CONDOMINIUM OFFERING PLAN

FOR

SHABAZZ GARDENS CONDOMINIUM
Premises at
105 and 109 West 117th Street
New York, New York 10026

Amended

THE TOTAL INITIAL OFFERING FOR THE 8 UNITS IS $2,336,600.00
(includes maximum Public Subsidy of $524,400.00)

NAME AND ADDRESS OF SPONSOR:

LENOX GARDENS HOMES CORP.
193-04 Horace Harding Expressway
Fresh Meadows, New York 11365

NAME AND ADDRESS OF SELLING AGENT:

MICHAEL E. REED
51B East 117th Street
New York, New York 10035

Date of Acceptance for Filing: June 21, 2005
This Plan may not be used after June 20, 2006 unless extended by Amendment.

THIS PLAN CONTAINS SPECIAL RISKS. SEE PAGE iii.

THE PRICES FOR THESE CONDOMINIUM INTERESTS MAY BE CHANGED SO THAT PURCHASERS MAY PAY DIFFERENT PRICES FOR SIMILAR INTERESTS. THE EFFECT OF THIS IS SET FORTH ON PAGE 31.

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 UNITS. 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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PART I

SPECIAL RISKS

1. Primary Residence

Pursuant to the Land Disposition Agreement (the "LDA") between the NYC Partnership Housing Development Fund Company, Inc. (the "Owner") and the City of New York by its Department of Housing Preservation and Development ("HPD"), for a period of twenty-five (25) years from the date a Unit is conveyed to a Purchaser thereof, such Unit must be occupied by the Unit Owner (and his or her successors or assigns, whether such successors or assigns acquire title by purchase or operation of law) as his or her primary residence. The Site Development Agreement (the "SDA") between Lenox Gardens Homes Corp. ("the Sponsor") and the Owner for the development of the Shabazz Gardens Partnership Condominium Project (the "Project") also requires that Units be occupied as primary residences for at least twenty-five (25) years from the date of transfer to the original Purchaser. See the Section in Part I of this Plan entitled "Procedure to Purchase" for further details. For information as to the role of AHC, see the references to "AHC" and to "Public Subsidy" in the Section of Part I entitled "Definitions".

2. Income and Asset Restrictions on Initial Sale

The purchase of Units is subject to the satisfaction of certain income and asset eligibility requirements, although the two (2) ground floor Units may be sold free of such restrictions. Pursuant to the SDA and the LDA, the annual gross household income of Purchasers at the time of such purchase shall not exceed $75,000.00, provided that HPD in its sole discretion may increase such annual gross household income figure to a level which does not exceed 165% of the median annual family income for the New York, New York Primary Metropolitan Statistical Area, as published annually by HUD, or any successor index, which is currently $103,600.00 for a family of four ("Median Income"). Additionally, Purchasers must have net assets (i.e. gross assets minus liabilities) in an amount less than 35% of the Purchase Price of the Unit or such lesser amount as HPD determines in its sole discretion, with notice to the Affordable Housing Corporation ("AHC"), to reflect the median price for a three-bedroom house in the New York City Metropolitan

area. Prospective Purchasers must be approved by HPD and the Owner. See the Section in Part I entitled "Procedure to Purchase" for further details

3. **Resales of Units**

In addition to the Condominium's right of first refusal on resale of Units, each Unit Owner's right to sell his or her Unit is subject to the subsequent purchaser's compliance with the terms of the SDA and LDA relating to primary residence. See the Section in part I entitled "Rights and Obligations of the Unit Owners and the Board of Managers" for further details.

4. **Enforcement Notes and Mortgage**

Each Purchaser who meets the income and asset qualifications of the LDA and SDA (a "Subsidized Purchaser") will receive assistance in an amount not exceeding $65,160.00 for first floor Units or $65,680.00 for other Units (the "Public Subsidy"), as and to the extent required under the LDA which shall be credited against the Purchase Price of the Unit and evidenced by one or more notes and a mortgage to HPD which call for repayment if and when the Unit is sold at a profit or refinanced. The notes and mortgage have a term of twenty-five (25) years, and do not bear interest or require the payment of installments. The principal is reduced (i) by 1/25 each year that the Unit Owner or successor occupies the Unit as his or her primary residence, and (ii) by payments on resale or refinancing. That is, upon resale or refinancing of the Unit, the unpaid balance of the Unit's Public Subsidy becomes due and payable to the extent of (x) 100% of resale profits or refinancing profits if the sale or refinancing occurs during the first three (3) years following the Purchaser's Closing Date, or (y) 50% of resale profits or refinancing profits if the sale or refinancing occurs thereafter. If a portion of the Public Subsidy remains after a sale or refinancing, that portion will remain a lien on the Unit until it is subsequently paid off or until the maturity date of the notes and mortgage, whichever first occurs. For further details, see the subsection entitled "The Public Subsidy" in the Section of Part I entitled "Procedure to Purchase".

5. **75% Presale Requirement**

The Attorney General's Regulations provide that condominium offering plans may be declared effective upon receipt of contracts for fifteen (15%) percent of the units being offered for sale. Nevertheless, it is a requirement of the Building Loan Agreement that at least six (6) Units, or seventy-five (75%) percent of the Units to be included in the Condominium, be under contract to bona-fide Purchasers unrelated to the Sponsor who (i) meet the income and asset qualifications for the Public Subsidy as and to the extent required under the LDA, (ii) have received written pre-approved or "end-loan" commitments from financial institutions satisfactory to Owner, and (iii) have been approved by HPD and the Owner, for the Offering Plan to be declared effective. For further details, see the Section of Part I entitled "Effective Date".

6. **Consequences of Default under the SDA and the LDA**

A default by the Sponsor under the SDA shall give the Owner the right to terminate the SDA and assign the Sponsor's interest to a party selected by the Owner and approved by HPD and JPMorgan Chase as construction lender, provided that the Owner will not exercise this right once the Offering Plan has been declared effective. A similar default provision is found in the LDA. However, the LDA is being subordinated to the Offering Plan, so once the Plan is declared effective it can only be abandoned for the reasons set forth in the Section of Part I entitled "Effective Date".

7. **Financing Contingency**

The Project has been pre-approved by JPMorgan Chase Bank, Bank of New York and Citibank, N.A., which will make loans to qualified Purchasers who wish to finance their purchase of Units. The Plan provides that a Purchaser who wishes to execute a Purchase Agreement making his or her purchase contingent on financing must apply to one of these three banks for such financing. A Purchaser may apply independently, at his or her option, to any lender. However, in such event the purchase of the Unit shall not be contingent on obtaining financing, and the failure to obtain financing will not relieve the Purchaser from his or her obligations under the Purchase Agreement.

The pre-approval of the Project does not mean that Purchasers will qualify for financing. The Sponsor makes no representation or warranty that financing will be available to anyone who executes a Purchase Agreement, or as to the terms and conditions under which such financing might be available.

For further details, see the Section of Part I entitled "Financing for Qualified Purchasers".

8. **Real Property Transfer Taxes**

Purchasers are responsible for the payment of the New York State Real Estate Transfer Tax and New York City Real Property Transfer Tax (the "Real Property Transfer Taxes") due on the transfer of their Units. These are statutory obligations of a seller of real property, and the shifting of the obligation from the Sponsor as seller to the Purchaser is deemed additional taxable consideration to the Sponsor. Thus, the New York State Real Estate Transfer Tax, which is currently .4% of the purchase price of a Unit, when paid by the Purchaser is increased to approximately .4016%. The New York City Real Property Transfer Tax, which is currently 1% of the purchase price where the purchase price is $500,000 or less and 1.425% of the purchase price where the purchase price is more than $500,000, is increased to approximately 1.01% and 1.4453%, respectively. Purchasers shall execute the required Real Property Transfer Tax Returns in connection with the payment of the foregoing taxes. See the Section of Part I entitled "Unit Closing Costs and Adjustments".

9. **Sponsor's Obligations to Condominium**

The Sponsor has the resources to meet its financial obligations to the Condominium. However, the Sponsor has not furnished a bond or other security to secure those obligations. See the Section of Part I entitled "Rights and Obligations of Sponsor".

10. **Cellar Recreation Rooms**.

The recreation room at the cellar level of each Building will be a part of the first floor Unit, connected to the first floor by internal stairs. The Owner of a first floor Unit will have exclusive access through the recreation room to the rear yard and a cement and grass patio, which will be a Limited Common Element for the exclusive use of the Owner of such Unit. The floor area of each recreation room, approximately 762 square feet, is included in the total floor area of the Unit in Schedule A, even though this space is not counted as zoning floor area under the New York City Zoning Resolution, because it is technically cellar space. Cellar space is defined as "a space with more than half its height below curb level". As cellar space, it may not be used for sleeping accommodations. These recreation rooms, however, have light and air not commonly associated with cellar space, since the floor of each recreation room is at the same elevation as the rear yard. See the subsection "The Units" in the Section of Part I entitled "Description of Property and Improvements", and the "Description of Property and Specifications" contained in Part II as Exhibit I.

11. **Special Preference Group**

There is no guarantee that any person will qualify to purchase a Unit. However, HPD marketing guidelines require that preferential consideration for fifty (50%) percent of the Units be given to residents in Community Board #10 where the Project is being built and preferential consideration for five (5%) percent of the Units be given to applicants who are active New York City Police Officers. Those persons eligible for preferential consideration who are not selected in the first instance have an opportunity to be randomly selected for the remaining Units. For further details concerning the Special Preference Group, see the subsection "Marketing of Units" in the Section of Part I entitled "Procedure to Purchase".

12. **Appliances**

Purchasers should note that the Sponsor is not providing clothes washers and dryers, although the hook-ups for these appliances will be installed as part of the construction of the Units. See the subsection "The Units" in the Section of Part I entitled "Description of Property and Improvements", and the Description of Property and Specifications" contained in Part II as Exhibit I.

13. **Leasing of Units**

The Board of Managers may elect to permit leasing of Units by Unit Owners, provided that any such lease is consistent with the Condominium's By-Laws and does not violate the primary residency requirements of the LDA and SDA. See the Section in Part I entitled "Rights and Obligations of the Unit Owners and the Board of Managers".

14. **Square Footage**

Square footage as calculated herein reflects the area measured horizontally from the inside face of the exterior or side masonry wall to the inside face of the opposite exterior or side masonry wall, or to the unexposed face of the sheetrock of any walls dividing the Unit from Common Elements, including the sheetrock on the Unit side. These dimensions exclude the area of patios. They exceed the useable floor area of each Unit and approximately correspond with the area calculated pursuant to the legal definition of a Unit as contained in the Declaration. See also footnote 2 to Schedule A.

15. **Limited Warranty**

Section 777-A of the General Business Law requires a seller of new condominium units to extend certain warranties to purchasers. As permitted by the statute, and in a form approved by HPD, the Sponsor has limited the scope of those warranties. See the Section of Part I entitled "Limited Warranty", Paragraph 15 of the Section in Part I entitled "Rights and Obligations of the Sponsor", and the actual form of Limited Warranty, contained in Part II as Exhibit D.

16. **Penalty for Adjourned Closings**

If, through no fault of the Sponsor, a Purchaser fails to close for any reason on the date originally scheduled for closing of title to the Unit, then the Purchaser shall reimburse the Sponsor (for construction interest expenses incurred and/or loss of earnings on the Purchase Price as a result of the Purchaser's delay), an amount equal to 9% times the Purchase Price of the Unit (including any Public Subsidy which may be applicable) apportioned for each day's delay, starting with the day originally scheduled for closing and including the day immediately prior to the actual Closing Date. Additionally, the granting of such adjournment shall be upon the condition that all adjustments shall be made as of the date originally fixed for the closing of title. See the Section in Part I entitled "Unit Closing Costs and Adjustments".

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OFFERING PLAN

FOR

SHABAZZ GARDENS CONDOMINIUM

INTRODUCTION

The New Homes Program

The City of New York, a municipal corporation acting by and through its Department of Housing Preservation and Development ("HPD") and the Housing Partnership Development Corporation ("HPDC"), a not-for-profit corporation consisting of city housing and planning officials and representatives of the private sector have created the NYC Partnership New Homes Program in pursuance of the objectives of Article 15 and 16 of the New York General Municipal Law. The New Homes Program provides for (i) the conveyance of properties owned by the City of New York and acquired by reason of urban renewal powers or proceedings relating to abandoned multiple dwellings to the NYC Partnership Housing Development Fund Company, Inc. ("Owner"), a New York not-for-profit corporation established by HPDC under Article XI of the Private Housing Finance Law exclusively to facilitate the development of affordable housing for families of limited income in areas where such housing is inadequate, (ii) the construction by private builders and developers (such as the Sponsor) of condominium or cooperative apartment units or homes on such properties, and (iii) upon completion of construction, the sale of such apartments or homes to individual purchasers for use as their primary residences. In general, such projects are partially funded with grants from the Federal, State and/or City governments; these funds are used to subsidize the cost of the apartments or homes to eligible families, bringing the prices below market levels.

