conduits that feed into the electric closet located in the cellar of the structure.
2. Service to individual units shall be fed from the main 400 Amp service through meter pans located in the same electric closet into 60 Amp sub-panels for each dwelling unit.
3. NA
4. Unit service: Main circuit breakers will be 60 amp (120/208 volts). Units contain a possible 24 circuits of which 16 are active.
5. Adequacy **Note** There are no chronic adequacy problems with the electrical system. Condition is good, serviceable, which is consistent with similar systems of this age.
   (i) Each unit will have a average of 16 circuits (8 -15 amp, 8 - 20 amp) with a capacity of 60 amps
   (ii) Lighting: Light fixtures will be supplied in the following areas: All kitchens, halls, dining areas, garages, utility rooms, storage rooms, mechanical rooms, walk in closets, bedrooms, and bathrooms
   (iii) Convenience and Appliance Outlets: All convenience outlets are duplex receptacles per NYC building Code. (Typical 4 per room)
6. Door signal System will be integral with the main intercom system, with sub stations at each unit

p. Television reception facilities will be provided by cable vision via underground conduit and cable (which feed each 3 story structure)
q. Public area lighting: Entrance foyer, stairwells will be equipped with surface mounted lighting fixtures, 100 watts max
r. Garages and parking areas:
    1. Garages: NA
    2. Parking is located in the open air lot on the south side of the property . There are 18 parking spaces, 15 assigned spots plus 3 unassigned, one of which is reserved for handicap parking. The handicap spot is part of the common area and not assigned to an individual unit. The spaces will be assigned as the units are sold on a first come first serve basis. The first person to purchase a unit will be assigned a parking spot first, the second person second and so on.
    3. The lot is Asphalt paved with concrete car bumpers and lighting limited to street lights (NYC PROVIDED) and surface mounted fixtures on the building structure, globe lights on the lot line piers.
    4. Parking is not attended
    5. Garage ventilation: NA
    6. Garage Fire Protection: NA
    7. Drainage: Limited to apron drain at curb cut from parking area to street.

s. Swimming pool: NA
t. Tennis Court: NA
u. Permits and Certificates: There are no open building permits. The certificate of occupancy for the building number is N.B. 200451859(f)
v. Violations: None
w. Unit Information:
    Note interior finishes are in good used condition. All finishes are maintained as needed.

    See list attached for room number
        (i) All rooms have painted walls and ceilings
        (ii) All bathrooms have tile floors and tile wainscot
        (iii) All kitchens have tile floors and painted backsplash
        (iv) All floors (except kitchens/bath) are carpeted
        (v) All apartments to have
            a. Frigidare dish washer FDB-641RJS0
            b. Frigidare stove FGF326WGSG
            c. Frigidare refrigerator FRT18DRW1
            d. Broan oven hood/light combination
x. Finish Schedule other spaces.
    Note all common area finishes are in a good used condition, with normal wear which is consistent with similar products under similar uses and

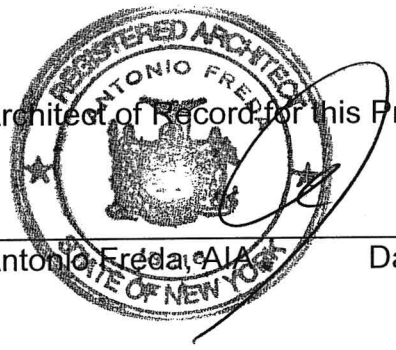
durations. Laundry room floor shows signs of water seepage between grout joints.

(i) All corridors are carpeted
(ii) All wall are split face CMU
(iii) Ceilings are painted sheet rock
(iv) Laundry room floor is tile
(v) Laundry room Ceiling is exposed concrete
(vi) Laundry room walls are concrete / CMU
(vii) Mechanical space: Exposed CMU / concrete

z. Safety devices
Note all safety devices are checked and serviced regularly. They are in a good serviceable condition.

(i) All apartments have a hard wired smoke detector system
(ii) All rooms (corridors and stairwells as well) have a fire suppression system comprised of black iron piping (Sprinklers) per the applicable code

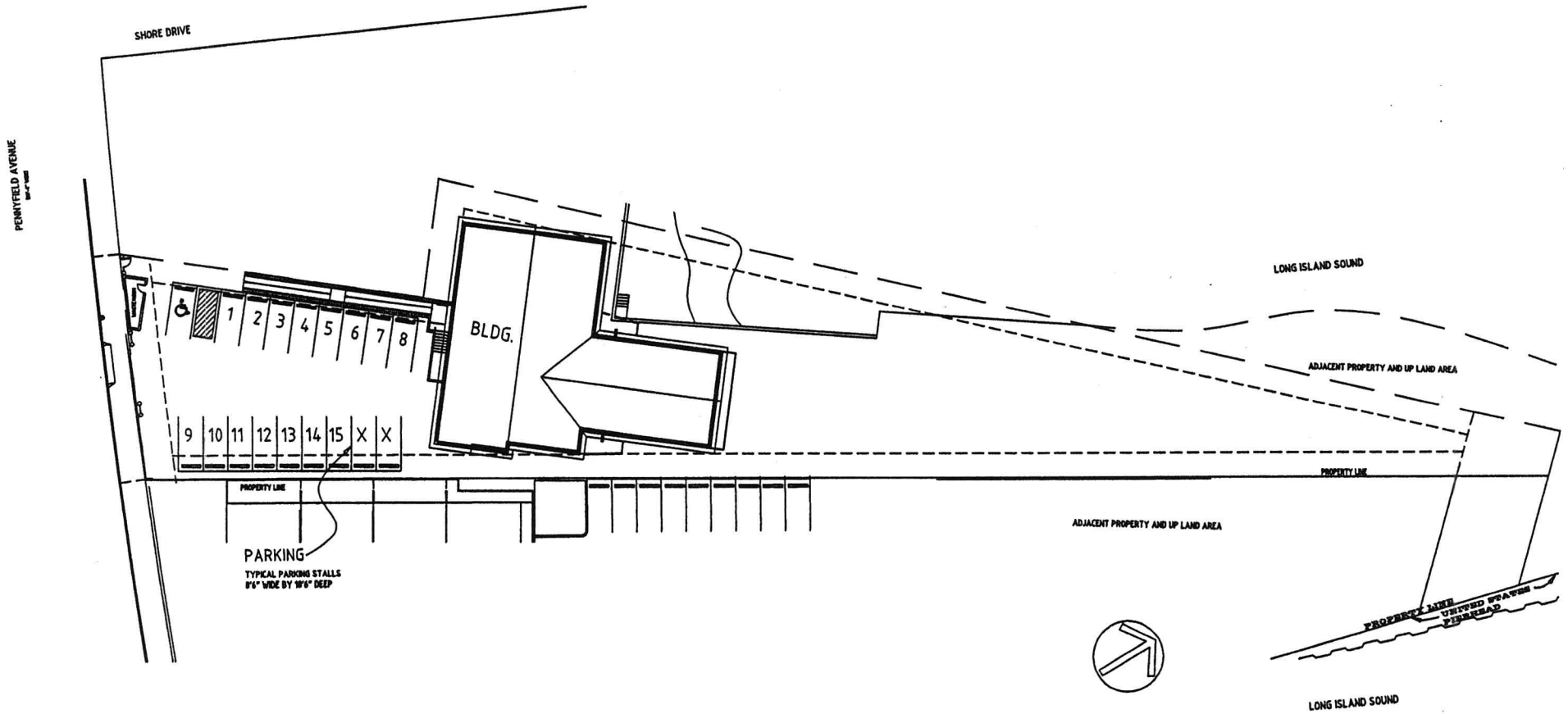
Ab. No further development is planned
Ac. There is no asbestos present in the structure

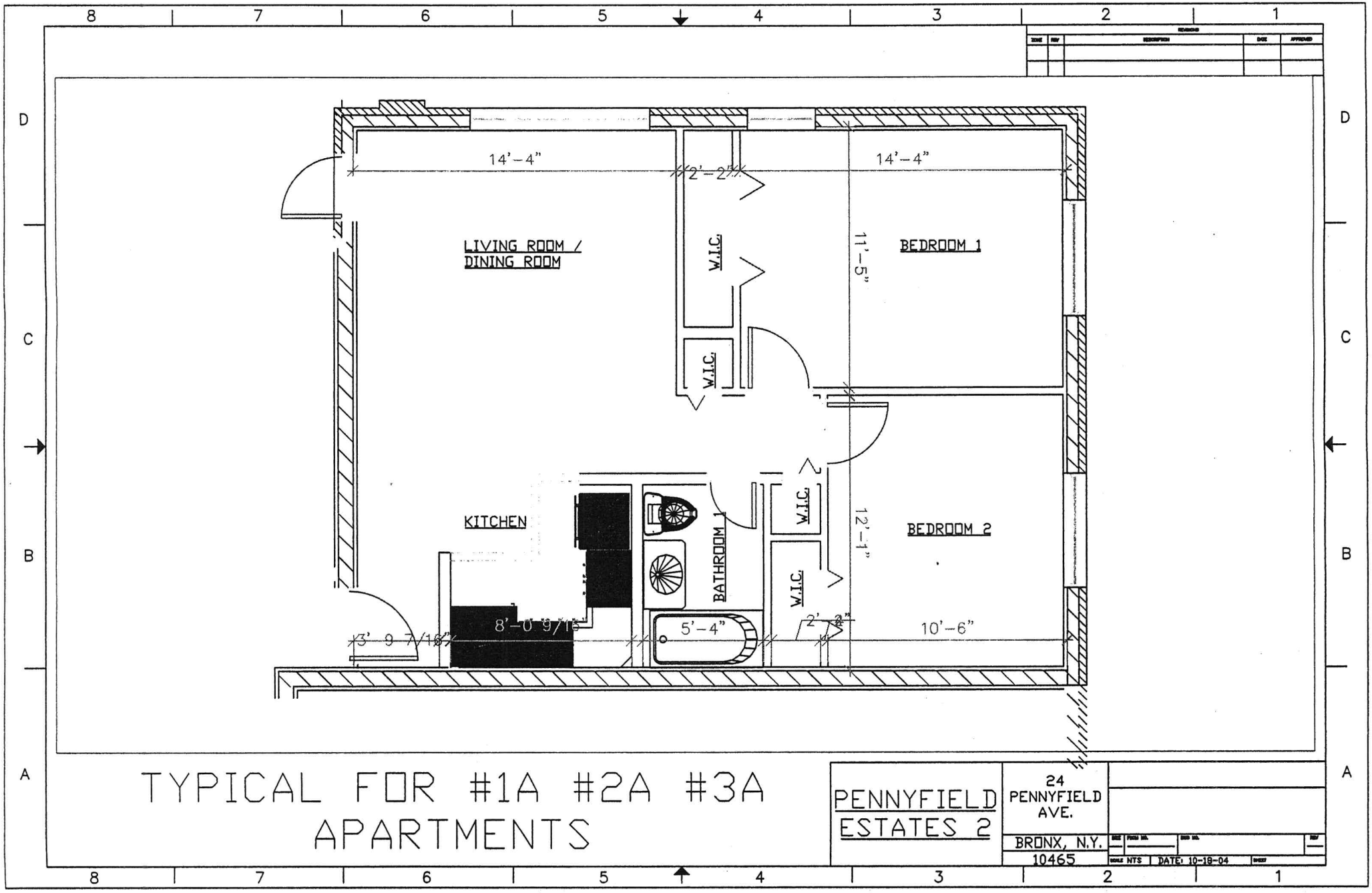


Architect of Record for this Project.

Antonio Freda, AIA Date: 2/11/06

PENNYFIELD 2 PARKING SCHEMATICS



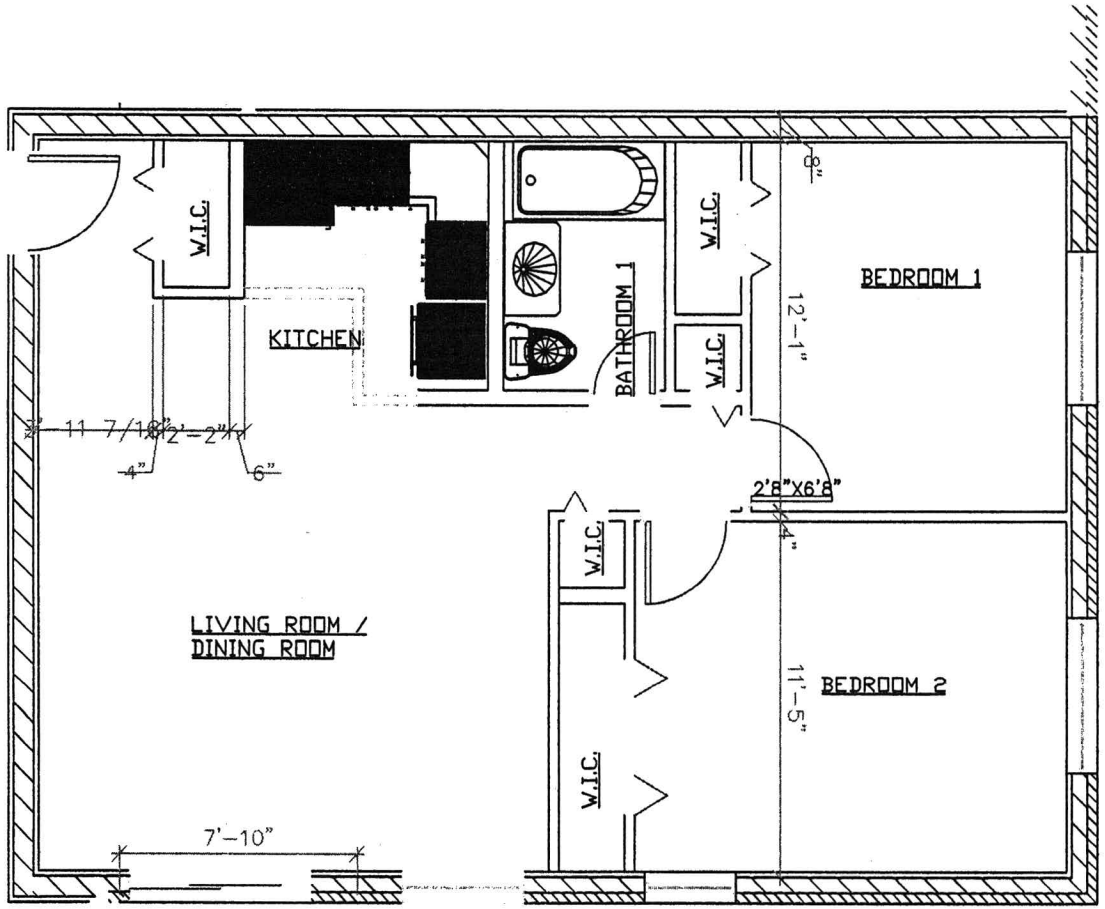


TYPICAL FOR #1A #2A #3A APARTMENTS

PENNYFIELD ESTATES 2

24 PENNYFIELD AVE.
BRONX, N.Y.
10465

SCALE NTS | DATE: 10-18-04

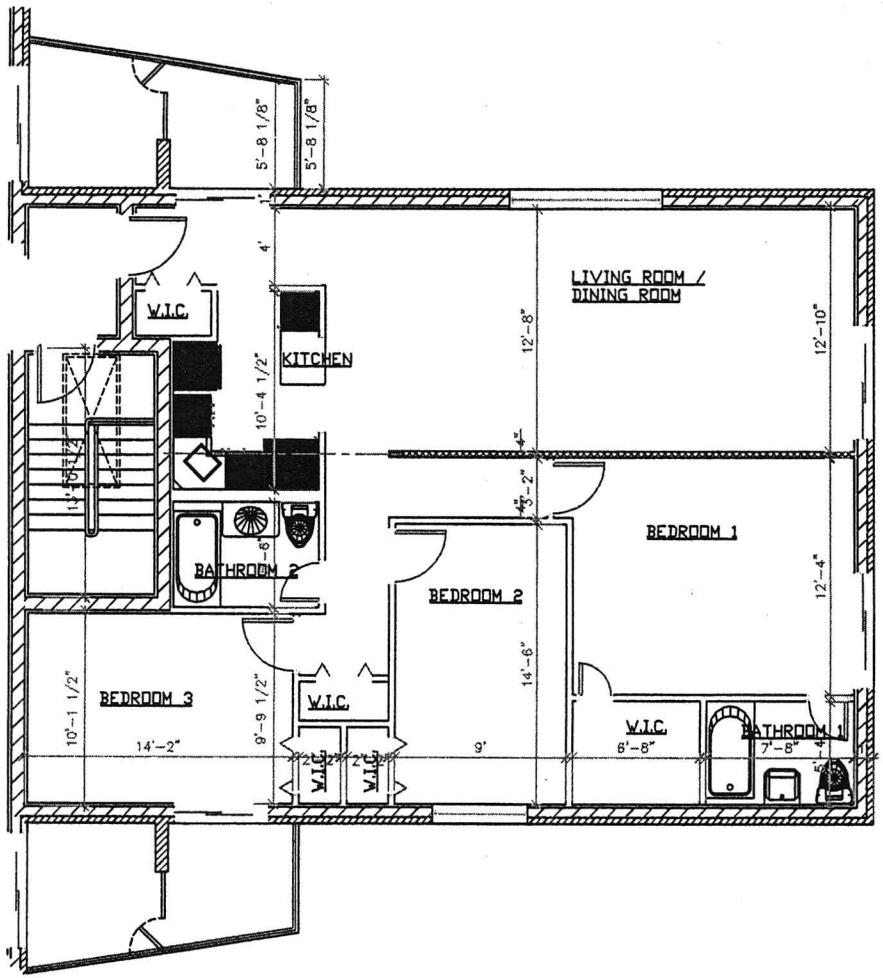


TYPICAL FOR #1B #2B #3B APARTMENTS

PENNYFIELD ESTATES 2

24 PENNYFIELD AVE.
BRONX, N.Y.
10465

SCALE NTS | DATE: 10-18-04

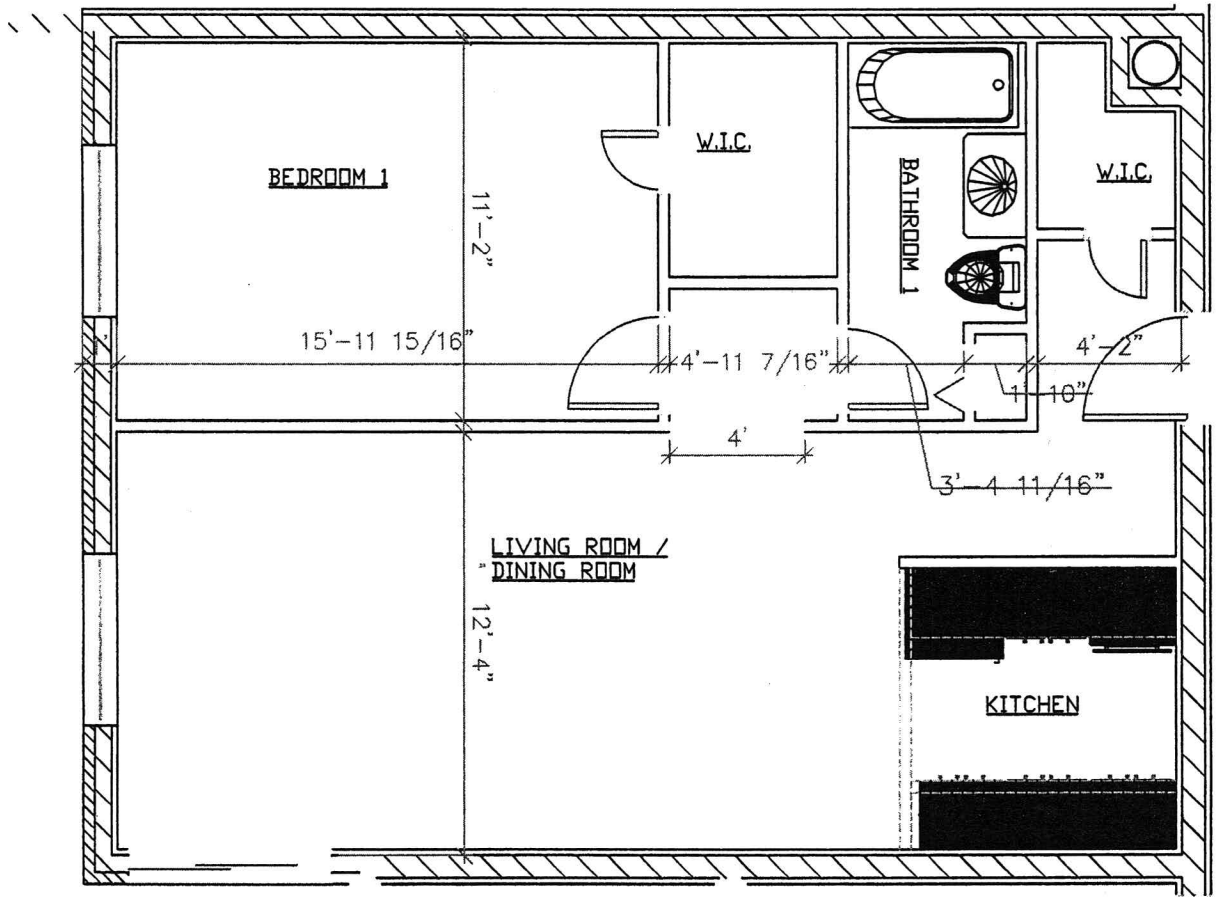


TYPICAL FOR #1C #2C #3C APARTMENTS

PENNYFIELD ESTATES 2

24 PENNYFIELD AVE.
BRONX, N.Y.
10465

SCALE NTS | DATE: 10-18-04

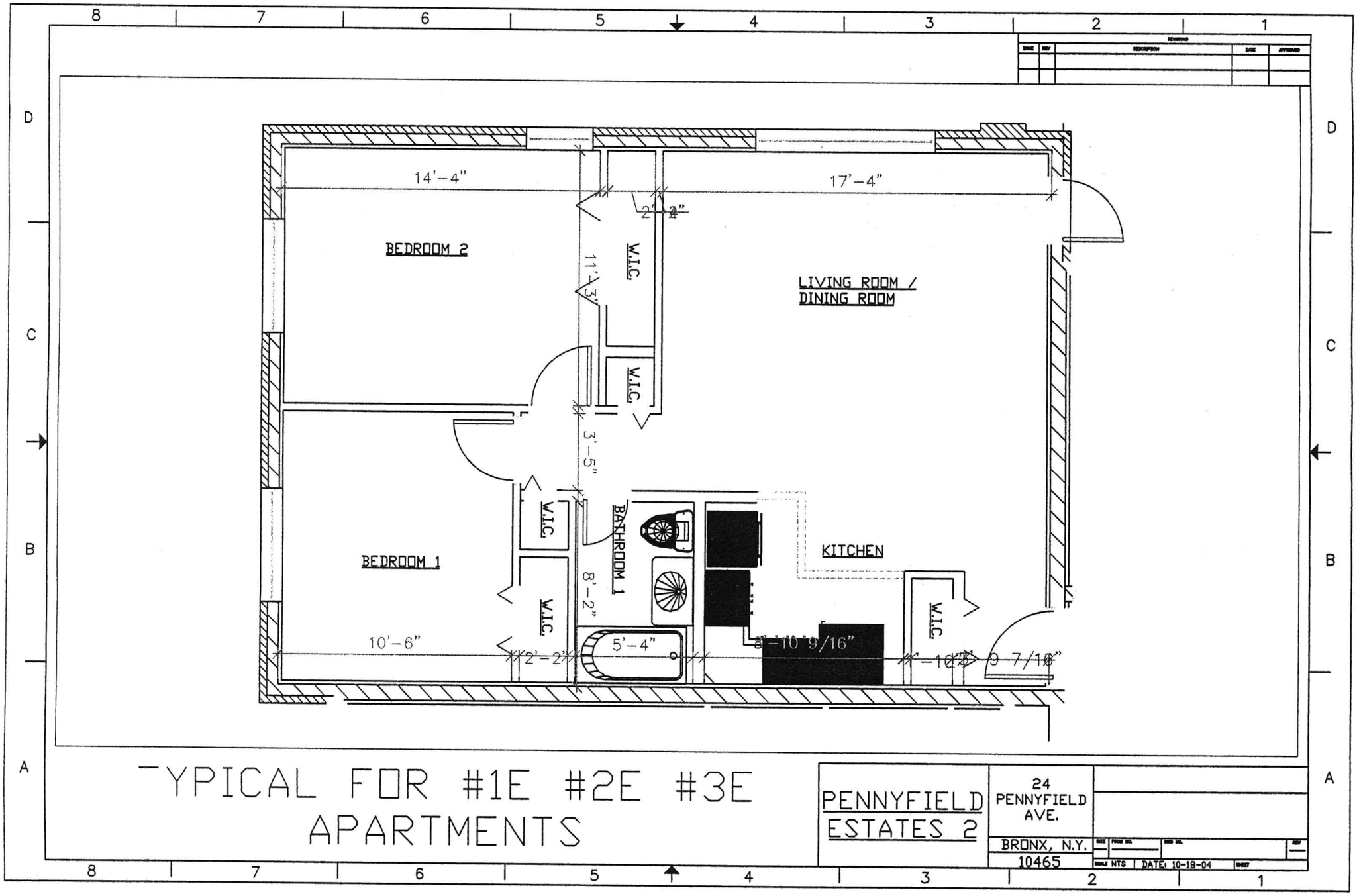


TYPICAL FOR #1D #2D #3D APARTMENTS

PENNYFIELD ESTATES 2

24 PENNYFIELD AVE.
BRONX, N.Y.
10465

SCALE NTS | DATE: 10-18-0-



TYPICAL FOR #1E #2E #3E APARTMENTS

PENNYFIELD ESTATES 2

24 PENNYFIELD AVE.
BRONX, N.Y.
10465

SCALE NTS | DATE: 10-18-04

DOCUMENT NO. 7

DECLARATION OF PENNYFIELD ESTATES II CONDOMINIUM
(Pursuant to Article 9-B of the Real Property Law of the State of New York)

DECLARATION, made as of this___ day of _____ , 200__ by PENNYFIELD PROPERTIES LLC, a New York limited liability company, with an address 1512 Stillwell Avenue, Bronx, New York 10461, (the "Declarant").

RECITALS:

WHEREAS, the Declarant is the owner in fee simple of the Land and Building described in Articles 4 and 5 and Schedule A below;

WHEREAS, the Declarant intends to submit the Property to the provisions of Article 9- B of the Real Property Law of the State of New York (as same may be amended from time to time, the "Condominium Act"); and

WHEREAS, the Declarant desires that the rights, privileges and obligations of the Declarant, the other Unit Owners, the Condominium Board, mortgagees and others who may be interested in the Property be explicitly set forth;

NOW THEREFORE, THE DECLARANT, pursuant to the provisions of the Condominium Act, **DOES HEREBY DECLARE AND STATE** on behalf of all persons having or seeking to acquire an interest of any nature whatsoever in the Property, their heirs, devisees, administrators, legal representatives, executors, successors and assigns, that the Property shall be held, conveyed, hypothecated, encumbered, leased, rented, used, occupied and improved subject to the covenants, conditions, restrictions, uses, limitations and obligations set forth in this Declaration and the By-Laws annexed hereto as Schedule D , all of which constitute a plan for the improvement of the Property and a system of condominium ownership, which system shall be deemed to be a set of covenants running with the Land.

ARTICLE 1
Submission of the Property

The Declarant hereby submits the Property to the provisions of the Condominium Act and pursuant thereto, does hereby establish a regime for the condominium ownership of the Property as more particularly set forth herein and in the By-Laws.

ARTICLE 2
Effective Date; Definitions

A. Effective Date. This Declaration shall be effective upon recording in the

Register's Office. From and after such effective date, the Property shall be and shall continue to be subject to the terms and provisions of the Condominium Documents and the Condominium Act.

B. Definitions. The meanings of capitalized terms used in this Declaration and the By-Laws annexed hereto as Schedule D that are not otherwise defined in the body of the text are set forth in Schedule C annexed hereto and made a part hereof. Each of such capitalized terms shall be applicable to singular and to plural nouns, as well as to verbs of any tense.

ARTICLE 3
Name of Condominium

The Condominium will be known as the **PENNYFIELD ESTATES II CONDOMINIUM.**

ARTICLE 4
The Land

The Land, which is located in the County of Bronx, City and State of New York and is more particularly described in Exhibit A annexed hereto, is owned by Pennyfield Properties LLC in fee simple absolute. The Land has an area of approximately ___ acres. The Land consists of Block _____ and was formerly known as Lot ____.

ARTICLE 5
The Buildings

The Buildings consist of 1 three-story structure containing 15 Residential Units.

ARTICLE 6
The Units

A. Exhibit B annexed hereto and made a part hereof sets forth the following data with respect to each Unit necessary for the proper identification thereof: unit designation; tax lot number; approximate area; location; the portion of the Common Elements, including Limited Common Elements, to which the Unit has immediate access and the percentage of interest in the Common Elements. The location of each Unit is more clearly designated on the Floor Plans and reference should be made thereto for the statement of the location of each Unit.

B. Each Unit consists of the area measured: (1) horizontally by (a) the interior face of the masonry constituting the exterior walls of the Building bounding the Unit,(b) the centerline of dry wall partitions separating one Unit from another Unit or the Common Elements or (c) the Unit side of a structural interior wall. The area measured vertically is measured from the top of the unexposed surface of the lowest layer of sub-flooring over the Building's joists to the exposed side of the Unit's sheetrock ceiling. Any Common Elements located within any Unit shall not be considered a part of that

Unit. References to the interior face or the exterior face are from the perspective of a Person standing within the Unit.

C. Each Unit includes: (1) the front entrance door and any other entrance doors to such Unit; (2) the interior walls, partitions, sheetrock walls, floor coverings and plastered ceilings affixed, attached or appurtenant to such unit; (3) all equipment, appliances and fixtures (including, without limitation, heating equipment which exclusively serves a Unit, any AC Equipment which exclusively, serves a Unit, plumbing facilities, sinks, bathtubs, water closets, refrigerators, ovens, ranges, dishwashers, washers and dryers) affixed, attached or appurtenant to such Unit; (4) all skylights and windows (including without limitation the panes, casements and frames) located within, or opening from such Unit; and (5) all other Facilities affixed, attached or appurtenant to such Unit and benefiting only that Unit. Any Common Element located within a Unit shall not be considered a part of such Unit.

D. Each of the Units is subject to the encroachments and easements described in this Declaration to the extent and on the terms and conditions provided for herein.

E. Notwithstanding anything contained in this Article 6 to the contrary, each Unit Owner shall have the right, exercisable at any time, and from time to time, to install, at such Unit Owner's sole cost and expense, such decorations and fixtures and coverings (including without limitation, painting, finishing, wall papering, 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 of such Unit or of the Building.

ARTICLE 7
The Common Elements

A. General. The Common Elements are comprised of (1) the General Common Elements which are described in Section B of this Article7 and (2) the Limited Common Elements, which are described in Section C of this Article 7 .