The Public Subsidy

The Public Subsidy which subsidizes the cost of Units to qualified Purchasers will consist of the sum of (i) the amount of AHC funds per Unit, if any, as provided for in the AHC Grant Agreement ($25,000.00 for each Unit other than the two (2) first floor Units) and (ii) the amount of Land Price Subsidy per Unit. The Land Price Subsidy is allocated according to each Unit's percentage interest in the Common Elements to be $65,160.00 for the two (2) first floor Units and $40,680.00 for the remaining six (6) Units. The Public Subsidy shall be credited against the Purchase Price of the Unit and evidenced by one or more notes and a mortgage, as set forth in the Article 16 Agreement. For further details, see the Subsection "The Public Subsidy" in the Section of Part I entitled "Procedure to Purchase".

The Project

HPD has designated LENOX GARDENS HOMES CORP. (the "Sponsor"), a New York corporation with an office at 193-04 Horace Harding Expressway, Fresh Meadows, New York 11365, as the sponsor of a project under the New Homes Program to consist of an eight (8) unit condominium in two rehabilitated buildings (the "Project") on a site located in the Borough of Manhattan, County of New York. Additional parcels at the site are being developed by the Sponsor with three (3) three-family homes, under the same Central Park North Urban Renewal Plan but separate and apart from the Condominium Project. Other properties in the Central Park North Urban Renewal Area are being developed by other developers. The Urban Development Action Area Project Summary for the Project and the homes was submitted to and approved by the City Council.

The Owner acquired the land for the Project by deed from the City of New York dated February 10, 2004, pursuant to the Land Disposition Agreement with the City of New York dated simultaneously therewith (the "LDA"). The Sponsor is developing the Project pursuant to a Site Development Agreement with the Owner, also dated as of February 10, 2004 (the "SDA"). The Sponsor will develop the Project in accordance with its obligations under the LDA, the SDA and the other Project documents.

Under the LDA and the SDA, all but the two (2) first floor Units must be sold to Purchasers (i) whose gross household income does not exceed $75,000, provided that HPD in its sole discretion may increase such gross annual household income figure to a level which does not exceed 165% of the median annual family income for the New York, New York Primary Metropolitan Statistical Area, as published annually by HUD, or any successor index, which is currently $103,600.00 for a family of four ("Median Income"), and (ii) whose net assets (i.e. gross assets minus liabilities) are less than 35% of the unsubsidized Purchase Price of the Unit or such lesser amount as HPD determines in its sole discretion, with notice to the Affordable Housing Corporation ("AHC"), to reflect the median price for a three-bedroom house in the New York City Metropolitan area.

The Condominium

The Sponsor presents herewith this Offering Plan (the "Plan") for the establishment of Condominium ownership of the buildings to be rehabilitated at 105 and 109 West 117th Street, New York, New York 10026 (the "Buildings") and the land upon which the Buildings will stand (the "Land"). As indicated above, the Land is currently owned by the Owner, and it will be developed by the Sponsor, as part of the Project. The Land, Buildings and appurtenances are hereinafter sometimes referred to as the "Property" and/or the "Condominium". The Owner will not serve in any capacity as a developer or builder of the Project nor as a sponsor of this Plan. The Owner is responsible only for those functions specifically allotted to it in the Project documents relating to the financing and construction of the Building and marketing and sales of Condominium Units. The Owner has no liability of any kind for any statements or representations made in this Plan or any of the Project

documents. The Project documents, particularly the LDA and SDA referred to above, are contained in full in Part B of the Exhibits to this Plan, which are on file with the Sponsor.

The purpose of this Plan is to set forth all the terms of the offer. The Plan may be amended from time to time by amendment duly filed with the New York State Department of Law and served on all Purchasers and on Unit Owners unless the Department of Law consents to service on a specified class of offerees.

The Plan, including all Schedules thereto and Parts A, B and C of the Exhibits, constitute the entire offer of the Sponsor. Copies of the Plan and Parts A, B and C of the Exhibits will be available for inspection by prospective Purchasers without charge and for copying at a reasonable charge at the office of the Selling Agent, during normal business hours.

The Sponsor will be offering for sale pursuant to this Plan eight (8) residential apartments in the two Buildings to be renovated on the Land, as set forth on the Site Plan in Part II of this Plan. The apartments are hereinafter sometimes referred to as the "Units", or individually as "Unit". A general description of the Units is set forth in Part I of the Plan. Legal descriptions of the Units and the Common Elements may be found in the Declaration contained in Part II. The floor plans showing the approximate layout and dimensions of the Units are also set forth in Part II of this Plan.

Those portions of the SDA directly affecting Condominium Unit Purchasers will be reflected as covenants, which shall run with the Land, in the Unit deed issued to the Purchaser at Closing. Thus, there is a requirement that the Purchaser and his or her successors and assigns shall own and occupy the Unit as their primary residence for so long as the subordinate notes and mortgage to be executed by the Purchaser at Closing remain outstanding or twenty-five (25) years from the Closing Date, whichever is greater. The deed will also contain a covenant that the Purchaser and his or her successors and assigns will comply with all Federal, State and local laws in effect from time to time prohibiting discrimination or segregation by reason of age, race, religion, sex, color, national origin, ancestry, disability or marital status in the sale, lease or occupancy of the Unit. Finally, the deed will contain a covenant that the Purchaser, and his or her successors and assigns, agree to devote the Unit to residential use as specified in the Urban Development Action Area Project Summary ("UDAAP") annexed to the LDA. A copy of the UDAAP is included in Part II as Exhibit E.

All Units are being offered in accordance with the schedule of sales prices (Schedule A) contained herein. **These prices have been set by the Sponsor and are not subject to review or approval by the Department of Law or any other governmental agency other than HPD.**

Purchasers of first floor Units and Purchasers of other Units who qualify under the income and asset qualifications described above are eligible for a subsidy of a portion of

the Purchase Price set forth on Schedule A in an amount also set forth on Schedule A. Upon Closing, the amount of the subsidy will be reflected in a subordinate note secured by a subordinate mortgage encumbering the Unit and the Purchaser's interest in the Condominium in an amount of $65,160.00 for first floor Units or $42,680.00 for other Units, and a second unsecured note for Units other than the first floor Units in an amount of $23,000.00 for Affordable Housing Corporation funds. The forms of Notes and Mortgage are set forth in Part II as Exhibit H-1 through H-3. There are two separate notes for internal purposes of AHC; for a Purchaser's purposes, they are treated the same. The subsidy is discussed in more detail in the subsection entitled "The Public Subsidy" in the Section of Part I entitled "Procedure to Purchase".

After the Effective Date of this Offering Plan as hereinafter described, the Sponsor shall, by Declaration of Condominium recorded in the New York County office of the Register of the City of New York, submit the Property to Article 9B of the Real Property Law of the State of New York, as amended (the New York Condominium Act). The proposed Declaration and By-Laws are set forth in Part II of this Plan as Exhibits J and K respectively. After such recording, the Condominium will be subject to and must comply with the New York Condominium Act.

Features of Condominium Ownership

A Condominium Unit Owner owns his Unit similarly in many respects to the manner in which a private home owner owns a home. He or she owns the Unit outright, in fee, and is entitled to the exclusive possession thereof. The Unit Owner is also the owner, in common with the owners of all the other Units, of all parts of the Property other than the Units themselves (the "Common Elements", hereinafter described). In accordance with the terms of the Declaration, the percentage interest of each Unit in the Common Elements, pursuant to the terms of 339(i)(1)(ii) of the Condominium Act, has been based upon the approximate proportion that the floor area of the Unit at the date of the Declaration bears to the then aggregate floor area of all of the Units, but such proportion shall reflect the substantially exclusive advantages enjoyed by one or more but not all Units in a part or parts of the Common Elements. Certain of the Common Elements, the exclusive advantages or substantially exclusive advantages of which are enjoyed by one or more but less than all Unit Owners, are known as Limited Common Elements. Examples of Limited Common Elements are concrete and grass patios attached to first floor Units, skylights of fourth floor Units, and individual boilers and hot water heaters for each Unit located in the cellar. Section 6 of the Declaration, found in Part II, describes the Common Elements and Limited Common Elements.

The owner of a Unit can sell the Unit to anyone, subject to the primary residency requirement of the SDA as recited in the deed, and further subject to a right of first refusal in favor of the Board of Managers of the Condominium. The right of first refusal must be exercised by the Board of Managers at the same price the Unit Owner has been offered, and is hereinafter described in the subsection of the Plan entitled "Sale of Units by Unit Owners".

A Unit Owner is privileged to decorate the interior of the Unit in any way that he or she desires and is obligated to pay the cost of interior decoration and repair after closing. Each Unit Owner is also responsible for maintenance and repairs to the Unit (but not to Unit entrance doors and windows) and to electrical and plumbing installations and fixtures, except that the Board of Managers is responsible for electrical and plumbing pipes, wires and lines to the extent they are located in Common Elements and serve one or more Units.

Unit Owners are also generally responsible for the routine maintenance of Limited Common Elements which are appurtenant to their Units, such as concrete and grass patios adjacent to first floor Units. These patios shall be kept free and clear of snow, ice and other accumulation by the first floor Unit Owners, at their expense, and they shall also make all repairs thereto caused or permitted by their negligence, misuse or neglect. All other repairs to such patios shall be made by the Board of Managers, as a Common Expense. Maintenance and repair of individual boilers and hot water heaters in the cellar will also be the responsibility of the Board of Managers, as provided in the By-Laws.

Each Unit Owner is privileged to mortgage the Unit in an amount up to 97% of the Purchase Price. The Unit is not subject to the lien of any mortgages placed by other Owners on their Units.

Although the Board of Managers will carry fire insurance covering the Building and public liability insurance, Unit Owners are encouraged to carry insurance covering the insides of their Units, their furniture and furnishings and personal property.

Each Unit will be taxed as a separate tax lot for real estate tax purposes just like a private home, and a Unit Owner will not be responsible for taxes on other Units. In the opinion of Sponsor's counsel, which opinion is set forth in full in this Plan, under present tax laws a Unit Owner may deduct from his or her income for income tax purposes, the real estate taxes assessed against the Unit and, as is permitted in the case of a primary or secondary residence, the interest paid on the mortgage encumbering the Unit. However, the Sponsor is also obtaining a real estate tax exemption under Section 696 of the New York General Municipal Law ("UDAAP Tax Exemption"). See the Section of Part I entitled "Real Estate Taxes".

The affairs of the Condominium shall be the responsibility of the Board of Managers (hereinafter more particularly described). Subject to the rights of the Sponsor as described in this Plan, the members of the Board of Managers are elected by the Unit Owners. The Board of Managers of the Property will assess against each Unit Owner, in proportion to his or her respective interest in the Common Elements, charges (hereinafter called "Common Charges") for the maintenance of the Common Elements and for the operating costs of the Property (hereinafter called "Common Expenses"). A budget containing estimates of Common Expenses for the first year of condominium operation based upon substantially full occupancy is incorporated herein as Schedule B. Unit Owners are obligated to pay their Common Charges in accordance with Sections 339(i) and 339(m) of the New York Condominium Act.

Each Unit Owner will pay for all electricity which is consumed within the Unit for air conditioning, lighting, bathroom exhaust fans and appliances, the charges for which will be separately metered and billed directly to the Unit Owner by the public utility company. See Schedule B-1 for estimates of individual electric costs.

The Board of Managers will pay the electric charges for lighting of public areas and vestibule heating as part of the Common Expenses, and each Unit Owner will pay his or her proportionate share as part of the Common Charges. See Schedule B for estimates of common electric costs.

Gas for cooking in Units, for hot water and for hot water baseboard heating in Units will be provided through individual boilers for each Unit in the cellar. Gas costs will be separately metered and billed directly to the Unit Owner by the public utility company. See Schedule B-1 for estimates of individual gas costs.

Legal Documents:

The agreement to purchase a Unit is called a "Purchase Agreement". The form of Purchase Agreement for Units is set forth in full in Part II of this Plan as Exhibit A. The Purchase Agreement shall not contain nor shall it be modified to contain a provision waiving any of the Purchaser's rights or abrogating the Sponsor's obligations under the Offering Plan or under Article 23-A of the General Business Law. Any conflict between this Plan and the Purchase Agreement will be resolved in favor of the Plan.

The Declaration and By-Laws which shall govern the operation of the Condominium are set forth in Part II as Exhibits J and K respectively. They are summarized in Part I in the section entitled "Rights and Obligations of Unit Owners and the Board of Managers".

Copy of the Plan

To accommodate prospective Purchasers who desire to purchase a Unit, a prospective Purchaser may request a copy of the Plan from the Selling Agent at its office at 51B East 117th Street, Bronx, New York 10035. Such person shall tender a check made payable to "Andrew S. Hodes P.C. as Escrow Agent" in the amount of $100. The deposit assures the return to the Selling Agent of the copy of the Plan in good condition. If within thirty (30) days of accepting the deposit, a prospective Purchaser enters into a Purchase Agreement or returns such copy of the Plan in good condition to the Selling Agent after either deciding not to purchase or a determination of ineligibility to purchase, the deposit will be refunded. Any such deposit will be treated as non-interest bearing trust funds pursuant to applicable law until the expiration of such thirty (30) day period. After the expiration of such thirty (30) day period, if the copy of the Plan is not returned in good

condition or Purchaser has not entered into a Purchase Agreement, then the deposit will be released to the Sponsor to keep.

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 UNIT.

DEFINITIONS

Certain words used in this Plan have special meanings for condominium Unit Owners. They are used in accordance with their definitions found in Section 339-e of the New York Condominium Act, with occasional modifications necessary to conform to this Plan. They include the following:

(a) **AHC**: The New York State Affordable Housing Corporation, which provided funds to be applied to the Project in the amount of $150,000.00 in the aggregate or $25,000.00 for each of the dwelling units in the Project other than the two (2) first floor Units.

(b) **AHC Grant Agreement**: The New York State Affordable Housing Corporation Grant Agreement No. 10E27 dated as of August, 2004 between AHC and the Owner, pursuant to which the AHC funds were provided for the Project and to construct the three (3) three-family homes to be constructed adjacent to the Condominium.

(c) **Annual Household Income**: Annual household income for purposes of eligibility to purchase a Unit includes gross pay, overtime pay, part-time pay, bonuses, commissions, tips, dividends, interest, royalties, trust income, net rental income, Veterans Administration compensation, pensions, social security benefits, unemployment compensation, alimony, child support, public assistance, sick pay, business activity income, investment income and other income treated as such for tax purposes. Annual household income includes the annual gross income of the Purchaser and any other person who is expected to reside in the Unit.

(d) **Article 16 Agreement**: The Article 16 Loan Agreement between the City, acting by and through HPD, and the Owner, dated January 26, 2004, pursuant to which funds are being provided for construction of the three (3) three-family homes, but not the Condominium Units. The Article 16 Mortgage was also recorded against the parcels constituting the Condominium, with HPD agreeing that upon the sale of each Condominium Unit, the Enforcement Mortgage executed by the Purchaser would reflect no Article 16 funds, but only the Land Price Subsidy and AHC funds, where applicable.

(e) **Board of Managers**: Subject to the rights of the Sponsor as described in the Plan, the Unit Owners elect the Board of Managers, which is responsible for the affairs of the Condominium, including operation, upkeep, repair and maintenance of the Common Elements and Limited Common Elements, fixing of the Condominium Budget and determination of Common Charges, adoption of rules and regulations covering the details of the Property, opening bank accounts and purchasing, leasing or otherwise acquiring Units and selling or mortgaging Units owned by the Board. The size of the Board, terms of members and election procedures are summarized in the section of the Plan entitled "Board of Managers" and are set forth in full in the By-Laws in Part II of this Plan.

(f) **Buildings**: The buildings to be renovated at 105 and 109 West 117th Street, New York, New York 10026, which will contain the Units and the Common Elements, and which will be known as Shabazz Gardens Condominium.

(g) **Common Charges**: Each Unit's proportionate share of the Common Expenses assessed by the Board of Managers in accordance with the allocations of the Common Interest to each Unit. For the estimated Common Charges payable by each Unit Owner, see Schedule A to the Plan. For further details with respect to assessment and payment of Common Charges, see the section of the Plan entitled "Rights and Obligations of Unit Owners and the Board of Managers".

(h) **Common Elements**: All parts of the Property other than the Units themselves, including the land upon which the Buildings are located, the sidewalks, stairways (except for interior stairways in first floor Units, which are part of the Unit), mechanical rooms, installations for services such as electricity, gas, hot and cold water, heating, and the exterior walls and roofs. Unit Owners have a right to the use and enjoyment of the general Common Elements jointly with all other Unit Owners. Limited Common Elements are hereinafter described in subsection (bb). For a more detailed description of Common Elements, see the Declaration set forth as Exhibit K in Part II of this Plan.

(i) **Common Expenses**: The operating costs of the Condominium, including electricity for lighting and heating of public areas, water and sewer charges and the costs of maintaining the Common Elements and Limited Common Elements. The Common Expenses are paid by Unit Owners in the form of Common Charges. See the Projected Budget for the Condominium, Schedule B to the Plan, for the details of Common Expenses.

(j) **Common Interest**: The proportionate undivided fee simple interest of the Unit Owners in the Common Elements, as expressed in the Declaration. In this Plan the Sponsor has allocated Common Interests on the basis of method (iv) contained in Section 339-i of the New York Condominium Act, that is, upon floor space, subject to the location of such space and the additional factors of relative value to other space in the

Condominium, the uniqueness of the Unit, the availability of Common Elements for exclusive or shared use and the overall dimensions of the particular Unit.

(k) **Community Liaison**: Malcolm Shabazz Development Corporation, which will aid in Marketing outreach for the Project.

(l) **Condominium**: The Building and underlying land comprising the Property, which will be submitted to the New York Condominium Act by the recording of the Declaration and By-Laws and filing of Floor Plans, and which will be known as Shabazz Gardens Condominium.

(m) **Declaration**: The instrument which the Owner will record in the New York County office of the Register of the City of New York, prior to the first conveyance of title to a Unit, to submit the Property to the New York Condominium Act and legally declare the Property a Condominium, together with duly recorded amendments thereto. A copy of the proposed Declaration is set forth in Part II of this Plan as Exhibit J.

(n) **Down Payment**: The money that a person desiring to purchase a Unit must deliver at the time such person delivers an executed Purchase Agreement to the Sponsor or the Selling Agent.

(o) **Effective Date**: The date of the notice declaring that sufficient Purchasers have entered into Purchase Agreements for the Plan to be consummated.

(p) **Eligible Purchasers**: Purchasers who meet the income and asset requirements of the LDA and SDA, enabling them to qualify for all or part of the Public Subsidy.

(q) **Enforcement Mortgage**: A subordinate mortgage securing the Secured Enforcement Mortgage Note.

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

(s) **HPD**: The Department of Housing Preservation and Development of the City of New York, having an office at 100 Gold Street, New York, New York 10038, and which entered into the LDA and other Project documents on behalf of the City.

(t) **Inspection Statement**: A memorandum of work in which the Sponsor and Purchaser agree to the work Sponsor must perform or complete in or to the Purchaser's Unit and which obligation of Sponsor shall survive closing of title to the Unit. The form of Inspection Statement is annexed to the Purchase Agreement.

(u) **Insurance Trustee**: A bank or a trust company from time to time appointed to serve as such by the Board of Managers.

(v) **Land**: The tract, plot, piece and parcel of land situate, lying and being in the Borough of Manhattan , County of New York , City and State of New York, on which the Buildings are located.

(w) **Land Price Subsidy**: The total purchase price of the Project site less $500.00 per Unit paid at the time of conveyance to the Owner. The Land Price Subsidy is $374,400.00 in the aggregate, or $65,160.00 for first floor Units and $40,680.00 for other Units. The Land Price Subsidy has been allocated according to each Unit's percentage interest in the Common Elements, as indicated on Schedule A to the Plan.

(x) **LDA**: The Land Disposition Agreement dated February 10, 2004 between The City of New York through HPD and the Owner, pursuant to which the Owner acquired the Land. The LDA also reflects the acquisition of the parcels on which the three (3) three-family homes are being constructed.

(y) **Limited Common Elements**: Common Elements which are appurtenant to particular Units and are reserved for the exclusive use of the Owners of those Units, or which are restricted for the sole use of particular Unit Owners, as the case may be. Examples of Limited Common Elements are the concrete and grass patios adjacent to first floor Units, skylights in fourth floor Units, and individual boilers and hot water heaters. The respective responsibilities of the Unit Owners and the Board of Managers for repair and maintenance of Limited Common Elements are set forth in the Declaration and By-Laws.

(z) **Offering Plan**: The document, as may be amended from time to time, filed with the New York State Department of Law which describes the Property and the Condominium pursuant to which individual Units are offered for sale.

(aa) **Owner**: The NYC Partnership Housing Development Fund Company, Inc., which acquired the Land from the City of New York pursuant to the LDA. The Owner will submit the property to Condominium ownership and convey the Units to Purchasers thereof.

(bb) **Person**: A natural person, corporation, partnership, association, trustee or other legal entity.

(cc) **Prohibited Purchasers:** Persons who, at the time of executing an Application of Interest, own or have an interest in any publicly subsidized home which is subject to a requirement that the owner occupy said home as his or her primary residence. Prohibited Purchasers are not permitted to purchase Units.

(dd) **Project**: The eight (8) Unit Condominium project being developed by the Sponsor on a site located in the Borough of Manhattan, County of New York, known as the Shabazz Gardens Partnership Condominium Project, which is part of the Cenral Park North Urban Renewal Project and was designated as an Urban Development Action Area Project by Resolution of the New York City Council.

(ee) **Property**: The Land, the Building and all other improvements thereon, and all easements, rights and appurtenances belonging thereto, and all other property, personal or mixed, intended for use in connection therewith, which shall be submitted to condominium ownership.

(ff) **Public Subsidy**: With respect to the sale of a Unit to a Subsidized Purchaser, the sum of (i) the amount of AHC funds per Unit, if any, as provided for in the AHC Grant Agreement ($25,000.00 for each Unit other than the two (2) first floor Units) and (ii) the amount of Land Price Subsidy per Unit. The Land Price Subsidy is allocated according to each Unit's percentage interest in the Common Elements to be $65,160.00 for the two (2) first floor Units and $40,680.00 for the remaining six (6) Units. The Public Subsidy shall be credited against the Purchase Price of the Unit and evidenced by one or more notes and a mortgage as set forth in the Article 16 Agreement.

(gg) **Purchase Agreement**: The contract of purchase and sale for a Unit in the Condominium.

(hh) **Purchaser**: Any Person who has entered into a Purchase Agreement, which agreement is approved by HPD, to purchase any Unit, and who agrees to be an owner/occupant of the Unit, as provided in the LDA and the SDA.

(ii) **Purchase Price**: The purchase price for the Unit that is payable under the Purchase Agreement.

(jj) **SDA**: The Site Development Agreement dated as of February 10, 2004 between the Owner and the Sponsor, relating to the rehabilitation of the Buildings on the Land and the other improvements constituting the Project at a limited profit and at a guaranteed fixed price. The SDA also relates to the construction of the three (3) three-family homes on land down the block from the Condominium.

(kk) **Secured Enforcement Mortgage Note**: A promissory note executed by a Subsidized Purchaser to secure the repayment of the Public Subsidy applied to reduce the Purchase Price of the Unit for such Subsidized Purchaser. The Secured Enforcement Mortgage Note, for Units other than the first floor Units, includes AHC funds to the extent of $2,000.00 per Unit.

(ll) **Selling Agent**: The entity which will, on behalf of the Sponsor, supervise sales of Units. The Selling Agent is Michael E. Reed, with an office at 51B East 117th Street, Bronx, New York 10035.

(mm) **Sponsor**: Lenox Gardens Homes Corp., a New York corporation which is renovating the Buildings and developing the Project pursuant to the SDA.

(nn) **Subsidized Purchaser**: A Purchaser whose (i) gross annual household income is Seventy-Five Thousand ($75,000.00) Dollars or less, provided that HPD, in its sole discretion, may increase such gross annual household income figure to a level which does not exceed One Hundred Sixty Five (165%) percent of the median annual family income for the New York, New York Primary Metropolitan Statistical Area, as published annually by HUD, or any successor index, which is currently $103,600.00 for a family of four, and (ii) net assets (i.e. gross assets minus liabilities) are less than 25% of the unsubsidized Purchase Price of the Unit or such lesser amount as HPD determines in its sole discretion, with notice to AHC, to reflect the median price for a three-bedroom house in the New York City metropolitan area. Notwithstanding the foregoing, Purchasers of the two first floor Units shall not be subject to income or net asset limitations, but shall only share in the Land Price Subsidy.

(oo) **UDAAP**: The Urban Development Action Area Project Summary contained as Exhibit E in Part II of the Plan.

(pp) **Unit**: Each of the eight (8) residential Units in the Condominium. Units receive the exclusive use of Limited Common Elements. For the technical description of a Unit, see the Declaration, set forth as Exhibit J in Part II of this Plan.

(qq) **Unit Owner**: The fee simple owner of a Condominium Unit. Unit Owners may be one or more individuals over 18 years old, owning as tenants in common, joint tenants or tenants by the entirety. After the twenty-five year primary residency requirement has expired, Units may also be owned by partnerships, corporations, trusts, estates, fiduciaries, unincorporated associations, syndicates, joint ventures, governments or any department or agency thereof, or any other legal entity permitted to own real property in the State of New York.

(rr) **Unsecured Enforcement Note**: A promissory note executed by a Subsidized Purchaser to secure the repayment of the balance of the AHC funds per Unit ($23,000.00) not included in the Secured Enforcement Mortgage Note. Since no AHC funds have been allocated to the two (2) first floor Units, Purchasers of these Units will not enter into Unsecured Enforcement Notes.