B. General Common Elements. The General Common Elements consist of the Land and those rooms, areas, corridors, courtyards and other parts of the Property (other than the Units), as well as those Facilities therein, either currently or hereafter existing for the common use of the Units or the Unit Owners or necessary for, or convenient to, the existence, maintenance, management, operation or safety of the Property. Without intention to limit the generality of the foregoing in any respect, the General Common Elements include:

(i) The Land together with all easements, rights and privileges Appurtenant thereto;

(ii) The foundations, footings, columns, beams, supports, girders,

joists, exterior walls of the Building beyond the Unit side of the masonry structural walls, interior load- bearing walls, partitions, floors, roofs and ceilings in, on, or under the Building and windows (including panes, easements and frames), to the extent that the same are not expressly in included as a part of a Unit or are a Limited Common Element;

(iii) All hallways, corridors, lobbies, vestibules, cellars, stairs, stairways, bulkheads, fire escapes, fire egress corridors, mechanical and electrical equipment spaces and shafts, yards, storage spaces not allocated to Units and entrances to, and exits from the Building, to the extent same are not expressly included as part of a Unit or a Limited Common Element;

(iv) All central and appurtenant installations and Facilities for services such as power, light, telephone, gas, sewer, plumbing, drainage, sprinkler system, standpipes and standpipe risers, fire pump, constant pressure booster, hot and cold water distribution, heat, ventilation, air-conditioning, elevator, including its door, shaft, pit and machine room, and other mechanical and electrical systems to the extent that the same are not expressly included as a part of a Unit or a Limited Common Element;

(v) All other parts of the Property including all Building Systems, boiler room, domestic water booster and pump system, electric, gas and water meter rooms, laundry room, cellar, sump pumps, and all apparatus and installations now existing or hereafter constructed in the Building or on the Property, for the common use of the Units or the Unit Owners or necessary for, or convenient to, the existence, maintenance or safety of the Property to the extent same are not expressly included as part of a Unit or a Limited Common Element;

(vi) Roof membrane assembly and ballast, flashing, fasteners and reglets;

(vii) Roof drains, pipes, bells and spigots, gutters, scuppers and leaders;

(viii) Metal doors and frames to the roof from stairs and bulkheads to the extent same are not expressly included as part of a Unit or a Limited Common Element;

(ix) The Land, together with all easements, rights and privileges appurtenant thereto;

(x) all foundations, columns; beams, supports, girders, joists, exterior walls, interior walls, partitions, windows (including panes, casements and frames), floors, roofs and ceilings in, on or under the Building, to the extent not expressly included as part of a Unit pursuant to the terms of Article 6 hereof or as part of a Limited Common Element pursuant to the terms of Section C of this Article 7 ;

(xi) all hallways, corridors, lobbies, vestibules, cellars and subcellars (except the extent that Units are located on such levels), yards, storage spaces, common laundry spaces, stairs, stairways, mechanical and electrical equipment spaces, vault

spaces, spaces devoted to the lodging or use of the superintendent, if any, or other Persons employed in connection with the operation of the Property and entrances to, and exits from, the Building and to the lobby of the Building;

(xii) the following utility and service systems and appurtenant installations now or hereafter installed by or on behalf of the Condominium Board which service the Building and are not expressly included as part of a Unit pursuant to the terms of Article 6 hereof, including without limitation: the elevator, elevator doors, elevator shaft, elevator pit and, elevator machine room serving such elevator; the electrical system; the water supply system; the water return (sewer) system; the gas supply system; the HVAC system; any exhaust systems; the fire or life safety system; any master television or cable system; the intercom and any other mechanical, plumbing or electrical systems (collectively, the **"Building Systems"**) and the Facilities for all such Building Systems; and

(xiii) all other apparatus and installations now existing or hereafter constructed in the Building or on the Property, either for the common use of the Units or the Unit Owners or necessary for, or convenient to, the existence, maintenance or safety of the Property.

C. The Limited Common Elements. The Limited Common Elements consists of all portions of the Land and the Building (other than the Units) that are for the use of one or more specified Units to the exclusion of all other Units. The Limited Common Elements include:

(i) The garbage storage room in the Building's cellar;

(ii) Gas meter and service and distribution piping for cooking gas;

(iii) The intercom system;

(iv) The front door entry into the lobby of the Building, including the doors and windows thereof;

(v) Telephone and television service cable entering the Building;

(vi) The lobby of the Building;

(vii) Kitchen and toilet exhaust risers and ducts, kitchen and toilet water vents, gas risers and shafts serving Units;

(viii) The terraces and decks designated for the exclusive use and enjoyment of the Unit Owners;

D. Common Elements To Remain Undivided. The Common Elements shall

remain undivided, and no Unit Owner or any other Person shall bring or shall have the right to bring, any action for partition or division thereof, except as is expressly permitted pursuant to the terms of Article 16 hereof and Section 5.5 of the By-Laws.

E. Conflicts. In the event of any conflict between the descriptions set forth in this Article or Article 6 and the Floor Plans, the descriptions in this Declaration shall control.

ARTICLE 8
Determination of Common Interest

The Common Interest of each Unit in the Common Elements is set forth in Schedule B and has been determined by the Declarant in accordance with Section 339-(i)(I)(iv) of the Condominium Act based upon floor space, subject to the location of such space and the additional factors of relative value of such space 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 Unit. All calculation of floor areas used in the allocation of the Common Interests of the Units are approximations within a tolerance of about five percent (5%). Any reapportionment of the Common Interests appurtenant to the Units permitted under Article 13 or elsewhere in this Declaration shall be computed in accordance with Section 339-(i)(1) (iv) of the Condominium Act.

ARTICLE 9
Use of Building and Units

A. Use of the Units.

1. Subject to Section C below and certain conditions and exceptions contained in the By-Laws, each Unit may lawfully be used for residential purposes only. Only one family may occupy a Unit at one time. Subject to the foregoing, any Unit may be used for any home occupation use or for any other lawful purposes, subject, however, to (a) the terms and conditions of the then existing certificate of occupancy; (b) Applicable Law; (c) the use of such Unit not adversely affecting the use and enjoyment of neighboring or adjacent Units for residential purposes, and (d) the prior written permission of the Condominium Board, which permission of the Condominium Board shall only be given upon an affirmative finding that the conditions in (a) through (c) above have been met.

2. (a) A Unit owned or leased by an individual, corporation, partnership, limited liability company, fiduciary, or any other Person may be occupied only by said individual, or by an officer, director, stockholder, or employee of such corporation, or by a company or an officer, director, stockholder, partner or employee or individual member of any corporate, partnership or limited liability company member of such limited liability company, or by said fiduciary (including directors, officers, stockholders, or employees of corporate fiduciaries and partners or employees of

partnership fiduciaries and members or employees of limited liability company fiduciaries), or by the beneficiary of said fiduciary, or by a principal or employee of such other Person, respectively, or by Family Members or guests of any of the foregoing (however, nothing contained in this sentence shall be deemed to prohibit the exclusive occupancy of any Unit by such Family Members or guests). Notwithstanding the foregoing, the Condominium Board may, in its sole discretion, permit Persons other than those set forth above to occupy a Unit. In no event, however, shall a portion of a Unit (as opposed to the entire Unit) be sold, conveyed, leased or subleased, and no transient occupant (other than a guest permitted under this paragraph 2) may be accommodated therein.

(b) Within thirty (30) days after a Person, other than a natural person, becomes the Unit Owner of a Unit, such non-individual Unit Owner shall notify the Managing Agent, in writing, of the name of the officer, director, stockholder, partner or individual designated by such Unit Owner to occupy its Unit. The non-individual Unit Owner may change such designee from time to time by similar written notice to the Managing Agent.

(i) The restrictions on the use of the Units contained in this Sections do not apply to Unsold Units at such time as any as Sponsor amends the Plan to any to permit the leasing of such Units. In that case, such Units may be leased to any Persons (whether individuals, corporations, partnerships, fiduciaries, sovereign government, consulates or other entities) and, in the case of Unsold Units, occupied by any Person authorized by such lessee and approved by the Unit Owner of such Unsold Residential Units, who is not required to comply with the designation notice requirement set forth in the preceding paragraph.

B. Intentionally Omitted.

C. Additional Restrictions on Use of Units.

Notwithstanding the foregoing:

1. No Unit Owner: (a) shall use, permit or allow its Unit to be used (i) other than as provided in the Condominium Documents and in accordance with Applicable Law; (ii) in a manner which would create a nuisance or be a source of annoyance or in any way interfere with the peaceful possession, enjoyment and proper use of the other Units or the Common Elements by the other Unit Owners or (b) sell or lease its Unit except in accordance with the provisions of the Condominium Documents. No Unit Owner, other than Declarant shall be permitted to apply for a zoning variance or other exemption from applicable zoning laws without the prior written consent of the Condominium Board.

2. Intentionally Omitted.

D. Declarant's Rights.

Notwithstanding the foregoing or anything to the contrary contained herein, in the By-Laws or the Rules and Regulations, the Declarant may, without the permission of the Condominium Board: (a) grant permission for the use of any of its Units as a professional or business office, provided such use is permitted by Applicable Law; (b) use any of its Units as models and sales and/or promotional or management offices in connection with the sale or rental of its Units or for any other purpose, subject only to compliance with Applicable Law, and such Units shall remain Units within the meaning of this Declaration, the By-Laws and the Condominium Act, and shall not comprise a part of the General Common Elements; and (c) if the Plan shall so permit, lease any of its Units to third parties for their occupancy.

F. Power of Attorney to Declarant. The signatures of the other Unit Owners and/or Condominium Board shall not be required on any application or other document necessary or convenient to the exercise by the Declarant of its rights under this Article 9, including but not limited to the right (and the obligation to do so when required by Applicable Law) of the Declarant from time to time to reflect any additional use restrictions imposed by the Declarant on its Units in a duly recorded amendment to the Declaration or the By-Laws, any application or document required by the Department of Buildings, the Real Property Assessment Bureau of the City of New York or any other Governmental Authority in connection with an amendment to the certificate of occupancy of the Building by reason thereof. Nonetheless, the Unit Owners and the Condominium Board shall execute any such applications or other documents and they hereby grant to the Declarant an irrevocable power of attorney coupled with an interest and granted for valuable consideration to execute any such applications or other documents on their behalf, and any such execution, delivery and/or recording shall not require the consent of the Condominium Board or the other Unit Owners.

F. Rights of Condominium Board. Notwithstanding anything to the contrary contained in this Article, at such time as the Declarant no longer owns any Units, the Condominium Board may, in its sole discretion, consent to the use of a Unit as and for any purpose other than that set forth in Sections A and B of this Article; provided that the nature and manner of such use complies with Applicable Law. Any such consent shall be in writing and shall be personal to such Unit Owner. Any Tenant of, or successor in title to, such Unit Owner shall be required to obtain the prior written consent of the Declarant or the Condominium Board (as the case may be) before using such Unit for any purpose other than that set forth in Sections A and B of this Article.

ARTICLE 10
Easements for the Enjoyment of Common Elements

A. Subject to the terms of the By-Laws and the Rules and Regulations, the Declarant, the Unit Owners, all other permitted Tenants of the Building, the Managing Agent, the Condominium Board and all directors, officers, shareholders, partners,

members, employees, agents, guests, beneficiaries, invitees and licensees of the foregoing, shall have, in common with all the others, an easement for ingress and egress through, as well as for the use and enjoyment of, all the General Common Elements, and the General Common Elements shall be subject to such easement. Notwithstanding the foregoing, however, no Person shall use or enjoy the General Common Elements except in accordance with the reasonable purposes for which they are intended and without encroaching upon the rights of other Persons to do so.

B. Intentionally Omitted.

C. Notwithstanding anything to the contrary contained in Section A hereof, the Declarant, its successors, assignees, invitees, licensees, contractors, employees, agents, Tenants and the Selling Agent shall have easements in, over, under, through and upon the General Common Elements, as designated by the Declarant in its sole discretion, for sales, rental or display purposes, including, without limitation, the right to place "for sale", "for rent", and other signs and promotional material, of such size and content as the Declarant shall determine, in on, about and adjacent to the Building (including on the exterior walls thereof) and the Property.

D. Intentionally Omitted.

E. The Condominium Board shall have an easement for itself and for third parties employed by public utilities, contractors or service providers through the cellar area of the Commercial Unit, from the stairway to the mechanical and meter rooms located in such cellar that are Common Elements of the Condominium. Except in an emergency, access to the area of such easement will be provided only on weekdays between the hours of 8:00 a.m. and 6:00 p.m.

ARTICLE 11
Other Easements

A. Subject to the terms of the By-Laws and to the Rules and Regulations, each Unit Owner shall have, in common with all other Unit Owners, an easement to use any of the Common Elements, and all pipes, wires, ducts, cables, conduits, public utility lines, Building Systems and all other utility distribution systems, whether or not Common Elements, located in, over, under, through adjacent to or upon any other Unit or the Common Elements to the extent that such Common Element and utility distribution system serves or is necessary to the service of his Unit, and each Unit and all the Common Elements shall be subject to such easement. In addition, the Condominium Board shall have an easement and right of access, for purposes of inspection, to each Unit and to the Common Elements, to remove violations therefrom and to operate, maintain and perform Work in and to any of the Common Elements located in, over, under, through, or adjacent to or upon such Unit and each Unit and the Common Elements shall be subject to such easement and right of access. The easements and the rights of access granted in this Section A shall be exercised in such a manner as shall not unreasonably

interfere with the normal use of the Units for their permitted purposes. Such entry shall be permitted on not less than one day's notice (which need not be in writing), except that no such notice shall be necessary in the event of repairs or replacements immediately necessary or required for the preservation or safety of the Building, for the safety of the occupants of the Building or other persons, or to avoid the suspension of any necessary service in the Building.

B. The Declarant reserves for itself for so long as it owns any Unit(s), and grants to the Condominium Board, on behalf of all Unit Owners, the right to grant such additional electric, gas, steam, cable, telephone, water, storm drainage, sewer, and other utility easements in, or to relocate any existing utility easements to, any portion of the Property as the Declarant, or the Condominium Board, as the case may be, shall deem necessary or desirable for the proper operation and maintenance of the Building or any portion thereof or for the general health or welfare of the Unit Owners; provided, however, that the grant of such additional utility easements, or the relocation of existing utility easements, shall not unreasonably interfere with the use of the Units for their permitted purposes. Any utility company, as well as its officers, employees and agents, shall have a right of access to each Unit and to the Common Elements in furtherance of such easement. However, such right of access shall be exercised in such a manner as shall not unreasonably interfere with the use of the Units for their permitted purposes.

C. Each Unit and the Common Elements shall have easements of subjacency, support and necessity and shall be subject to such easements in favor of all other Units and the Common Elements.

D. In addition to the specific easements set forth in this Article 11 hereof, the Property and every portion thereof shall be subject to all easements and rights of access prescribed in the Condominium Act.

ARTICLE 12
Encroachments

If (A) any portion of the Common Elements now encroaches upon any Unit or upon any other portion of the Common Elements; (B) any Unit now encroaches upon any other Unit or upon any portion of the Common Elements; or (C) any such encroachment shall hereafter occur as a result of (1) the settling or shifting of the Building, (2) any Work performed in or to the Common Elements in accordance with the terms of this Declaration and the By-Laws by the Declarant or by or with the consent of the Condominium Board or (3) any Restorations made to the Building or any portion thereof to any Unit, or to the Common Elements in accordance with the terms of this Declaration and the By- Laws after damage resulting from a Casualty Loss or a Taking; then, in any such event, a valid easement shall exist for such encroachment and for its maintenance for so long as the Building or the affected Unit or Common Elements shall stand.

ARTICLE 13
Changes to Units

A. For any Unit owned by the Declarant, except to the extent prohibited by Applicable Law, the Declarant shall have the right, without the consent or approval of the Condominium Board, the other Unit Owners, the Managing Agent, the Permitted Mortgagees or the Mortgage Representatives, if any, to:

1. perform Work, whether structural or non-structural, interior or exterior, ordinary or extraordinary, in, to, and upon the Unit;

2. change the layout of or number of rooms many Unit;

3. change the size and/or number of Units by (a) subdividing one or more Units into two or more separate Units, (b) combining two or more separate Units (including, without limitation, those resulting from such subdivision or otherwise) into one or more Units, (c) altering the boundary walls of any Units (including, without limitation, incorporating into a Unit a wall, space, hallway or other area forming a part of the Common Elements which services or benefits only such Unit and does not affect access to any other Unit) or (d) otherwise;

4. if appropriate, reapportion among such Units affected by such change in size or number, subdivision, combination or alteration pursuant to the preceding clause (3) their respective Common Interests in accordance with Article 8 hereof; and

5. if appropriate or required by Applicable Law, amend the Declaration and Floor Plans to reflect the changes made to such affected Units and the reapportionment of the Common Interest for each, all in accordance with the Condominium Act.

provided, however, that, with respect to any alteration, addition, improvement or change in a Unit:

(a) no physical modification shall be made to any other Unit not owned by the Declarant, and the Common Interest or interior dimensions of any such other Unit shall not be changed by reason thereof, unless the Unit Owner of such affected Unit consents thereto;

(b) the Declarant shall comply with Applicable Law;

(b) the Declarant agrees to hold the Condominium Board and all other Unit Owners harmless from any Claims arising therefrom; and

(d) such alteration, addition, improvement or change shall not jeopardize the soundness or structural integrity of any part of the Building or the safety of any tenant or other persons at the Property.

The signatures of the other Unit Owners and/or Condominium Board shall not be required on any application or other document necessary or convenient to the exercise by the Declarant of its rights under this Article 13, including but not limited to the right (and the obligation to do so when required by Applicable Law) of the Declarant from time to time to reflect any changes to its Units in a duly recorded amendment to the Declaration and the Floor Plans, any application or document required by the Department of Buildings, the Real Property Assessment Bureau of the City of New York ,or any other Governmental Authority in connection with an amendment to the certificate of occupancy of the Building by reason thereof. Nonetheless, the Unit Owners and the Condominium Board shall execute any such applications or other documents and they hereby grant to the Declarant an irrevocable power of attorney coupled with an interest and granted for valuable consideration to execute any such applications or other documents on their behalf and any such execution, delivery and/or recording shall not require the consent of the Condominium Board or the other Unit Owners.

B. Intentionally Omitted.

C. Notwithstanding anything contained in Sections A or B above, the Aggregate amounts of the Common Interests of all the Units shall always remain at one hundred percent (100%), and no reapportionment of the Common Interest appurtenant to any of the Declarant's Units shall be made unless there is first delivered to the Condominium Board a written certification stating that the new Common Interest of the affected Unit or Units has been based upon the factors set forth in Article 8 hereof. The certification referred to in the preceding sentence shall be delivered (1) by the Unit Owner or any other Person reasonably acceptable to the Condominium Board, or (2) with respect to any of the Declarant's Units, at Declarant's election, by the Declarant, the Selling Agent, the Managing Agent or any other Person reasonably acceptable to the Condominium Board.

D. In the event any Unit is subdivided into two or more Units in accordance with the foregoing provisions of this Article, all newly established Units, as well as the Unit Owners and Tenants thereof, shall be subject to and bound by, and shall comply with, the provisions of this Declaration and the By-Laws, as they may be amended from time to time.

E. Notwithstanding anything to the contrary in Article 19, the provisions of this Article 13 shall control where inconsistent with provisions of Article 19. The provisions of this Article 13 may not be added to, amended, modified or deleted without the prior written consent of the Declarant with respect to the Declarant's Units.

ARTICLE 14
Acquisition of Units by the Condominium Board

If (A) any Unit Owner surrenders his Unit, together with its Appurtenant Interest, to the Condominium Board pursuant to the terms of the By-Laws or of Section 339-x of the Condominium Act or (B) the Condominium Board, pursuant to the terms of the By-Laws or otherwise, either (1) acquires or leases a Unit, together with its Appurtenant Interest or (2) purchases a Unit, together with its Appurtenant Interest, at a foreclosure or other similar sale, then, in any event, title or the leasehold estate, as the case may be, in and to such Unit and such Appurtenant Interest shall be held by the Condominium Board or its designee, corporate or otherwise, on behalf of all Unit Owners, in proportion to their respective Common Interests. Any Lease of any Unit leased or subleased by the Condominium Board or its designee shall be held by the Condominium Board or such designee, corporate or otherwise, on behalf of all Unit Owners, in proportion to their respective Common Interests.

ARTICLE 15
Power of Attorney to the Declarant and the Condominium Board

A. Each Unit Owner, by acceptance of a Unit Deed of otherwise succeeding to title to a Unit, shall be deemed to have irrevocably nominated, constituted and appointed as such Unit Owner's attorney-in-fact, coupled with an interest and with power of substitution:

1. The Declarant, to amend the Condominium Documents pursuant to The terms of Articles 13 and 19 hereof; and

2. The Persons who shall from time to time constitute the Condominium Board, jointly to:

(a) acquire or lease any Unit, together with its Appurtenant Interest, (i) whose Unit Owner desires to sell, convey, transfer, assign, lease or surrender such Unit, or (ii) that becomes the subject of a foreclosure or other similar sale in the name of Condominium Board or its designee, corporate or otherwise, on behalf of all Unit Owners;

(b) convey, sell, lease, mortgage or otherwise deal with (but not to vote the Common Interest appurtenant to) any Unit so acquired or to sublease any Unit so leased; and

(c) execute, acknowledge and deliver (i) any declaration or other instrument affecting the Condominium that the Condominium Board deems necessary or appropriate to comply with any Applicable Law in

respect of the maintenance, demolition, construction, alteration, repair, restoration or other Work in or to the Condominium, or (ii) any consent, covenant, restriction, easement or declaration, or any amendment thereto, affecting the Condominium or the Common Elements that the Condominium Board deems necessary or appropriate.

B. In confirmation of the foregoing power of attorney, each Unit Owner, upon the request of either the Declarant or the Condominium Board, shall duly execute, acknowledge and deliver to the requesting party, for recording in the Register's Office, a Unit Owner's Power of Attorney substantially in the form set forth in Exhibit E to this Declaration..

ARTICLE 16
Termination of Condominium

The Condominium shall continue until terminated by (A) Casualty Loss or Taking, as more particularly provided in the By-Laws, or (B) withdrawal of the Property from the provisions of the Condominium Act by a vote of at least eighty (80%) percent of all Unit Owners, both in number and in aggregate Common Interests. No such vote under clause (B) in the preceding sentence shall be effective without the written consent of the Mortgage Representatives, if any, which consent shall not be unreasonably withheld, conditioned or delayed. The Declarant shall not vote the aggregate Common Interests appurtenant to its Units for such withdrawal unless at least eighty (80%) percent, both in number and in aggregate Common Interests, of all other Unit Owners so elect for such Withdrawal, at which. time the Declarant may choose to vote either in favor of or against withdrawal from condominium ownership, as it sees fit. In the event that such withdrawal is so authorized, but only in such event, the Property shall be subject to an action for partition by any Unit or lienor as if owned in common, in which event the net proceeds of the sale shall be divided among all Unit Owners in proportion to their respective Common Interests; provided, however, that no payment shall be made to a Unit Owner until there has first been paid out of such Unit Owner's share of such net proceeds, all liens on the Unit Owner's Unit, in the order of priority of such liens.

ARTICLE 17
Covenant of Further Assurances

A. General. Any Person subject to the terms of the Condominium Documents, whether such Person is a Unit Owner, a tenant or subtenant of a Unit Owner, an occupant of a Unit, a member of the Condominium Board, an officer of the Condominium, or otherwise, shall, at the expense of any other Person so requesting, execute, acknowledge and deliver to such other Person such instruments, in addition to those specifically provided for in the Condominium Documents, and take such other action as such other Person may reasonably request in order either to effectuate the provisions of the Condominium Documents or any transaction contemplated herein or to confirm or perfect any right to be created or transferred hereunder or pursuant to any such transaction.

B. Failure to Deliver or Act.

1. If any Unit Owner or other Person subject to the terms of the Condominium Documents fails to execute, acknowledge or deliver any instrument, or otherwise refuses, within ten (10) days after request therefor, to take any action that such Unit Owner or Person is required to execute, acknowledge and deliver or to take pursuant to the Condominium Documents, then the Condominium Board is hereby authorized, as attorney-in-fact for such Unit Owner or other Person, coupled with an interest, to execute, acknowledge and deliver such instrument, or to take such other action, in the name of such Unit Owner or other Person, and such document or action shall be binding on such Unit Owner or other Person.

2. If the Condominium Board, any Unit Owner or other Person subject to the terms of the Condominium Documents fails to execute, acknowledge or deliver any instrument, or fails or refuses, within ten (10) days after request therefor, to take any action that the Condominium Board, such Unit Owner or Person is required to execute, acknowledge and deliver or to take pursuant to the Condominium Documents at the request of the Declarant, then the Declarant is hereby authorized, as attorney-in-fact for the Condominium Board, such Unit Owner or other Person, coupled with an interest, to execute, acknowledge and deliver such instrument, or to take such action, in the name of the Condominium Board, such Unit Owner or other Person, and such document or action shall be binding on the Condominium Board such Unit Owner or other Person, as the case may be.

ARTICLE 18
Covenants to Run With the Land

A. All provisions of this Declaration and the By-Laws, including, without limitation, the provisions of this Article 18 , shall, to the extent applicable and unless otherwise expressly herein or therein provided to the contrary, be perpetual and be

construed to be covenants running with the Land and with every part thereof and interest therein, and all of the provisions thereof shall be binding upon, and shall inure to the benefit of, the owner of all or any part thereof, or interest therein, and his heirs, executors, administrators, legal representatives, successors and assigns, but the same are not intended to create, nor shall they be construed as creating, any rights in, or for the benefit of, the general public.

B. All present and future Unit Owners and Tenants of Units shall be subject to and shall comply with the provisions of this Declaration and the By-Laws, all as may be amended from time to time. The acceptance of a Unit Deed or conveyance or the entering into a Lease or the entering into occupancy of any Unit shall constitute an agreement that the provisions of this Declaration, the By-Laws and the Rules and Regulations, all as may be amended from time to time, are accepted and ratified by such Unit Owner, tenant or occupant and all of such provisions shall be deemed and taken to be covenants running with the Land and shall bind any Person having at any time any interest or estate in such Unit, as though such provisions were recited and stipulated at length in each and every Unit Deed or conveyance or Lease thereof.

ARTICLE 19
Amendment to This Declaration

A. Application to Declaration and By-Laws. All references in this Article 19 to the **"Declaration"** shall mean and include the Declaration and/or By-Laws (whether or not the By-Laws are expressly indicated).

B. Requirements. Subject to the provisions contained herein or, in the By-Laws with respect to amendments, modifications, additions or deletions (individually an **"amendment"** and collectively, **"amendments"**) affecting the Declarant or, any of the Declarant's Units, any provision of this Declaration may be amended by the vote of at least sixty-six and two thirds percent (66 2/3%) of all Unit Owners, both in number and in aggregate Common Interests, taken in accordance with the provisions of the By-Laws, provided, however:

1. No amendment which adversely affects the lien of any Permitted Mortgage shall be effective against the Permitted Mortgagee thereof without its prior written consent, which consent, shall not be unreasonably withheld, conditioned or delayed.

2. No amendment shall be adopted which would: (a) unreasonably interfere with the sale, lease or other disposition of an Unsold Unit; (b) abridge, modify, suspend, eliminate or otherwise adversely affect any right, power, easement, privilege or benefit reserved to the Declarant or its designee (as owner of a Unit); or (c) impose any discriminatory charge or fee against the Declarant or its designee, and no such amendment shall be effective against the Declarant or such designee or their Units, unless the Declarant or such designee shall, in each instance, consent thereto, by joining in the execution of such amendment;

3. Intentionally Omitted.

4. No amendment shall be adopted which would change the permitted use of any Unit or such Unit's Common Interest and no such amendment shall be effective against such Unit or such Unit Owner, unless the Unit Owner of such affected Unit shall consent thereto by joining in the execution of such amendment.

C. Intentionally Omitted.

D. Rights of the Declarant

1. The Declarant shall have the right, at its sole cost and expense and without the vote or consent of any other Unit Owners, the Condominium Board, Mortgage Representatives (if any) or any Permitted Mortgagees, to execute, acknowledge and record (or, at the Declarant's sole option, to require the Condominium Board or any other Unit Owners to execute, acknowledge and record) in the Register's Office and elsewhere, if required by Applicable Law, one or more amendments to this Declaration (including, without limitation, to Exhibit B hereto), together with such other documents, plans and maps the Declarant deems appropriate, including:

(a) to reflect any change in the Declarant's Units and/or the reapportionment of the respective Common Interests of the affected Units resulting therefrom made by the Declarant in accordance with the terms of Article 13 hereof and to file any amended Floor Plans required by the New York Real Property Law Section 339-p in connection therewith and the filing along with said amendment to the Declaration and the Floor Plans, the verified statement of a registered architect or licensed professional engineer certifying that the plans being filed simultaneously with such amendment, fully and fairly depict the layout, location, unit designations and approximate dimensions of the particular Unit or Units as built, as provided in said Section 339-p of the Condominium Act; or

(b) if required by (i) an Institutional Lender designated by the Declarant to make a 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 the Declarant to insure title to any Unit;

provided, however, that any amendment made pursuant to the terms of this paragraph 1 shall not (i) change the Common Interest of any Unit other than a Unit owned by the Declarant or (ii) require a material, physical modification of any Unit other than a Unit owned by the Declarant, unless the Unit Owner of such affected Unit consents thereto by joining in the execution of such amendment, or (iii) adversely affect the priority or validity of the lien of any purchase money mortgage or any mortgage held by an Institutional Lender unless the holder of such mortgage consents thereto by joining in the execution of such amendment.

2. The provisions of this Article 12 may not be amended, in whole or part, without the written consent of the Declarant.

F. Acknowledgment and Recording. Each amendment to this Declaration or the By-Laws must be signed and acknowledged in accordance with the legal requirements for recording a Unit Deed and shall not be effective, binding or enforceable until recorded in the Register's Office. In addition, a copy of this Declaration and the By-Laws and any amendments thereto shall be filed with the New York State Department of State.

F. Signatories.

1. Any amendment to this Declaration may be executed; (a) if on behalf of the Declarant, only a Person authorized by, or having authority to act on behalf of the Declarant; or (b) if on behalf of the Unit Owners or by the Condominium Board, by the President or Vice President and the Secretary or an Assistant Secretary of the Condominium. If the amendment requires the approval of a specified percentage of Unit Owners pursuant to the terms of this Declaration or the By-Laws, then there shall be attached to such amendment an original executed Secretary's Certification, certifying that the requisite number and percentage of Unit Owners approved the amendment at a duly constituted meeting or (when permitted in this Declaration or the By-Laws) in writing without a meeting, in which Certification shall be described the number and percentage of Unit Owners so consenting and (if it voted upon at a meeting) the date and time of the meeting.

2. Notwithstanding the foregoing, the Condominium Board shall sign and acknowledge any amendment permitted to be signed and acknowledged by the Declarant pursuant to this Declaration and the By-Laws, if requested to do so by the Declarant.

G. Floor Plans. Any Person authorized to sign, acknowledge and record an amendment to this Declaration is also authorized to cause to be properly certified an filed and/or recorded with the tax assessor (and other Governmental Authority having jurisdiction) and in the Register's Office any appropriate amendments to the Floor Plans whenever required in. connection with such amendment to this Declaration (such as in the case of amendment to this Declaration to reflect a Unit subdivision or Unit combination pursuant to Article 13 .