DESCRIPTION OF PROPERTY AND IMPROVEMENTS

The Property

The Property is located in the Central Park North Urban Renewal Area in the Borough of Manhattan, New York County, New York. It consists of lots 26 and 27 in Block 1902. The Property is located off of Lenox Avenue in Harlem. It will be bounded by a 4 story walk-up building to the east, currently used as a Church, and a 4 story walk-up building to the west. The building to the west, 107 West 117th Street, sits in between 105 and 109 West 117th Street, the Buildings comprising the Condominium. 107 West 117th Street is currently only partially occupied, with the windows boarded up. Another 4 story walk-up building sits to the west of 109 West 117th Street. The owner of this property has commenced rehabilitation, although the Sponsor has no independent information as to when or if this work will be completed.

In 2000, large portions of 117th Street between Malcolm X Boulevard and Adam Clayton Powell Boulevard to the west were developed by an affiliate of the Sponsor with thirty-four (34) new 3-family homes. The current portions of the Central Park North Urban Renewal Plan that the Sponsor and its affiliates have been designated to develop include the Condominium, three (3) more 3-family homes at 113, 115 and 137 West 117th Street, and two 6 story elevator apartment buildings on the southwest and northwest corners of Lenox Avenue and 117th Street.

The Buildings

The Buildings, which are currently vacant, will consist of two (2) four-story residential buildings with cellars, each containing four (4) two-bedroom apartments. Both Buildings are attached on both sides, and are separated from each other by the four-story walk-up at 107 West 117th Street. Upper floor apartments will be reached by stairways; there are no elevators. The exterior of each Building has a front facade of pre-cast stone units featuring a front projected four story bay extending from the ground up and a front concrete stoop. The roof of each Building is gradually pitched with a slope down of 1/4" per foot toward the rear of the Building. The floor structure of each Building will consist of structural "c" joists with plywood sub-floor. Side and rear exterior walls are original solid brick construction.

The Units

Each of the two (2) four-story Buildings comprising the Condominium contains one Unit per floor, except that first floor Units have exclusive interior stairway access to the recreation room located in the rear of the cellar, which is part of the Unit. Each first floor Unit has exclusive use of the concrete and grass patio at the rear of the Unit, which is reached through the recreation room, and which is a Limited Common Element. Each Unit will have two bedrooms and two full baths. Each Unit will contain a stove, refrigerator,

microhood and dishwasher. Space will be provided with all hookups for a washing machine and gas dryer.

Part II sets forth a description of the Buildings and Units, including the equipment supplied by Sponsor which is included in the Purchase Price, and any optional extra features which may be available. Purchasers should review the general description and outline of the specifications for the Buildings and the Units that appears in Part II as Exhibit I, "Description of Property and Specifications".

The Units and Buildings containing them will be built substantially in accordance with the plans with specifications prepared by Danois Architects, P.C. (t he "Plans with Specifications"), and on file in the office of the Sponsor and will conform to all applicable rules, regulations, laws and other requirements of all governmental authorities having jurisdiction thereof and governing zoning and construction. These authorities include the New York State Building Code as applied and interpreted by the New York State Code Commission and the Building Department of the City of New York, the Board of Fire Underwriters and the Board of Health. 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. If there is a variation between the Plans with Specifications and the applicable rules, regulations, laws and other requirements including those governing zoning and construction, said applicable rules, regulations, laws and other requirements of governmental authorities having jurisdiction shall govern and control over the Plans with Specifications, and the Plans with Specifications shall be amended accordingly.

In addition, the Units and Buildings containing them will be constructed in accordance with the provisions of the LDA, the SDA, the UDAAP and the Urban Renewal Plan for the site of which the Condominium is a part.

The Sponsor anticipates that the Buildings will be substantially renovated by January, 2006.

Building Services and Facilities

No parking is provided. All Units will be pre-wired for cable and telephone service. There will be an area down and under the metal stairs in the front of each Building for rubbish and recyclable materials. A part-time maintenance person will be hired at the Condominium's expense to be responsible for snow removal, maintenance of common areas, placing garbage and recyclables out on pick-up days, regular sidewalk cleaning and basic maintenance of common site lighting.

LOCATION AND AREA INFORMATION

Location

The area in which the Property is located was designated as part of the Central Park North Urban Renewal Area by the City of New York pursuant to Section 504 of Article 15 ("Urban Renewal Law") of the General Municipal Law, by Urban Renewal Plan last revised in April, 2000, annexed to the LDA as an exhibit. The area is located in Community District No.10 , and is generally bounded by (i) West 127th Street on the north, (ii) Malcolm X Boulevard (a.k.a. Lenox Avenue) and St. Nicholas Avenue on the east, (iii) Central Park North (a.k.a. West 110th Street) and West 111th Street on the south and (iv) Morningside, Manhattan and St. Nicholas Avenues on the west. Zoning is R7-2 with C1-4 commercial overlay to 100 feet of Lenox Avenue, reflecting existing predominantly residential land use patterns in the area. Zoning of the area bounded by 110th Street to the South, Morningside and St. Nicholas Parks to the West, 135th Street to the North and Lenox Avenue to the East is mostly R7-2, with R-8 for areas fronting Morningside and St. Nicholas Parks, and various commercial districts and overlays along the main street corridors (Frederick Douglass Boulevard, Adam Clayton Powell, Jr. Boulevard and Lenox Avenue) and its East-West commercial streets (116th, 125th and 135th). Generally lower rise residential buildings are at the southern end of the area; higher rise buildings are at the northern end.

Transportation

The Project is well served by public transportation. The subway station at 116th Street and Lenox Avenue services the number 2 and 3 lines as express stops. There is crosstown bus service on 116th Street (M116), and uptown and downtown bus service on the M1, M7 and M2. The Metro North Railroad provides service at its 125th Street station on Park Avenue.

Schools

The Project is located in Manhattan School Board 3. The elementary schools closest to Lenox Gardens are Sojourer Truth - P.S. 149 at 41 West 117th Street, and John Mercer Langston, at 20 West 112th Street. Wadleigh Secondary School and Wadleigh Arts High School are a junior high and high school in the district located at 215 West 114th Street. Frederick Douglass Academy is a public high school in the district located at 2581 Adam Clayton Powell Jr. Boulevard. Parochial schools in the area include Rice High School at 74 West 124th Street, and Christ Crusader Academy at 302 West 124th Street. Columbia University is west of the project at 116th Street between Broadway and Amsterdam Avenue, and City College is at 135th Street and Convent Avenue. The College of New Rochelle - Rosa Parks is located at 144 West 125th Street. No representations are made that children of Shareholders will be entitled to attend any particular school.

Religious Facilities

There are houses of worship of many denominations near Lenox Gardens, including though not limited to the Masjid Malcolm Shabazz, located at 102 West 116th Street on the corner of Lenox Avenue, St. Thomas the Apostle, at 262 West 118th Street, Mt. Bethel Baptist Church, at 112 West 116th Street and Salvation and Deliverance Church at 37 West 116th Street.

Medical

North General Hospital is located east of the Project at 1879 Madison Avenue between 121st and 122nd Street. Mount Sinai Medical Center is on Fifth Avenue and 98th Street. Harlem Hospital is located at 506 Lenox Avenue. Columbia Presbyterian Hospital is on Ft. Washington Avenue and 168th Street. St. Lukes/Roosevelt Hospital is at 1111 Amsterdam Avenue. Renaissance Health Care Network Diagnostic and Treatment Center is located at 215 West 125th Street.

Municipal Services

The Project is located in the 25th Police Precinct, which is headquartered at 120 East 119th Street. Firehouse Engine #36 is located at 120 East 125th Street. All police, fire, water, snow removal and sanitation services are provided by the City of New York and the costs of these services are included in various taxes assessed by the City.

The Post Office is Triborough Station, at 167 East 125th Street.

The nearest public library is the Harlem Library located at 9 West 124th Street. Temporarily closed for renovations, it is currently located at 2011 Seventh Avenue, at West 115th Street.

Recreational and Cultural Facilities

There is a playground at St. Nicholas Houses, on the west side of 7th Avenue and 127th Street, and a sitting area in Hancock Park on West 123rd Street between St. Nicholas and Manhattan Avenues. Marcus Garvey Park is located east of Lenox Avenue between 120th and 124th Streets. Morningside Park is located west of Lenox Gardens from 110th up to 123rd Street. Central Park begins on 110th Street and Fifth Avenue. The Schomburg Center is located at 515 Malcolm X Boulevard. There is an athletic facility, Gymnasium & Public Bath, at 35 West 134th Street. The Apollo Theatre is located at 125th Street and Frederick Douglass Boulevard. The Afro Arts Cultural Center and the Studio Museum in Harlem are both located just east of Lenox Gardens on 125th Street.

SCHEDULE A
Price Sheet
Shabazz Gardens Condominium
105 and 109 West 117th Street
New York, New York

Rooms/ BR's/Baths	Approx Square Feet	Offering Price (Reduced by Public Subsidy)	Total Amount of NYS & NYC Real Property Transfer Tax Based on Offering Price	Public Subsidy	Percentage of Common Interest	Projected Monthly Common Charges	Projected Monthly Real Estate Taxes	Projected Annual Real Estate Taxes	Projected Monthly Total Carrying Charges	Projected Annual Carrying Charges Deductible for Income Tax Purposes
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(8)	(9)	(10)
5/2/2	1999	$352,000	$5,964	$65,160	17.4038%	$698	$200	$2,400	$898	$2,400
4/2/2	1248	$184,700	$3,609	$65,680	10.8654%	$436	$130	$1,560	$566	$1,560
4/2/2	1248	$184,700	$3,609	$65,680	10.8654%	$436	$130	$1,560	$566	$1,560
4/2/2	1248	$184,700	$3,609	$65,680	10.8654%	$436	$130	$1,560	$566	$1,560
5/2/2	1999	$352,000	$5,964	$65,160	17.4038%	$698	$200	$2,400	$898	$2,400
4/2/2	1248	$184,700	$3,609	$65,680	10.8654%	$436	$130	$1,560	$566	$1,560
4/2/2	1248	$184,700	$3,609	$65,680	10.8654%	$436	$130	$1,560	$566	$1,560
4/2/2	1248	$184,700	$3,609	$65,680	10.8654%	$436	$130	$1,560	$566	$1,560
	11,486	$1,812,200	$33,582	$524,400	100.00%	$4,012	$1,180	$14,160	$6,174	$14,160

All projected common charges and income tax deduction estimates are for the period January 1, 2006 through December 31, 2006

SHABAZZ GARDENS CONDOMINIUM

FOOTNOTES TO PRICE SCHEDULE

(1) The number of rooms has been calculated according to industry standard, as follows: two-bedroom Units have been counted as 4.0 rooms, except that first floor Units are counted as 5.0 rooms because of the recreation room. Bathrooms, foyers and closets were not included. Floor plans depicting the layouts of typical Units are contained in Part II of this Plan. All dimensions shown on such plans are approximate and subject to construction variances. Plans and dimensions may also contain minor variations from floor to floor. Plans and dimensions of Units on the same floor of the two Buildings comprising the Condominium may contain minor variations from Building to Building.

(2) Floor plans for Units are contained in Part II of this Plan. Any floor plan or sketch shown to a prospective Purchaser is only an approximation of the dimensions of the Unit.

Square footage as calculated herein reflects the area measured horizontally from the inside face of the exterior or side masonry wall to the inside face of the opposite exterior or side masonry wall, or to the unexposed face of the sheetrock of any walls dividing the Unit from Common Elements, including the sheetrock on the Unit side. These dimensions exclude the area of patios. They exceed the useable floor area of each Unit and approximately correspond with the area calculated pursuant to the legal definition of a Unit as contained in the Declaration.

(3) These prices have been set by the Sponsor. Prices are not subject to the approval of the Department of Law or any other governmental agencies other than HPD. For an explanation of conditions affecting these prices, see the section of the Plan entitled "Changes in Prices and Units". For closing costs payable by Purchasers (in addition to the price) and adjustments at closing, see the section of the Offering Plan entitled "Unit Closing Costs and Adjustments". See Footnote 5 for a description of the Maximum Public Subsidy which is included in these prices.

(4) Purchasers are responsible for the payment of the New York State Real Estate Transfer Tax and the New York City Real Property Transfer Tax (the "Real Property Transfer Taxes") due on the transfer of Units to the Purchasers by the Owner. THESE ARE STATUTORY OBLIGATIONS OF A SELLER OF REAL PROPERTY, AND THE SHIFTING OF THE OBLIGATIONS FROM THE SELLER TO THE PURCHASER IS DEEMED ADDITIONAL TAXABLE CONSIDERATION TO THE SELLER. Thus, the New York State Real Estate Transfer Tax, which is currently .4% of the Purchase Price of the Unit, when paid by the Purchaser is increased to approximately .4016%. The New York City Real Property Transfer Tax, which is currently 1% of the Purchase Price where the purchase price is $500,000 or less, is increased to approximately 1.01%. Purchasers shall execute the required Real Property Transfer Tax Returns in connection with the payment of the foregoing taxes.

(5) This column shows the Public Subsidy which may be allocated to each Unit. Purchasers who qualify for all or part of the Public Subsidy shall have the approved amount credited against the Purchase Price of the Unit at closing, at which time they shall be required to execute a subordinate mortgage and secured and

unsecured promissory notes in favor of the City of New York to evidence and secure repayment of the Public Subsidy. (Purchasers of first floor Units do not execute the unsecured promissory notes). There is no payment of debt service and no interest due under these notes and mortgage. The amount due is automatically reduced (i) by 1/25 for each year that the Purchaser or subsequent owner of the Unit occupies the Unit as his or her personal residence, and (ii) by payments upon resale or refinancing in an amount equal to 100% of any profit therefrom for the first three (3) years and 50% thereafter. For further details, see the subsection "The Public Subsidy" in the Section of Part I entitled "Procedure to Purchase".

(6) The allocation of Common Interest is based upon method (ii) contained in Section 339-i(1) of the New York Condominium Act, that is, upon the approximate proportion that the floor area of the Unit at the date of the Declaration bears to the then aggregate floor area of all of the Units, but such proportion shall reflect the substantially exclusive advantages enjoyed by one or more but not all Units in a part or parts of the Common Elements.

(7) The Projected Common Charges are based upon the "Projected Schedule of Receipts and Expenses for the First Year of Condominium Operation" (Schedule B). They include electricity for all public areas, and water and sewer charges. The figures shown do not include the cost of electricity consumed within Units for air conditioning, individual clothes washers, lighting and appliances, gas for cooking, heating and clothes dryers, the cost of telephone or cable television service or the costs to maintain the interior of the Unit. See Schedule B-1 for projected individual utility costs. A Unit Owner who obtains a mortgage loan to purchase a Unit will also pay the debt service on that mortgage.

(8) The Sponsor has obtained a real estate tax exemption under Section 696 of the New York General Municipal Law ("UDAAP Tax Exemption"), as evidenced by New York City Council Resolution No. 1236 dated December 15, 2003. This exemption will provide an exemption from real property taxes on building improvements for a period of twenty (20) years beginning with the 2004-2005 fiscal year, during the last ten (10) years of which the exemption shall be decreased in equal annual decrements. However, Unit Owners will pay real property taxes on the Land. One year of the tax exemption will have expired when the Project is projected to commence in January, 2006.

Projected non-exempt real estate taxes on the Land have been computed using a lot area of approximately 4,036 square feet, a Land assessed valuation of $24.77 per square foot under Tax Class 2C (residential real property held in a condominium form of ownership and containing fewer than eleven units) and the 2004/2005 tax rate for Tax Class 2C properties of 12.216%, as projected by Goldberg Weprin & Ustin LLP. The Sponsor then increased the resulting taxes by 10% to arrive at the taxes for the year commencing January 1, 2006. The estimated taxes were then multiplied by each Unit's percentage interest in the Common Elements.

Starting with the tax year for which assessments are fixed after the recording of the Declaration, each Unit will be taxed as a separate tax lot for real estate purposes. A Unit Owner will not be responsible for the payment of real estate taxes assessed against other Units, nor will a Unit be subject to a lien arising out of the non-payment of real estate taxes assessed against other Units.

For further information, see the Section of the Plan entitled "Real Estate Taxes".

(9) This column represents the total of Projected Monthly Real Estate Taxes and Projected Monthly Common Charges.

(10) This column represents the annualized Projected Monthly Real Estate Taxes as set forth in this schedule. The deductible amount may vary due to changes in assessed valuations of Units, in tax rates or in the method of assessing real property which may result in a change in real property taxes, or such other changes as may reasonably be expected to affect tax deductions. The interest portion of monthly mortgage payments made by a Purchaser who obtains mortgage financing for his or her Unit, and designates same as a primary or secondary qualifying residence, although not shown in this column, is also deductible for tax purposes by a person who itemizes deductions. The portion of the debt service deductible for income tax purposes may vary in subsequent years due to financing related changes such as changes in the interest rate on a Purchaser's mortgage, if any, the interest rate on a refinanced mortgage, or the allocation of constant debt service payments between interest and principal.

SCHEDULE B
Shabazz Gardens Condominium
105 and 109 West 117th Street
New York, New York, 10026
Schedule of Projected Receipts and Expenses
for First Full Year of Condominium Operation
Beginning January 1, 2006

NOTES	RECEIPTS	ESTIMATED 2006	
1	Common Charges	48,155	
	Total Receipts		**48,155**
	EXPENSES		
2	Electricity	600	
3	Water and Sewer	6,100	
4	Maintenance and Repairs	5,400	
5	Supplies	2,000	
6	Service Contracts	1,100	
7	Insurance	15,000	
8	Management Fee	8,000	
9	Legal	2,000	
10	Accounting/Auditing	2,500	
11	Reserve for Capital Expenditures	3,000	
12	Corporate Taxes	455	
13	Administrative Expenses	1,000	
14	Other	1,000	
	Total Expenses		**48,155**

NOTES TO SCHEDULE B

The projections contained in Schedule B assume that the first year of condominium operation will begin on or about January 1, 2006. If the actual first year of condominium operation begins later than six (6) months after the anticipated start date, this Plan will be amended to include a revised budget, if necessary. If the revised projections in any such revised budget exceed those set forth herein by 25% in the aggregate or more, Purchasers will be given a period of not less than fifteen days to rescind their Purchase Agreements and to receive refunds of their Down Payments.

1. Common Charges (Budget: $48,155)

The expenses for the projected first year of Condominium operation were allocated among the Units based on the percentage interest in the Common Elements apportioned to each. The Common Charges projected herein are based on estimated expenses for the twelve-month period commencing January 1, 2006.

2. Electricity (Budget - $600)

This item includes the amount of electricity projected for the Common Elements of the Condominium for electric baseboard heating in the vestibule of each property, general lighting and boiler/pumps. Electricity for each Unit is separately metered, and will be paid by the Unit Owner directly to the utility company. Projections for electricity consumption were made by Elliott I. Hardie of Hardie & Associates, Consulting Engineers; 246 Woodmere Boulevard, Woodmere, New York, 11598, in a letter dated October 26, 2004. Anticipated consumption of common area electricity is 900-kilowatt hours per year. Cost projections are based on an average price of $0.14 cents per kilowatt hour, which reflects average current prices, increased by 18.77% to account for average sales taxes (3.77%) and a possible increase in cost (15%) by the year 2006. It is believed that the projected figure should be sufficient to cover any reasonable increases in the cost of electricity during the first year of operation. However no warranty is made that the projection for electricity will be in accordance with the actual cost of the same during the first year of Condominium operation.

3. Water and Sewer (Budget - $6,100)

Projections for water and sewer consumption were made by Elliott I. Hardie of Hardie & Associates, Consulting Engineers; 246 Woodmere Boulevard, Woodmere, New York, 11598, in a letter dated October 26, 2004. Projections assume 175 cubic feet of annual consumption per Unit, and are based on current combined water and sewer rate of $4.14 per 100 cubic feet increased by 5% to account for a possible increase in cost by the year 2006.

There will be one New York City Department of Environmental Protection ("DEP") domestic water meter in each of the buildings.

4. Maintenance and Repairs (Budget - $5,400)

This budget item for maintenance and repairs does not include repairs, maintenance or painting for individual Units, all of which will be the responsibility of the individual Unit Owners. The budgeted amount includes the projected cost of employing a part-time superintendent for 8 hours per week at a rate of $11.54 per hour, in compliance with New York State minimum wage guidelines. Additional annual costs associated with this budgeted item include: (i) Social Security, $297.60 annually; Medicare payments, $69.60 annually; and Unemployment Insurance, $216.00 annually. Responsibilities of the part-time superintendent will include snow removal on sidewalks and stairs, regular sidewalk and area cleaning, site lighting, and placing garbage and recyclables out on pick-up days. The part-time superintendent will not reside at the premises, and will be a non-union employee of the Condominium. Projection based on letter from HEC Real Estate Group, 206 West 148th Street, 1st Floor, New York, New York, 10039, dated December 1, 2004. HEC Real Estate Group will be the managing agent of the Condominium. The level of staffing complies with all applicable housing and labor laws.

5. Supplies (Budget - $2,000)

The projected cost of various supplies ($2,000) is included in this budget item. These include tools, cleaning and paint supplies and materials, lubricants, bulbs, general and hardware supplies. Based on Sponsor's experience in operating newly constructed buildings of comparable size and quality. This projection is also based in part on warranties of manufacturers and subcontractors that are to be assigned from Sponsor to the Board of Managers of the Condominium.

6. Service Contracts (Budget - $1,100)

Based on a written estimate of Executive Pest Control Company, 41 Ithaca Avenue, Atlantic Beach, New York 11509 dated March 14, 2005, annual pest control services would total $948. Also based on a written estimate of Allstate Sprinkler Corporation, 1869 White Plains Road, Bronx, New York 10462-1489, dated November 29, 2004, annual fire protection services would total $35 for the Condominium. These estimates were increased by approximately 10% to account for a possible increase in cost by the year 2006.

7. Insurance (Budget - $15,000)

Insurance is based on an estimate of insurance costs provided by HLI Hospitality & Leisure Insurance, 3333 New Hyde Park Road, New Hyde Park, New York

11042, in a letter dated October 22, 2004. This estimate was increased by approximately 10% to account for a possible increase in cost by the year 2006.

Condominium Package Policy includes (i) property coverage for building and structures on an "All Risk/Special" form basis with agreed amount—Replacement Cost Coverage. The Limit for Building Coverage on both Buildings is approximately $1.96 million on a Replacement Cost basis with no co-insurance clause and a $5,000 property deductible, (ii) general liability coverage with a $1 million occurrence limit, and $2 million aggregate limit for property and bodily injury liability. The Boiler and Machinery Limit is $1.96 million. The Property Policy includes Terrorism Coverage.

Umbrella liability coverage is included with a $10 million Limit. Employee Dishonesty coverage is $100,000 with a $1,000 deductible, which includes a managing agent's rider. Directors and Officers coverage with $2 million each claim and $2 million aggregate limit, with Full Prior Acts Coverage.

The terms of fire, casualty and general liability insurance will provide (i) that each Unit Owner is an insured, (ii) there will be no cancellation without at least 20 days prior written notice to the Board of Managers, (iii) waiver of subrogation, (iv) waiver of invalidity because of the acts of the insured and Unit Owners, and (v) waiver of pro-rata reduction if Unit Owners obtain additional coverage.

The insurance figures provided are adequate and acceptable to the insurance carrier in order to provide the Agreed Amount Clause, which meets the co-insurance requirement, and the requirements of the construction lender.

In order to safeguard the investment of its Unit Owners in the event of a substantial or total destruction of the Building, the Condominium should periodically review the amount of casualty insurance for the Building to ensure that the amount of coverage equals its then estimated replacement cost.

The Sponsor represents that it will deliver at the Condominium's expense, on or before the first closing of title to a Unit, a fire and liability binder or policy containing the coverage described in this note and meeting the requirements of the Condominium By-Laws.

This coverage does not include claims for personal injury or property coverage resulting from occurrences in Units, nor does it include coverage of the furniture or personal property of the Unit Owner. Unit Owners are advised to obtain insurance at their own cost to cover such risks as fire and casualty losses to Unit contents, replacements, additions, upgraded fixtures and improvements, and liability coverage for occurrences within the Unit, or on Limited Common Elements, if applicable.

Additional annual costs associated with this budgeted item include Worker's Compensation and Disability benefits for the part time superintendent, totaling $810 annually.

8. Management Fee (Budget - $8,000)

Based on a proposed agreement with HEC Real Estate Group, 206 West 148th Street, 1st Floor, New York, New York, 10039, the monthly management fee of $667 is consistent with prevailing rates. The managing agent is not an affiliate of or in any way related to Sponsor or its principals.

Such agreement will be for an initial term of two (2) years, although it may be terminated as more fully described in Part 1 of the Plan in the Section entitled "Management Agreement, Contracts and Leases."

In the event, after the transfer of control of the Board of Managers to the Unit Owners, the Board elects to employ a managing agent or manager of its own choice, the cost thereof shall be added to the annual budget and become part of the Common Charges assessed against all of the Unit Owners. Sponsor makes no representation as to the cost, terms or availability of such management services.

9. Legal (Budget - $2,000)

This budget item is provided for miscellaneous minor legal services, including general business matters. Although this estimate is reasonable for these purposes, it will not be adequate if litigation or other major legal representation is required.

10. Accounting / Auditing (Budget - $2,500)

All Condominium Unit Owners are entitled to receive annually from the Condominium at the Condominium's expense an annual audited statement prepared by an independent certified public accountant. The accountant will also prepare the Condominium's Tax Returns. This projection is based on a proposal from Ross Strent & Company, LLP, 125 Mineola Avenue, Roslyn Heights, New York 11577 dated November 17, 2004.