H. Filing of Conformed Copy with Secretary. A conformed copy of any amendment to the Condominium Documents shall be filed promptly with the Secretary or Assistant Secretary of the Condominium or the Condominium's Managing Agent by the applicable Person recording the amendment and shall be made available by the Condominium Board at the Property or the office of the Managing Agent for inspection (without charge) and copying (at a reasonable charge) by all Unit Owners, Permitted Mortgagees, Mortgage Representatives, if any, and prospective purchasers or mortgage lenders or Tenants of a Unit, and authorized representatives of each of the foregoing.

ARTICLE 20
Invalidity

A. If any provision of this Declaration or of the By-Laws is invalid under, or Would cause this Declaration and the By-Laws to be insufficient to submit the Property, to the provisions of the Condominium Act, such provision shall be deemed deleted from this Declaration or the By-Laws, as the case may be, for the purpose of submitting the Property to the provisions of the Condominium Act, but shall nevertheless be valid and binding upon and shall inure to the benefit of the owners of the Property and their heirs, executors, administrators, legal representatives, successors, and assigns, as covenants running with the Land and with every part thereof and interest therein under other Applicable Law to the extent permitted under such Applicable Law with the same force and effect as if, immediately after the recording of this Declaration and the By-Laws, all Unit Owners had signed and recorded an instrument agreeing to each such provision as a covenant running with the Land. If any provision that is necessary to cause this Declaration and the By-Laws to be sufficient to submit the Property to the provisions of the Condominium Act is missing from this Declaration or the By-Laws, then such provision, shall be deemed included as part of this Declaration or the By-Laws, as the case may be, for the purposes of submitting the Property to the provisions of the Condominium Act.

B. Subject to the terms of Section A of this Article 20, if this Declaration and the By- Laws are insufficient to submit the Property to the provisions of the Condominium Act, the provisions of this Declaration and the By-Laws shall nevertheless be valid and binding upon, and shall inure to the benefit of, the owners of the Property and their heirs, executors, administrators, legal representatives, successors and assigns, as covenants running with the Land and with every part thereof and interest therein under other Applicable Law with the same force and effect as if, immediately after the recording of this Declaration and the By-Laws, all Unit Owners have signed and recorded an instrument agreeing to such provision as a covenant running with the Land.

ARTICLE 21
Person to Receive Service

The Secretary of State of the State of New York is designated as agent of the Condominium Board upon whom process against it may be served at the Office of the New York State Department of State in the manner provided by Applicable Law. 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.

ARTICLE 22
Consents and the Declarant

Wherever the consent, approval, satisfaction, or permission of the Declarant is required under this Declaration or the By-Laws, such consent, approval, satisfaction, or permission shall not be required from and after such time as the Declarant no longer owns any Units.

ARTICLE 23
Miscellaneous

A. Incorporation by Reference . The terms, covenants, conditions, description and other information contained, in (i) the property description annexed hereto as Exhibit A ; (ii) the description of the Units annexed hereto as Exhibit B; (iii)the table of definitions annexed hereto as Exhibit C ; (iv) the By-Laws annexed hereto as Exhibit D ; (v) the Unit Owner's Power of Attorney annexed hereto as Exhibit E; and (vi) the Floor Plans are each incorporated herein by this reference and made part of this Declaration as if set forth at length in the text hereof.

B. Waiver. No provision contained in this Declaration shall be deemed to have been abrogated or waived by any failure to enforce such provision, regardless of the number of violations or breaches that may occur.

C. Severability. Subject to the provisions of paragraphs (a) and (b) of Article 20 hereof if any provision of the Condominium Documents is invalid or unenforceable as against any Person or under certain circumstances, the remainder of the Condominium Documents and the applicability of such provision to other Persons or circumstances shall not be affected thereby. Each provision of the Condominium Documents shall be valid and enforced to the fullest extent permitted by Law. Any conflict between any provisions of the Condominium Documents shall be governed by the Condominium Act.

D. Successors and Assigns. The rights and obligations of Pennyfield Properties LLC as the named Declarant herein, shall inure to the benefit of and shall be binding upon any Successor Declarant or designee of Declarant. Subject to the foregoing, the Declarant shall have the right, at any time, in its sole discretion, to assign or otherwise transfer its interest herein, whether by merger, consolidation, distribution, lease, assignment or otherwise.

E. Certain References.

1. A reference in this Declaration to any one gender, masculine, feminine or neuter, includes the other two, and the singular includes the plural, and vice-versa, unless the context otherwise requires.

2. When used in this Declaration or the By-Laws, the terms **"now"**,

the **"date hereof"** or the **"date of this Declaration"** shall mean the date on which this Declaration is filed in the Register's Office. The term **"hereafter"** when used in this Declaration or the By-Laws shall mean after the date on which this Declaration is filed in the Registers Office.

3. Whenever in this Declaration or the By-Laws the term **"including"** is used, it shall be deemed to mean **"including without limitation,"** whether or not so stated.

4. Whenever in this Declaration or the By-Laws the term **"not be unreasonably withheld"** or similar terms are used, it shall be deemed to mean **"not unreasonably withheld, conditioned or delayed"** whether or not so stated.

4. So long as the Declarant has obligations under the Plan, it shall have the rights of a Unit Owner necessary to fulfill its obligations under the Plan on the terms and conditions set forth in the Declaration and the By-Laws for the exercise of such rights, whether or not the Declarant is at the time in question a Unit Owner.

5. Whenever this Declaration or the By-Laws provide that any Party is permitted to perform any act or exercise any rights under the Declaration or the By-Laws such Party may authorize other Persons to do so, unless otherwise prohibited by Applicable Law or the provisions of this Declaration and the By-Laws. Whenever this Declaration or the By-Laws refers to any act performed by, or exercise of rights by, any Party, such reference shall include any acts performed by, or rights exercised by, any such other Person so authorized by such Party.

G. Captions. The index hereof and the captions herein inserted are included only as a matter of convenience and for reference, and in no way define, limit, or describe the scope of this Declaration or the intent of any provision hereof.

G. Definition of Declarant; Designee.

1. The term **"Declarant"** shall mean (a) Pennyfield Properties LLC or (b) any other Person (a **"Successor Declarant"**) who either: (i) through amalgamation, consolidation, or other legal succession becomes invested with the rights and assumes the burdens of Pennyfield Properties LLC; or (ii) at any time purchases from Pennyfield Properties LLC or otherwise succeeds to (x) twenty percent (20%) or more of all Units in the Condominium or (y) all remaining Units then owned by the Declarant and is designated as a Successor Declarant and in either case, is not purchasing such Units for his, her or its own occupancy or for occupancy by one or more of such Persons' Family Members, and, in any case, shall also include any nominee holding any Unit for the account of the Person referred to in clauses (i) or (ii) above. The phrase **"owned by"** shall include owned by any such nominee.

2. The Declarant may, at its option, provided same shall be permitted by Applicable Law, appoint in writing any entity or natural person as its "designee" with respect to any Unit. Any such designee shall enjoy all of the rights, privileges and obligations conferred by this Declaration upon the Declarant; however, the rights and

privileges of a Declarant enjoyed by such designee may not be further transferred to any person or entity. A designee may also constitute a Successor Declarant pursuant to Subsection 1 of Section G of this Article 23.

IN WITNESS WHEREOF, the Declarant has caused this Declaration to be executed as of the _____ day of _____, 200_ .

PENNYFIELD PROPERTIES LLC

By:_____
Name:
Title:

STATE OF NEW YORK)
) SS.:
COUNTY OF BRONX)

On the _____ day of _____ in the year 200_ 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 whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument,

_____
Signature and Office of individual taking acknowledgment

EXHIBIT A
TO THE DECLARATION OF PENNYFIELD ESTATES II CONDOMINIUM

DESCRIPTION OF THE LAND

EXHIBIT C TO THE DECLARATION OF PENNYFIELD ESTATES II CONDOMINIUM

DEFINITIONS

1. **"AC Equipment"** shall mean any individual central air conditioning systems or individual units serving a Unit.

2. **"Affiliate"** shall mean any Person who is a Family Member or who controls, is controlled by, or is under common control with the named Person or a Family Member of the named Person. The terms **"control"**, **"controlled"** or **"controlling"** shall mean direct or indirect ownership of more than fifty percent (50%) of the outstanding voting capital stock of a corporation or of more than fifty per cent (50%) of the beneficial interests of any other entity

3. The terms **"amend," "amended"** or **"amendment"** shall be deemed to refer to any amendment, whether by deletion of any existing provision, modification of any existing provision, or inserting a new provision.

4. **"Applicable Law"** shall mean all applicable laws, statutes, treaties, rules, codes, ordinances, regulations of any Governmental Authority and, to the extent the Property, any Unit, any Unit owner, the Declarant and/or the Condominium Board, as the case may be, is bound thereby or subject thereto, any judgments, decrees, injunctions, writs, orders, notices of violation or like action of any Governmental Authority, court, arbitrator or other administrative, judicial or quasi-judicial tribunal or agency of competent jurisdiction (including the relevant provisions of the New York General Business Law and those pertaining to health, safety or the environment) now or hereafter in effect, all as may be amended from time to time.

5. **"Appurtenant Interest"** shall mean, with respect to any Unit, the undivided interest of the Unit Owner thereof, pursuant to the terms of Section 339-x of the Condominium Act, in and to: (i) the Common Elements; (ii) any other Units owned or leased at the time in question by the Condominium Board or its designee, corporate or otherwise on behalf of all Unit Owners; (iii) any proceeds of the sale or lease of Units of the nature described in subdivision(ii) above; and (iv) any other assets of the Condominium.

6. **"BCL"** shall mean the New York State Business Corporation Law, as same may be amended from time to time.

7. **"Building"** shall mean the building situated on the Land and known as 24 Pennyfield Avenue, Bronx, New York 10465.

8. **"Building Systems"** shall have the meaning set forth in Article 7 of the Declaration.

9. **"By-Laws"** shall mean the By-Laws of the Condominium, in the form annexed to the Declaration as Exhibit D , including the Rules and Regulations, as amended from time to time pursuant to the terms thereof.

10. **"Casualty Loss"** shall have the meaning specified in Section 5.5 of the By-Laws.

11. **"Claim" or "Claims"** shall include any claims, counterclaims, suits, actions or proceedings and any other liabilities, losses, damages, penalties, charges, costs and expenses and attorneys fees and expenses incurred in connection with any of the foregoing.

12. **"Common Charges"** shall mean the charges allocated and assessed against the Units by the Condominium Board payable by the Unit Owners, pro rata in accordance with their respective Common Interests (except as otherwise provided in the Declaration or in the By-Laws), to meet the Common Expenses.

13. **"Common Elements"** shall mean, collectively, the Limited Common Elements and the General Common Elements, and consist of all parts of the Property other than the Units.

14. **"Common Expenses"** shall mean any and all: (i) costs and expenses paid or incurred generally by the Condominium pursuant to the Declaration and/or the By-Laws, including the Rules and Regulations, in connection with its operation and maintenance, and its performance of Work in and to the Common Elements (including, without limitation, accounting, legal, architectural, engineering or other professional or service fees); (ii) other items which are provided in the Declaration or By-Laws to be Common Expenses or are paid or incurred by the Condominium in connection with the conduct of Condominium affairs; (iii) such general operating reserves or reserve funds for working capital, for replacements with respect to the Common Elements, or to makeup any deficit in the Common Charges for any prior year as the Condominium Board determines to be reasonably necessary; and (iv) all costs and expenses paid or incurred by the Condominium in connection with the purchase, lease or sublease by the Condominium Board or its designee, corporate or otherwise, on behalf of all Unit Owners, of any Unit whose Unit Owner has elected to sell, lease, transfer or convey such Unit or that is to be sold at a foreclosure or other sale.

15. **"Common Interest"** shall mean the undivided percentage interest of each Unit in the Common Elements.

16. **"Condominium"** shall mean Pennyfield Estates II Condominium which was established pursuant to the terms of the Declaration and is to be governed pursuant to the terms of the By-Laws.

17. **"Condominium Act"** shall mean Article 9-B of the Real Property Law of the State of New York as amended from time to time.

18. **"Condominium Board"** shall mean the governing body of the Condominium, whose members shall be selected pursuant to the terms of Articles 2 and 4 of the By-Laws.

19. **"Condominium Documents"** shall mean collectively the Declaration; the By-Laws (including the Rules and Regulations) and the Floor Plans, all as same may be amended from time to time.

20. **"Declaration"** shall mean the declaration executed by the Declarant for the purposes of submitting the Property to the provisions of the Condominium Act and establishing a regime for the condominium ownership thereof and shall include any duly adopted amendments thereto.

21. **"Declarant"** shall mean: (i) Pennyfield Properties LLC and/or (ii) any Successor Declarant, as the context may require.

22. **"Default Rate"** shall mean the lesser of (i) two (2%) percent per month or (ii) the maximum legal rate chargeable under Applicable Law.

23. **"Effective Date"** shall mean the date upon which the Plan is declared effective by Declarant in accordance with the terms of the Plan.

24. **"Facilities"** shall mean all personal property and fixtures now or hereafter existing in, on or under the Land or the Building and either existing for the common use of the Units or the Unit Owners or necessary or convenient for the existence, maintenance or safety of the Property. For purposes of illustrating the broad scope of such term and without intention to limit the generality of the foregoing in any respect, the term **"Facilities"** shall include all equipment, apparatus, convectors, radiators, heaters, converters, heat exchangers, mechanisms, devices, , machinery, induction units, fan coil units, motors, pumps, controls, tanks, tank assemblies, installations, condensers, compressors, fans, dampers, blowers, thermostats, thermometers, coils, vents, sensors, shut of valves, other valves, gongs, panels, receptacles, outlets, relays, alarms, sprinkler heads, electric distribution facilities, wiring, wireways, switches, switchboards, circuit breakers, transformers, fittings, siamese connections, hoses, plumbing, fixtures, lighting fixtures, other fixtures, bulbs, signs, antennae, telephones, meters, meter assemblies, scaffolding, piping, lines, ducts, conduits, cables, risers, mains, shafts, pits, flues, locks, hardware, racks, screens, strainers, traps, drains, catch basins, leaders, filters, incinerators, canopies, closets, cabinets, doors, railings, copings, steps, furniture,

mirrors, furnishings, appurtenances, urns, baskets, mail chutes, mail boxes, carpeting, tiles, floor coverings, draperies, shades, window coverings, ,wallpaper, wall coverings, trees, shrubbery, flowers, plants, horticultural tubs and horticultural boxes.

25. **"Family Members"** shall mean and include a spouse, child (by blood, marriage or adoption), parents (including step-parents or parents-in-law), grandchildren, siblings and grandparents.

26. **"First Unit Closing"** shall mean the first date upon. which title to a Unit is conveyed to a purchaser pursuant to the terms of the Plan.

27. **"First Year Budget"** shall have the meaning specified in Section 2.5 of the By-Laws.

28. **"Floor Plans"** shall mean the floor plans of the Units certified by Antonio Freda, AIA, and filed in the Register's Office simultaneously with the recording of the Declaration, together with any supplemental floor plans thereto..

29. **"GBL"** shall mean the General Business Law of the State of New York, as same may be amended from time to time.

30. **"General Common Elements"** shall mean those certain portions of the Land and the Building (other than the Units), as well as the Building Systems and those Facilities therein, either existing for the common use of the Units or the Unit Owners or necessary for, or convenient to, the existence, maintenance or safety of the Property, as more particularly described in Section B of Article 7 of the Declaration.

31. **"Governmental Authority"** shall mean any federal, state, county, municipal, foreign, international, regional or other governmental authority, agency, board, body, instrumentality or court having jurisdiction.

32. **"Hazardous Materials"** shall mean chemicals, pollutants, contaminants, wastes and toxic substances, including solid or hazardous waste, hazardous substances, toxic substances, insecticides, fungicides, rodenticides, gasoline or any other petroleum product or byproduct, polychlorinated, biphenols, asbestos and urea formaldehyde to the extent any such substances are described as hazardous in any federal, state or local laws and regulations relating to pollution or protection of human health or the environment including but not limited to the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended; the Toxic Substances Control Act, as amended; the Federal Insecticide, Fungicide, and Rodenticide Act, as amended; the Resource Conservation and Recovery Act, as amended; the Superfund Amendments and Reauthorization Act of 1986, as amended; and the Toxic Substances Control Act, as amended.

33. **"Holiday"** shall mean those days designated as holidays under the applicable union contract, or, if there is no applicable union contract, then the term **"Holiday"** shall mean any day on which state chartered banks in New York City are authorized to be closed or such other days as the Condominium Board may designate from time to time.

33. **"Initial Control Period"** shall mean, the period ending on the earlier of: (i) the closing of title with purchasers under the Plan to Units having more than fifty (50%)percent of the aggregate Common Interests appertaining to all Units or (ii) the fifth (5^{th}) anniversary of First Unit Closing.

34. **"Institutional Lender"** shall mean (i) a savings bank, savings and loan association, bank or trust company, insurance company, real estate investment trust or mortgage trust or (ii) a federal, state, municipal, teachers' or union employee, welfare, pension or retirement fund or system having assets in excess of $300,000,000.00, in each case doing business in the State of New York; or (iii) any Governmental Authority including an agency of the City or State of New York.

35. **"Institutional Mortgage"** shall mean any first mortgage covering one or more Units that is a Permitted Mortgage and the initial holder of which is either the Declarant or an Institutional Lender.

36. **"Insurance Trustee"** shall mean a bank or a trust company, in either even having both an office in the City of New York and a capital, surplus and undivided profits of. $500,000,000 or more, from time to time appointed to serve as such by the Condominium Board.

37. **"Land"** shall mean all that certain tract, plot, piece and parcel of land situated, lying and being in the County of Bronx, City and State of New York, as more particularly described in Exhibit A to the Declaration.

38. **"Lease"** shall mean any lease, sublease, license, concession or other use and occupancy agreement demising space in the Building.

39. **"Limited Common Elements"** shall mean those certain portions of the Land and the Building (other than the Units) that are to be used by the Unit Owners of one or more specified Units to the exclusion of all other Unit Owners, as more particularly described in Section C of Article 7 of the Declaration.

40. **"Managing Agent"** shall mean a Person employed by the Condominium Board pursuant to paragraph (C) of Section 2.6 of the By-Laws, who undertakes to perform such duties and services as the Condominium Board shall direct and who shall have whatever powers the Condominium shall delegate, subject to the limitations contained in paragraph (D) of Section 2.6 of the By-Laws.

41. **"Majority of Unit Owners"** shall mean those Unit Owners having more than fifty (50%) percent of the total authorized votes of all Unit Owners (determined in accordance with the terms of Section 4.8 of the By-Laws) who are present in person or by proxy, and voting at any duly constituted meeting of the Unit Owners at which a quorum is present.

42. **"Mortgage Representatives"** shall mean the representatives of the holders of all mortgages encumbering Units, designated by the holders of Institutional Mortgages in accordance with the terms of paragraph (B) of Section 8.6 of the By-Laws.

43. **"Non-Disturbance Agreement"** shall have the meaning specified in Section 7.11 of the By-Laws.

44. **"Party"** or **"Parties"** shall mean any Unit Owner (including the Declarant) and/or the Condominium Board, as the context requires.

45. **"Permit"** shall mean any action, approval, consent, waiver, exemption, variance, franchise, order, permit, authorization, certificate of occupancy, right or license, building notices, alteration applications or other form of legally required permission, of or from a Governmental Authority, including any zoning, environmental protection, pollution, sanitation, safety, siting or building permit that is necessary to operate and maintain the Property or any Building System or to perform any Work on any part of the Property.

46. **"Permitted First Mortgage"** shall mean a Permitted Mortgage that is a first mortgage lien against a Unit.

47. **"Permitted First Mortgagee"** shall mean any holder of a Permitted First Mortgage.

48. **"Permitted Mortgage"** shall mean any mortgage covering one or more Units that is placed thereon in compliance with the terms contained in Article 8 of the By-Laws.

49. **"Permitted Mortgagee"** shall mean any holder of a Permitted Mortgage at the time in question.

50. **"Person"** shall mean any natural person, partnership, corporation, trust, estate, fiduciary, unincorporated association, syndicate, joint venture, limited liability company, organization, government or any department or agency thereof, or any other entity.

51. **"Plan"** shall mean that certain offering plan to convert the Property to condominium ownership filed with the Department of Law of the State of New York pursuant to Section 352-eee of the General Business Law of the State of New York, as same may be amended from time to time.

52. **"Presentation Date" "Date of Presentation" "presentation" "presented"** and related words shall mean the date of personal delivery or (if mailed) the fifth day after mailing (whichever is the last to occur) of the Plan or any amendment to the Plan, as the context may require, to those Persons required to receive same pursuant to the GBL and the regulations of the Department of Law promulgated thereunder.

53. **"Property"** shall mean the Land, the Building, all other improvements erected or to be erected on the Land, all easements, rights, and appurtenances pertaining thereto and all other property, real, personal or mixed, used or intended to be used in connection therewith.

54. **"Register's Office"** shall mean the Bronx County Office of the Register of the City of New York.

55. **"Restorations"** shall have the meaning specified in Section 5.5 of the By-Laws.

56. **"Rules and Regulations"** shall mean the rules and regulations of the Condominium, adopted by the Condominium Board pursuant to the By-Laws, as any of the same may be amended, modified, deleted from or added to, from time to time pursuant to the terms of the By-Laws, provided that they are not in conflict with the terms of the Condominium Act, the Declaration or the By-Laws.

57. **"Selling Agent"** shall mean any Person employed by the Declarant in connection with the sale, renting, management, operation and/or promotion of the Units.

58. **"Special Assessments"** shall mean the charges allocated and assessed against the Units by the Condominium Board and payable by the Unit Owners, pro rata in accordance with their respective Common Interests (except as otherwise provided in the Declaration or in the By-Laws), in accordance with paragraph (C) of Section 6.1 of the By-Laws.

59. **"Successor Declarant"** shall have the meaning specified in Article 23 of the Declaration.

60. The term **"structural"** shall have the meaning specified in S'ection5.2 of the By-Laws.

61. **"Taking"** shall have the meaning specified in Section 5.5 of the By-Laws.

62. **"Tenant"** shall mean any tenant, subtenant, licensee, concessionaire or other occupant of a Unit or part thereof, other than the Unit Owner thereof, under a Lease.

63. **"Unit"** shall mean any unit in the Condominium designated as such in the Declaration and described in Article 6 or created pursuant to Article 13 of the Declaration.

64. **"Unit Deed"** shall mean any deed conveying fee title to a Unit.

65. **"Unit Owner"** shall mean the record owner of a Unit at the time in question.

66. **"Unsold Unit"** shall mean any Unit owned by Declarant or its designee at the time in question. Declarant's designee may include purchasers purchasing one or more Units for investment.

67. **"Work"** shall mean demolitions, alterations, installations, additions and improvements, repairs; replacements, substitutions, restorations and any other work performed in or to the Units or the Common Elements.

EXHIBIT D TO THE DECLARATION OF OUTLOOK POINT CONDOMINIUM

BY-LAWS

OF

PENNYFIELD ESTATES II CONDOMINIUM

24 PENNYFIELD AVENUE
BOROUGH OF BRONX,

CITY, COUNTY AND STATE OF NEW YORK

DATED AS OF _____ 200__

RECORD AND RETURN TO:

JAMES A. CARTELLI, ESQ.
81 MAIN STREET
WHITE PLAINS, NY 10601

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SCHEDULE 1– Rules and Regulations

EXHIBIT E TO THE DECLARATION OF PENNYFIELD ESTATES II CONDOMINIUM

PENNYFIELD PROPERTIES LLC, Grantor

TO

_____, Grantee

CONDOMINIUM UNIT DEED

PENNYFIELD ESTATES II CONDOMINIUM

_____

UNIT# _____

County: Bronx
Section: _____
Block: _____
Lot: _____

Record and Return To:

JAMES A. CARTELLI, ESQ.
81 Main Street
White Plains, New York 10601

DOCUMENT NO. 8

BYLAWS OF PENNYFIELD ESTATES II CONDOMINIUM

ARTICLE 1.
GENERAL

SECTION 1.1 **Purpose.** The purpose of these By-Laws is to set forth the rules and procedures concerning the conduct of the affairs of the Condominium. The Condominium consists of: (i) the Land; (ii) the Building, which includes, without limitation, the Units, the Common Elements and all easements, rights and appurtenances belonging thereto; and (iii) all other property, real, personal or mixed, that is intended for use in connection therewith; The Property has been submitted to the provisions of the Condominium Act by the recording of the Declaration of which these By-Laws form a part in the Registers Office.

SECTION 1.2 **Definitions.** All capitalized terms used in these By-Laws not otherwise defined in any of the Articles hereof shall have the meanings set forth in the Declaration, unless the context otherwise requires. All capitalized terms used in these By-Laws that are defined in any of the Articles hereof shall have the meanings ascribed to them in such Articles, unless the context otherwise requires. Each of the capitalized terms shall be applicable to singular and to plural nouns, as well as to verbs of any tense.

SECTION 1.3 **Applicability of By-Laws.** These By-Laws are applicable to the Property and to the use and occupancy thereof.

SECTION 1.4 **Application of By-Laws.** All present and future Unit Owners, mortgagees, tenants, subtenants and occupants of Units, employees and guests of Unit Owners, as well as all other Persons who may use the Property, are and shall be subject to the Declaration, these By-Laws and the Rules and Regulations promulgated hereunder, as the same may be amended from time to time. The acceptance of a Unit Deed or other instrument of conveyance, the succeeding to title to, the execution of a lease or sublease for, or the act of occupancy of, a Unit shall, automatically and without the requirement of executing any other instrument to such effect, constitute a binding agreement that the provisions of the Declaration, these By-laws and the Rules and Regulations promulgated hereunder, as the same may be amended from time to time are accepted, ratified and shall be complied with.

SECTION 1.5 **Principal Office of the Condominium.** The principal office of the Condominium shall be located either at the Property or at such place in the City of New York reasonably convenient thereto as may be designated from time to time by the Condominium Board.

ARTICLE 2
BOARD OF MANAGERS

SECTION 2.1 **General.** As more particularly set forth in Sections 2.4, 2.5 and 2.6 hereof, the affairs of the Condominium shall be governed by the Condominium Board. In exercising its powers and performing its duties under the Declaration and these By-Laws, the Condominium Board shall act as, and shall be, the agent of the Unit Owners, subject to, and in accordance with, the term of the Declaration and these By-Laws.

SECTION 2.2 **Status of the Condominium Board.** Unless and until the Condominium Board incorporates in accordance with the terms of Section 2.4 hereof, the Condominium Board shall have, to the extent permitted by Applicable Law, the status conferred upon unincorporated associations pursuant to the terms of the General Association Law of the State of New York. If the Condominium Board .incorporates in accordance with the terms of Section 2.4 hereof, it shall have, to the extent permitted by Applicable Law, the status conferred upon it pursuant to the terms of the applicable statutes of the State of New York. In either event, however, the Condominium Board shall also have the status conferred upon it pursuant to the terms of the Condominium Act.

SECTION 2.3 **Principal Office of the Condominium Board.** The principal office of the Condominium Board shall be located either at the Property or at such other place in the City of New York reasonably convenient thereto as may be designated from time to time by the Condominium Board.

SECTION 2.4 **Powers and Duties of the Condominium Board.**
(A) The Condominium Board shall have all of the powers and duties necessary for, or incidental to, the administration of the affairs of the Condominium; provided, however, that the Condominium Board shall not have such powers and duties that by Applicable Law, or pursuant to the terms of the Declaration and these By-Laws may not be delegated to the Condominium Board by the Unit Owners. Without in any way limiting the generality of the foregoing, the Condominium Board shall have the following specific powers and duties:

(i) to operate, maintain, repair, restore, add to, improve, alter and replace the Common Elements as the Condominium Board shall deem necessary or proper, including, without limitation, the purchase and leasing of supplies, equipment and material and the employment, compensation and dismissal of personnel, including a Managing Agent;

(ii) to acquire, in the name of the Condominium Board or its designee, corporate or otherwise, and on behalf of the Unit Owners, all right, title and interest in and to all real and personal property deemed necessary or proper by the Condominium Board for use in connection with the ownership and operation of the Property as a condominium;

(iii) to maintain complete and accurate books and records with respect to the finances and the operation of the Condominium, including, without limitation: (a) detailed accounts, in chronological order, of receipts and expenditures affecting the Property; (b) detailed books of account of the Condominium Board; (c) other financial records, as well as other books of account of the Condominium, as may be required or prudent to be kept pursuant to the terms of these By-Laws; and (d) minutes and other records of all meetings held pursuant to the terms of these By-Laws;

(iv) to prepare and adopt a budget for the Condominium for each fiscal year thereof, setting forth, without limitation: (a) a detailed accounting of the anticipated Common Expenses for the ensuing fiscal year and (b) a detailed projection of all sources and amounts of income necessary to discharge such Common Expenses;

(v) to determine the amount and establish the means and methods of payment of, and to collect, the Common Charges and Special Assessments from the Unit Owners;

(vi) to borrow money on behalf of the Condominium when required in connection with the operation, maintenance, repair, restoration, improvement, alteration and replacement of the Common Elements, provided, however, that: (a) the affirmative consent of at least two-thirds (2/3) of the members of the Condominium Board shall be required for the borrowing of any sum in excess of twenty-five thousand dollars ($25,000.00) in any one fiscal year (regardless of the balance of any loans outstanding from previous fiscal years); (b) the affirmative consent of at least two-thirds (2/3), both in number and in aggregate Common Interests, of all Unit Owners shall be. required for the borrowing of any sum in excess one hundred thousand dollars ($100,000.00) in any one fiscal year (regardless of the balance of any loans outstanding from previous fiscal years); (c) no lien to secure repayment of any sum borrowed may be created on any Unit or its Appurtenant Interests without the consent of the Unit Owner of such Unit; and (d) the documentation

executed in connection with any such borrowing shall provide that, if any sum borrowed by the Condominium Board pursuant to this subparagraph (vi) is not repaid by the Condominium Board, any Unit Owner who pays to the creditor thereunder such proportion of the then outstanding indebtedness represented or secured thereby as such Unit Owner's Common Interest bears to the aggregate Common Interests of all Unit Owners shall be entitled to obtain from the creditor a release of any judgment or other lien that said creditor shall have filed, or shall have the right to file, against such Unit Owner's Unit;

(vii) to open and maintain bank accounts on behalf of the Condominium and to designate the signatories required therefor;

(viii) to use the Common Charges and Special Assessments collected from the Unit Owners as well as all other funds held by the Condominium Board or received in connection with the operation of the Property, for the administration of the Condominium including, without limitation: (a) the payment of Common Expenses and (b) the performance of Work to the Common Elements;

(ix) to obtain insurance for the Property, including the Units, pursuant to the terms of Section 5.4 hereof, and to designate an Insurance Trustee, should the need arise, for the purpose of receiving and applying the proceeds of any insurance;

(x) to adjust and settle claims under insurance policies obtained pursuant to the terms of Section 5.4 hereof, and to execute and deliver releases upon such adjustment and settlement on behalf of: (a) all Unit Owners; (b) all holders of mortgages and other liens on or in respect of the Units; and (c) all holders of any other interest in or to the Property;

(xi) to make, or to contract with others for the making of Restorations to the Property subsequent to a Casualty Loss, or as a result of a Taking, all in accordance with the terms of these By-Laws;

(xii) to obtain and keep in force fidelity bonds, in amounts deemed appropriate by the Condominium Board, but in no event less than one hundred fifty thousand dollars ($150,000.00) for: (a) all members of the Condominium Board; (b) all officers and employees of the Condominium; and (c) the Managing Agent, and the premiums on all such fidelity bonds shall constitute a part of the Common Expenses;

(xiii) to accept the surrender of any Unit pursuant to the terms of paragraph (C) of Section 6.2 hereof in the name of the Condominium Board; or its designee, corporate or otherwise, and on behalf of all Unit Owners;

(xiv) to purchase, lease or otherwise acquire Units offered for sale or lease by the Unit Owners thereof in the name of the Condominium Board or its designee, corporate or otherwise, on behalf of all Unit Owners;

(xv) to purchase Units at foreclosure or other judicial sales or to accept deeds in lieu thereof, in the name of the Condominium Board or its designee, corporate or otherwise, and on behalf of all Unit Owners;

(xvi) to sell, lease, mortgage and otherwise deal with Units acquired by, and to sublease Units leased by the Condominium Board or its designee, corporate or otherwise, on behalf of all Unit Owners; provided, however, the Condominium Board or its designee shall in no event, be entitled to vote the votes appurtenant to any such Unit;

(xvii) to adopt and amend the Rules and Regulations and to levy and collect fines against Unit Owners for violations thereof, but not in excess of two hundred dollars ($200.00) per day;

(xviii) to enforce by legal and equitable means the terms, covenants and conditions contained in the Condominium Documents, and in connection therewith, to bring or defend against any proceedings, actions or suits that may be instituted on behalf of, or against, the Unit Owners;

(xix) to incorporate, to the extent and in the manner provided in the Condominium Act; provided, however, that: (a) the certificate of incorporation and by-laws of any such resulting corporation conform as closely as practicable to the terms of the Declaration and these By-Laws and (b) to the extent permitted by Applicable Law, the terms of the Declaration and these By-laws shall prevail in the event of any inconsistency, ambiguity, vagueness or conflict between the terms thereof and the terms of such certificate of incorporation and by-laws;

(xx) to organize corporations to act as the designees of the Condominium Board in acquiring title to or leasing Units, and in acquiring rights, titles and interests in real and personal property or use in connection with the ownership and operation of the Property as a residential condominium;

(xxi) to execute, acknowledge and deliver: (a) any declaration or other instrument affecting the Property that the Condominium Board deem necessary or appropriate to comply with any Applicable Law relating to the maintenance of or the performance of Work in or to the Building and (b) any consent, covenant, restriction, easement or declaration affecting the Property that the Condominium Board deems necessary or appropriate;

(xxii) to prepare, execute, acknowledge and record on behalf of all Unit Owners, as their attorney-in-fact, coupled with an interest, a restatement of the Declaration or these By-Laws whenever, in the Condominium Board's judgment, it is advisable to consolidate and restate all amendments, modifications, additions and deletions thereof theretofore made;

(xxiii) subject to any Unit Owner's right to rescind such authorization by giving ten (10) days' written notice of such rescission to the Condominium Board, by certified or registered mail, return receipt requested, to act as agent for all Unit Owners: (a) to protest, complain or apply to the appropriate taxing authority to correct the tax assessments of the Units for any year by filing a single complaint on behalf of all such Unit owners; (b) to commence and prosecute a special proceeding for the review of assessments of real property as an aggrieved person under the Real Property Tax Law; (c) to seek administrative and judicial review of the tax assessments for any year; (d) to negotiate and settle with the taxing authority the tax assessments and any resulting proceedings and litigation; (e) to execute and acknowledge in the name of each Unit Owner for which it is acting as agent, as such Unit Owner's attorney-in-fact, all applications, certifications, petitions, complaints, settlement agreements and other documents in furtherance of the foregoing; and (f) to retain legal counsel on behalf of the Unit Owners for which it is acting as agent to represent such Unit Owners in connection with the foregoing;

(xxiv) to provide for and establish, through the allocation of Common Charges or Special Assessments, such reserve funds as the Condominium Board, in its discretion, believes are prudent to provide for the periodic repair, replacement and maintenance of the Building's capital plant; and

(xxv) to carry out any other duties imposed upon the Condominium Board pursuant to the Declaration and these By-Laws.