11. Reserve for Capital Expenditures (Budget - $3,000)

Based on Sponsor's experience in real estate management, as more fully defined in the sub-section called "The Sponsor" in the section of the Plan entitled "Identity of Parties," the amount set aside in this fund should be sufficient to pay for major capital repairs or replacement for the Common Elements within the first five years of Condominium operation (roofing and sidewalks are examples). These funds will be collected monthly ($250) by the Condominium from the Unit Owners as part of the Common Charges.

12. Corporate Taxes (Budget - $455)

Based on correspondence from Ross Strent & Company, LLP, 125 Mineola Avenue, Roslyn Heights, New York 11577, dated April 29, 2005.

13. Administrative Expenses (Budget - $1,000)

The administrative budget item is to cover the cost of paper, postage and other such administrative and office expenses for the Condominium.

14. Other (Budget - $1,000)

The other budget item may be used at the discretion of the Board of Managers to provide for any unanticipated expenses or unanticipated increase in projected expenses. This fund is distinguished from the Working Capital Fund and the Reserve for Capital Expenditures, described respectively in the sections of Part I of the Plan entitled Working Capital Fund, and Reserve Fund.

In the opinion of HEC Real Estate Group, 206 West 148th Street, 1st Floor, New York, New York, 10039, the projected receipts appear reasonable and adequate to meet the estimated expenses for the first year of operation, assuming such first year to be the year commencing January 1, 2006. The foregoing budget, however, is not intended and should not be taken as a guarantee or warranty by anyone that the Common Charges or other receipts or expenses for the first or any subsequent year of operation of the Condominium will be as set forth in said projected budget, or that the actual expenses for the first year of operation will not vary from the amounts shown in the projected budget.

Schedule B-1
Projected Individual Unit Owner Utility Costs

Unit	Projected Annual Electric Hours	Projected Annual Electric Costs	Projected Annual Gas Therms for Cooking and Heating	Projected Annual Gas Costs for Cooking and Heating	Projected Annual Unit Gas and Electric Costs
105A	2950	592	263	303	895
105B	2950	592	263	303	895
105C	2950	592	263	303	895
105D	2950	592	263	303	895
109A	2950	592	263	303	895
109B	2950	592	263	303	895
109C	2950	592	263	303	895
109D	2950	592	263	303	895

Projected usage is based on a letter from Elliot Hardie, P.E., Hardie and Associates, 246 Woodmere Boulevard, Woodmere, New York 11598 dated October 26, 2004.

Projected cost is based on historical rates published by Con Edison from November 2003 through October 2004 and increased by 10% to account for anticipated increases in cost.

Unit electrical consumption includes general power and lighting and air conditioning. Based on average rates of approximately $0.14 Per KWH.

Projected gas therm usage for cooking and heating are based on a letter from Elliot Hardie, P.E., Hardie and Associates, 246 Woodmere Boulevard, Woodmere, New York 11598 dated October 26, 2004.

Projected gas rates for cooking and heating is based on current rates published by ConEdison and increased by 25% to account for anticipated increases in cost. Based on average rates of approximately $0.92 Per Therm.

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The Real Estate Office of Michael E. Reed

51-B East 117th Street, New York, New York 10035

Tel: 212-987-4416 Fax: 212-987-5460

Michael E. Reed
Real Estate Broker

March 16, 2005

COMPLIANCE WITH REAL PROPERTY LAW SECTION 339-i

Lenox Gardens Homes Corp.
193-04 Horace Harding Expressway
Fresh Meadows, New York 11365

Re: Shabazz Gardens Condominium
105 and 109 West 117th Street, New York, NY 10026

Dear Sir or Madam:

This is with respect to the Condominium Offering Plan of the premises at the above address and the allocation of the Percentage of Common Interest to the respective Units therein.

It is my opinion that the allocation of the Percentages of Common Interest allocated to the respective Units as set forth in Schedule A of the Condominium Offering Plan is in compliance with the regulations issued pursuant to Real Property Law Article 9-B, Section 339-i.

The Sponsor has used method (ii) contained in Section 339-i(1) of the New York Condominium Act, that is, upon the approximate proportion that the floor area of the Unit at the date of the Declaration bears to the then aggregate floor area of all of the Units.

I am a licensed Real Estate Broker under the State of New York, and have been actively engaged in the sale of residential property since 1986. I have been active in the sale of cooperative and condominium apartments for the past ten years. I have been engaged to act as the Selling Agent for the Sponsor of the Condominium Offering Plan for the above Condominium, and to assist in the preparation of the plan. I have no beneficial interest in the Sponsor and no interest in the profits of this plan other than my fee for the services described above.

I hereby authorize the use of my name and this letter in connection with the proposed Condominium Offering Plan.

Very truly yours,

Michael E. Reed
Selling Agent

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CHANGES IN PRICES AND UNITS

Changes in Purchase Price

The prices for these condominium interests may be changed from those set forth in this Offering Plan so that Purchasers may pay different prices for similar Units, but no price change which (a) is across-the-board or affects one or more lines or types of Units, or (b) is to be advertised, or (c) is a price increase, will be made except pursuant to a duly filed amendment to this Plan.

The Sponsor will abide by any regulations concerning price changes promulgated by the Department of Law. The Sponsor also reserves the right to negotiate with Purchasers all aspects of the price of Units, including but not limited to (i) renovations or improvements to the Unit or the fixtures or equipment contained therein or credits or allowances therefor; (ii) reduced Down Payment towards the Purchase Price (which may not, however, be less than three (3%) percent of the Purchase Price); (iii) payment of all or part of the Purchaser's closing costs such as attorneys' fees, transfer taxes, financing costs, origination fees and/or commitment fees; (iv) extensions of time periods provided for in the Plan and (v) any and all other costs related to the costs of acquiring title to the Unit. Furthermore, the Sponsor reserves the right to amend the Plan from time to time to add and/or delete negotiable terms.

Changes in Units

Subject to the prior approval of HPD and compliance with the terms of the LDA, the SDA, the UDAAP and the Urban Renewal Plan for the site of which the Condominium is a part, the Sponsor reserves the right to (i) change the layout of or number of rooms in any Unit, (ii) change the number of Unit types, (iii) reverse the layout of a Unit from that shown on the Floor Plans, and (iv) change the size and/or number of Units, including subdividing one or more Units into separate Units, combining separate Units into one or more Units or altering the boundary walls of Units (provided, in each case, that the approval of all governmental authorities having jurisdiction is first obtained). In such event, the Sponsor shall have the right to reapportion among the Units affected by such change, subdivision, combination or alteration, their appurtenant interest in the Common Elements, provided that unless the affected Purchaser consents, no material change will be made in the Unit size, layout or percentage of Common Interest allocated to any Unit for which a Purchase Agreement has been accepted and is not then in default. Unless all Purchasers consent, no material change will be made in the size and no materially adverse change will be made in the quality of Common Elements. Any of the above changes (other than the alteration of interior partitions) shall be reflected by a duly filed amendment to this Plan, and, if applicable, by a duly recorded amendment to the Declaration with the consent of all Unit Owners directly affected if the Declaration was recorded prior to such change.

Subject to the provisions of the SDA and the other Project documents, the Sponsor reserves the right to make changes in any and all architectural, structural, mechanical or electrical plans and specifications provided that prior approval is first obtained from the municipal agencies having jurisdiction, and further provided that any such changes are made with the approval of an architect or professional engineer, and are reflected by a duly filed amendment to this Plan. Again, unless the Purchaser consents, no such change shall be made with respect to any Unit for which a Purchase Agreement has been executed and is in effect. Notwithstanding the above, the dimensions of the Units shown on the Floor Plans are approximate and may vary slightly as a result of construction variances.

PROCEDURE TO PURCHASE

Marketing of Units

Sales under this Plan will comply with the Owner's marketing guidelines and procedures regarding a developer's marketing and occupant selection plan for projects under the New Homes Program. Initial marketing will consist of local newspapers, mailings by the Selling Agent, informational flyers and one or more seminars.

The sales effort under these marketing guidelines initially will be targeted by the Sponsor to a list of potential Purchasers (the "Basic Sequence List"), which the Sponsor will establish in accordance with the requirements of the Owner's marketing procedures. All newspaper advertisements require the Owner's approval. The Sponsor will also conduct informational seminars to inform potential Purchasers about the design and scope of the Property as well as applicant eligibility and financing requirements. The Sponsor shall notify the Owner of the date, time and location of any such informational seminars. All advertisements must contain a postmark deadline date for submission of applications ("Application Deadline Date") and a telephone number to call to obtain an application. The Sponsor will provide applications to individuals who call in response to advertisements as well as to individuals who respond to other marketing and community outreach efforts.

The application will require each applicant to supply a variety of information, including without limitation, social security number, employment status, annual income and monthly debts and an authorization to check credit history. Applications must also include checkboxes for the following preferences: Community Board resident and active New York City Police Officer (hereinafter defined). In order to be included on the Basic Sequence List, applications must be complete and postmarked by the Application Deadline Date. Any application which is not completely filled out will be discarded. Included with each application must be a non-refundable check in the amount of $25 per applicant to cover the cost of processing the application. All applicants must return applications to the address specified on the application. At least five (5) business days after the Application Deadline Date, the Sponsor will open the unopened applications and enter the application information into a computer database. A disk containing the information will be forwarded to the Owner, which will randomly rank the applications to create the Basic Sequence List.

The Owner and HPD have certain preference categories that have to be met during the marketing period. These preferences have been established pursuant to HPD marketing guidelines and are subject to amendment by HPD. Applicants in the Basic Sequence List who reside in Community Board #10 where the Project is being built (hereinafter "Community Residents") will receive preferential consideration for 50% of the Units. In addition, 5% of the Units will be offered to applicants who are active New York City Police Officers ("Active NYC Police Officers"). Community Residents and Active NYC Police Officers are also referred to collectively as the "Special Preference Group".

The procedure for giving preferential consideration, as described above, to the Special Preference Group is as follows:

The Owner will pull out of the Basic Sequence List all applications from Community Residents and Active NYC Police Officers. The Owner will then randomly rank the applications in the Special Preference Group and create additional numbered sequence list of such Community Residents and Active NYC Police Officers (such additional lists are herein referred to as the "Community Preference List" and the "Police Preference List" respectively). Individuals on the Preference Lists will not be removed from the Basic Sequence List and thus will appear on both lists.

In order to meet the 50% Community preference, the Selling Agent, on behalf of the Sponsor, will begin by obtaining a credit report and will then forward said credit report, along with a letter summarizing the credit report, to applicants in the order of the Community Preference List. The Selling Agent will notify those applicants whose credit appears to be adequate in writing of a time and date for a meeting. Included with the letter will be an instruction sheet listing all the necessary documents the applicant should bring to the meeting and a copy of the credit report. The Selling Agent will review the applicant's credit along with all documentation to make sure he or she meets all of the income and asset requirements. Applicants shall be informed in writing of their status as soon as a determination has been made. The Selling Agent will also notify applicants whose credit appears to be inadequate in writing and will include with said letter a copy of the credit report and a referral for credit counseling. The Selling Agent will then follow the same process for applicants in the order of the Police Preference List.

Applicants who receive a letter from the Selling Agent advising them that they appear to be ineligible because of income, creditworthiness or any other element of their application will be given seven (7) business days from the postmark date to appeal the determination of apparent ineligibility. The letter will advise the applicant that he or she has been placed at the end of the Basic Sequence List and/or Preference List, as applicable, pending appeal. To appeal, the applicant must send the Selling Agent a written request for reconsideration, together with the basis on which the applicant is relying. The Sponsor will review appeal letters and respond within ten (10) days. If, on appeal, the applicant appears to be eligible based on new information submitted, the applicant will be restored to his or her original place in the Basic Sequence List and/or Preference List, as applicable, once the new determination of preliminary eligibility is made. An applicant whose

ineligibility is confirmed on appeal or who chooses not to appeal the determination of ineligibility at that time, but whose income or credit situation changes later and who reapplies, will be added to the end of the Basic Sequence List and/or Preference List, as applicable, at the time of re-application and will be considered in the order the applicant's name appears on the applicable list.

If the Selling Agent fills both of the preference categories and there are additional names on each of the Preference Lists that they have not yet reached, those applicants will receive a second opportunity to purchase when the Selling Agent begins notifying applicants on the Basic Sequence List, since their names appear on both lists.

If all Units are not contracted to be purchased after all preliminary eligible applicants on the Preference Lists have been notified, Sponsor will notify additional applicants on the Basic Sequence List in the order their names appear. Before going on to the Basic Sequence List, the Owner will require the Selling Agent to provide a log of all applicants in the Special Preference Group who did not qualify with an explanation of why they did not qualify. If there are still Units available after all preliminary eligible applicants on the Basic Sequence List have been notified, the Selling Agent will notify preliminary eligible applicants on the Supplemental Sequence List (hereinafter defined) in the order their names appear.