(B) The Condominium Board shall be responsible for carrying out the duties imposed upon it under the Condominium Documents regardless of whether a Unit is vacant or occupied by the Unit Owner thereof or by a permitted lessee or other permitted occupant.

SECTION 2.5 **Certain Limitations on the Powers of the Condominium Board.**

(A) Notwithstanding anything to the contrary contained in these By-Laws, as long as the Declarant continues to own at least twenty-five percent (25%) of the Units during the five (5) years following the First Unit Closing, the Condominium Board may not, without the Declarant's prior written consent:

(i) make any addition, alteration or improvement to the Common Elements or to any Unit, unless required by Applicable Law;

(ii) assess any Common Charges or Special Assessments for the creation or replacement of, or the addition to, all or any part of a reserve, contingency or surplus fund in excess of five (5%) percent in the aggregate of the estimated Common Expenses for any one (1) fiscal year of operation, provided the same does not violate Applicable Law, in which event the maximum assessment permitted hereunder shall equal the minimum required by Applicable Law;

(iii) increase the number or change the type of employees from that described in **"Schedule B - Projected Budget for First Year of Condominium Operation"** set forth in the Plan (the **"First Year Budget"**);

(iv) enter into any service or maintenance contracts for Work not covered in the First Year Budget;

(v) borrow money on behalf of the Condominium; or

(vi) exercise a right of first refusal to lease or purchase a Unit.

Notwithstanding the foregoing, the Declarant may neither exercise a veto over nor direct any member of the Condominium Board appointed or otherwise chosen by the Declarant to vote against expenditures which: (a) conform to the First Year Budget and are for the period covered by the First Year Budget; or (b) are required to comply with Applicable Law, including to cure any notices of violations; or (c) are necessary to remedy any work order by an insurer which is the responsibility of the Condominium. Board to remedy.

(B) Notwithstanding anything to the contrary contained in these By-Laws, the Condominium Board shall not take any of the actions set forth below as items (i) through (iv) unless seventy-five percent (75%) of the members thereof approve in writing or by vote at a duly constituted meeting called for such purpose. However, in no event may the Declarant either exercise a veto over or direct any member of the Condominium Board appointed or otherwise chosen by the Declarant to vote against any of the following actions after the fifth (5th) anniversary of the First Unit Closing:

(i) to increase the number or change the type of employees from those hired at the time of recording the Declaration;

(ii) to provide for new or additional services, apart from those provided at the time of recording the Declaration;

(iii) to impose any Common Charge or Special Assessment for the purpose of making any capital or major improvement, alteration or addition to the Common Elements or to any Unit, unless required by Applicable Law (provided, however, that nothing contained herein shall restrict the rights and obligations of the Condominium Board to maintain and repair the Common Elements); or

(iv) to establish any reserves, including, without limitation, a reserve for contingencies, repairs, improvements or replacements, other than a twelve (12) month reserve for contingencies not exceeding five (5%) percent of the budgeted operating expenses for the ensuing twelve (12) months of operation (provided, however, that nothing contained herein shall restrict the right of the Condominium Board to assess Unit Owners from time to time for any budget deficiency).

(B) Notwithstanding anything to the contrary contained in these By-Laws, in no event may the Condominium Board require payment by the Declarant of any transfer or service fee to the Condominium or the Managing Agent with respect to its lease or sale of any Unit.

SECTION 2.6 **Exercise and Delegation of Powers and Duties.**

(A) Any act within the power of the Condominium Board to perform and deemed necessary or desirable to be performed by the Condominium Board shall be performed by the Condominium Board or shall be performed on its behalf and at its direction by the agents, employees or designees of the Condominium Board.

(C) The Condominium Board may appoint an executive committee by duly adopted resolution. The executive committee shall have, and may exercise, all of the powers of the Condominium Board during the intervals between meetings of the Condominium Board, subject to both (i) the exceptions and limitations contained in paragraph (D) of this Section 2.6 and (ii) such additional exceptions and limitations as the Condominium Board may from time to time deem appropriate. In addition, the Condominium Board may from time to time appoint, by duly adopted resolutions, such other committees as the Condominium Board may deem appropriate to perform such duties and services as the Condominium Board directs. Each such committee shall have, and may exercise, all the powers delegated to it in its enabling resolution, subject, however, to the exceptions and limitations contained in paragraph (D) of this Section 2.6. The executive committee and each other committee shall consist of three (3) or more members of the Condominium Board, at least one (1) of whom shall be a member designated by the Declarant for as long as the Declarant shall have the right to designate or elect one (1) or more members of the Condominium Board.

(C) The Condominium Board may employ a Managing Agent to serve at a compensation to be established by the Condominium Board and to perform all such duties and services as the Condominium Board directs. Subject to the exceptions and limitations contained in paragraph (D) of this Section 2.6, the Condominium Board may delegate to the Managing Agent any of the powers granted to the Condominium Board in these By-Laws.

(D) Notwithstanding anything to the contrary contained in this Section 2.6, the executive committee and the Managing Agent shall neither have, nor be entitled to exercise, and the Condominium Board shall not delegate to either of them or to any other committee, the powers or duties described in subparagraphs (ii), (iv), (v), (vi), (vii), (x), (xiii), (xiv), (xv), (xvi), (xvii), (xix), (xx), (xxi), (xxii) and (xxiv) of paragraph (A) of Section 2.4 hereof.. In addition, neither the executive committee nor any other committees, nor the Managing Agent, shall have, or be entitled to exercise, any of the powers of the Condominium Board described in paragraph B of Section 2.4, except to the extent permitted by Applicable Law.

SECTION 2.7 Number, Election, and Qualification of Members.

(A) The membership of the Condominium Board shall be as follows:

(i) Until the first annual meeting of Unit Owners held pursuant to the terms of Section 4.1 hereof, the Condominium Board shall consist of three (3) individuals to be designated from time to time by the Declarant, a Successor Declarant, or the Declarant's designee;

(ii) From and after the first annual meeting of Unit Owners, and for the balance of the Initial Control Period, the Condominium Board

shall consist of three (3) members, two of whom shall be designated by the Declarant, a Successor Declarant or Declarants' designee, and one of whom shall be elected by the other Unit Owners pursuant to the terms of Section 4.9 hereof;

(iii) After the expiration of the Initial Control Period, the Condominium Board shall consist of five (5) members, appointed in the manner provided in Section 4.9 hereof;

(B) Except for members designated or elected by the Declarant pursuant to the terms of this Section 2.7 or of Sections 2.10 or 4.9 hereof; all members of the Condominium Board shall be either: (i) individual Unit Owners; (ii) individual Permitted Mortgagees or (iii) officers, directors, shareholders, partners, members, principals, employees, or beneficiaries of corporations, partnerships, limited liability companies, fiduciaries, or any other entities that are Unit Owners or Permitted Mortgagees; or (iv) adult Family Members of any of the foregoing. However, no Unit Owner may be elected to serve on the Condominium Board if the Condominium Board has perfected a lien against such Unit Owner's Unit and the amount necessary to release such lien (and pay all expenses incurred by the Condominium Board, its committees, the Managing Agent or any agents of any of the foregoing in connection with the matter resulting in the perfection of the lien, including without limitation, attorneys' fees and expenses) has not been paid at the time of such election.

(C) The number of members of the Condominium Board may not be changed without consent of the Declarant so long as the Declarant owns any Unsold Units.

SECTION 2.8 **Term of Office of Members.** The term of office of the three (3) members of the Condominium Board designated by the Declarant prior to the first annual meeting of Unit Owners shall expire when the five (5) individuals to be designated or elected at such meeting are so designated or elected and qualified. Each of the five (5) individuals elected and qualified at the first annual meeting of Unit Owners and at every annual meeting thereafter shall serve until the next annual meeting thereof and until his successor is elected and qualified. There shall be no limit on the number of terms of office, successive or otherwise, a member of the Condominium Board may serve.

SECTION 2.9 **Removal and Resignation of Members.** (A) Any member of the Condominium Board who was elected thereto either by Unit Owners pursuant to the terms of Section 4.9 hereof, or by the Condominium Board pursuant to Section 2.10 hereof, may be removed from office, with or without cause, by a vote of a Majority of Unit Owners. Any member of the Condominium Board, who was designated as such or elected by the Declarant pursuant to the terms of Sections 2.7, 2.10, or 4.9 hereof, may be removed by a vote of a Majority of Unit Owners only for cause or by the Declarant with or without cause. Any member of the Condominium Board whose proposed removal is to be acted upon at a meeting of Unit Owners shall be given prior written notice thereof and an opportunity to be present and heard thereat.

(B) Any member of the Condominium Board may resign his membership at any time by giving written notice thereof to the Condominium Board and, with respect to members of the Condominium Board designated or elected by the Declarant, to the Declarant. In addition, any member of the Condominium Board who ceases to be qualified for membership pursuant to Section 2.7 hereof shall be deemed to have resigned his membership effective as of the date upon which such qualification ceases.

SECTION 2.10 Vacancies. (A) Any vacancy on the Condominium Board caused by the removal, resignation or death of a member who was elected thereto by Unit Owners shall be filled by an individual who is qualified to be a member pursuant to the terms of Section 2.7 hereof and who is elected by a vote of the majority of the members of the Condominium Board then in office. A special meeting of the Condominium Board shall be held for the purpose of promptly filling any such vacancy, and the election held thereat shall be effective to fill such vacancy even if the number of members present at such meeting would not otherwise have constituted a quorum.

(B) Any vacancy on the Condominium Board caused by the removal, resignation or death of a member designated or elected by the Declarant, shall be filled by an individual designated by the Declarant.

(C) Each member of the Condominium Board elected or designated to fill a vacancy pursuant to the terms of paragraphs (A) and (B), of this Section 2.10 shall serve as a member of the Condominium Board for the remainder of the term of the member replaced and until his successor is elected and qualified at the appropriate annual meeting of the Unit Owners pursuant to the terms of Section 4.9 hereof.

SECTION 2.11 Organizational Meeting of the Condominium Board. The first meeting of the Condominium Board following each annual meeting of Unit Owners shall be held within ten (10) days after such annual meeting at such time and place in the Borough of Bronx as shall be fixed informally by a majority of the members of the Condominium Board and designated in a written notice given to all members thereof in the manner prescribed in Section 11.1 not later than five (5) business days prior to such date.

SECTION 2.12 Regular Meetings of the Condominium Board. Regular meetings of the Condominium Board may be held at such time and place in the Borough of Bronx as shall be determined from time to time by a majority of the members thereof, provided that at least six (6) such meetings shall be held during each fiscal year. Written notice of all regular meetings of the Condominium Board shall be given to each member thereof in the manner prescribed in Section 11.1 at least five (5) business days prior to the day named for such meeting.

SECTION 2.13 Special Meetings of the Condominium Board. A special meeting of the Condominium Board may be called by the President or Vice President, and the President or Vice President shall call such a meeting upon the written request of two (2) or more members of the Condominium Board. Written notice of all special meetings shall be given to each member thereof in the manner prescribed in Section 11.1

at least five (5) business days in advance and shall state the time, place (in the Borough of Bronx) and purpose of the meeting.

SECTION 2.14 **Waiver of Notice of Meetings.** Any member of the Condominium Board may, at any time, waive notice of any meeting thereof in writing. Attendance by a member of the Condominium Board at any meeting thereof, in and of itself, automatically and without the requirement of any supplementary writing or formality, shall constitute a waiver by him of notice of the time and place thereof. If all of the members of the Condominium Board are present at any meeting thereof, no notice of such meeting shall be required and any business may be transacted at such meeting.

SECTION 2.15 **Quorum of the Condominium Board.** For purposes of all meetings of the Condominium Board, a majority of the members thereof shall constitute a quorum for the transaction of business. In connection therewith, one (1) or more members of the Condominium Board may participate in any meeting thereof by means of a conference telephone or similar communications equipment permitting all individuals participating in the meeting to hear each other at the same time, and such participation, in and of itself, automatically and without the requirement of any supplementary writing or formality, shall constitute presence at such a meeting for all purposes. If, at any meeting of the Condominium Board, there shall be less than a quorum present, a majority of the members of the Condominium Board in attendance may adjourn the meeting from time to time. At any such adjourned meeting at which a quorum is present, any business that might have been transacted at the meeting originally called but for the lack of a quorum may be transacted without further notice.

SECTION 2.16 **Conduct of Meetings.** The President or another member acting on his behalf shall preside at all meetings of the Condominium Board, and the Secretary or Assistant Secretary shall faithfully record the minutes thereof. The minutes shall include the full text of all resolutions duly adopted by the Condominium Board and a record of all transactions and proceedings occurring thereat. Such rules of procedure as may be adopted from time to time by a majority of the Condominium Board shall govern the conduct of the meetings of the Condominium Board unless such roles of procedure conflict with the terms of the Declaration, these By-Laws or the Condominium Act.

SECTION 2.17 **Decisions by the Condominium Board.** Except as otherwise expressly provided in the Declaration or these By-Laws, the vote of a majority of the members of the Condominium Board present at a meeting thereof at which a quorum is present shall constitute the decision of the Condominium Board. Alternatively, any decision required or permitted to be made by the Condominium Board may be made without a meeting thereof if all the members of the Condominium Board individually or collectively consent in writing to such decision and all such written consents are duly filed by the Secretary or Assistant Secretary of the Condominium in the minutes of the Condominium Board.

SECTION 2.18 **Compensation of Members.** No member of the Condominium Board shall receive any compensation from the Condominium for acting as such.

SECTION 2.19 **Common or Interested Members of the Condominium Board.** Each member of the Condominium Board shall perform his duties, and shall exercise his powers, in good faith and with a view to the interests of the Condominium. To the extent permitted by Applicable Law, no contract or other transactions between the Condominium Board and either (A) any of its members or (B) any corporation, partnership, fiduciary, firm, limited liability company, association or other entity in which any of the members of the Condominium Board are officers, directors, employees, partners, members, fiduciaries, beneficiaries, or principals, or are otherwise interested, pecuniary or otherwise, shall be deemed either void or voidable because any such interested member of the Condominium Board was present at the meeting or meetings of the Condominium Board during which such contract or transaction was discussed, authorized, approved or ratified, provided, however, that either:

(i) the material facts as to such Condominium Board member's interest in such contract or transaction are disclosed in good faith or known to the Condominium Board or are noted in the minutes thereof, and the Condominium Board approves, authorizes or ratifies such contract or transaction in good faith by a vote sufficient for such purpose without counting the vote of such interested member of the Condominium Board or, if the votes of the disinterested members of the Condominium Board are insufficient to constitute a quorum, by unanimous vote of the disinterested members; or

(ii) the fact thereof is disclosed to, or known by, a Majority of Unit Owners, and a Majority of Unit Owners shall authorize, approve or ratify such contract or transaction; or

(iii) the contract or transaction is considered commercially reasonable by the Condominium Board at the time it is authorized, approved, ratified, executed or otherwise consummated.

Any interested member of the Condominium Board may be counted in determining the presence of a quorum at any meeting of the Condominium Board that authorizes, approves or ratifies any such contract or transaction, and, except as set forth herein shall also be entitled to vote thereat to authorize, approve or ratify such contract or transaction.

SECTION 2.20 **Liability of the Condominium Board.** (A) The members of the Condominium Board shall have no liability to Unit Owners for errors of judgment, negligence or otherwise, except that each member of the Condominium Board shall be liable thereto for his own bad faith, willful misconduct or gross negligence. In connection therewith, members of the Condominium Board designated as such by the Declarant shall not incur any liability for self-dealing, except in cases of bad faith, willful misconduct or gross negligence and shall not be deemed either to have acted in bad faith or to have

committed gross negligence or willful misconduct by reason of self-dealing in connection with any contract made, or other transaction entered into, between the Condominium Board and the Declarant or any Affiliate of the Declarant; provided that any compensation paid to the Declarant or its Affiliates, in connection with any such contract or transaction is, if material, disclosed in the Plan or an amendment thereto or is commercially reasonable.

(B) To the extent permitted by Applicable Law, no member of the Condominium Board shall have any personal liability with respect to any contract, act or omission of the Condominium Board, any committee(s) thereof, or the Managing Agent in connection with the affairs or operation of the Condominium (except in his capacity as a Unit Owner, if applicable), and the liability of any Unit Owner with respect thereto shall be limited as hereinafter set forth. Every contract made by or on behalf of the Condominium Board, any committee(s) thereof, or by the Managing Agent shall expressly state (if obtainable) that it is made or executed by or on behalf of the Condominium Board, such committee(s) or the Managing Agent only as agent for all Unit Owners, that members of the Condominium Board, such committee(s) or the Managing Agent shall have no personal liability thereon, except to the extent of their liability, if any, as Unit Owners pursuant to the terms of Section 4.12 hereof. The foregoing is in addition to the limitation of liability of the officers of the Condominium and Unit Owners pursuant to the terms of Sections 3.10 and 4.12 hereof, respectively. Any such contract or agreement may also provide that it covers the assets, if any, of the Condominium Board on whose behalf the contract or agreement is made or executed.

(C) Neither the Condominium Board nor any member thereof shall be liable for either:

(i) any failure or interruption of any utility or other services to be obtained by, or on behalf of, the Condominium Board or to be paid for as a Common Expense ; or

(ii) any injury, loss or damage to any individual or property, occurring in, on or upon either a Unit or the Common Elements, and either (a) caused by the elements, any Unit Owner or any other Person; or (b) resulting from electricity, water, snow or ice that may leak or flow from a Unit or any portion of the Common Elements; or (c) arising out of theft or otherwise.

(D) Unit Owners shall jointly and severally indemnify and hold harmless each member of the Condominium Board from, against and in respect of all Claims arising out of or in connection with his acts or omissions as, or by reason of the fact that such individual is or was, a member of the Condominium Board, except, however, to the extent that such is due to, or arises out of or in connection with, the bad faith, gross negligence or willful misconduct of such member. Notwithstanding the foregoing, it is

intended that the liability of any Unit Owner arising out of the aforesaid indemnity 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 Interests of all Unit Owners and such Unit Owner's interest in his Unit and its Appurtenant Interests.

ARTICLE 3
OFFICERS

SECTION 3.1 **General**. The principal officers of the Condominium shall be the President, the Vice President, the Secretary and the Treasurer. The Condominium Board may appoint an Assistant Treasurer, an Assistant Secretary and such other officers as, in its discretion, it deems necessary or desirable. All agreements, contracts, deeds, leases, checks and other instruments of the Condominium shall be executed, upon the direction of the Condominium Board, by any two (2) officers of the Condominium or by such lesser number of officers by such other Person(s) as may be designated from time to time by the Condominium Board.

SECTION 3.2 **President**. The President shall be the chief executive officer of the Condominium Board and shall preside at all meetings of the Unit Owners and of the Condominium Board. The President shall have all of the general powers and duties incidental to the office of president of a corporation organized under the New York Business Corporation Law (the "BCL"), including but not limited to, the power to appoint members of all committees created by the Condominium Board from among the Unit Owners from time to time as he may decide, in his discretion, are appropriate to assist in the conduct of the affairs of the Condominium.

SECTION 3.3 **Vice President**. The Vice President shall take the place of the President and perform his duties whenever the President is absent or unable to act. If both the President and the Vice President are unable to act, the Condominium Board shall appoint some other member of the Condominium Board to act in the place of the President on an interim basis. The Vice President shall also perform such other duties as shall be imposed upon him from time to time by the Condominium Board or by the President.

SECTION 3.4 **Secretary.** The Secretary shall keep the minutes of all meetings of the Unit Owners and of the Condominium Board. The Secretary shall have charge of such books and papers as the Condominium Board shall direct, and, in general, shall perform all of the duties that are incident to the office of secretary of a corporation organized under the BCL.

SECTION 3.5 **Treasurer.** The Treasurer shall have the care and custody of the funds and securities of the Condominium and shall be responsible for keeping full and accurate financial records and books of account thereof, showing all receipts and disbursements necessary for the preparation of all required financial data. The Treasurer

shall be responsible for the deposit of all funds and other securities in the name of the Condominium Board or in the name of the Managing Agent in such depositories as may from time to time be designated by the Condominium Board and, in general, shall perform all of the duties incident to the office of treasurer of a corporation organized under the BCL.

SECTION 3.6 **Election, Term of Office and Qualifications of Officers.** Each of the officers of the Condominium Board shall be elected annually by a majority vote of the Condominium Board taken at the organizational meeting of each new Condominium Board, and shall serve at the pleasure of the Condominium Board. The President and the Vice President shall be elected from among the members of the Condominium Board. The other officers of the Condominium, however, need not be Unit Owners, members of the Condominium Board or have any interest in the Condominium.

SECTION 3.7 **Removal and Resignation of Officers.** Any officer of the Condominium may be removed from office with or without cause, by an affirmative vote of a majority of the members of the Condominium Board at any regularly scheduled meeting of the Condominium Board or at any special meeting thereof called for that purpose. In addition, any officer may resign at any time by giving written notice to the Condominium Board. Finally, if the President or the Vice President of the Condominium ceases to be a member of the Condominium Board during his term of office, such officer shall be deemed to have resigned his office effective upon the date upon which his membership ceases.

SECTION 3.8 **Vacancies.** Any vacancy in an office shall be filled by a majority vote of the Condominium Board at any regularly scheduled meeting of the Condominium Board or at a special meeting thereof called for that purpose.

SECTION 3.9 **Compensation of Officers.** No officer of the Condominium shall receive any compensation from the Condominium for acting as such.

SECTION 3.10 **Liability of Officers of the Condominium.** (A) The officers of the Condominium shall have no liability to Unit Owners for errors of judgment, negligence or otherwise, except that each officer of the Condominium shall be liable thereto for his own bad faith, willful misconduct or gross negligence. In addition, every contract made, and other document executed, by one (1) or more officers or other Person(s) on behalf the Condominium shall expressly state (if obtainable, and in addition to the limitation of liability of the members of the Condominium Board and Unit Owners pursuant to the terms of Section 2.20 and 4.12 hereof, respectively) that it is made or executed by such officers or Person(s) on behalf of the Condominium solely as agent for the Unit Owners and that such officers or Person(s) shall have no liability thereon, except to the extent of their liability, if any, as Unit Owners pursuant to the terms of Section 4.12 hereof.

(B) None of the officers of the Condominium shall be liable for either:

(i) any failure or interruption of any utility or other services to be obtained by any such officer on behalf of the Condominium or to be paid for as a Common Expense; or

(ii) any injury, loss or damage to any individual or property, occurring in, on, about or upon either a Unit or the Common Elements, and either: (a) caused by the elements, any Unit Owner or any other Person; or (b) resulting from electricity, water, snow, or ice that may leak or flow from a Unit or any portion of the Common Elements; or (c) arising out of theft or otherwise.

(C) Unit Owners shall jointly and severally indemnify and hold harmless each officer of the Condominium from, against and in respect of all claims whatsoever arising out of or in connection with his acts or omissions, as, or by reason of, the fact that such individual is or was an officer of the Condominium except, however, to the extent that such is due to, or arises out of or in connection with the bad faith, willful misconduct or gross negligence of such officer. Notwithstanding the foregoing, it is intended that the liability of any Unit Owner arising out of the aforesaid indemnification, 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 Interests of all Unit Owners and to such Unit Owner's interest in his Unit and its Appurtenant Interests.

SECTION 3.11 **Authorized Signatories.** The Condominium Board may, by resolution passed in accordance with the provisions hereof, authorize any officer to execute and, deliver on behalf of the Condominium Board documents or other instruments necessary or desirable to the performance of its duties and obligations hereunder. The President, Secretary and Treasurer and, if authorized by the Condominium Board, the Managing Agent, is each authorized to execute and deliver estoppel certificates regarding the payment of Common Charges or other matters related to a Unit Owner's ownership of its Unit to a Permitted Mortgagee, a purchaser of a Unit Owner' s Unit, a Tenant of a Unit Owner' s Unit or other parties reasonably entitled to such information.

SECTION 3.12 **Assistants.** The Condominium Board may at any time or from time to time appoint one or more assistant secretaries and one or more assistant treasurers to hold office at the pleasure of the Condominium Board. Such assistants, if any, in order of their seniority or in any other order determined by the Condominium Board shall, in the absence or disability of the Secretary or Treasurer, as the case may be, perform the duties and exercise the powers of the applicable Secretary or Treasurer, as the case may be, and shall perform such other duties as the Condominium Board, Secretary or Treasurer, as the case may be, shall prescribe. So long as the Declarant owns one Unit in the Condominium, the Declarant shall be entitled to appoint one assistant secretary who

shall be authorized to execute and deliver, in connection with Units owned by the Declarant, the estoppel certificates referred to in Section 3.11 of this Article and any other document or instrument required to be delivered by the Condominium Board to the Declarant or on the Declarant's behalf pursuant to the provisions of the Declaration and these By-Laws, including, without limitation, any amendment to the Declaration under Article 13 of the Declaration.

ARTICLE 4.
UNIT OWNERS

SECTION 4.1 **Annual Meetings of Unit Owners.** The first annual meeting of the Unit Owners shall be held within sixty (60) days after the earlier of (A) the closing of title to Units whose aggregate Common Interests exceed fifty (50%) percent or (B) twelve (12) months after the First Unit Closing, at which meeting the incumbent three-member Condominium Board shall resign and a successor three-member Condominium Board (or five (5) member Condominium Board if the conditions for establishment of such Board set forth in Section 2.7 (A) shall have been met) shall be appointed or elected by the Unit Owners, as provided in this Article 4 and in Article 2. Thereafter, annual meetings of the Unit Owners shall be held on or about the last Thursday in April of each year, unless such date occurs on a Holiday, in which event the meeting shall be held on the next succeeding business day. At each such subsequent meeting, the Unit Owners shall elect successors to the members of the Condominium Board whose term of office expires on the day of such meeting and shall transact such other business as may properly come before such meeting.

SECTION 4.2 **Special Meetings of Unit Owners.** The President shall call a special meeting of the Unit Owners whenever so directed by a duly adopted resolution of the Condominium Board or upon receipt by the Secretary of a petition calling for such a meeting signed by the Unit Owners having, in the aggregate, not less than twenty-five (25%) percent of the Common Interests of all Unit Owners. Each such resolution or petition shall set forth, in reasonable detail, the purposes for calling such a meeting, and no business shall be transacted at such special meeting except business reasonably related to such stated purposes.

SECTION 4.3 **Place of Meetings.** Meetings of Unit Owners shall be held at the principal office of the Condominium or at such other suitable and convenient place in the Borough of Bronx as may be designated by the Condominium Board.

SECTION 4.4 **Notice of Meetings.** (A) The Secretary of the Condominium shall give notice of each annual or special meeting of the Unit Owners to all Unit Owners then of record entitled to vote at such meeting. Each such notice shall set forth the purpose, time and place of such meeting. All notices shall be given to the Unit Owners entitled to receive the same in the manner prescribed in Section 11.1 , not later than five (5) business days prior to the day fixed for the meeting; however, the mailing of such notice to any Unit Owner, addressed to his address at the Property, at least ten (10) days prior to the day fixed for the meeting shall be conclusively deemed the giving of the required notice to such Unit Owner of such meeting.

(B) If the business to be conducted at any meeting of the Unit Owners shall include the consideration of a proposed amendment to the Declaration or to these By-Laws the notice of such meeting shall be delivered to all Unit Owners at least ten (10) days prior to the day fixed for such meeting and shall be accompanied by a copy of the text of such proposed amendment.

SECTION 4.5 **Quorum of Unit Owners.** Except as otherwise provided in these By-Laws, the presence, in person or by proxy, of Unit Owners owning Units to which fifty (50%) percent or more of the aggregate Common Interest appertains shall constitute a quorum at all meetings of the Unit Owners. If, at any meeting of the Unit Owners, there is less than a quorum present, a majority of the Unit owners present at such meeting, either in person or by proxy, may adjourn the meeting to a time not less than forty-eight (48) hours from the time fixed for the original meeting, and no notices of adjournment need be given other than notice of the meeting so adjourned.

SECTION 4.6 **Conduct of Meetings.** The President shall preside at all meetings of the Unit Owners, and the Secretary shall faithfully record the minutes thereof, which minutes shall include the full text of all resolutions duly adopted by the Unit Owners and a record of all transactions and proceedings occurring thereat. Such rules of procedure as are acceptable to a majority of Unit Owners present at any meeting, in person or by proxy, shall govern the conduct of meetings of the Unit Owners, unless such rules of procedure conflict with the terms of the Declaration, these By-Laws or the Condominium Act. All votes of the Unit Owners shall be tallied by the persons appointed by the presiding officer of the meeting.

SECTION 4.7 **Order of Business.** The order of business at all meetings of the Unit Owners shall be as follows:

(i) call to order;

(ii) Roll call;

(iii) Proof of notice of meeting;

(iv) Reading of the minutes of the preceding meeting (unless waived);

(v) Reports of officers of the Condominium Board;

(vi) Reports of members of the Condominium Board;

(vii) Reports of committees;

(viii) Election of inspectors of election (when so required);

(ix) Election of members of the Condominium Board (when so required);

(x) Unfinished business; and

(xi) New business.

SECTION 4.8 Voting. (A) Subject to the terms of Section 4.9 hereof, each Unit Owner (including the Declarant, for so long as the Declarant owns any Units) shall be entitled to cast one vote at all meetings of the Unit Owners for each .0001 % of Common Interest attributable to his Unit(s).

(B) Notwithstanding the terms contained in paragraph (A) hereof, no Unit Owner may vote at any meeting of the Unit Owners if the Condominium Board has perfected a lien against such Unit Owner's Unit and the amount necessary to release such lien (and pay all expenses incurred by the Condominium Board, its committees, the Managing Agent or any agents of the foregoing in connection with the matter resulting in perfection of the lien, including, without limitation, attorneys' fees and expenses) has not been paid at the time of such meeting. In addition, neither the Condominium Board nor any designee thereof shall be entitled to vote the Common Interest appurtenant to any Unit owned by the Condominium Board or such designee. The Common Interests of all Units whose Unit Owners are precluded from voting pursuant to the terms of this paragraph (B) shall be excluded when computing the aggregate Common Interests of all Unit Owners for voting purposes but shall be included for purposes of determining whether a quorum is present for such voting.

(C) A fiduciary shall be the voting member with respect to a Unit owned in a fiduciary capacity. In addition, if two or more Persons own a Unit, they shall designate in writing to the Secretary of the Condominium one Person among them to vote the Common Interest appurtenant to their Unit, and the vote of such designee shall be binding on all such Persons. Failing such designation, all of such Persons shall mutually vote such Common Interest under one ballot without division, and the concurrence of all such Persons shall be conclusively presumed if any one of them purports to vote such Common Interest without protesting contemporaneously made to the individual presiding over the meeting at which such vote is taken. If protest is made, the Common Interest appurtenant to such Unit shall be counted solely for the purpose of determining whether a quorum is present for such voting.

(D) A Unit Owner may designate any Person to act as a proxy on his behalf. The designation of any such proxy shall be made in a writing both signed and dated by the designator and delivered to the Secretary of the Condominium at or before the appointed time for the meeting during which such proxy is to be effective. Any such designation shall be revocable at any time upon written notice given to the Secretary of the Condominium; however, no revocation of such a designation shall be effective with respect to any vote cast by such proxy prior to the receipt of such revocation notice by the Secretary of the Condominium or, if such revocation is made at a meeting of the Unit Owners during which the Secretary of the Condominium is not in attendance, by the individual acting as the secretary of such meeting. Except with respect to the designation

of a Permitted Mortgagee to act as the proxy of its mortgagor, no designation to act as a proxy shall be effective for a period in excess of six (6) months after the date thereof.

(E) Except when otherwise required by Applicable Law or otherwise provided in the Declaration or in these By-Laws, the affirmative vote of a Majority of Unit Owners shall be binding upon all Unit Owners for all purposes.

SECTION 4.9 **Intentionally Omitted.**

SECTION 4.10 **Action Without a Meeting.** Any action required or permitted to be taken by the Unit Owners at a duly constituted meeting may be taken ,without such a meeting if the number of Unit Owners sufficient (both in absolute number and in aggregate Common Interests) to approve such an action at a duly constituted meeting of Unit Owners pursuant to the Declaration or to these By-Laws consent in writing to the adoption of a resolution approving such action. All written consents given by the Unit Owners pursuant to this Section 4.10 shall be retained in the records of the Condominium together with a true copy of the resolutions to which they relate.

SECTION 4.11 **Title to Units.** Title to any Unit may be taken by any Person or by any two or more Persons as joint tenants, tenants in common, or tenants by the entirety, as may be appropriate, but not as owners in severalty.

SECTION 4.12 **Contractual Liability of Unit Owners.** It is intended and every contract made or executed by or on behalf of the Condominium Board, by any committee thereof, by any officer of the Condominium, or by the Managing Agent of the Building shall state (if obtainable and in addition to the limitation of liability of the members of the Condominium Board and the officers of the Condominium pursuant to the terms of Sections 2.20 and 3.10 hereof, respectively) that the liability of any Unit Owner with respect to any contract, act or admission with respect to the Condominium shall be limited to: (i) such proportionate share of the total liability thereunder as the Common Interest of such Unit Owner bear to the aggregate Common Interests of all Unit Owners and (ii) such Unit Owner's interest in his Unit and its Appurtenant Interests, unless otherwise provided by Applicable Law. Nothing in the preceding sentence shall limit a Unit Owners liability for the payment of Common Charges.

SECTION 4.13 **Limited Liability of REITS.** Notwithstanding anything to the contrary contained in this Declaration or these By-Laws, in the event that a Unit Owner is a REIT, the obligations of any such REIT under the Declaration and these By-Laws shall be enforceable only against the assets of the REIT, and no trustee, officer, director, beneficiary or shareholder of any such REIT shall be personally liable for any matter in connection with or arising out of the Declaration or these By-Laws.

ARTICLE 5.
OPERATION OF THE PROPERTY

SECTION 5.1 **Maintenance and Repairs.** (A) Except as otherwise provided in the Declaration or these By-Laws, all painting, decorating, maintenance, repairs and replacements, whether structural or non-structural, ordinary or extraordinary:

(i) in or to any Unit and all portions thereof (including, but not limited to, the interior walls, ceilings and floors in the Unit, kitchen and bathroom fixtures and appliances, windows and window frames, sills and sashes, all doors (entrance and terrace, if any) and their frames and saddles, exposed plumbing, gas and heating fixtures and equipment, AC Equipment, lighting and electrical fixtures, and any General Common Elements incorporated therein pursuant to paragraph (B) of Section 5.8 hereof but excluding any other General Common Elements contained therein) shall be performed by the Unit Owner of such Unit at such Unit Owner's sole cost and expense;

(ii) in or to the General Common Elements (other than any General Common Elements incorporated into one or more Units pursuant to the terms of paragraph (B) of Section 5.8 hereof) shall be performed by the Condominium Board as a Common Expense; and;

(iii) in or to the Limited Common Elements shall be performed (a) by the Condominium Board as a Common Expense, if involving structural or extraordinary maintenance, repairs or replacements (including, but not limited to, the repair of any leak that are not caused by the acts or omissions of the Unit Owner having exclusive use thereof) or (b) by the Unit Owner having exclusive use thereof at his sole cost and expense, if involving (x) nonstructural ordinary maintenance, repairs or replacements or (y) as a result of the Unit Owner's acts or omissions.

Promptly upon obtaining knowledge thereof, each Unit Owner shall report to the Condominium Board or to the Managing Agent any defect or need for repairs for which the Condominium Board is responsible pursuant to the terms hereof. All painting, decorating, maintenance, repairs and replacements performed hereunder or otherwise, whether by or at the behest of a Unit Owner or the Condominium Board, shall be or be performed in such a manner as shall not unreasonably disturb or interfere with any Unit Owners or the tenants and occupants of any Units.

(B) Each Unit Owner shall be responsible for any and all damage to any Unit or the Common Elements resulting from such Unit Owner's failure to comply with any of his obligations under paragraph (A) of this Section 5.1 . If any painting, decorating, maintenance, repairs or replacements to the Property or any part thereof, whether structural or non-structural, ordinary or extraordinary, is necessitated by the negligence, misuse or abuse of (i) any Unit Owner, the entire cost and expense thereof shall be borne by such Unit Owner, or (ii) the Condominium Board, the entire cost and expense thereof shall be borne by the Condominium Board as a Common Expense, except, in all events, to the extent that such cost and expense is covered by the proceeds of any insurance maintained pursuant to the terms of these By-Laws.

(C) Notwithstanding anything to the contrary provided in paragraph (A) of this Section5.1, the exterior glass surfaces of all windows of each Unit are to be washed and cleaned by the Unit Owner of such Unit at such Unit Owner's sole cost and expense and shall not be colored or painted. Each Unit and all portions of the Common Elements shall be kept in first-class condition, order and repair (and free from snow, ice and accumulation of water with respect to any terrace, patio, roof or other part of the Property exposed to the elements) by the Unit Owner or the Condominium Board, whichever is responsible for the maintenance thereof is set forth herein, and such Unit Owner or the Condominium Board, as the case may be, shall promptly make or perform, or cause to be made or performed, all Work (including, without limitation, painting, repairs and replacements) that is necessary in connection therewith. In addition, the public areas of the Buildings and those areas exposed to public view shall be kept in good appearance, in conformity with the dignity and character of the Buildings, by (i) the Condominium Board with respect to such parts of the Building required to be maintained by it, and (ii) each Unit Owner, with respect to the interior and exterior surfaces of terraces, patios, windows and window shades, venetian or other blinds, drapes, curtains or other window decorations in or appurtenant to his Unit.

(D) In the event that any Unit Owner, after receipt of written notice from the Condominium Board, fails or neglects in any way to perform any of his obligations with respect to the painting, decorating, maintenance, repair or replacement of his Unit as provided in this Section 5.1 or of any Common Elements for which such Unit Owner is responsible under the Declaration or these By-Laws; the Condominium Board shall perform or cause to be performed such painting, decorating, maintenance, repairs or replacements unless such Unit Owner, within five (5) days after receiving notice of such default by the Condominium Board, cures such default, or in the case of default not reasonably susceptible to cure within such period, commences and thereafter prosecutes to completion, with due diligence, the curing of such default. All sums expended and all costs and expenses incurred by the Condominium Board in connection with the making of any such painting, decorating, maintenance, repairs or replacements in such Unit Owner's Unit together with interest thereon at the Default Rate, shall be immediately, payable by such Unit Owner to the Condominium Board and shall, for all purposes hereunder, constitute Common Charges payable by such Unit Owner.

(E) No Unit Owner shall cause or permit any Hazardous Materials to be used, stored, transported, released, handled, produced or installed in, on or from its Unit or the Property, other than substances used in de minimis quantities in household cleaning products and generated, stored, handled and used in compliance with Applicable Law. It shall be the obligation of each Unit Owner to comply (at its sole cost and expense) with all Applicable Laws with respect to Hazardous Materials in its Unit or in connection with any Work performed on behalf of such Unit Owner at the Property.

SECTION 5.2 Alterations, Additions, Improvements or Repairs in and to the Units and the Limited Common Elements. (A) Subject to the terms of paragraph (B) of this Section 5.2, no Unit Owner shall perform any structural Work in or to his Unit or its Appurtenant Limited Common Elements without the prior written approval of the Condominium Board. If, however, the Condominium Board fails to answer any written request for such approval, which shall include reasonably detailed plans and specifications and such other information as the Condominium Board may reasonably require, within thirty (30) days after such request is received, together with all other required documentation, such failure to respond shall be deemed to constitute the Condominium Board's approval thereof. Prior to, and as a condition of the granting of any such approval, the Condominium Board may, at its sole option, require the Unit Owner to procure and agree to maintain during the course of such Work such insurance and to post such security as the Condominium Board may reasonably prescribe and to execute an agreement, in form and substance satisfactory to the Condominium Board, setting forth the terms and conditions under which any such Work may be performed, including, without limitation, the indemnification obligations referred to in paragraph (D) hereof and in Section 5.4(F), and the days and hours during which any such Work maybe performed. For purposes of the Declaration and these By-Laws, the term **"structural"** when applied to any Work performed in or to a Unit or the Property shall mean and refer to any Work affecting the foundations, columns, girders, joists, beams, supports, concrete slabs and other such structural members of the Buildings, those portions of the exterior walls of the Buildings lying beyond the interior face of the stucco and all Building Systems, including without limitation, the mechanical, electrical, water supply and return (sewer), gas supply and heating systems.

(B) Notwithstanding anything to the contrary contained in paragraph (A) of this Section 5.2. , however, the Declarant shall have the right, pursuant to the terms of Article 13 of the Declaration, to (i) perform any Work within its Units, whether structural, or non-structural, interior or exterior, ordinary or extraordinary and. (ii) subdivide, combine and change the boundary walls of their respective Units all without the approval of the Condominium Board or any other Unit Owner, subject to compliance with the terms of Article 13 of the Declaration.

(C) All Work performed by Unit Owners shall be performed in compliance with Applicable Law.

(D) Neither the Condominium Board nor any Unit Owner (other than the Unit Owner performing Work in or to his Unit and appurtenant Limited Common Elements) shall incur any liability, cost or expense either (i) in connection with the preparation, execution or submission of the applications referred to in paragraph (C) of this Section 5:2; (ii) to any contractor, subcontractor, materialman, architect or engineer on account of any Work performed or caused to be performed by any Unit Owner; or (iii) to any Person asserting any claim for personal injury or property damage arising therefrom. Any Unit Owner performing or causing to be performed Work in or to his Unit and appurtenant Limited Common Elements shall agree (in a writing executed and delivered to the Condominium Board, if the Condominium Board so requests), and shall be deemed to agree (in absence of such Writing), to indemnify and hold the Condominium Board, the Managing Agent and all other Unit Owners harmless from and against any such liability, cost and expenses as set forth in Section 5.4(F) below.

(D) The Condominium may hire experts to review the plans and Specifications or any structural Work proposed to be made by any Unit Owner and, except as set forth below, the reasonable cost thereof shall be assessed by the Condominium Board as a Common Expense against such Unit Owner's Unit and shall be payable by such Unit Owner. No such costs shall be assessed against the Declarant's Units or payable by the Declarant in connection with any such Work performed by the Declarant, whether in and to any Unit owned by the Declarant or to the Common Elements as permitted in the Declaration, these By-Laws or in the Plan.

(F) The approval or consent of the Condominium Board to any Work performed by a Unit Owner in accordance with these By-Laws shall not be, nor shall it be construed as being, or relied upon as a determination that the Work or the plans and specifications therefor (or any modifications thereto) comply with any Applicable Law or the requirements of any insurer insuring the Condominium pursuant to Section 5.4 of these By-Laws.

SECTION 5.3 Alterations, Additions or Improvements to the General Common Elements. Except as otherwise provided in the Declaration or in these By-Laws, all alterations, additions or improvements in or to any of the General Common Elements shall be made by the Condominium Board, and the cost and expense thereof shall constitute a Common Expense. Notwithstanding the foregoing, whenever the cost and expense of any such alterations, additions or improvements would, in the judgment of the Condominium Board, exceed fifty thousand ($50,000.00) dollars in the aggregate in any calendar year, then such proposed alterations, additions or improvements shall not be made unless first approved by a Majority of the Unit Owners (including the Declarant, if the Declarant then owns any Unit) at a duly constituted meeting of the Unit Owners and by the Mortgage Representatives, if any. Except as otherwise provided in the Declaration and in these By-Laws, all such alterations, additions or improvements, costing fifty thousand ($50,000.00) dollars or less in the aggregate in any calendar year may be made as aforesaid without the approval of either the Unit Owners or the Mortgage Representatives (if any).

Notwithstanding the foregoing, no additions, alterations or improvements, unless required by Applicable Law, shall be made to the Common Elements, regardless of the cost thereof, unless the consent of the Declarant is first obtained during the five (5) years following the First Unit Closing so long as the Declarant owns at least twenty-five percent (25 %) of the Units.

SECTION 5.4 **Insurance and Indemnification.** (A) The Condominium Board shall obtain, if available, and shall maintain in full force and effect, fire insurance policies with all risk extended coverage insuring the Building (including the Building Systems, the Facilities, all Units and the bathroom and kitchen fixtures installed therein on the date of recording the Declaration and all service machinery contained therein, but not including appliances or any furniture, furnishings or other personal property supplied or installed by Unit Owners or the Tenants of Unit Owners) and covering the interests of the Condominium, the Condominium Board, all Unit Owners and all Permitted Mortgagees, as their interests may appear. Each of such policies shall contain, if available:

(i) waivers of (a) subrogation, (b) any defense based upon co-insurance or other insurance, (c) invalidity arising out of any acts of the insured and (d) pro-rata reduction of liability;

(ii) a provision that any adjustment of loss shall be made by the Condominium Board and that all proceeds thereof shall be paid to either the Condominium Board or the insurance Trustee, as provided in Section 5.5 hereof;

(iii) a New York standard mortgagee clause in favor of each Permitted Mortgagee, which clause shall provide that the proceeds thereof shall be paid to such Permitted Mortgagee as its interest may appear, subject, however, to the loss payment provisions in favor of the Condominium Board and the insurance Trustee set forth in subparagraph (ii) above in Section 5.5 hereof; and

(iv) a provision that such policy may not be either canceled or substantially modified except upon at least ten (10) days' prior written notice to all the insureds, including all Permitted Mortgagees.

Duplicate originals or certificates of all such policies and of all renewals thereof, together with proof of payment of premiums, shall be sent to all Unit Owners upon request and to Permitted Mortgagees at least ten (10) days prior to the expiration of the then current policies.

(B) The Condominium Board shall also obtain and maintain to the extent practicable:

(i) commercial general liability insurance, in such limits as the Condominium Board may from time to time determine, covering all Claims for personal injury, or property damage arising out of any occurrence on the Property and listing as co-insureds (a) the Condominium Board and each member thereof, (b) the Managing Agent (if any), (c) each officer and employee of the Condominium and (d) each Unit owner (except, however, that such insurance shall not cover any liability of a Unit Owner arising from occurrences with his own Unit or its Limited Common Elements);

(ii) rent insurance;

(iii) worker's compensation and New York State disability benefits insurance;

(iv) boiler and machinery insurance;

(v) water damage legal liability insurance;

(vi) umbrella liability insurance;

(vii) officers and directors liability insurance; and

(viii) such other insurance as the Condominium Board shall from time to time determine.

Each of the aforementioned policies of insurance shall also cover cross liability claims of one insured against another.

(D) All policies of insurance to be maintained by the Condominium Board shall contain such limits, as the Condominium Board shall from time to time determine, provided, however, that:

(i) with respect to insurance policies maintained by the Condominium Board pursuant to paragraph (A) hereof, the coverage shall be in an amount equal to not less than eighty percent (80%) of the full replacement cost of the Building, exclusive of excavation and foundations without deduction for depreciation, as approved by a fire insurance company, a qualified insurance broker, or another qualified source; and

(ii) with respect to insurance policies maintained by the Condominium Board pursuant to subparagraph (ii) of paragraph (B) hereof, the coverage shall be in an amount

equal to not less than the aggregate of all the Unit Owners' Common Charges for one year.

Any insurance policies maintained by the Condominium Board may also provide for such deductible amounts as the Condominium Board shall determine. The Condominium Board shall review the limits of each insurance policy, as well as the amount of any deductible sum thereunder, at least once each year.

(E) The cost of all insurance maintained by the Condominium Board Pursuant to this Section 5.4, together with the fees and disbursements of any Insurance Trustee appointed by the Condominium Board pursuant to the terms of these By-Laws, shall be borne by the Condominium Board as a Common Expense.

(F) Unit Owners shall not be prohibited from carrying other insurance for their own benefit, provided that all such policies shall contain waivers of subrogation and further provided that the liability of the carriers issuing the insurance maintained by the Condominium Board shall not be affected or diminished by reason any such additional insurance carried by any such Unit Owner. Such policies shall be so endorsed as to state they shall in no way conflict with any insurance carried by the Condominium Board.

(G) Subject to any specific limitation on the liability of Unit Owners set forth elsewhere in these By-Laws or in the Declaration, each Unit Owner, including the Declarant shall indemnify and hold harmless all other Unit Owners, including the Declarant and the Condominium from and against all Claims which may be imposed upon or incurred by any of the foregoing by reason of: (i) any Work performed or required to be performed by such Unit Owner on or about the Property; (ii) any negligence, wrongful acts or omissions on the part of such Unit Owner or any of his Family Members, officers, directors, shareholder, partners, member, managers, Tenants, agents, contractors, servants, employees, licensees, or invitees; or (iii) any failure on the part of such Unit Owner to perform or comply with any of the terms or conditions contained in the Declaration and these By-Laws on its part to be performed or complied with. Notwithstanding anything to the contrary contained herein, in no event shall Pennyfield Estates II Condominium be liable for the acts or omissions of any Successor Declarant, except as specifically provided in the Plan or otherwise required by Applicable Law.

(H) Subject to any specific limitation on the liability of the Condominium Board set forth elsewhere in these By-Laws or in the Declaration, the Condominium shall indemnify and hold all Unit Owners, including the Declarant, harmless from and against all Claims which may be imposed upon or incurred by any of the Unit Owners and/or the Declarant by reason of: (i) any Work performed by the Condominium or the Condominium Board on or about the Property; or (ii) any negligence or wrongful acts or omissions on the part of the Condominium Board or any of its members, officers, agents, contractors, servants, employees, licensees, or invitees. The costs and expenses of the foregoing indemnification by the Condominium shall be a Common Expense.

SECTION 5.5 **Casualty or Condemnation.** (A) In the event that either (i) the Building or any part thereof is damaged or destroyed by fire or other casualty (hereinafter referred to as a "Casualty Loss") or (ii) the General Common Elements or any part thereof is taken in condemnation or by eminent domain (hereinafter referred to as a **"Taking"**), the net pursuant to the terms of Section 5.4 hereof by reason of such Casualty Loss or the net condemnation awards receivable by reason of such Taking, as the case may be, shall be payable either to the Condominium Board, if one hundred thousand dollars ($100,000.00) or less in the aggregate, or the Insurance Trustee, if in excess of one hundred thousand dollars ($100,000.00) in the aggregate. In either instance, all such monies actually received (hereinafter referred to as the **"Trust Funds"**) shall be held in trust for the benefit of all Unit Owners and their Permitted Mortgagees and shall be disbursed pursuant to the terms of this Section 5.5. Notwithstanding anything to the contrary contained either in this paragraph (A) or elsewhere in this Section 5.5, however, no Unit Owner whose Unit, its appurtenant Limited Common Elements, or any portion thereof is taken in condemnation or by eminent domain (whether or not all or a part of the General Common Elements are contemporaneously taken) shall be deemed to have waived whatever rights that he may have to pursue a separate claim against the condemning authority by reason thereof.

(B) If (i) either seventy-five percent (75%) or more of the Building is destroyed or substantially damaged by fire or other casualty or seventy-five percent (75%) or more of the General Common Elements are taken in a Taking and (ii) seventy-five percent (75%) or more of all Unit Owners, both in number and in aggregate Common Interests (including the Declarant so long as the Declarant owns any Units) duly and promptly resolve to proceed with repair and restoration (**"Restorations"**), then subject to the terms of paragraph (D) of this Section 5.5, the Condominium Board shall arrange for the prompt repair and restoration of the portion of the Building affected by such Casualty Loss (including all Units and the bathroom and the kitchen fixtures installed therein on the date of recording the Declaration and all service machinery contained therein, but not including any wall, ceiling or floor decorations, or coverings, appliances or any furniture, furnishings, fixtures, equipment or other personal property supplied or installed by either Unit Owners or the tenants of Unit Owners), or, in the event of a Taking, the portion of the General Common Elements affected by such Taking. If, pursuant to the immediately preceding sentence, Work is to be performed in or to the Units, the Common Elements that service or enclose the Units and other Common Elements, or any combination of the foregoing, such Work shall be performed, to the extent practicable, first in or to the Units, next in or to the Common Elements that service or enclose the Units and then in or to the balance of the Common Elements. In addition, each Unit Owner, whose Unit, its appurtenant Limited Common Elements, or any portion thereof shall be the subject of all or part of such Work shall have the right, subject to the terms of Section 5.2 hereof, to supervise any redecorating of his Unit or of such Limited Common Elements.

(C) In the event that Work shall be performed pursuant to the terms of paragraph (B) of this Section 5.2 , the Condominium Board or the Insurance Trustee, as the case may be, shall disburse the Trust Funds to the contractors engaged in such Work in appropriate progress payments. If the Trust Funds are less than sufficient to discharge the cost and expense of performing such Work, the Condominium Board shall levy a Special Assessment against all Unit Owners for the amount of such deficiency in proportion to their respective Common Interests, and all proceeds of such Special Assessment shall become part of the Trust Fund. If, conversely, the Trust Funds shall prove to be more than sufficient to discharge the cost and expense of performing such Work, such excess shall be paid to Unit Owners in proportion to their respective Common Interests, except that no payment shall be made to a Unit Owner until there has first been paid, out of such Unit Owner's share of such excess, such amounts as may be necessary to reduce unpaid liens on the Unit Owner's Unit (other than mortgages that are not Permitted Mortgages) in the order of priority of such liens. Notwithstanding the foregoing, however, in the event that Unit Owners are assessed pursuant to the terms of the second sentence of this paragraph (C) for any projected deficiency in the amount of the Trust Funds available to the Condominium Board and, after the payment of all costs and expenses incurred in connection with such Work, any portion of the Trust Funds remains unspent, such excess Trust Funds shall, to the extent of such Special Assessment, be deemed to be, and shall constitute, an unspent Special Assessment and shall be paid to Unit Owners so assessed in proportion to their respective Common Interests, free of any claim of any lien or (including, without limitation any Permitted Mortgagee).

(D) If (i) either seventy-five percent (75%) or more of the Property is destroyed or substantially damaged by fire or other casualty or seventy-five percent (75%) or more of the General Common Elements are taken in a Taking, and (ii) seventy-five percent (75%) or more of all Unit Owners, both in number and in aggregate Common Interests (including the Declarant if the Declarant then owns any Units), either fail or refuse to resolve to proceed with the Restoration, the Restorations shall not be performed and the Property shall be subject to an action for partition by any Unit Owner or lienor, as if owned in common, in which event the net proceeds of the resulting sale, together with any Trust Funds, shall be paid to all Unit Owners in proportion to their respective Common Interests, except that no payment shall be made to a Unit Owner until there first has been paid, out of such Unit Owner's share of such funds, such amounts as may be necessary to reduce unpaid liens on the Unit Owner's Unit (other than mortgages that are not Permitted Mortgages) in the order of priority of such liens.

(E) If the damage resulting from a Casualty Loss (i) renders one or more Units wholly or partially unusable for the purposes permitted herein and in the Declaration or (ii) destroys the means of access to one or more Units, the installments of Common Charges otherwise payable by the Unit Owner of any Unit so affected thereby shall proportionately abate until such Unit is rendered usable for such purposes and/or until the means of access thereto is restored, as the case may be. Notwithstanding the foregoing, however, if such Casualty Loss is caused by the act, the omission to act, or the negligence of the Unit Owner of a Unit so affected thereby, by a Family Member of such Unit Owner or by a tenant or other occupant of such Unit, such installments of Common Charges shall abate only to the extent of any proceeds of rent insurance actually collected by the Condominium Board with respect to such Unit.

(F) If (i) a portion of any Unit is taken in condemnation or by eminent domain and (ii) the Condominium is not terminated by reason of a simultaneous Taking pursuant to the terms of paragraph (D) hereof, the Common Interest appurtenant to such Unit shall be adjusted in the proportion that the total floor area of such Unit and its appurtenant Limited Common Elements after such Taking bears to the total floor area of such Unit and its appurtenant Limited Common Elements prior to such Taking. The Condominium Board shall promptly prepare and record an amendment to the Declaration reflecting the new Common Interest appurtenant to such Unit, which amendment shall be executed by the Unit Owner of such Unit together with the holders of record of any liens thereon (or, in lieu of execution by such Unit Owner and lienors, such parties may execute a consent to such amendment in recordable form). Following the Taking of a portion of a Unit and the recording of the aforementioned amendment to the Declaration, the votes appurtenant to such Unit shall be based upon the new Common Interest of such Unit, and, in the event of a Taking of an entire Unit, the right to vote appurtenant to such Unit shall wholly terminate. In either event, the Common Interests of the other or remaining Units shall be adjusted accordingly and reflected in an amendment to the Declaration, duly executed and acknowledged by the Condominium Board and the Unit Owners thereof, together with the holders of record of all the other or remaining Units.

(G) As used in this Section 5.5. the terms:

(i) **"prompt repair or restoration"** shall mean that the Restorations are to be commenced not later than either: (a) sixty (60) days after the date upon which the Insurance Trustee notifies the Condominium Board and all Unit Owners that it has received Trust Funds sufficient to discharge the estimated cost and expense of the Restorations, or (b) ninety (90) days after the date upon which the Insurance Trustee notifies the Condominium Board and all Unit Owners that it has received Trust Funds insufficient to discharge the estimated cost and expense of the Restorations, or (c) in the event that the Trust Funds are payable to the Condominium Board pursuant to the terms of paragraph (A) of this Section 5.5, sixty (60) days after the date upon which the Condominium Board notifies all Unit Owners that it has received the Trust Funds, whether or not such Trust Funds are sufficient to discharge the cost and expense of the Restorations; and

(ii) **"promptly resolve"** shall mean that a resolution shall be duly made not later than sixty (60) days after the date upon which the Condominium Board or the Insurance Trustee, as the case may be, notifies all Unit Owners that it has received the Trust Funds and that such Trust Funds are or are not sufficient to discharge the estimated cost and

expenses of the Restorations, as the case may be.

(G) Any dispute that may arise under this Section 5.5 between Unit Owners or between any Unit Owner and the Condominium. Board shall be resolved by arbitration pursuant to the terms of Article 10 hereof.

SECTION 5.6 **Use of the Property.** (A) No nuisance shall be allowed on the Property, nor shall any use or practice be allowed that either is a source of annoyance to its residents or interferes with the peaceful possession or proper use of the Property by its residents, tenants or occupants. No immoral, improper, offensive or unlawful use shall be made of the Property or any portion thereof, and all Applicable Laws relating to any portion of the Property shall be complied with at the full cost and expense of the respective Unit Owners or the Condominium Board, whoever has the obligation to maintain or repair such part of the Property, subject to the provisions of Article 13 hereof.

(B) No Unit Owner shall permit anything to be done or kept in a Unit or in the Common Elements that shall result in the cancellation of insurance on the Property, the contents thereof or that would be in violation of any Applicable Law, subject to the provisions of Article 13 hereof. No waste shall be committed in the Common Elements.