Applications which arrive after the Application Deadline Date shall be numbered, dated, time-stamped and entered into the log on a new list (the "Supplemental Sequence List"). The Selling Agent, on behalf of the Sponsor, will evaluate applicants on the Supplemental Sequence List in the same manner as the Selling Agent evaluated applicants on the Basic Sequence List/Preference Lists, that is, based on information provided by the applicant in the application form and on the results of a credit investigation report obtained by the Selling Agent, to ascertain on a preliminary basis the applicant's eligibility. The Supplemental Sequence List will not, however, be required to be culled to identify members of the Special Preference Group for addition to the Preference Lists.

The Sponsor, through its Selling Agent, by written notice, will invite applicants on the Preference Lists/Basic Sequence List, as applicable, whom the Selling Agent has preliminarily determined to be eligible to purchase, to obtain a copy of the Offering Plan. Applicants on the Community Preference List will be notified before the applicants on the Police Preference List. In this notice, the Sponsor will advise applicants that they have a period of ten (10) business days following the date of the notice (the "10-Day Period") within which to obtain a copy of the Offering Plan, enter into a Purchase Agreement, complete all the required income verification documents, execute the Purchase Agreement and pay the requisite Down Payment.

Applicants who do not meet the time deadline are not precluded from purchasing, but they will no longer have a priority; after notices are sent to all applicants on the Preference Lists/Basic Sequence List and on the Supplemental Sequence List, remaining Units will be available to all eligible applicants on a first-come first-served basis.

All eligible applicants whose sequence number has not been reached shall be listed in chronological order on a waiting list in a form approved by the Owner. The waiting list shall be considered closed and, therefore, no applicants will be added. While the waiting list is closed, a post-marketing inquiry list shall be established and maintained at the office of the Selling Agent.

To receive a copy of the Plan, a potential Purchaser must tender a $100 deposit by check payable to the order of the Sponsor. This Offering Plan deposit will be returned to a potential Purchaser who signs a Purchase Agreement when the Purchaser is determined to be eligible to purchase and the Sponsor countersigns the Purchase Agreement, or when the Plan is returned by an applicant to the Selling Agent in good condition (i) if such applicant does not execute a Purchase Agreement or (ii) if such applicant executes a Purchase Agreement but is determined to be ineligible to purchase.

The Purchase Agreement

Purchasers must have received the Offering Plan and all filed amendments at least three (3) business days before executing a Purchase Agreement, or alternatively, they may rescind their Purchase Agreements at any time during the seven (7) day period following the delivery of an executed Purchase Agreement to the Selling Agent. A Purchaser who wishes to rescind must personally deliver a written notice of rescission to the Selling Agent during such seven (7) day period, or mail the notice of rescission to the Selling Agent during such seven (7) day period and the Sponsor will, within twenty (20) days after receipt of such notice, refund any monies paid by such person pursuant to the Purchase Agreement, without interest. Upon the refund of these monies, all rights and obligations under the Purchase Agreement shall terminate.

A person desiring to purchase a Unit will be required to execute a Purchase Agreement in the form set forth as Exhibit A in Part II of this Plan, and to return it to the Selling Agent at its office, together with a check for the required Down Payment drawn on a New York City bank to the order of "Andrew S. Hodes P.C. Escrow Account". The Down Payment must be in an amount equal to not more than ten (10%) percent of the total Purchase Price unless a lesser amount is agreed upon by the Sponsor, which amount may not, however, be less than three (3%) percent of the total Purchase Price. The Purchaser must simultaneously deliver a Designation of Interest-Recipient (if Purchaser comprises more than one person) and a Form W-9, Payor's Request for Taxpayer Identification Number (or, if the Purchaser is not a citizen of the United States, Form W-8, Certificate of Foreign Status). The Sponsor will review the submission. If the Sponsor determines that such Purchaser preliminarily satisfies the requirements of the Owner's marketing procedures, the Sponsor will forward the Purchaser's application, the Purchase Agreement and all back-up documentation to the Owner and HPD for a final determination of eligibility. If the Purchaser is found by the Owner and HPD to be eligible to purchase a Unit in accordance with the requirements of the Owner's marketing procedures, then the Sponsor will cause the Owner to countersign the Purchase Agreement and cause to be returned to the Purchaser a fully executed counterpart thereof. If the Purchaser is found to be

ineligible to purchase a Unit, then the Sponsor will direct the Escrow Agent to return to the Purchaser the Down Payment (with interest earned thereon), and the Purchase Agreement will not be executed by the Owner. Neither the Sponsor nor the Owner will have any liability whatsoever for not executing a Purchase Agreement with a potential Purchaser who has been determined to be ineligible by the Owner and HPD. When accepted in writing, the Purchase Agreement will be binding upon the Sponsor, subject to the Sponsor's rights to abandon this Offering Plan, as set forth in the section of this Plan entitled "Effective Date".

The Purchase Agreement shall contain a disclaimer that the Owner is joining in the sale and as a party to the Purchase Agreement for the sole purpose of conveying or joining in the conveyance of the Unit as herein described, it being understood and agreed that, by reason of the execution and delivery of the Purchase Agreement or of any deed pursuant thereto, the Owner is assuming no obligation whatsoever either to the Sponsor or to the Purchaser other than the obligation to execute and deliver a deed as therein provided.

If a Purchase Agreement is executed by the Purchaser between January 1st and April 15th of any year, and the prior year's Federal Income Tax Return and/or W-2 forms filed with the U.S. Department of the Treasury's Internal Revenue Service are not then available, then the Purchaser agrees to provide the Owner with such documentation as soon as it is available and in no event later than five (5) days after receipt of a notice of Closing Date, in order that the Owner may ensure the Purchaser's continued compliance with HPD's income limits for eligibility for the Public Subsidy, as hereinafter described. Each Purchaser further agrees that should he or she not provide the filed forms within the specified time, this will be a default under the Purchase Agreement, allowing the Sponsor, after the usual notice and cure period of thirty (30) days, to cancel the Purchase Agreement, keep the Down Payment as liquidated damages and sell the Unit to another person without further liability to the defaulting Purchaser.

To summarize, parties interested in purchasing must take the following steps:

(a) Applicant submits a complete application with the non-refundable $25.00 processing fee;

(b) Applicants randomly selected from the Preference List/Basic Sequence List shall bring documentation listed in the instruction sheet and meet with the Selling Agent to determine preliminary eligibility;

(c) If determined preliminarily to be eligible and depending on location of name on the Preference List/Basic Sequence List (or Supplemental Sequence List, as applicable), applicant receives invitation to obtain copy of Offering Plan and enter into a Purchase Agreement;

(d) Invited applicant pays $100 deposit to obtain copy of Offering Plan;

(e) If interested in purchasing a Unit, applicant signs a Purchase Agreement, pays the Down Payment, and completes other associated Purchaser forms;

(f) Applicant's completed application, supporting documentation and a copy of Purchase Agreement are submitted by Sponsor to the Owner for review and approval;

(g) If the Owner and HPD approve applicant, Owner countersigns the Purchase Agreement and forwards a copy to applicant, who thereby becomes a "Purchaser".

The form of Purchase Agreement provides that the purchase of a Unit may be conditioned on the Purchaser obtaining financing. See the section of the Plan entitled "Financing for Qualified Purchasers" for further details.

The form of Purchase Agreement also requires that the Purchaser attend the Sponsor's "Home Maintenance and Care" training class for buyers and any classes the Purchaser's end-loan provider may require. The Purchaser shall receive a training manual from the Sponsor, and the Purchaser must sign an "Acknowledgment of Homeownership Training and Receipt of Training Manual" in the form annexed as Exhibit B in Part II of this Plan to confirm attendance at the training class and receipt of the manual. The complete form must be submitted to the Owner at least one (1) week prior to closing unless the class is scheduled for a date after the Closing Date, in which case the form must be submitted and a $500 escrow will be taken at closing to ensure the Purchaser's compliance. The Purchaser's failure to participate in the training class in a timely manner shall be a default under the Purchase Agreement.

Any notice or other communication required or permitted to be given under the Purchase Agreement shall be in writing and shall be deemed to have been given if sent by certified or registered mail, return receipt requested, or by overnight or express mail service or delivered by messenger or overnight courier service. All such notices and communications shall be deemed to have been received on the day after being sent by overnight or express mail or on the fifth (5th) day after mailing.

Upon the closing of title, the Purchaser will be required to (i) pay the balance of the cash portion of the price of the Unit less the applicable Public Subsidy which will be credited against the Purchase Price, (ii) execute a Power of Attorney in the form contained as Exhibit F in Part II, and more fully described in item #10 in the Section of Part I entitled "Terms of Sale", (iii) if a mortgage loan is being obtained by Purchaser, execute the mortgage note or bond and mortgage and any other documents required by the mortgagee in connection with the loan and (iv) execute the subordinate mortgage and notes relating to the Public Subsidy, as hereinafter described, if the Purchaser is eligible to receive all or a portion of the Public Subsidy for the Unit. The Purchaser will then receive a deed in the form contained as Exhibit G in Part II. At closing, risk of loss from fire or other casualty will

pass from Sponsor to the Purchaser. The Sponsor will not allow a Purchaser to take possession prior to closing.

If, instead of closing, the Purchaser (i) does not pay the balance of the Purchase Price when due or execute the Power of Attorney to the Board of Managers or (ii) fails to perform any other obligation under the Purchase Agreement, and if, within thirty (30) days after written notice to the Purchaser, any such default is not remedied, the Sponsor may (but shall not be obligated to) elect to cancel the Purchase Agreement. In such event, the Down Payment as described above, with interest if earned, shall be paid over to the Sponsor as and for liquidated damages and thereafter the Purchase Agreement shall become null and void. Notwithstanding the foregoing, the Sponsor may not retain as liquidated damages a sum in excess of ten (10%) percent of the Purchase Price plus interest, if any has been earned.

After the acceptance for filing of the amendment to this Plan disclosing the declaration of the Plan's effectiveness, the Sponsor or Selling Agent will send written notices to all Purchasers stating the date of the first Unit closing and fixing their closing dates, which shall be at least thirty (30) days thereafter unless the Purchaser requests a waiver of such period by written request to the Sponsor or Selling Agent. The notice of closing date may also state when Common Charges will begin to be due and payable. The Sponsor may adjourn a closing date and reset it upon ten (10) days prior written notice.

Neither the Sponsor, the Owner nor the Selling Agent shall have any liability or responsibility to Purchasers, nor will any Purchaser be relieved of a Purchase Agreement, by reason of any minor inaccuracy or error in the floor plans for or square footage of the Units. Each Purchase Agreement contains an acknowledgment by the Purchaser that the room sizes, dimensions and layout of Units set forth in this Plan are approximations, and that he or she is purchasing the Unit without relying upon any warranties or representations as to its size, dimensions or other physical characteristics.

The Purchase Agreement will also provide that the Purchaser is purchasing the Unit without relying upon any warranties or representations as to financial data or estimated income tax deductions, except as specifically represented in this Offering Plan and the Exhibits hereto.

Finally, the Purchase Agreement provides that if after the effective date of this Plan, as hereinafter described, title to a Unit is not conveyed to a Purchaser because of a default by the Owner or the Sponsor or because the Owner or the Sponsor terminates the Purchase Agreement (other than due to the Purchaser's default) in accordance with its terms, then the Sponsor shall return any monies paid under the terms of the Purchase Agreement, with interest if earned (See the Section of the Plan entitled "Escrow Funds"), and the net bulk rate cost of title examination incurred or paid by the Purchaser, the Purchase Agreement will be deemed cancelled, and neither party will have further liability to the other.

The Sponsor, as agent for the Owner, reserves the right to lease Units that are not subject to a Purchase Agreement to non-purchasers thereof, without limitation as to the terms or rental therefor. If a Unit is leased prior to its sale and conveyance, the Purchaser will be notified that he or she will be purchasing a Unit that has been previously occupied. Units will be delivered at the closing of title free and clear of all leases, tenants and rights of occupancy.

The Sponsor has reserved the right for itself without prior notice or amendment to the Plan, to use any unsold Units as sales offices and model Units. In no event shall the presence of any furniture, furnishings, equipment or decorations in any model Unit imply or represent that any Unit will contain such furniture, furnishings, equipment or decorations upon delivery of the Unit to the Purchaser of the Unit unless such Purchaser agrees to pay Sponsor an amount as determined by Sponsor in addition to the Purchase Price for such Unit.

The Offering Plan will be incorporated by reference and made a part of the Purchase Agreement with the same force and effect as if set forth in full therein. Any inconsistency between the Purchase Agreement and this Offering Plan shall be resolved in favor of the Offering Plan.

The form of Purchase Agreement may only be modified by a duly filed amendment to the Plan. Purchase Agreements are not assignable by Purchasers.