(C) Notwithstanding anything to the contrary contained in this Article or the Declaration, nothing shall be done in any Unit or in, on or to the Common Elements that would (i) impair the structural integrity of the Property or (ii) structurally change the Building except to the extent such structural change is expressly permitted under the terms of the Declaration or in these By-Laws. Without limiting the generality of the foregoing, in no event shall interior partitions contributing to the support of any Unit or the Common Elements be altered or removed.

SECTION 5.7 **Use of Units.** Each Unit shall only be used for those uses and purposes set forth in Article 9 of the Declaration. Nothing shall be done or kept in any Unit or in any of the Common Elements that would increase the rate of insurance for the Property, except upon the prior written consent of the Board. No Unit Owner shall permit anything to be done or kept in a Unit or in the Common Elements that will result in the cancellation of insurance on the Property or the contents thereof, or that would be in violation of any Applicable Law.

SECTION 5.8 **Use of the Common Elements.** (A) Unit Owners shall not place or cause to be placed in the lobbies, vestibules, public halls, stairways, or other common areas of common facilities, other than the areas designated as storage areas, any furniture, packages or objects of any kind. The lobbies, vestibules, public halls and stairways shall be used for no purpose other than for normal transit through them. Subject to the terms of paragraphs (B) and (C) of this Section 5.8. the Common Elements (including, without limitation, the Building Systems and the Facilities) may be used only for the furnishing of services and facilities to the Unit Owners, and for any other uses for which they are reasonably suited and capable. Except as specifically provided otherwise

herein, no Unit Owner (other than the Declarant) shall make any addition, alteration, and improvement or change in or to the Common Elements without the prior written consent of the Condominium Board.

(B) The terms of paragraph (A) of this Section 5.8 shall not apply to the Declarant for so long as the Declarant owns any Units. The Declarant shall have the right, without charge or limitation, to: (i) erect and maintain signs of any size or content determined by the Declarant on or about any portion of the General Common Elements chosen by the Declarant, including, without limitation, on the exterior walls of the Building or adjacent to the main entrance thereof; (ii) have its employees, contractors, subcontractors and sales agents present on the Property; and (iii) do all things necessary or appropriate, including the use of the General Common Elements, to sell, lease, manage or operate its Units, to complete any Work to the Building expressly undertaken by the Declarant and to comply with the Declarant's obligations under the Plan and the Condominium Documents. In no event, however, shall the Declarant be entitled to use any Common Elements in such a manner as shall unreasonably interfere with the use of any Unit for its permitted purposes.

SECTION 5.9 **Rights of Access.** (A) Each Unit Owner shall grant to the Condominium Board, to the Managing Agent (if any), to the superintendent and/or to any other Person authorized by any of the foregoing a right of access to his Unit and its appurtenant Limited Common Elements for the following purposes:

(i) to make inspections of or remove violations noted or issued by any Governmental Authority against the Common Elements or any other part of the Property;

(ii) to cure defaults hereunder or under the Declaration or violations of the Rules and Regulations committed by such Unit Owner or to correct any conditions originating in his Unit and threatening another Unit or all or a portion of the Common Elements;

(iii) to perform Work to the Common Elements located within his Unit or elsewhere in the Building;

(iv) to read, maintain or replace utility meters relating to the Common Elements, to his Unit, or to any other Unit; or

(v) to correct any condition that violates the provisions of any Permitted Mortgage encumbering another Unit.

Except in cases of emergency (i.e., a condition requiring Work immediately necessary for the preservation or safety of the Property or for the safety of the occupants of the Building or other individuals, or required to avoid the suspension of any necessary service in the Building), the foregoing rights of access shall be exercised upon not less than one (1) day's advance notice (which need not be in writing) and in such a manner as shall not unreasonably interfere with the use of the Units and their appurtenant Limited

Common Elements for their permitted purposes. In cases of emergency, however, such rights of access may be exercised immediately, without advance notice and whether or not the Unit Owner is present.

(B) Each Unit Owner shall grant a right of access to his Unit and its appurtenant Limited Common Elements, and the Condominium Board shall grant rights of access to the General Common Elements, to the Declarant and its contractors, subcontractors, agents and employees for the purpose of fulfilling the Declarant's obligations as set forth in the Plan or in any amendment thereto, provided that access thereto shall not be exercised, with respect to any Unit and its appurtenant Limited Common Elements, in such a manner as shall unreasonably interfere with the use of such Unit and its appurtenant Limited Common Elements for their permitted purposes.

SECTION 5.10 **Rules and Regulations.** Annexed to these By-Laws as Schedule 1 and made a part hereof are the Rules and Regulations concerning the use of the Units and the Common Elements. Except as provided in the Declaration, the Condominium Board may amend such Rules and Regulations from time to time as reasonably necessary for the proper operation of the Condominium as a whole, except that (i) a Majority of Unit Owners may overrule any such amendment and (ii) no amendment which may have a material adverse effect upon rights granted to a Unit Owner under the Declaration or these By-Laws shall be effective against such Unit Owner unless approved by him.. The Condominium Board or the Managing Agent shall furnish copies of the text of any amendments to the Rules and Regulations to each Unit Owner not less than thirty (30) days prior to the effective date thereof.

SECTION 5.11 **Real Estate Taxes, Water Charges and Sewer Rents.** Water sewer services for the Building shall be supplied by the City of New York. Except to the extent real estate taxes, water meter charges and sewer rents are billed directly to Unit Owners by the City Collector, the Condominium Board shall promptly pay such taxes, charges and rents as a Common Expense. To the extent that a meter measures the water consumption to an individual Unit only, the owner of that Unit shall be solely responsible for the cost thereof. To the extent that a meter measures the water consumption to a building covering more than one Unit, the Condominium Board shall promptly pay such charge and shall bill all such affected Unit Owners on a pro rata basis, or, in the alternative, the Condominium Board may elect to install sub meters to measure consumption and shall accordingly bill all such affected Unit Owners on the basis of consumption. In the event of a proposed sale of any Unit, the Condominium Board (for so long as the Condominium Board is, still paying such real estate taxes, water charges and sewer rents) shall, upon the written request of the selling Unit Owner, execute and deliver to the purchaser of such Unit or to such Purchaser's title company, a letter agreeing to promptly pay all such taxes, charges and rents affecting such Unit Owner's Unit to the date of the closing of title to such Unit.

SECTION 5.12 **Electricity and Gas.** Electricity and gas shall be supplied to each Unit through a separate meter for such Unit and each Unit Owner shall be required to pay all charges for electricity and gas. However, the Condominium Board shall have the right, exercisable in its sole discretion, to require that electricity and gas be supplied to the Condominium through one or more common meters. In such an event, the cost

thereof shall be borne by each Unit Owner based upon the consumption or usage in his Unit, as determined by submetering, survey, or any other reasonable method prescribed by the Condominium Board or by the utility company servicing the Building, as directed by the Condominium Board.

SECTION 5.13 **Intentionally Omitted**.

SECTION 5.14 **Utilities Serving the General Common Elements.** The cost and expense of water, electricity, gas and any other utility serving or benefiting any General Common Element will be (i) considered part of the expense of maintaining such General Common Element; (ii) determined by the Board; and (iii) charged to Unit Owners as a Common Expense.

SECTION 5.15 **Intentionally Omitted.**

SECTION 5.16 **Records and Audits.** (A) The Condominium Board or the Managing Agent (if any) shall keep full, detailed, and accurate records of the actions of the Condominium Board, minutes of the meetings of the Condominium Board, minutes of the meetings of Unit Owners, and financial records and books of account with respect to the financial affairs of the Condominium, including, without limitation, (i) a listing of all receipts of and expenditures by the Condominium Board and the Managing Agent and (ii) a separate listing for each Unit, setting forth, among other things, the amount of each assessment of Common Charges and Special Assessments levied against such Unit, the date when due, the amounts paid thereon and the balance, if any, remaining unpaid.

(B) Within four (4) months after the end of each fiscal year of the Condominium, the Condominium Board shall submit to each Unit Owner, and, if so requested, to any Permitted Mortgagee, an annual report of the receipts and expenditures of the Condominium prepared and certified by an independent certified public accountant. The cost of preparing and distributing each such report shall be borne by the Condominium Board as a Common Expense.

(C) Copies of the Condominium Documents shall be maintained at the office of the Condominium Board and shall be available for inspection by Unit Owners and their authorized agents during reasonable business hours.

ARTICLE 6.
COMMON CHARGES

SECTION 6.1 **Determination of Common Expenses and Fixing of Common Charges.** (A) From time to time, but not less frequently than once a year, the Condominium Board shall: (i) prepare and adopt a budget for the Condominium, subject, in all respects, to the restrictions set forth in Section 2.5 hereof; (ii) determine the aggregate amount of Common Charges necessary to be charged to Unit Owners in order to meet the Common Expenses; and (iii) allocate and assess such Common Charges among the Unit Owners pro-rata in accordance with their respective Common Interests (except as otherwise provided in the Declaration or in these By-Laws). The

Condominium Board shall advise all Unit Owners promptly thereafter in writing of the amount of Common Charges payable by each of them and, not later than ten (10) days next preceding the date upon which the first installment of newly determined Common Charges is due, shall furnish copies of the budget (in a reasonably itemized form) upon which such Common Charges are based to all Unit Owners and, if requested, to their respective Permitted Mortgagees. The Condominium Board may, in is sole discretion from time to time increase or decrease the amount of Common Charges allocated to the Units and payable by Unit Owners and may modify its prior determination of the Common Expense for any fiscal year so as to increase or decrease the amount of Common Charges payable for such fiscal year or portion thereof; however, no such new determination of Common Expenses shall have a retroactive effect on the amount of Common Charges payable by Unit Owners for any period prior to the date of such new determination. Notwithstanding the foregoing, the Condominium Board shall not reduce the Common Charges payable during any year occurring within the Initial Control Period solely as a result of either reducing the number of employees of the Condominium below the number of employees for the Property on the date of recording the Declaration, or eliminating or reducing any service or reducing the insurance coverage below that provided for the Property on such date, except with the concurrence of a majority of the members of the Condominium Board elected by Unit Owners other than the Declarant. In the event that the Common Charges, together with any other revenues that the Condominium may receive in any year, exceed the Common Expenses for such year, the Condominium Board, in its discretion, may apply all such excess to reduce the Common Charges payable for the next fiscal year or refund all such excess to Unit Owners in proportion to their respective Common Interest.

(B) The failure or delay of the Condominium Board to prepare or adopt a budget or to determine the Common Expenses for any fiscal year or portion thereof shall not be deemed a waiver or modification in any respect of the covenants and provisions hereof or a release of any Unit Owner from the obligation to pay Common Charges. In such event the Common Charges that were computed on the basis of the Common Expenses last determined for any fiscal year or portion thereof shall continue thereafter to be the Common Charges payable by the Unit owners until a new determination of the Common Expenses is made.

(C) In addition to the foregoing duty to determine the amount of and Assess Common Charges, the Condominium Board shall have the right, subject, in all respects, to the restrictions contained in Section 2.5 hereof, to levy Special Assessments to meet the Common Expenses. All Special Assessments shall be levied against al1 Unit Owners in proportion to their respective Common Interests and may be payable either in one lump sum or in installments, as the Condominium Board determines; provided however, that the Condominium Board shall give each Unit Owner not less than fifteen (15) days' written notice prior to the date upon which such Special Assessment, or the first installment thereof, is due and payable, which notice shall set forth, in reasonable detail, the nature and purpose thereof. The Condominium Board shall have all rights and remedies for the collection of Special Assessments as are provided herein for the collection of Common Charges (including, without limitation;, the provisions of Sections 6.4 and 6.5 hereof).

(D) The excess of all rents, profits and revenues derived from the rental or use of any space forming a part of, or included in, any General Common Element remaining after the deduction of non-capital expenses paid or incurred in connection therewith shall be collected by the Condominium Board as agent for and on behalf of all Unit Owners and shall constitute income of all Unit Owners, and shall be applied against the Common Expenses for the year in which collected. In the event that such net rents, profits and revenues, together with the Common Charges and any Special Assessments collected from Unit Owners, for any year of operation exceed the Common Expenses for such year, then such excess shall be applied by the Condominium Board against the Common Expenses for the next succeeding year of operation, and no Unit owner shall be entitled to a distribution of any portion of such excess unless the Condominium Board shall determine to distribute all or part of such excess to all Unit Owners pro rata in proportion to their respective Common Interests. Notwithstanding any provision contained in these By-Laws or in the Declaration to the contrary, however, in no event shall any rent, profit or revenue derived from the rental or use of any space in the Building be deemed to be derived from the rental or use of any floor slabs, ceiling or walls delineating or enclosing such space or the individual use of any portion of any Common Elements appurtenant to such space.

SECTION 6.2 **Payment of Common Charges.** (A) All Unit Owners (including the Declarant for so long as the Declarant owns any Units) shall be obligated to pay Common Charges and Special Assessments assessed by the Condominium Board pursuant to the terms of Section 6.1 hereof at such time or times (but not less than annually) as the Condominium Board shall determine. Unless otherwise determined by the Condominium Board, Common Charges shall be payable in installments on the first day of every month in advance. To the extent permitted by Applicable Law, the, Condominium Board shall have a lien on each Unit, on behalf of all Unit Owners for unpaid Common Charges and Special Assessments assessed against such Unit. Such lien, however, shall be subordinate, to the extent required by Applicable Law, to any liens for real estate taxes assessed against such Unit.

(B) No Unit Owner shall be liable for the payment of any part of the Common charges and any Special Assessments against his Unit subsequent to a sale, transfer or other conveyance by him of such Unit, together with its Appurtenant Interest, made in compliance with the terms of Article 7 hereof. A purchaser or other successor-in-title to the Unit Owner of a Unit shall be liable for the payment of all Common Charges and any Special Assessments accrued and unpaid against such Unit prior to his acquisition thereof, except that, to the extent permitted by Applicable Law, a Permitted First Mortgagee acquiring title to a mortgaged Unit or purchaser at a mortgage foreclosure sale held with respect to a Permitted First Mortgage shall not be liable, and such mortgaged Unit shall not be subject to a lien for the payment of any Common Charges and Special Assessments assessed subsequent to the recording of such Permitted First Mortgage and prior to the acquisition of title to such Unit by the Permitted First Mortgagee or by purchaser. However, in the event of a foreclosure of a Permitted First Mortgage (whether by sale, deed in lieu of foreclosure, or otherwise), the defaulting Unit Owner shall remain fully liable for the payment of all unpaid Common Charges and Special Assessments that accrued prior to such foreclosure. Any unpaid Common Charges and Special Assessments that are not collected from such defaulting

Unit Owner shall be deemed a Common Expense, collectively from all those who are Unit Owners at the time it is levied.

(C) Subject to the terms and conditions contained in these By-Laws, any Unit Owner may convey his Unit, together with its Appurtenant Interest, to the Condominium Board or to its designee, corporate or otherwise, on behalf of all Unit Owners without being compensated therefore, and, in such event, be exempt from the payment of Common Charges and Special Assessments thereafter accruing; provided, however, that: (i) all Common Charges and any Special Assessments then due and payable with respect to such Unit have been paid; (ii) such Unit is free and clear of all liens and encumbrances other than a Permitted First Mortgage and the statutory lien for unpaid Common Charges and Special Assessments; and (iii) no violation of any provision of the Condominium Documents then exists with respect to such Unit. However, in no event shall the Declarant be permitted to convey any of its Units to the Condominium Board and thereby except itself from Common Charges and any Special Assessments attributable to such Unit thereafter accruing unless; (a) the aggregate Common Interests then appertaining to its Units constitutes 15% or less of the total Common Interests then appertaining to all Units; (b) at least five (5) years shall have elapsed from the date of the First Unit Closing; and (c) at the time of conveyance, the Declarant pays to the Condominium Board an amount equal to the product of the then current monthly Common Charges for the Unit(s) being conveyed multiplied by twenty-four (24).

(D) No Unit Owner shall be exempted from liability for the payment of Common Charges or Special Assessments by waiving the use or enjoyment of any or all the Common Elements or by abandoning his Unit (except with respect to a conveyance of the same to the Condominium Board, without compensation pursuant to the terms of paragraph (C) of this Section 6.2). Except as expressly provided to the contrary in paragraph (E) of Section 5.5 hereof, no Unit Owner shall be entitled to a diminution or abatement in the Common Charges or Special Assessments payable thereby for any inconvenience or discomfort arising from: (i) the failure or interruption of any utility or other services; (ii) the performance of Work to the Common Elements or any Unit (including, without limitation, such Unit Owner's Unit) pursuant to the terms of Sections 5.1, 5.2 or 5.3 hereof; or (iii) any action taken by the Condominium Board or the officers of the Condominium to comply with Applicable Law.

SECTION 6.3 Statement of Common Charges. The Condominium Board shall promptly provide a. written statement of all unpaid Common Charges due from any Unit Owner upon its receipt of a written request therefor from such Unit Owner. In addition, each Unit Owner shall be permitted to examine the books of account of the Condominium at reasonable times on business days, but not more frequently than once a month.

SECTION 6.4 Default in Payment of Common Charges. (A) The Condominium Board shall take prompt action to collect Common Charges and Special Assessments due to the Condominium Board that remain unpaid for more than thirty (30) days' after the due date for the payment thereof. In connection therewith, the Condominium Board shall have the right and obligation to cause liens for all sums due

and owing to the Condominium Board to be filed in the Register's Office pursuant to the terms of Section 339-z of the Condominium Act, to cause such liens to be foreclosed in the manner provided in Section 339-aa of the Condominium Act and/or to institute all other proceedings deemed necessary or desirable by the Condominium Board to recover all such unpaid Common Charges and Special Assessments, together with all additional sums of money collectible by the Condominium Board by reason of such nonpayment pursuant to the term of paragraph (B) hereof. A suit to recover a money judgment for unpaid Common Charges and Special Assessments, however, shall be maintainable without foreclosing or waiving the lien securing such charges and assessments.

(B) In the event that any Unit Owner fails to make prompt payment of Common Charges and Special Assessments, such Unit Owner shall be obligated to pay interest thereon at the Default Rate, to be computed from the due date thereof until paid in full, together with all costs and expenses paid or incurred by the Condominium Board, the Managing Agent (if any) in connection with collecting such unpaid Common Charges and Special Assessments with interest as aforesaid and/or in foreclosing the aforementioned lien, including, without limitation, attorneys' fees, disbursements and court costs. All such interest, costs and expenses shall be added to and shall constitute Common Charges and Special Assessments payable by such Unit, Owner.

SECTION 6.5 **Foreclosure of Liens for Unpaid Common Charges.** In any action brought by the Condominium Board to foreclose a lien on a Unit because of unpaid Common Charges, the Unit Owner shall be required to pay a reasonable rental for the use and occupancy of his Unit and the plaintiff in such foreclosure action shall be entitled to the appointment, without notice, of a receiver to collect the same. All such rentals shall be added to and constitute Common Charges payable by such Unit Owner. In any such action, the Condominium Board shall have, on behalf of all Unit Owners, the power to purchase such Unit at the foreclosure sale thereof and to acquire, hold, lease, mortgage, convey or otherwise deal with such Unit (but not to vote the Common Interest appurtenant to it). In the event that the net proceeds received on such foreclosure (after deduction of all legal fees and disbursements, advertising costs, brokerage commissions, court costs and other costs and expenses paid or incurred in connection therewith) are insufficient to satisfy the defaulting Unit Owner's obligations to the Condominium, such Unit Owner shall remain liable for the deficit. Any surplus on such foreclosure sale shall be paid to the defaulting Unit Owner after first paying all liens on such Unit Owner's Unit in the order of priority of such liens.

SECTION 6.6 **Application of Rents to Unpaid Common Charges.** If the Common Charges due with respect to any Unit that is not occupied by its owner and is leased to third parties, including Unsold Units owned by the Sponsor, shall remain due and unpaid for more than sixty (60) days after the same became due and, after the expiration of all applicable grace periods, then the Board may demand that the tenants of such Units pay their rent directly to the Board. The Board's demand shall be in a writing delivered to both the tenant of the Unit and the non-occupying Owner and shall state the date as of which such direct rent payments to the Board shall commence and the address at which such payments shall be made. Such direct payment shall continue for so long as any arrears of Common Charges, late fees and special assessments affecting the Unit shall remain unpaid. If the non-occupying Unit Owner disputes the basis upon which the

Board exercises its rights hereunder, such non-occupying Unit Owner may request an opportunity to present the facts pertaining to his claim at a special meeting of the Board which shall be held within thirty (30) days after such Unit Owner delivers a written request for such a meeting.

ARTICLE 7.
SELLING AND LEASING OF UNITS

SECTION 7.1 **General.** Subject to the terms of Section 7.6 hereof, no Unit Owner may sell or lease his Unit except in compliance with the applicable provisions of this Article 7. Any purported sale or lease consummated in default of the applicable terms hereof shall be voidable at the sole election of the Condominium Board, and, if the Condominium Board so elects, the selling or leasing Unit Owner shall be deemed to have authorized and empowered the Condominium Board to institute legal proceedings to eject the purported purchaser (in the event of an unauthorized sale) or to evict the purported tenant (in the event of an unauthorized leasing) in the name of such Unit Owner as the owner or landlord, as the case may be. Such Unit Owner shall reimburse the Condominium Board for all costs and expenses paid or incurred in connection with such proceedings, including, without limitation, attorney's fees and expenses and court costs.

SECTION 7.2 **Right of First Refusal.** (A) Subject to the terms of Section 7.6 and 7.10 hereof, any contract to sell a Unit together with its Appurtenant Interest and any lease of a Unit (a **"Sale or Lease Agreement"**) shall contain the following language: **"THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER ARE HEREBY MADE EXPRESSLY SUBJECT TO THE RIGHTS, IF ANY, OF THE CONDOMINIUM BOARD OF THE OUTLOOK POINT CONDOMINIUM WITH RESPECT TO THE TRANSACTION EMBODIED HEREIN PURSUANT TO THE TERMS OF ARTICLE 7 OF THE BY-LAWS OF SUCH CONDOMINIUM, AS SAME MAY BE AMENDED FROM TIME TO TIME."** Promptly after any such contract of sale or lease is fully executed by a Unit Owner (the **"Offeree Unit Owner"**), he shall send written notice thereof to the Condominium Board by certified or registered mail, return receipt requested, accompanied by a fully-executed, original counterpart of the contract of sale or the lease, as the case may be, containing all the terms offered in good faith by the prospective purchaser or tenant (the **"Outside Offeror"**).

(B) The sending of the notice referred to in paragraph (A) of this Section 7.2 will constitute an offer by the Offeree Unit Owner to sell his Unit, together with its Appurtenant Interest, or to lease his Unit, as the case may be, to the Condominium Board or to its designee, corporate or otherwise, on behalf of all Unit Owners, upon the same terms and conditions as are contained in such Sale or Lease Agreement, subject, however, to any variance therefrom provided in Section 7.3 hereof. The giving of such notice shall further constitute a representation and warranty by the Offeree Unit Owner to the Condominium Board, on behalf of all Unit Owners, that such

Offeree Unit Owner believes the Sale or Lease Agreement to be bona fide in all respects. Thereafter, upon the written demand of the Condominium Board, the Offeree Unit Owner shall submit to the Condominium Board, in writing, such further information with respect to the Outside Offeror and the Sale or Lease Agreement as the Condominium Board may reasonably request.

(C) Not later than twenty (20) business days after receipt of such notice together with such information as may have been requested pursuant to the terms of paragraph (B) hereof, the Condominium Board may elect, by sending written notice thereof by certified or registered mail, return receipt requested, to the Offeree Unit owner before the expiration of such twenty (20) day period, to purchase such Unit together with its Appurtenant Interest or to lease such Residential Unit, as the case may be (or to cause it to be purchased or leased by its designee, corporate or otherwise) on behalf of all Unit Owners upon the same terms and conditions as contained in the Sale or Lease Agreement and stated in the response by the Offeree Unit Owner to any request for additional information pursuant to the terms of paragraph (B) hereof. Notwithstanding anything to the contrary contained herein, the Condominium Board shall not exercise any option set forth in this Section 7.2 to purchase or lease any Unit without the prior approval of a Majority of Unit Owners. However, the Condominium Board shall have the right to release or waive any such option without prior approval of a Majority of Unit Owners.

SECTION 7.3 **Acceptance of Offer.** (A) If the Condominium Board elects, within the time and in the manner provided in Section 7.2 hereof, to purchase a Unit together with its Appurtenant Interest, to lease such Unit, or to cause it to be purchased or leased by its designee, title shall close or a lease shall be executed, in either event, in accordance with the terms of the Sale or the Lease Agreement at the office of the Managing Agent or at the office of the attorneys for the Condominium as directed by the Condominium Board within forty-five (45) days after the day upon which the Condominium Board gives notice of its election to accept such offer; provided, however, that in the event that the closing date or commencement date of the term of the lease, as case may be, as set forth in the Sale or Lease Agreement, is later than forty-five (45) days after the giving of notice by the Condominium Board of its election to accept the aforesaid offer, the Condominium Board shall be required to perform or cause to be performed all of the terms of the Sale or Lease Agreement (except as otherwise expressly set forth in this Article7) including but not limited to, payment of a downpayment or advance rentals and security deposits, or closing of title or acceptance of occupancy, as the case may be, and such closing of title or the commencement of the term of the lease shall be the date set forth in the Sale or Lease Agreement as the intended closing date or commencement date, as the case may be.

(B) If such Unit and its Appurtenant Interest are to be purchased by the

Condominium Board or its designee on behalf of all Unit Owners, such purchase may be made from the funds deposited in the capital and/or expense accounts of the Condominium. If the funds in such accounts are insufficient to effectuate such purchase, the Condominium Board may levy a Special Assessment against each Unit Owner (other than the Offeree Unit Owner) in accordance with the terms of paragraph (C) of Section 6.1 hereof and/or the Condominium Board may, in its discretion, finance the acquisition of such Unit; provided, however, that no such financing may be secured by an encumbrance on or a hypothecation of any portion of the Property other than the Unit to be purchased together with its Appurtenant Interest. In addition, if the Outside Offeror was to assume or to take title to the Unit subject to the Offeree Unit Owner's existing mortgage or mortgages pursuant to the Sale or Lease Agreement, the Condominium Board may purchase the Unit and assume or take title thereto subject to such mortgage or mortgages, as the case may be. At the closing of title, the Offeree Unit Owner shall convey the Unit, together with its Appurtenant Interest, to the Condominium Board or to its designee, on behalf of all Unit Owners, by deed in the form required by Section 339-o of the Condominium Act with all tax and/or documentary stamps affixed at the expense of the Offeree Unit Owner, who shall also pay all other transfer taxes arising out of such sale notwithstanding any terms of the Sale or Lease Agreement to the contrary. Real estate taxes (including water charge and sewer charges, if separately assessed), mortgage, interest (if applicable) and Common Charges shall be apportioned between the Offeree Unit Owner and the Condominium Board or its designee as of the closing date, notwithstanding any terms of the Sale or Lease Agreement to the contrary. Thereafter, such Unit shall be held, while owned by the Condominium Board or its designee, on behalf of all Unit Owners, as tenants-in-common, and all such Unit Owners shall be deemed to have waived all rights of partition with respect to such Unit and the entire Property, as herein provided.

(C) In the event that a Unit is to be leased by the Condominium Board or its designee on behalf of all Unit Owners, the Offeree Unit Owner shall execute and deliver to the Condominium Board or such designee a lease covering such Unit by and between the Offeree Unit owner, as landlord, and the Condominium Board or such designee, as tenant. Such lease shall be in the then current form of apartment lease recommended by the Real Estate Board of New York, Inc. for the leasing of condominium units and will contain all the terms and conditions of the Sale or Lease Agreement, not in conflict with such form of lease, including, without limitation, the rental and term provided for therein. Notwithstanding anything to the contrary set forth hereinabove or in the Sale or Lease Agreement, however, such lease shall expressly provide that the Condominium Board or such designee may enter into a sublease of the premises demised thereunder without consent of the landlord.

SECTION 7.4 Failure to Accept Offer. (A) In the event that the Condominium Board fails to accept an offer made pursuant to the terms of Section 7.2 hereof within the time period set forth in paragraph (C) thereof, the Offeree Unit Owner shall be free to consummate the transaction embodied in the Sale or Lease Agreement within ninety (90) days after (i) notice of refusal is sent to the Offeree Unit Owner by the Condominium Board or (ii) the expiration of the period within which the Condominium Board or its designee might have accepted such offer, as the case may be. If the Offeree Unit Owner fails to consummate the transaction embodied in the Sale or Lease

Agreement within such ninety (90) day period, then, should the Offeree Unit Owner thereafter elect to sell such Unit together with its Appurtenant Interest or to lease such Unit, the Offeree Unit Owner shall be required again to comply with all the terms and provisions of Sections 7.2. 7.3 and 7.4 hereof.

(B) Any deed of a Unit and its Appurtenant Interest to an Outside Offeror shall expressly provide, or, in the absence of such provision, shall be conclusively deemed to provide, that the acceptance thereof by the grantee shall constitute an assumption of all of the terms of the Condominium Documents.

(C) Each lease of a Unit to an Outside Offeror shall be in the then current form of apartment lease for the leasing of condominium units recommended by the Real Estate Board of New York, Inc. or the Association of the Bar of the City of New York, subject to such modifications as may be approved in writing by the Condominium Board. Notwithstanding the foregoing, each such lease shall be consistent with the Condominium Documents and shall expressly provide that:

(i) such lease may not be amended, modified or extend without the prior written consent of the Condominium Board;

(ii) the tenant hereunder shall not assign his interest in such lease or sublet the premises demised thereunder or any part thereof without the prior written consent of the Condominium Board; and

(iii) the Condominium Board shall have the power to terminate such lease and/or to bring summary proceedings to evict the tenant in the name of the landlord thereunder in the event of (a) a default by the tenant in the performance of its obligations under such lease or (b) a foreclosure of the lien granted by Section 339-z of the Condominium Act.

SECTION 7.5 Termination of the Right of First Refusal. A certificate executed and acknowledged by the Secretary of the Condominium or the Managing Agent, stating that the provisions of Section.7.2 hereof have been met by a Unit Owner or that the right of first refusal provided for therein has been duly released or waived by the Condominium Board and that, as a result thereof, the rights of the Condominium Board thereunder have terminated, shall be conclusive upon the Condominium Board and all Unit Owners in favor of all persons who rely upon such certificate in good faith. After the due issuance of such a certificate, the Unit, together with Appurtenant Interests, may be sold, conveyed or leased free and clear of the terms and conditions contained in Section 7.2 hereof. The Condominium Board shall furnish or cause the Managing Agent to furnish, without charge, such certificate upon written request to any Unit Owner in respect to whom the provisions of Section 7.2 hereof have, in fact, been terminated. In no event, however, shall the right of first refusal described Section 7.2 hereof be deemed

released or waived by the Condominium Board (as opposed to satisfied pursuant to the express terms of Sections 7.2, 7.3 and 7.4 hereof) in the absence of a certificate that has been duly executed, acknowledged and issued by the Condominium Board or the Managing Agent as aforesaid.

SECTION 7.6 **Exceptions to the Right of First Refusal.** The terms and conditions in Sections 7.2, 7.3 and 7.4 hereof shall not apply with respect to any sale, lease or conveyance of a Unit, together with its Appurtenant Interest, by:

(A) the Unit Owner of such Unit to any of his adult Family Members (individually or in any combination), or to a trust for the benefit of any of them or, in the case of a Unit Owner that is not an individual, to any Affiliate of such Unit Owner;

(B) the Declarant (or a Successor Declarant or Declarant's designee);

(C) the Condominium Board;

(D) the foreclosure of a mortgage or other lien covering such Unit or delivering a deed in lieu of such foreclosure;

(E) any Permitted Mortgagee or his nominee, who has acquired title to any Unit at any foreclosure sale of his Permitted Mortgage or by deed in lieu thereof delivered in a bona fide transaction; or

(F) in accordance with the provisions of Section 7.10 hereof;

provided however, that each succeeding Unit Owner shall be bound by, and his Unit shall be subject to, all of the terms and conditions of this Article 7.

SECTION 7.7 **No Severance of Ownership.** No Unit Owner shall execute any deed or other instrument conveying title to his Unit without including therein its Appurtenant Interest, it being the intention to prevent any severance of such combined ownership. Any deed or other instrument purporting to affect one or more such interests shall be 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 Interest of any Unit may be sold, conveyed or otherwise disposed of, except as part of a sale, conveyance, or other disposition of the Unit to which such interests are appurtenant or as part of a sale, conveyance or other disposition of such part of the Appurtenant Interests of all Units.

SECTION 7.8 **Payment of Common Charges.** No Unit Owner shall be permitted to convey or lease his Unit unless he has paid in full to the Condominium Board all unpaid Common Charges and Special Assessments theretofore assessed against such Unit and has satisfied all unpaid liens, other than that of Permitted Mortgages, levied against such Unit.

SECTION 7.9 **Power of Attorney**. At the time of acquiring title to a Unit and as a condition thereof, the new Unit Owner shall duly execute, acknowledge and deliver to the representative of his title insurance company (or, if no such representative is present, to the Declarant, or, if the Declarant is not then the Unit Owner of any Unit, to the Condominium Board) for recording in the Register's Office, a Unit Owner's Power of Attorney as required in Article 15 of the Declaration, substantially in the form set forth as Exhibit E to the Declaration.

SECTION 7.10 **Gifts and Devises. Etc.** Any Unit Owner shall be free to convey or transfer his Unit, together with its Appurtenant Interest, by gift, or to devise such Unit by will or to have it pass by intestacy, without restriction; provided, however, that each succeeding Unit Owner shall be bound by, and his Unit shall be subject to, the provisions of this Article 7 .

SECTION 7.11 **Intentionally Omitted.**

SECTION 7.12 **Charges Imposed on Sale or Lease of Residential Units** . If not prohibited by Applicable Law, the Condominium Board shall have the right and authority to fix by resolution and collect, before any sale or lease of a Unit (other than an Unsold Unit) is consummated, a reasonable charge to cover its expenses, and any fee due the Managing Agent or any attorney retained by the Board in connection with the sale or lease. If such charge is adopted, it shall be added to and constitute Common Charges payable by the transferor Unit Owner. Notwithstanding the foregoing, such charge shall not be collected from Sponsor or its designee, in the event Sponsor or its designee sells or leases an Unsold Unit.

ARTICLE 8.
MORTGAGES

SECTION 8.1 **General.** Each Unit Owner shall have the right to mortgage his Unit, subject only to the terms and conditions contained in Section 8.2 hereof. Any Unit Owner who mortgages his Unit, or the holder of such mortgage, shall supply the Condominium Board with the name and address of his mortgagee and shall file a conformed copy of the note and mortgage with the Condominium Board. Any Unit Owner who satisfies a mortgage covering his Unit shall so notify the Condominium Board and shall file a conformed copy of the satisfaction of mortgage with the Condominium Board. The Secretary of the Condominium or the Managing Agent shall maintain such information in a book entitled **"Mortgages of Units."**

SECTION 8.2 **Restrictions on Mortgaging.** (A) No Unit Owner shall be permitted to mortgage, pledge or hypothecate his Unit unless and until he has paid in full to the Condominium Board all unpaid Common Charges and Special Assessments theretofore assessed, against his Unit and has satisfied all unpaid liens, except the liens of Permitted Mortgages levied against his Unit.

(B) No Unit Owner shall execute any mortgage or other document mortgaging pledging or hypothecating title to his Unit without including therein its Appurtenant Interest; it being the intention to prevent any severance of such combined ownership. Any 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.

(C) Any mortgage covering a Unit shall be substantially in the form of the New York statutory form of mortgage, except for such changes or additions thereto as may be required in order to permit a particular bank, trust company, insurance company, savings and loan association or other institutional or non-institutional lender to make the mortgage loan.

SECTION 8.3 **Notice of Unpaid Common Charges and Default.** Whenever requested in writing by a Permitted Mortgagee, the Condominium Board shall promptly report to such Permitted Mortgagee any default by his mortgagor in the payment of Common Charges or Special Assessments or in the observance or performance of any of the provisions of the Condominium Documents which may to the Condominium Board's knowledge then exist. The Condominium Board shall, when giving notice to a Unit owner of any such default also send a copy of such notice to his Permitted Mortgagee, if so requested. However, the Condominium Board shall have no liability for any failure, through oversight or negligence, in notifying a Permitted Mortgagee of any default by his mortgagor under the Condominium Documents, provided that (i) the Condominium Board advises such Permitted Mortgagee of the default promptly after discovering such failure and (ii) if the Condominium Board forecloses a lien on such mortgagor's Unit pursuant to the terms of Sections 6.4 and 6.5 hereof by reason of such default, the Condominium Board shall pay to such Permitted Mortgagee any net proceeds of any foreclosure sale of such Unit (after retaining all sums due and owing to the Condominium Board pursuant to the Condominium Documents) or such lesser sum as shall be due and owing to such Permitted Mortgagee.

SECTION 8.4 **Performance by Permitted Mortgagees.** Any sum of money required to be paid or any act required to be performed by a Unit Owner pursuant to the terms of the Condominium Documents may be paid or performed by his Permitted Mortgagee, and the Condominium Board shall accept such Permitted Mortgagee's payment or performance with the same force and effect as if the same were paid or performed by such Unit Owner.

SECTION 8.5 **Examination of Books.** Each Permitted Mortgagee shall be permitted to examine the books of account of the Condominium at reasonable times on business days, but not more than once a month.

SECTION 8.6 **Consent of Mortgagees; Designation of Mortgage Representatives.** (A) Except as otherwise expressly provided for herein or in the Declaration, no consent or approval by any mortgagee shall be required with respect to any determination or act of the Condominium Board or any Unit Owner; provided, however, that nothing contained herein shall be deemed to limit or affect the rights of any mortgagee against his mortgagor. If any such consent or approval is expressly required pursuant to the terms of the Declaration or these By-Laws, the decision of a majority of the Mortgage Representatives, if any are designated pursuant to the terms of paragraph (B) of this Section 8.6, shall be deemed binding upon the holders of all mortgages encumbering Units.

(B) The holders of Institutional Mortgages constituting a majority in principal Amount of all Institutional Mortgages may, if they so elect, designate, by giving written notice thereof to the Condominium Board, not more than three Mortgage Representatives, which Mortgage Representatives, by giving written notice thereof to the Condominium Board, shall thereby be empowered to act as the representatives of the holders of all mortgages encumbering Units with respect to any matter requiring the consent or approval of mortgagees under the Declaration or these By-Laws. Any designation of a Mortgage Representative pursuant to the terms of this paragraph (B) shall be effective until any successor Mortgage Representative is designated pursuant to the terms hereof and written notice thereof is given to the Condominium Board. Unless otherwise required by Applicable Law, no holders of mortgages encumbering Units other than Permitted Mortgagees who hold Institutional Mortgages shall be entitled to participate in the designation of Mortgage Representatives, but all holders of mortgages encumbering Units shall be subject to all determinations made by the Mortgage Representatives pursuant to the terms of the Declaration or these By-Laws.

ARTICLE 9.
CERTAIN REMEDIES

SECTION 9.1 **Self Help.** If any Unit Owner violates or breaches any of the provisions of the Condominium Documents on his part to be observed or performed, including, without limitation, any breach of his obligation to paint, decorate, maintain, repair or replace his Unit or its appurtenant Limited Common Elements pursuant to the terms of Article 5 hereof, and fails to cure such violation or breach within five (5) days after receipt of written notice of the same from the Condominium Board, the Managing Agent, if any (or, with respect to any such violation or breach not reasonably susceptible to cure within such period, to commence such cure within such five (5) day period, and thereafter to prosecute such cure with due diligence to completion), the Condominium Board shall have the right to enter such Unit Owner's Unit

and/or its appurtenant Limited Common Elements and summarily to abate, remove or cure such violation or breach without thereby being deemed guilty or liable in any manner of trespass. In addition, if the Condominium Board determines that the abatement, removal or cure of any such violation or breach is immediately necessary for the preservation or safety of the Property or for the safety of the occupants of the Building or other individuals or is required to avoid the suspension of any necessary service in the Building, the Condominium Board may take such action immediately, without prior notice and without allowing such Unit Owner any period of time within which to cure or to commence to cure such violation or breach.

SECTION 9.2 **Abatement and Injunction.** (A) If any Unit Owner violates or breaches any of the provisions of the Condominium Documents on his part to be observed or performed, the Condominium Board shall have the right to enjoin, abate or remedy the continuance or repetition of any such violation or breach by appropriate proceedings brought either at law or in equity.

(B) The violation or breach of any of the terms of the Condominium Documents with respect to any of the rights, easements, privileges or licenses granted to the Declarant shall give to the Declarant the right to enjoin, abate or remedy the continuance or repetition of any such violation or breach by appropriate proceedings brought either at law or in equity.

SECTION 9.3 **Remedies Cumulative.** The remedies specifically granted to the Condominium Board or to the Declarant in this Article 9 or elsewhere in the Condominium Documents shall be cumulative, shall be in addition to all other remedies obtainable at law or in equity and may be exercised at one time or at different times, concurrently or in any order, in the sole discretion of the Condominium Board or the Declarant, as the case may be. Further, the exercise of any remedy shall not operate as a waiver or preclude the exercise of any other remedy.

SECTION 9.4 **Costs and Expenses.** All sums of money expended, and all costs and expenses incurred, including without limitation, attorneys' fees and expenses, by (i) the Condominium Board in connection with the abatement, injunction, removal or cure of any violation, breach or default committed by a Unit Owner pursuant to the terms of Section 9.1 or paragraph (A) of Section 9.2 hereof or (ii) the Declarant in connection with any abatement injunction or remedy of any violation or breach of the Condominium Documents pursuant to the terms of paragraph (B) of Section 9.2 hereof, shall be immediately payable (a) in the event set forth in subparagraph (i) hereof, by such Unit Owner to the Condominium Board or (b) in the event set forth in subparagraph (ii) hereof, by the offending party (i.e., the Condominium Board or the Unit Owner) to the Declarant, which amount shall, in either event, bear interest (to be computed from the date expended) at the Default Rate. All sums payable by a Unit Owner to the Condominium Board pursuant to the terms of this Section 9.4 shall, for all purposes hereunder, constitute Common Charges payable by such Unit Owner.

ARTICLE 10.
ARBITRATION

SECTION 10.1 **Procedure.** (A) Any matter required or permitted to be determined by arbitration pursuant to the terms of the Condominium Documents shall be submitted for resolution by a single arbitrator in a proceeding held in the City of New York in accordance with the rules then obtaining of the American Arbitration Association or any successor organization thereto. If the American Arbitration Association (or a successor organization) is not then in existence, any such arbitration shall be held in the City of New York before one arbitrator appointed, upon the application or any party, by any Justice of the highest court of appellate jurisdiction then located in the City of New York. Any arbitrator appointed or selected in connection with any arbitration to be conducted hereunder shall be a disinterested attorney having at least five (5) years experience in real estate and shall be a member of a law firm whose principal office is located in the City of New York.

(B) The decision of the arbitrator shall be rendered in a signed and acknowledged written instrument, original counterparts of which shall be sent simultaneously to the parties to the dispute within ten (10) days after the determination of the question at issue by the arbitrator.

(C) No arbitrator shall have any liability to any party to the arbitration By reason of the arbitrator's participation in any determination made under this Article 10, and each of the parties to the arbitration shall indemnify and hold the arbitrator harmless from and against any and all Claims asserted against such arbitrator by reason of his or her participation in any such determination.

SECTION 10.2 **Limitation on Power of Arbitrator**. All arbitrators shall apply the law of the State of New York without regard to conflicts of laws principles and shall have no power to vary or modify any of the provisions of the Declaration or the By-Laws or the Plan, and their powers and jurisdiction are hereby limited accordingly.

SECTION 10.3 **Payment of Undisputed Sums.** To the extent any dispute, controversy or claim concerns liability for or payment of Common Expenses assessed against a Unit, the Unit Owner of such Unit shall pay any portion of such Common Expenses which is not in dispute within in ten (10) days after a request by the Condominium Board that such dispute, controversy or claim be submitted to arbitration, or simultaneously with such a request that such dispute, controversy or claim be submitted to arbitration, if such request is made by such Unit Owner.

SECTION 10.4 **Variation by Agreement.** The parties to any dispute required or permitted to be resolved by arbitration pursuant to the terms of the Condominium Documents may, by written agreement, vary any of the terms of Section 10.1 hereof with respect to the arbitration of such dispute or may agree to resolve their dispute in any manner including, without limitation, the manner set forth in Section 3031 of the New

York Civil Practice Law and Rules and known as **"New York Simplified Procedure for Court Determination of Disputes."**

SECTION 10.5 **Binding Effect.** The decision in any arbitration conducted pursuant to this Article shall be binding upon all of the parties thereto and may be entered in any court having jurisdiction. Notwithstanding the foregoing, however, any arbitration held pursuant to the terms of the Condominium Documents with respect to a matter that arises prior to the first annual meeting of all Unit Owners held pursuant to the terms of Section 4.1 hereof shall be non- binding.

SECTION 10.6 **Costs and Expenses.** The fees, costs and expenses of the arbitrator shall be borne by the losing party in the arbitration or, if the position of neither party to the dispute is substantially upheld by the arbitrator, such fees, costs and expenses shall be borne equally by the disputants. Each disputant shall also bear the fees and expenses of his counsel and expert witnesses. All costs and expenses paid or incurred by the Condominium Board in connection with any arbitration held hereunder, including, without limitation, the fees and expenses of counsel and expert witnesses, shall constitute Common Expenses.

ARTICLE 11.
NOTICES

SECTION 11.1 **General.** Except to the extent other methods are specifically authorized or required herein, all notices hereunder shall be sent by (i) personal delivery; (ii) certified mail return receipt requested; (iii) overnight courier with receipt; or (iv) facsimile transmission (if available) with a copy sent the same day by one of the methods specified in clauses (i), (ii) or (iii): (a) to the Condominium Board or any officer thereof, c/o the Managing Agent, or if there be no Managing Agent, to the office of the Condominium Board or to such other address as the Condominium Board may hereafter designate from time to time, by notice in writing to all Unit Owners and to all Permitted Mortgagees; (b) to the Declarant at the address specified on the first page of the Declaration or to such other address as may be designated by the Declarant from time to time, in writing, to the Condominium Board; (c) to a Unit Owner at the Property or to such other address as may be designated by such Unit Owner from time to time, in writing, to the Condominium Board; or (d) to a Permitted Mortgagee at its latest address designated, in writing, to the Condominium Board. All notices which are mailed shall be deemed to be given five (5) business days after the date of mailing. All notices which are personally delivered or sent by facsimile transmission (provided a copy is sent the same day in the manner provided above) shall be deemed to be given on the date of delivery. All notices, which are sent by overnight courier, shall be deemed to be given on the next business day. Notwithstanding the foregoing, notices of change of address shall not be deemed to have been given until received.

SECTION 11.2 **Waiver of Service of Notice.** Whenever any notice is required to be given by Applicable Law or pursuant to the terms of the Condominium Documents, a waiver thereof in writing, signed by the Person entitled to such notice, whether before or after the time stated therein, shall be deemed the equivalent thereof.

ARTICLE 12.
AMENDMENTS TO BY-LAWS

SECTION 12.1 **Amendments.** The provisions of Article 12 of the Declaration are applicable to and govern the terms, restrictions, requirements, approvals and consents to be followed or obtained to amend these By-Laws.

ARTICLE 13.
CONTESTS OF REQUIREMENTS OF APPLICABLE LAW

SECTION 13.1 **Condominium Board's Rights to Contest.** The Condominium Board shall have the right on behalf of all Unit Owners to contest any requirement of Applicable Law relating to the use, operation and maintenance of the Common Elements or the affairs of the Condominium, and during such contest, any obligation of the Condominium Board under the Declaration or these By-Laws to comply with such requirement shall be deferred, provided: (A) either (i) the Condominium Board prosecutes such contest diligently and in good faith by appropriate proceedings or (ii) compliance with such requirement shall have been excused or exempted by a permit, waiver, extension or forbearance exempting the Condominium from such requirement; (B) such contest or noncompliance does not involve any danger of: (1) foreclosure, forfeiture or loss of any part of the Property; or (ii) civil or criminal liability being imposed on any member of the Condominium Board, any Unit Owner or any mortgagee; or (iii) , the creation of any lien, encumbrance or other charge against any part of the Property; or (iv) impairment of any insurance under Section 5.4 of these By-Laws. The cost and expense of any such contest shall be treated as a Common Expense.

SECTION 13.2 **The Declarant's Rights to Contest.** So long as the Declarant owns any Units or has any obligations outstanding under the Plan, the Declarant shall have the right to contest any requirement of Applicable Law with which the Declarant is obligated to comply under the Declaration or these By-Laws or the Plan and which relates to the Property, including the Units, and the failure of the Declarant to comply with such requirement during such contest shall not constitute a default hereunder, provided: (A) either (i) the Declarant is contesting such requirement diligently and in good faith by appropriate proceedings or (ii) compliance with such requirement shall have been excused or exempted by a valid permit, waiver, extension or forbearance exempting the Declarant from such requirement; and (B) such contest or noncompliance does not involve any danger of: (i) foreclosure, forfeiture or loss of any part of the Property other than the Declarant's Units; or (ii) civil or criminal liability being imposed on any of the Condominium Board, any other Unit Owner or any mortgagee; or (iii) the creation of any lien, encumbrance or other charge against any part of the Property other than against the Declarant's Units; or (iv) the impairment of any insurance under Section 5.4 of these By-Laws. The Declarant shall provide the Condominium Board with notice of any contest of the type described above.

SECTION 13.3 **The Unit Owner's Rights to Contest.** A Unit Owner shall have the right to contest any requirement of Applicable Law with which such Unit Owner is obligated to comply under the Declaration or these By-Laws and which relates to the use, operation or maintenance of its Unit and/or any Limited Common Element over which it has exclusive use and control pursuant to the terms of the Declaration or these By-Laws, and the failure of such Unit Owner to comply with such requirement during such contest shall not constitute a default hereunder, provided the prior written consent of the Condominium Board has been obtained. The consent of the Condominium Board to any such contest shall not be unreasonably withheld or delayed provided: (A) either (i) the Unit Owner is contesting such requirement diligently and in good faith by appropriate proceedings and shall have furnished such security, if any, as may be satisfactory to the Condominium Board or (ii) compliance with such requirement shall have been excused or exempted by a valid permit, waiver, extension or forbearance exempting the Unit Owner from such requirement; and (B) such contest or noncompliance does not involve any danger of: (i) foreclosure, forfeiture or loss of any part of the Property other than the Unit Owner's Unit; or (ii) civil or criminal liability being imposed on any of the Board, any other Unit Owner or any mortgagee; or (iii) the creation of any lien, encumbrance or other charge against any part of the Property other than against such Unit Owner's Unit; or (iv) the impairment of any insurance under Section 5.4 the By-Laws; and (C) the Condominium Board is provided with notice of any contest of the type described above in detail sufficient to enable the Condominium Board to ascertain whether the foregoing provisions have been complied with by such Unit Owner.

ARTICLE 14.
MISCELLANEOUS

SECTION 14.1 **Inspection of Documents.** Copies of the Condominium Documents shall be maintained at the office of the Condominium Board and shall be available, for inspection by Unit Owners and their authorized agents during reasonable business hours.

SECTION 14.2 **Waiver.** No restriction, condition, obligation or provision contained in these By-Laws, including the Rules and Regulations shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches thereof which may occur.

SECTION 14.3 **Title to Units.** Title to Units may be taken in the name of an individual, the names of two or more Persons as tenants in common, joint tenants or tenant by the entireties; in the name of a corporation, partnership REIT, limited liability company, association, trustee or other Person, or any combination of any of the foregoing.

SECTION 14.4 **Successors and Assigns.** The rights and/or obligations of the Unit Owners as set forth in these By-Laws and the Declaration shall inure to the benefit of and be binding upon the Condominium Board and the Unit Owners and their successors and assigns.

SECTION 14.5 **Insurance Trustee.** The Insurance Trustee shall be appointed by the Condominium Board and shall be a bank or trust Company having an office located in the State of New York having a capital surplus and undivided profits of $500,000,000 or more. The Condominium Board shall pay the fees and disbursements of any Insurance Trustee and such fees and disbursements shall constitute a Common Expense. The Insurance Trustee shall hold all proceeds as trust funds until paid over or applied as provided in the Declaration and these By- Laws.

SECTION 14.6 **Consents.** Wherever in the Declaration or these By-Laws provision is made for any required, discretionary or other consent of the Condominium Board, such consent shall be sufficient and effective if given by the Condominium Board, unless otherwise provided in the Declaration or these By-Laws, and the consent of the Unit Owners shall not be required.

SECTION 14.7 **Conflicts.** These By-Laws (including the Rules and Regulations) are intended to comply with the requirements of the Condominium Act and all other Applicable Law. In case any provisions of these By-Laws or any provision of the Rules and Regulations shall conflict with the provisions of said statute, the Declaration or any other Applicable Law, then the provisions of said statute, the Declaration or such other Applicable Law, as the case may be, shall control.

SECTION 14.8 **Severability.** If any provision of these By-Laws is invalid or unenforceable against any Person, the remainder of these By- Laws and the applicability of such provision to other Persons or circumstances shall not be affected thereby. Each provision of these By-Laws shall, except as otherwise herein provided, be valid and enforced to the fullest extent permitted by Applicable Law.

SECTION 14.9 **Captions.** The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of these By- Laws, or the intent of any provision hereof.

SECTION 14.10 **Gender.** In these By-Laws (including the Rules and Regulations), the use of the masculine gender shall be deemed to include the feminine gender and the use of the singular shall be deemed to include the plural, whenever the context so requires.

SECTION 14.11 **Certain References.** The terms **"herein", "hereof"** or **"hereunder,"** or similar terms used in these By-Laws refer to these entire By-Laws and not to the particular provision in which the terms are used, unless the context otherwise requires.

END OF THE BY-LAWS

DOCUMENT NO. 9

GENERAL BUSINESS LAW SECTION 352-EEEE

§ 352–eeee. Conversions to cooperative or condominium ownership in the city of New York [Eff. until June 15, 1997. See note below.]

1. As used in this section, the following words and terms shall have the following meanings:

(a) "Plan". Every offering statement or prospectus submitted to the department of law pursuant to section three hundred fifty-two-e of this article for the conversion of a building or group of buildings or development from residential rental status to cooperative or condominium ownership or other form of cooperative interest in realty, other than an offering statement or prospectus for such conversion pursuant to article two, eight or eleven of the private housing finance law.

(b) "Non-eviction plan". A plan which may not be declared effective until written purchase agreements have been executed and delivered for at least fifteen percent of all dwelling units in the building or group of buildings or development by bona fide tenants in occupancy or bona fide purchasers who represent that they intend that they or one or more members of their immediate family intend to occupy the unit when it becomes vacant. As to tenants who were in occupancy on the date a letter was issued by the attorney general accepting the plan for filing, the purchase agreement shall be executed and delivered pursuant to an offering made in good faith without fraud and discriminatory repurchase agreements or other discriminatory inducements.

(c) "Eviction plan". A plan which, pursuant to the provisions of this section, can result in the eviction of a non-purchasing tenant by reason of the tenant failing to purchase pursuant thereto, and which

may not be declared effective until at least fifty-one percent of the bona fide tenants in occupancy of all dwelling units in the building or group of buildings or development on the date the offering statement or prospectus was accepted for filing by the attorney general (excluding, for the purposes of determining the number of bona fide tenants in occupancy on such date, eligible senior citizens and eligible disabled persons) shall have executed and delivered written agreements to purchase under the plan pursuant to an offering made in good faith without fraud and with no discriminatory repurchase agreements or other discriminatory inducements.

(d) "Purchaser under the plan". A person who owns the shares allocated to a dwelling unit or who owns such dwelling unit itself.

(e) "Non-purchasing tenant". A person who has not purchased under the plan and who is a tenant entitled to possession at the time the plan is declared effective or a person to whom a dwelling unit is rented subsequent to the effective date. A person who sublets a dwelling unit from a purchaser under the plan shall not be deemed a non-purchasing tenant.

(f) "Eligible senior citizens". Non-purchasing tenants who are sixty-two years of age or older on the date the attorney general has accepted the plan for filing, and the spouses of any such tenants on such date, and who have elected, within sixty days of the date the attorney general has accepted the plan for filing, on forms promulgated by the attorney general and presented to such tenants by the offeror, to become non-purchasing tenants under the provisions of this section; provided that such election shall not preclude any such tenant from subsequently purchasing the dwelling unit on the terms then offered to tenants in occupancy.

(g) "Eligible disabled persons". Non-purchasing tenants who have an impairment which results from anatomical, physiological or psychological conditions, other than addiction to alcohol, gambling, or any controlled substance, which are demonstrable by medically acceptable clinical and laboratory diagnostic techniques, and which are expected to be permanent and which prevent the tenant from engaging in any substantial gainful employment on the date the attorney general has accepted the plan for filing, and the spouses of any such tenants on such date, and who have elected, within sixty days of the date the attorney general has accepted the plan for filing, on forms promulgated by the attorney general and presented to such tenants by the offeror, to become non-purchasing tenants under the provisions of this section; provided, however, that if the disability first occurs after acceptance of the plan for filing, then such election may be made within sixty days following the onset of such disability

unless during the period subsequent to sixty days following the acceptance of the plan for filing but prior to such election, the offeror accepts a written agreement to purchase the apartment from a bona fide purchaser; and provided further that such election shall not preclude any such tenant from subsequently purchasing the dwelling unit or the shares allocated thereto on the terms then offered to tenants in occupancy.

2. The attorney general shall refuse to issue a letter stating that the offering statement or prospectus required in subdivision one of section three hundred fifty-two-e of this chapter has been filed whenever it appears that the offering statement or prospectus offers for sale residential cooperative apartments or condominium units pursuant to a plan unless:

(a) The plan provides that it will be deemed abandoned, void and of no effect if it does not become effective within fifteen months from the date of issue of the letter of the attorney general stating that the offering statement or prospectus has been accepted for filing and, in the event of such abandonment, no new plan for the conversion of such building or group of buildings or development shall be submitted to the attorney general for at least twelve months after such abandonment.

(b) The plan provides either that it is an eviction plan or that it is a non-eviction plan.

(c) The plan provides, if it is a non-eviction plan, as follows:

(i) The plan may not be declared effective until written purchase agreements have been executed and delivered for at least fifteen percent of all dwelling units in the building or group of buildings or development subscribed for by bona fide tenants in occupancy or bona fide purchasers who represent that they intend that they or one or more members of their immediate family occupy the dwelling unit when it becomes vacant. As to tenants who were in occupancy on the date a letter was issued by the attorney general accepting the plan for filing, the purchase agreement shall be executed and delivered pursuant to an offering made without discriminatory repurchase agreements or other discriminatory inducements.

(ii) No eviction proceedings will be commenced at any time against non-purchasing tenants for failure to purchase or any other reason applicable to expiration of tenancy; provided that such proceedings may be commenced for non-payment of rent, illegal use or occupancy of the premises, refusal of reasonable access to the owner or a similar breach by the non-purchasing tenant of his obligations to the owner of the dwelling unit or the shares allocated thereto; and

provided further that an owner of a unit or of the shares allocated thereto may not commence an action to recover possession of a dwelling unit from a non-purchasing tenant on the grounds that he seeks the dwelling unit for the use and occupancy of himself or his family.

(iii) Non-purchasing tenants who reside in dwelling units subject to government regulation as to rentals and continued occupancy prior to the conversion of the building or group of buildings or development to cooperative or condominium ownership shall continue to be subject thereto.

(iv) The rentals of non-purchasing tenants who reside in dwelling units not subject to government regulation as to rentals and continued occupancy and non-purchasing tenants who reside in dwelling units with respect to which government regulation as to rentals and continued occupancy is eliminated or becomes inapplicable after the plan has been accepted for filing by the attorney general shall not be subject to unconscionable increases beyond ordinary rentals for comparable apartments during the period of their occupancy. In determining comparability, consideration shall be given to such factors as building services, level of maintenance and operating expenses.

(v) The plan may not be amended at any time to provide that it shall be an eviction plan.

(vi) The rights granted under the plan to purchasers under the plan and to non-purchasing tenants may not be abrogated or reduced notwithstanding any expiration of, or amendment to, this section.

(vii) After the issuance of the letter from the attorney general stating that the offering statement or prospectus required in subdivision one of section three hundred fifty-two-e of this article has been filed, the offeror shall, on the thirtieth, sixtieth, eighty-eighth and ninetieth day after such date and at least once every thirty days until the plan is declared effective or is abandoned, as the case may be, and on the second day before the expiration of any exclusive purchase period provided in a substantial amendment to the plan, (1) file with the attorney general a written statement, under oath, setting forth the percentage of the dwelling units in the building or group of buildings or development subscribed for by bona fide tenants in occupancy or bona fide purchasers who represent that they intend that they or one or more members of their immediate family occupy the dwelling unit when it becomes vacant as of the date of such statement and, (2) before noon on the day such statement is filed post a copy of such statement in a prominent place accessible to all tenants in each building covered by the plan.

(d) The plan provides, if it is an eviction plan, as follows:

(i) The plan may not be declared effective unless at least fifty-one percent of the bona fide tenants in occupancy of all dwelling units in the building or group of buildings or development on the date the offering statement or prospectus was accepted for filing by the attorney general (excluding, for the purposes of determining the number of bona fide tenants in occupancy on such date, eligible senior citizens and eligible disabled persons) shall have executed and delivered written agreements to purchase under the plan pursuant to an offering made in good faith without fraud and with no discriminatory repurchase agreements or other discriminatory inducements.

(ii) No eviction proceedings will be commenced against a non-purchasing tenant for failure to purchase or any other reason applicable to expiration of tenancy until the later to occur of (1) the date which is the expiration date provided in such non-purchasing tenant's lease or rental agreement, and (2) the date which is three years after the date on which the plan is declared effective. Non-purchasing tenants who reside in dwelling units subject to government regulation as to rentals and continued occupancy prior to conversion shall continue to be subject thereto during the period of occupancy provided in this paragraph. Thereafter, if a tenant has not purchased, he may be removed by the owner of the dwelling unit or the shares allocated to such dwelling unit.

(iii) No eviction proceedings will be commenced, except as hereinafter provided, at any time against either eligible senior citizens or eligible disabled persons. The rentals of eligible senior citizens and eligible disabled persons who reside in dwelling units not subject to government regulation as to rentals and continued occupancy and eligible senior citizens and eligible disabled persons who reside in dwelling units with respect to which government regulation as to rentals and continued occupancy is eliminated or becomes inapplicable after the plan has been accepted for filing shall not be subject to unconscionable increases beyond ordinary rentals for comparable apartments during the period of their occupancy considering, in determining comparability, such factors as building services, level of maintenance and operating expenses; provided that such proceedings may be commenced against such tenants for non-payment of rent, illegal use or occupancy of the premises, refusal of reasonable access to the owner or a similar breach by the tenant of his obligations to the owner of the dwelling unit or the shares allocated thereto.

(iv) Eligible senior citizens and eligible disabled persons who reside in dwelling units subject to government regulation as to rentals and continued occupancy shall continue to be subject thereto.

(v) The rights granted under the plan to eligible senior citizens and eligible disabled persons may not be abrogated or reduced notwithstanding any expiration of, or amendment to, this section.

(vi) Any offeror who disputes the election by a person to be an eligible senior citizen or an eligible disabled person must apply to the attorney general within thirty days of the receipt of the election forms for a determination by the attorney general of such person's eligibility. The attorney general shall, within thirty days thereafter, issue his determination of eligibility. The foregoing shall, in the absence of fraud, be the sole method for determining a dispute as to whether a person is an eligible senior citizen or an eligible disabled person. The determination of the attorney general shall be reviewable only through a proceeding under article seventy-eight of the civil practice law and rules, which proceeding must be commenced within thirty days after such determination by the attorney general becomes final.

(vii) After the issuance of the letter from the attorney general stating that the offering statement or prospectus required in subdivision one of section three hundred fifty-two-e of this article has been accepted for filing, the offeror shall, on the thirtieth, sixtieth, eighty-eighth and ninetieth days after such date and at least once every thirty days until the plan is declared effective or abandoned, as the case may be, and on the second day before the expiration of any exclusive purchase period provided in a substantial amendment to the plan, (1) file with the attorney general a written statement, under oath, setting forth the percentage of bona fide tenants in occupancy of all dwelling units in the building or group of buildings or development on the date the offering statement or prospectus was accepted for filing by the attorney general who have executed and delivered written agreements to purchase under the plan as of the date of such statement, and (2) before noon on the day such statement is filed post a copy of such statement in a prominent place accessible to all tenants in each building covered by the plan.

(viii) If the plan is amended before it is declared effective to provide that it shall be a non-eviction plan, any person who has agreed to purchase under the plan prior to such amendment shall have a period of thirty days after receiving written notice of such amendment to revoke his agreement to purchase under the plan.

(ix) The tenants in occupancy on the date the attorney general accepts the plan for filing shall have the exclusive right to purchase their dwelling units or the shares allocated thereto for ninety days

after the plan is accepted for filing by the attorney general, during which time a tenant's dwelling unit shall not be shown to a third party unless he has, in writing, waived his right to purchase; subsequent to the expiration of such ninety day period, a tenant in occupancy of a dwelling unit who has not purchased shall be given the exclusive right for an additional period of six months from said expiration date to purchase said dwelling unit or the shares allocated thereto on the same terms and conditions as are contained in an executed contract to purchase said dwelling unit or shares entered into by a bona fide purchaser, such exclusive right to be exercisable within fifteen days from the date of mailing by registered mail of notice of the execution of a contract of sale together with a copy of said executed contract to said tenant.

(e) The attorney general finds that an excessive number of long-term vacancies did not exist on the date that the offering statement or prospectus was first submitted to the department of law. "Long-term vacancies" shall mean dwelling units not leased or occupied by bona fide tenants for more than five months prior to the date of such submission to the department of law. "Excessive" shall mean a vacancy rate in excess of the greater of (i) ten percent and (ii) a percentage that is double the normal average vacancy rate for the building or group of buildings or development for two years prior to the January preceding the date the offering statement or prospectus was first submitted to the department of law.

(f) The attorney general finds that, following the submission of the offering statement or prospectus to the department of law, each tenant in the building or group of buildings or development was provided with a written notice stating that such offering statement or prospectus has been submitted to the department of law for filing. Such notice shall be accompanied by a copy of the offering statement or prospectus and a statement that the statements submitted pursuant to subparagraph (vii) of paragraph (c) or subparagraph (vii) of paragraph (d) of this subdivision, whichever is applicable, will be available for inspection and copying at the office of the department of law where the submission was made and at the office of the offeror or a selling agent of the offeror. Such notice shall also be accompanied by a statement that tenants or their representatives may physically inspect the premises at any time subsequent to the submission of the plan to the department of law, during normal business hours, upon written request made by them to the offeror, provided such representatives are registered architects or professional engineers licensed to practice in the state of New York. Such notice shall be sent to each tenant in occupancy on the date the plan is first submitted to the department of law.

3. All dwelling units occupied by non-purchasing tenants shall be managed by the same managing agent who manages all other dwelling units in the building or group of buildings or development. Such managing agent shall provide to non-purchasing tenants all services and facilities required by law on a non-discriminatory basis. The offeror shall guarantee the obligation of the managing agent to provide all such services and facilities until such time as the offeror surrenders control to the board of directors or board of managers, at which time the cooperative corporation or the condominium association shall assume responsibility for the provision of all services and facilities required by law on a non-discriminatory basis.

4. It shall be unlawful for any person to engage in any course of conduct, including, but not limited to, interruption or discontinuance of essential services, which substantially interferes with or disturbs the comfort, repose, peace or quiet of any tenant in his use or occupancy of his dwelling unit or the facilities related thereto. The attorney general may apply to a court of competent jurisdiction for an order restraining such conduct and, if he deems it appropriate, an order restraining the owner from selling the shares allocated to the dwelling unit or the dwelling unit itself or from proceeding with the plan of conversion; provided that nothing contained herein shall be deemed to preclude the tenant from applying on his own behalf for similar relief.

5. Any local legislative body may adopt local laws and any agency, officer or public body may prescribe rules and regulations with respect to the continued occupancy by tenants of dwelling units which are subject to regulation as to rentals and continued occupancy pursuant to law, provided that in the event that any such local law, rule or regulation shall be inconsistent with the provisions of this section, the provisions of this section shall control.

6. Any provision of a lease or other rental agreement which purports to waive a tenant's rights under this section or rules and regulations promulgated pursuant hereto shall be void as contrary to public policy.

7. The provisions of this section shall only be applicable in the city of New York.

(Added L.1982, c. 555, § 2; amended L.1988, c. 685, § 2.)

Section 23.8 Eligible Senior Citizens and Eligible Disabled Persons.

(a) *Election.* A tenant may elect not to purchase as an eligible senior citizen or eligible disabled person as defined in GBL Section 352-e(2-a) or 352-eeee, or as an eligible disabled person as defined in GBL Section 352-eee, within sixty (60) days from the presentation date by completing the applicable form, SH-1 or SH-2, prescribed by the Department of Law and included in the offering plan immediately preceding the Introduction page, signing the election form and having the signature notarized and personally delivering it to the named sponsor or agent at a location specified by the sponsor in the plan, or by mailing it by certified or registered mail, return receipt requested to the named sponsor or agent at an address specified by the sponsor in the plan.

GBL Section 352-eee does not require that a tenant file an election form in order to qualify as an eligible senior citizen. However, it is advised and requested that a tenant, who believes he or she is or will become an eligible senior citizen within twelve (12) months from the date the plan is filed, complete the election form SH-5 promulgated by the Department of Law included in the plan. This senior citizen election form should be completed, signed, notarized and returned to the sponsor.

In the event that the plan becomes subject to General Business Law Section 352-e(2-a) after the plan was accepted for filing, (a) the plan must be amended immediately after the statute becomes applicable to such offering and, (b) such election may be made within sixty (60) days of presentation of such amendment.

(1) An SH-1 or SH-2 election form is timely if it is personally delivered or postmarked before midnight of the sixtieth day after the presentation date subject to statutory rules of construction. An SH-5 election form may be delivered at any time.

(2) The sponsor or agent shall acknowledge receipt of the election form and promptly return an acknowledged copy to the non-purchasing tenant.

(b) *Determination of disputed elections.* A sponsor who disputes the election by a non-purchasing tenant to be an eligible senior citizen or an eligible disabled person must apply to the Department of Law for a determination of the person's eligibility within thirty (30) days following receipt of the election form.

(1) The application is timely if it is personally delivered to the Department of Law, Real Estate Financing Bureau, 120 Broadway, New York, New York 10271, during business hours or postmarked before midnight of the thirtieth day following receipt by the sponsor or agent of the election form.

(2) In the absence of fraud, an untimely application will not be entertained, in which case the tenant whose eligibility is disputed will be deemed eligible under the statute.

(3) The application shall include the following:

(i) One (1) copy of the election form;

(ii) One (1) original and one copy of an affidavit, sworn to by a person having knowledge of the facts, setting forth the following:

(a) That the application is timely in accordance with these regulations;

(b) The specific ground(s) for disputing the election;

(c) The basis for the affiant's statement that the tenant is not an eligible senior citizen or eligible disabled person;

(iii) Two (2) copies of all supporting information or documentation in the possession of the sponsor or the affiant bearing on eligibility.

(4) The application must be complete at submission. The Department of Law need not consider any additional or supplemental information subsequently submitted by sponsor.

(5) The Department of Law shall notify the person that the sponsor disputes his or her election to be an eligible senior citizen or eligible disabled person and shall request him or her to submit an answer to the application on a form prescribed by the Department of Law and furnish information or documentation bearing on the specific grounds raised by sponsor to dispute the election.

(i) The answer and supporting documentation must be submitted to the Department of Law within ten (10) days of the date of the notice from the Department of Law. Failure to submit an answer shall not preclude the Department of Law from issuing a determination.

(6) The Department of Law may, in its discretion, require the attendance and giving of testimony by witnesses and the production of papers, documents, books and other evidence concerning the issues raised. A witness shall be notified that he or she may be represented by counsel.

(7) On the basis of evidence received, the Department of Law shall issue a written determination of eligibility.

(c) *Sale of units occupied by eligible senior citizens and eligible disabled persons.*

(1) A unit occupied by an eligible senior citizen or eligible disabled person, or a person seeking exemption as an eligible senior citizen or eligible disabled person may not be offered to a third party during any exclusive purchase period granted to bona fide tenants in occupancy unless the sponsor, in writing, waives any right to challenge the eligibility of the occupant of the unit.

(2) Where the sponsor has disputed the eligibility of a person seeking an exemption, the unit may not be offered to a third party for thirty days after the Department of Law has made its determination of eligibility. If a proceeding to review such determination is commenced under Article 78 of the Civil Practice Law and Rules in a court of competent jurisdiction, the unit may not be offered to a third party for thirty days after notice of entry of the final order in such proceeding. If such final determination or order finds that the person seeking the exemption is not an eligible senior citizen or eligible disabled person, such person may purchase the unit within thirty days thereafter on the most favorable terms offered to tenants in occupancy at any time prior thereto; provided, however, that if such final determination or order includes a finding that the exemption was sought fraudulently or in bad faith, such person may purchase the unit as provided in paragraph (3).

(3) Notwithstanding an election not to purchase, an eligible senior citizen or eligible disabled person may purchase the unit on the terms then offered to tenants in occupancy.

DOCUMENT NO. 11

CERTIFICATION BY SPONSOR

State of New York
Office of the Attorney General
120 Broadway - 23rd Floor
New York, NY 10271
Attn: Division of Public Advocacy
Investment Protection Bureau

Re: Condominium Offering Plan
Pennyfield Estates II Condominium
24 Pennyfield Avenue
Bronx, New York

We are the sponsor and the principals of sponsor of the condominium offering plan for the captioned property. We understand that we have primary responsibility for compliance with the provisions of Article 23-A of the General Business Law, the regulations promulgated by the Department of Law in Part 20 and such other laws and regulations as may be applicable.

We have read the entire offering plan. We have investigated the facts set forth in the offering plan and the underlying facts. We have exercised due diligence to form a basis for this certification. We jointly and severally certify that the offering plan does, and that documents submitted hereafter by us, which amend, or supplement the offering plan will:

(i) set forth the detailed terms of the transaction and be complete, current and accurate;

(ii) afford potential investors, purchasers and participants an adequate basis upon which to found their judgment;

(iii) not omit any material fact;

(iv) not contain any untrue statement of a material fact;

(v) not contain any fraud, deception, concealment, suppression, false pretense or fictitious or pretended purchase or sale;

(vi) not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;

(vii) not contain any representation or statement which is false, where I/we:

(a) knew the truth;

(b) with reasonable effort could have known the truth;

(c) made no reasonable effort to ascertain the truth; or

(d) did not have knowledge concerning the representation or statement made.

This certification is made under penalty of perjury for the benefit of all persons to whom this offer is made. We understand that violations are subject to the civil and criminal penalties of the General Business Law and Penal Law.

PENNYFIELD ~~PROPERTIES~~ LLC

By: _____
MICHAEL BOEMIO, Member

SPONSOR'S PRINCIPALS:

_____
MICHAEL BOEMIO

_____
LISA TANTILLO

_____
DOMINICK CALCAGNI

Sworn to before me this
15th day of October, 2004.

_____
Notary Public

HAYDEE I. HERNANDEZ
Notary Public, State of New York
No. 41-HE498-3498
Qualified in Queens County
Cert. Filed in Queens County
Commission Expires July 1, 2007

CERTIFICATION BY ENGINEER OR ARCHITECT

State of New York
Office of the Attorney General
120 Broadway - 23rd Floor
New York, NY 10271
Attn: Division of Public Advocacy
Investment Protection Bureau

Re: Condominium Offering Plan
Pennyfield Estates II Condominium
24 Pennyfield Avenue
Bronx, New York

The sponsor of the offering plan to convert the captioned property to condominium ownership retained me to prepare a report describing the construction and/or renovation of the property (the "Report"). I visually inspected existing portions of the property, if any, on August 1, 2004, and I examined the building plans and specifications that were prepared by me dated January, 2002 and prepared the Report dated August 15, 2004 copies of which is intended to be incorporated into the offering plan so that prospective Purchasers may rely on the Report.

I am a registered architect in the State of New York.

I understand that I am responsible for complying with Article 23-A of the General Business Law and the regulations promulgated by the Department of Law in Part 20 insofar as they are applicable to this Report.

I have read the entire Report and investigated the facts set forth in the Report and the facts underlying it with due diligence in order to form a basis for this certification. This certification is made for the benefit of all persons to whom this offer is made.

I certify that the Report:

(i) sets forth in narrative form the description and/or physical condition of the entire property as it will exist upon completion of renovation and/or construction is in accordance with the plans and specifications that I examined;

(ii) in my professional opinion affords potential investors, purchasers and participants an adequate basis upon which to found their judgment concerning the description and/or physical condition of the property as it will exist upon completion of renovation and/or construction, provided that renovation and/or construction is in accordance with the plans and specifications that I examined;

(iii) does not omit any material fact;

(iv) does not contain any untrue statement of a material fact;

(v) does not contain any fraud, deception, concealment, or suppression;

(vi) does not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;

(vii) does not contain any representation or statement which is false, where I:

(a) knew the truth;

(b) with reasonable effort could have known the truth;

(c) made no reasonable effort to ascertain the truth; or

(d) did not have knowledge concerning the 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.

ANTONIO FREDA, AIA

Sworn to before me this
15TH day of October, 2004.

Haydee I. Hernandez
Notary Public

HAYDEE I. HERNANDEZ
Notary Public, State of New York
No. 41-HE498-3498
Qualified in Queens County
Cert. Filed in Queens County
Commission Expires July 1, 2007

CERTIFICATION BY EXPERT ON ADEQUACY OF BUDGET

State of New York
Office of the Attorney General
120 Broadway - 23rd Floor
New York, NY 10271
Attn: Division of Public Advocacy
Investment Protection Bureau

Re: Condominium Offering Plan
Pennyfield Estates II Condominium
24 Pennyfield Avenue
Bronx, New York

The sponsor of the condominium offering plan for the captioned property retained our firm to review or prepare Schedule(s) B and B-1, containing projections of income and expenses for the first year of condominium operation. Our experience in this field includes the management of residential multi-family real estate in the New York metropolitan area for a continuous period of twenty two (22) years. At the present time, our firm manages approximately forty (40) buildings consisting of approximately one thousand (1,000) units of residential housing and approximately seventy five (75) commercial units. The undersigned is a principal of Chappaqua Realty & Management Co., Inc. and is also an attorney duly licensed in the State of New York for twenty four (24) years.

We understand that we are responsible for complying with Article 23-A of the General Business Law and the regulations promulgated by the Department of Law in Part 20 insofar as they are applicable to Schedule(s) B and B-1.

We have reviewed the Schedule(s) and investigated the facts set forth in the Schedule(s) and the facts underlying it with due diligence in order to form a basis for this certification. We also have relied on our experience in managing residential buildings.

We certify that the projections in Schedule(s) B and B-1 appear reasonable and adequate under existing circumstances, and the projected income appears to be sufficient to meet the anticipated operating expenses for the projected first year of condominium operation.

We certify that the Schedule(s):

(i) sets forth in detail the projected income and expenses for the first year of condominium operation;

(ii) affords potential investors, purchasers and participants an adequate basis upon which to found their judgment concerning the first year of condominium operation;

(iii) not omit any material fact;

(iv) does not contain any untrue statement of a material fact;

(v) does not contain any fraud, deception, concealment, suppression;

(vi) does not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;

(vii) does not contain any representation or statement which is false, where we:

(a) knew the truth;

(b) with reasonable effort could have known the truth;

(c) made no reasonable effort to ascertain the truth; or

(d) did not have knowledge concerning the representation or statement made.

We further certify that we are not owned or controlled by the sponsor. We understand that a copy of this certification is intended to be incorporated into the offering plan. This statement is not intended as a guarantee or warranty of the income and expenses for the first year of condominium operation. This certification is made under penalty of perjury for the benefit of all persons to whom this offer is made.

We understand that violations are subject to the civil and criminal penalties of the General Business Law and Penal Law.

CHAPPAQUA REALTY &
MANAGEMENT CO., INC.

By: _____
PETER DIORIO, President

Sworn to before me this
24th day of October, 2004.

_____
Notary Public

JAMES A. CARTELLI
NOTARY PUBLIC, State of New York
No. 4518989
Qualified in Westchester County
Commission Expires May 31, 2006

Document No. 12

ESCROW AGREEMENT

AGREEMENT made this day of _____, 2004, between PENNYFIELD PROPERTIES LLC, having an address 1512 Stillwell Avenue, Bronx, New York 10461, ("**SPONSOR**") as Sponsor of the offering plan described below, and JAMES A. CARTELLI, ESQ., having an address at 81 Main Street, White Plains, New York 10601 ("**ESCROW AGENT**"), as escrow agent.

WHEREAS, SPONSOR is the sponsor of an offering plan (as same may be amended, the "**Plan**") to convert to condominium ownership the premises located 24 Pennyfield Avenue, Bronx, New York 10465 (the "**Premises**"); and

WHEREAS, ESCROW AGENT is authorized to act as an escrow agent hereunder in accordance with General Business law ("**GBL**") Section 352-e (2-b) the Attorney General's regulations promulgated thereunder; and

WHEREAS, SPONSOR desires that ESCROW AGENT act as agent for deposits by purchasers on account of the purchase price of condominium units in the Premises (collectively "**UNITS**" and each a "**UNIT**") under the Plan, pursuant to the terms of this Agreement.

NOW, THEREFORE, in consideration of the covenants and conditions contained herein and other good and valuable consideration, the parties hereby agree as follows:

1. **ESTABLISHMENT OF THE ESCROW ACCOUNT**.

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 on account of the purchase price under the Plan (collectively the "**DEPOSITS**" and each a "**DEPOSIT**"). An escrow account has been opened with Hudson Valley Bank at its branch located at 40 Church Street, White Plains, New York 10601. The main account number is _____ (the "**Escrow Account**"). Upon receipt of the first Deposit under the Plan a separate sub-account will be opened and Escrow Agent will notify Sponsor of the sub account number promptly thereafter.

1.2 The name of the Escrow Account is "James A. Cartelli, Esq. Attorney Escrow Account, for Pennyfield Estates II Condominium."

1.3 Members of the ESCROW AGENT are the sole signatories on the Escrow Account.

1.4 The Escrow Account shall be an interest-bearing account. The interest rate to be earned on the Deposits will be the rate paid from time to time by the bank in which such funds are deposited for the same type of account as the escrow account. Interest will begin to accrue when the check for a Deposit is collected and provided there is no charge back or debit by such bank against the amount deposited.

1.5 The ESCROW AGENT may from time to time, upon notice to the SPONSOR and all purchasers who have made Deposits with ESCROW AGENT, change the depositary in which the DEPOSITS are held to another lending institution in New York State without the necessity of amending the Plan.

2. DEPOSITS INTO THE ESCROW ACCOUNT.

2.1 All Deposits received by ESCROW AGENT from each prospective purchaser of a Unit under the Plan, on account of the purchase price thereunder, prior to closing of such Unit, 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 to the order of "James A. Cartelli, Esq., Attorney Escrow Account for Pennyfield Estates II Condominium." Any instrument payable or endorsed other than as required hereby, and which cannot be deposited into such Escrow Account, shall be returned to the prospective purchaser promptly after receipt by ESCROW AGENT of such instrument following any attempts to deposit it; but, in any event, following such unsuccessful attempts to deposit it, ESCROW AGENT shall mail or otherwise send such instrument to such prospective purchaser within five (5) business days of such receipt of such instrument by ESCROW AGENT. In the event of such return of such instrument, then such instrument shall be deemed not to have been delivered to ESCROW AGENT pursuant to the terms of this Agreement.

2.2 For purposes of this Section 2.2, an unconditional tender and delivery of a Deposit shall be deemed to have been made if a Deposit is delivered together with a purchase agreement in the form agreed to by SPONSOR without any request for a change in such form or the terms of such purchase agreement. Within ten (10) business days after unconditional tender and delivery to SPONSOR or the Selling Agent, if any, of a Deposit required to be submitted by a purchaser on account of the purchase of a Unit under the Plan, together with the purchase agreement for the purchase of such Unit, ESCROW AGENT shall notify such purchaser of the deposit of such funds in the bank indicated in the Plan, provide the account number, and disclose the initial interest rate. Subject to the provisions of the next sentence, if such purchaser does not receive notice of such

deposit within fifteen (15) business days after unconditional tender and delivery to SPONSOR or the Selling Agent, if any, of such Deposit, then such purchaser may cancel the purchase and rescind such purchaser's purchase agreement so long as such right to rescind is exercised within ninety (90) days after such purchaser's unconditional tender and delivery of such Deposit to SPONSOR or the Selling Agent, if any ,or such purchaser may apply to the New York State Department of Law (the "**Attorney General**") for relief. However, a purchaser shall not be entitled either to rescind such purchaser's purchase agreement or to receive a refund of such purchaser's Deposit where proof satisfactory to the Attorney General is submitted establishing that such Deposit was timely deposited and notice as provided above was timely mailed to such purchaser in accordance with all regulations of the Attorney General.

3. **RELEASE OF FUNDS**.

3.1 ESCROW AGENT shall not release the Deposit of a defaulting purchaser to SPONSOR until after consummation of the Plan. SPONSOR shall promptly, after consummation of the Plan, amend the Plan to disclose that consummation of the Plan has occurred. "**Consummation of the Plan**" shall mean the first closing of title for the sale of a Unit under the Plan has occurred in accordance with the requirements of the Plan. 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 a purchaser's' Deposit in escrow until:(a) otherwise directed in one or more writings signed (whether on the same or separate counterparts) by each of SPONSOR and such purchaser, or (b) otherwise directed in a determination of the Attorney General, pursuant to the dispute resolution procedures contained in the Attorney General's regulations, or (c) a judgment or order of a court of competent jurisdiction permits or requires the release of such Deposit, or (d) such Deposit is paid by ESCROW AGENT into a court of competent jurisdiction, or (e) such Deposit is paid to SPONSOR as provided below, or (f) such Deposit is paid to such purchaser as provided below.

3.3 SPONSOR shall not object to the release of the Deposit of any purchaser to such purchaser, provided such purchaser has not defaulted and has timely and validly rescinded such purchaser's purchase agreement in accordance with an offer of rescission contained in the Plan or an amendment to the Plan.

3.4 If there is no written agreement between SPONSOR and a purchaser to release the Deposit paid by such purchaser, ESCROW AGENT shall not pay such Deposit to SPONSOR until after ten (10) business days following the date that ESCROW AGENT has given such purchaser written notice that ESCROW AGENT intends to pay to SPONSOR such Deposit. Thereafter, such Deposit may be paid to SPONSOR unless such purchaser has already made application to the Attorney General pursuant to the dispute resolution provisions contained in the

Attorney General's regulations and ESCROW AGENT has received, within such ten (10) business day period, notice from such purchaser that such application has been made.

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 Attorney General 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 RIGHTS AND OBLIGATIONS OF ESCROW AGENT.**

5.1 ESCROW AGENT shall maintain the Escrow Account under the direct supervision and control of ESCROW AGENT.

5.2 A fiduciary relationship, pursuant to this Agreement, shall exist between ESCROW AGENT and purchasers who have paid Deposits which are held by ESCROW AGENT, and ESCROW AGENT acknowledges such fiduciary obligations.

5.3 ESCROW AGENT undertakes to perform only such duties as are expressly set forth herein. If there is any conflict or inconsistency between the provisions of this Agreement and either the Plan or any Purchase Agreement (as defined in the Plan), the provisions of this Agreement shall be controlling.

5.4 If conflicting demands are made or notices are served upon ESCROW AGENT with respect to this Agreement, or if ESCROW AGENT shall hold a good faith belief that the rights of a claimant to any Deposit are not absolutely clear, the signatories hereto agree that ESCROW AGENT may refuse to comply with any such claim or demand and, except as hereinafter set forth in this Agreement, may withhold and stop all further proceedings in the performance of this Agreement so long as such disagreement shall continue. In so doing, ESCROW AGENT shall not be or become liable for damages or interest to any of the signatories hereto or to any other person for its failure to comply with such conflicting or adverse demands or notices. ESCROW AGENT may continue to so refrain and so refuse to act until (i) the rights of the adverse claimants have been finally adjudicated in a court having and assuming jurisdiction of the parties

and/or the Deposit, as the case may be, or (ii) all differences, with respect to any Deposit, shall have been resolved by mutual agreement of SPONSOR and the purchaser who paid such Deposit, and ESCROW AGENT shall have been notified thereof in writing signed by both of said parties. In the alternative, ESCROW AGENT may, but shall not be obligated to, file a suit in interpleader for a declaratory judgment for the purpose of having the respective rights of the claimants adjudicated, and/or may deposit any Deposit with a court of competent jurisdiction in which event SPONSOR agrees to pay all costs, expenses and attorneys' fees incurred by ESCROW AGENT in connection therewith. In the event that ESCROW AGENT shall deposit any Deposit with such court the ESCROW AGENT shall be fully released and discharged from any and all further duties and obligations hereunder with respect to such Deposit.

5.5 ESCROW AGENT shall not be responsible for any interest on any Deposit except for such as is actually received by ESCROW AGENT.

5.6 SPONSOR hereby agrees to indemnify ESCROW AGENT from, and to hold it harmless against, any loss, liability or expense (including, without limitation, attorneys' fees and expenses) incurred without gross negligence, willful default, or bad faith on the part of ESCROW AGENT, arising out of or in connection with its entering into this Agreement and carrying out its duties hereunder, including the costs and expenses of defending itself against any claim or liability.

5.7 In any action or proceeding, ESCROW AGENT may represent SPONSOR, even if such action or proceeding relates to or involves any Deposit, at the same time as ESCROW AGENT is holding such Deposit pursuant to this Agreement.

6. RESPONSIBILITIES OF SPONSOR.

6.1 SPONSOR agrees that SPONSOR and its agents, including any selling agents, shall deliver to ESCROW AGENT each Deposit on account of the sale of a Unit under the Plan which has been received by SPONSOR or such agents prior to closing of the sale of such Unit within one (1) business day or receipt thereof.

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 to the Plan with the Attorney General 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 to the Plan with the Attorney General providing for a successor ESCROW AGENT; or

(c) All Deposits held by ESCROW AGENT have been paid by ESCROW AGENT from the Escrow Account as provided in this Agreement.

ESCROW AGENT shall not be responsible for any delay between either (i) any such cancellation by SPONSOR of the designation of ESCROW AGENT or (ii) the resignation of ESCROW AGENT, and, in either such case, the date on which an amendment to the Plan appointing a successor ESCROW AGENT has been filed with the Attorney General and notice thereof has been given to ESCROW AGENT. Once any such cancellation of the designation of ESCROW AGENT has been given to ESCROW AGENT, or once ESCROW AGENT has given to SPONSOR notice of resignation as ESCROW AGENT, then in either case ESCROW AGENT shall not be obligated to accept thereafter any new Deposits in the Escrow Account.

7.2 Upon termination of the duties of ESCROW AGENT as described in paragraph 7.1 (a) or (b) above, ESCROW AGENT shall deliver any and all Deposits held by it in escrow to the new successor ESCROW AGENT set forth in such amendment to the Plan, provided ESCROW AGENT has received a copy of such amendment.

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 applicable to agreements wholly executed and performed therein without reference to conflicts of laws principles.

10. **ESCROW AGENT'S COMPENSATION**.

10.1 SPONSOR agrees that ESCROW AGENT's compensation shall not be paid from the Deposits nor from any interest accruing thereon (unless and to the extent SPONSOR is entitled to be paid such Deposits pursuant to this Agreement) and that compensation to ESCROW AGENT, if any, shall not be deducted from the Deposits (unless and to the extent SPONSOR is entitled to be paid such Deposits pursuant to this Agreement) by any financial institution under any circumstance. SPONSOR shall reimburse to ESCROW AGENT any fees or charges incurred in connection with the establishment and maintenance of the escrow account.

11. **SEVERABILITY**.

11.1 If any provision of this Agreement or the application thereof to any person or circumstance is determined to be invalid or unenforceable, the remaining provisions of this Agreement or the application of such provision to other persons or to other circumstances shall not be affected thereby and shall be valid and enforceable to the fullest extent permitted by law.

12. **ENTIRE AGREEMENT**.

12.1 This Agreement, read together with GBL Section 352-e(2-b) and the Attorney General's regulations, constitutes the entire agreement between the parties with respect to the subject matter hereof.

13. **NOTICES**.

13.1 All notices and communications hereunder shall be in writing and shall be deemed to be duly given if personally delivered or sent by regular, certified mail, with or without return receipt requested, postage prepaid, addressed as follows:

To SPONSOR: PENNYFIELD PROPERTIES LLC
1512 Stillwell Avenue
Bronx, NY 10461

To ESCROW AGENT: JAMES A. CARTELLI, ESQ.
81 Main Street
White Plains, NY 10601

or at such other address as any of the above may have furnished, as the address of such party, to the other parties in a notice given in accordance with the provisions of this Section. All notices sent in accordance with this Section shall be deemed

given upon personal delivery or five days after the date of mailing, as the case may be.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the day and year first written above.

ESCROW AGENT:

_____
JAMES A. CARTELLI

SPONSOR:
PENNYFIELD PROPERTIES LLC

By:_____
MICHAEL BOEMIO, Member