Neither the Plan nor the Purchase Agreement shall contain or be modified to contain any provision waiving Purchaser's rights, other than the ability of the Purchaser to waive his or her right to thirty (30) days written notice prior to closing of title to the Unit, or abrogating the Sponsor's obligations under the Offering Plan or under Article 23-A of the New York General Business Law.

Income and Residence Eligibility Requirements

Under this Plan, all but the two (2) first floor Units must be sold to individuals who meet the income and asset requirements of the SDA and the LDA ("Eligible Purchasers").

Pursuant to the SDA and the LDA, the gross household income of Eligible Purchasers at the time of such purchase shall not exceed $75,000.00, provided that HPD in its sole discretion may increase such gross annual household income figure to a level which does not exceed 165% of the median annual family income for the New York, New York Primary Metropolitan Statistical Area, as published annually by HUD, or any successor index, which is currently $103,600.00 for a family of four ("Median Income"). Additionally, Purchasers must have net assets (i.e. gross assets minus liabilities) in an amount less than 35% of the unsubsidized Purchase Price of the Unit or such lesser amount as HPD determines in its sole discretion, with notice to the Affordable Housing Corporation ("AHC"), to reflect the median price for a three-bedroom house in the New York City Metropolitan area.

Under the LDA and the SDA, all Purchasers and their successors or assigns, whether such successors or assigns acquire title by purchase or operation of law, and regardless of whether they receive any subsidy, must occupy the Unit as a primary residence for at least twenty-five (25) years from the transfer of title to the original Purchaser.

The residency provisions of the LDA and SDA will also govern resales of Units, as described in the Section of this Plan entitled "Rights and Obligations of the Unit Owners and the Board of Managers".

The Public Subsidy

Eligible Purchasers may be entitled to all or part of the Public Subsidy, which is calculated as the sum of (i) the amount of AHC funds per Unit, if any, as provided for in the AHC Grant Agreement ($25,000.00 for each Unit other than the two (2) first floor Units) and (ii) the amount of Land Price Subsidy per Unit. The Land Price Subsidy is allocated according to each Unit's percentage interest in the Common Elements to be $65,160.00 for the two (2) first floor Units and $40,680.00 for the remaining six (6) Units. The amount of Public Subsidy for which a Purchaser is approved shall be credited against the Purchase Price of the Unit and evidenced by one or more notes and a mortgage as set forth in the Article 16 Agreement. If a Unit is sold to an unsubsidized Purchaser, the full amount of the Public Subsidy allocable to the Unit shall be paid to HPD at the closing of title to the Unit.

A Purchaser who qualifies for all or a portion of the Public Subsidy will be required at closing to execute a subordinate mortgage (the "Enforcement Mortgage") and secured and unsecured promissory notes (the "Secured Enforcement Mortgage Note" and the "Unsecured Enforcement Note"), respectively, in favor of the City of New York, by and through HPD, to evidence and secure repayment of the Public Subsidy on the terms and conditions described below. The amount of the Unsecured Enforcement Note shall include all but $2,000.00 of the AHC funds per Unit. The combined recapture obligation (the "Debt") reflected by such notes and mortgage is a standing loan which bears no interest and does not require repayment of installments of principal except as described therein and summarized below (the Purchaser is advised to review the Enforcement Mortgage, Secured Enforcement Mortgage Note and Unsecured Enforcement Note contained in Exhibit H in Part II of the Plan, for the actual legal provisions):

(a) The Debt, except as otherwise provided in the Enforcement Mortgage and notes, shall be reduced by one twenty-fifth (1/25) of the original amount of the Debt for each full year during which the Purchaser or his or her successors or assigns or heirs, owns and occupies the Unit as his or her primary residence.

(b) Except as otherwise provided in the Enforcement Mortgage and notes, the Debt shall be payable solely from the Appreciation of the Unit gained by Purchaser or any subsequent owner of the Unit upon transfer for the

consideration of the Unit. The term "Appreciation" shall mean the amount by which the Total Consideration which Purchaser or a subsequent owner receives on the transfer of the Unit exceeds the Purchase Price minus any reasonable attorneys' fees, reasonable brokerage fees, title policy fees, recording fees or transfer taxes incurred by the Purchaser or subsequent owner in both the purchase of the Unit and the subsequent sale of the Unit to a resale purchaser. The term "Purchase Price" shall mean the amount paid by the Purchaser or a subsequent owner in purchasing the Unit, excluding the amount of the Debt. The term "Total Consideration" shall mean the cash and non-cash consideration which Purchaser or a subsequent owner receives for the Unit including cash, real property, personal property, the unamortized principal of any purchase money mortgage encumbering the Unit which is assumed by the resale purchaser and the principal of any purchase money mortgage which the resale purchaser gives the Purchaser or a subsequent owner to secure any portion of the Purchase Price.

(c) If the Unit is resold within three (3) years of its initial purchase, the Secured Enforcement Mortgage Note and the Unsecured Enforcement Note shall be due and payable upon each transfer for consideration of the Unit by each seller to the extent of one hundred percent (100%) of the Appreciation upon such transfer, up to the amount of the Debt. The payment of the Secured Enforcement Mortgage Note and the Unsecured Enforcement Note shall remain the obligation of the mortgagor and each seller regardless of whether the consideration for the transfer shall be cash, purchase money mortgage or such other non-cash consideration. Upon resale, the resale purchaser shall assume the outstanding balance of the Debt not repaid to HPD.

(d) If the Unit is resold more than three (3) years after its initial purchase, the Secured Enforcement Mortgage Note and the Unsecured Enforcement Note shall be due and payable upon each transfer for consideration of the Unit by each seller to the extent of fifty percent (50%) of the Appreciation upon each such transfer, up to the amount of the Debt. The payment of the Secured Enforcement Mortgage Note and the Unsecured Enforcement Note shall remain the obligation of the mortgagor and each seller regardless of whether the consideration for the transfer shall be cash, purchase money mortgage or such other non-cash consideration. Upon resale, the resale purchaser shall assume the outstanding balance of the Debt not repaid to HPD.

(e) If a Purchaser wishes to refinance the debt secured by the lien of an institutional lender, and wishes HPD to subordinate the lien of its Enforcement Mortgage to the lien securing such refinanced debt, the amount due and payable at such time under the Secured Enforcement

Mortgage Note and Unsecured Enforcement Note shall be fifty percent (50%) of the amount by which such increased debt exceeds the Purchase Price.

(f) The Debt shall be a standing loan that shall be without interest and shall not require the payment of installments of principal except as provided in the Secured Enforcement Mortgage Note and Unsecured Enforcement Note. During the terms of the Secured Enforcement Mortgage Note and Unsecured Enforcement Note, or twenty-five (25) years, whichever is longer, the Purchaser shall occupy the Unit as his or her primary residence. Upon any transfer of the Unit, the Debt must be satisfied in full, or or it may be allowed to be assigned to and assumed by the transferee pursuant to the terms and conditions set forth in the Debt documents, if the transferee qualifies thereunder. In either event, the transferee also must occupy the Unit as his or her principal residence during the remaining term of the Secured Enforcement Mortgage Note and Unsecured Enforcement Note or the remainder of the twenty-five (25) years whichever is longer, and comply with all the terms, conditions and obligations contained in the Secured Enforcement Mortgage Note and the Unsecured Enforcement Note.

(g) The Debt shall, at the option of the HPD, become due on the happening of any default, including but not limited to any failure to comply with paragraph (f) of this section, or an event by which, under the terms of the Secured Enforcement Mortgage Note, the Unsecured Enforcement Note, or the Enforcement Mortgage securing the Secured Enforcement Mortgage Note, the Debt may or shall become due and payable.

(h) All terms and provisions of the Secured Enforcement Mortgage Note, Unsecured Enforcement Note and Enforcement Mortgage shall be subject and subordinate to the lien of any permanent mortgage for the purchase of the Unit to an Institutional Lender.

Inspection Procedures

At least five (5) days in advance of a scheduled closing date, a Purchaser will be notified by the Sponsor of a date and time that the Purchaser may inspect the Purchaser's Unit. The Purchaser may attend an inspection only with an authorized representative of the Sponsor, and shall, at the inspection, together with the Sponsor's representative, complete, date and sign an inspection statement (the "Inspection Statement").

The Inspection Statement will serve as an acknowledgment of the Purchaser's acceptance of the Unit in accordance with the terms of the Plan. Or, if the Purchaser finds that certain minor construction items remain open, although the Unit otherwise has been substantially completed, and if the Sponsor's representative agrees with this finding, the

Purchaser and the Sponsor's representative shall agree on a list of "punchlist items" to be completed by the Sponsor post-closing, and shall itemize same as an attachment to the Inspection Statement. The agreed-upon Inspection Statement, and any attachments thereto, shall be dated and executed by both parties. The Purchaser's failure to permit the Sponsor or Sponsor's contractors, agents or employees access to the Apartment to complete punchlist items on the Inspection Statement, shall constitute the Purchaser's waiver of the punchlist items, and shall cause the Sponsor's obligation to complete the punchlist items to be deemed satisfied.

The fact that an Inspection Statement containing punchlist items has been executed shall not be grounds for the Purchaser's delay of the closing, for the Purchaser's refusal to close, for a credit against the Purchase Price of the Unit or for an escrow from the sales proceeds.

The Purchaser shall be obligated to close, notwithstanding incomplete construction of (i) minor details in the Unit (provided the Unit is covered by at least a temporary certificate of occupancy), (ii) other Units in the Building or (iii) the common areas of the Building.

The Purchaser's failure to attend an inspection during the period the Sponsor provides Purchaser an opportunity to do so, and/or the Purchaser's failure to sign and deliver an Inspection Statement, shall not excuse the Purchaser from closing, and shall constitute the Purchaser's full and unconditional acceptance of the Unit.

The Sponsor shall not have any obligation to complete or cause to be completed, any work in a Unit not specifically itemized on an Inspection Statement, except work required to be completed to obtain a permanent Certificate of Occupancy, if one is yet to be obtained at the time of the Purchaser's closing date.

General

The Purchase Agreement and the deed to the Purchaser shall contain the representation that Purchaser, his or her successors and assigns and every successor in interest to the Unit shall comply with all applicable Federal, State and local laws, in effect from time to time, prohibiting discrimination by reason of age, creed, color, disability, marital status, national origin, race, sex or sexual orientation. This provision shall survive closing of title to the Unit.

The Purchase Agreement and the deed shall also contain an agreement that the Purchaser, his or her successors and assigns and every successor in interest to the Unit shall devote the Unit to residential use as specified in the UDAAP annexed to the LDA as an exhibit, and contained as Exhibit E in Part II of this Plan. This provision shall also survive closing of title to the Unit.

FINANCING FOR QUALIFIED PURCHASERS

The Project has been pre-approved by JPMorgan Chase Bank, Bank of New York and Citibank, N.A. to make loans to qualified Purchasers who wish to finance their purchases of Units. The Secured Enforcement Mortgage of any Purchaser who obtains all or part of the Public Subsidy allocated to the Unit being purchased will be subordinate to any Mortgage Loan obtained hereunder. A Purchaser who desires to finance his or her purchase of a Unit, and to make the Purchase Agreement contingent on obtaining such financing, may do so provided he or she applies to one of these lenders. However, neither the Owner nor the Sponsor is making arrangements for such financing to Purchasers or is acting as agent for any lender in respect of the financing of Unit purchases. Furthermore, no representation or warranty is made that bank financing will be available to anyone who executes a Purchase Agreement under the Plan, or as to the terms and conditions upon which such financing might be available. Neither the Sponsor nor the Owner shall have liability or responsibility to any applicant if his or her application for a loan is not accepted.

Purchasers who are interested in making financing arrangements may apply independently, at their option, to other lenders. However, in such event the Purchase Agreement may not be conditioned upon financing, and the Purchaser's failure to obtain financing will not relieve him or her from any obligations under the Purchase Agreement.

The term "Institutional Lender" shall mean a commercial bank, savings bank, trust company, savings and loan association, an insurance company, an educational institution, a federal, state, municipal or similar public employee's welfare, pension or retirement fund system, credit union of which the Purchaser is a member, or a state or an agency thereof and a political subdivision of a state or an agency thereof.

The term "the Mortgage Loan" shall mean a first mortgage loan of up to 97% of the Purchase Price of the Unit and its percentage interest in the Common Elements, including a privately insured mortgage, at the prevailing fixed rate or adjustable rate of interest for a term of not less than fifteen (15) years and on other customary commitment terms, whether or not conditioned upon any factors other than an appraisal satisfactory to the Institutional Lender.

With respect to the initial purchase of a Unit, if a mortgage is desired by the Purchaser, application must be made within seven (7) business days from the date a fully executed original of the Purchase Agreement is delivered to him or her. Any additional information, data or documents requested by the lender must be supplied promptly after request therefor. Once a Purchaser receives a mortgage commitment, he or she must provide the Sponsor with a copy of the commitment within five (5) days of receipt thereof. Each initial mortgage loan will close simultaneously with the closing of title to the Unit and the proceeds thereof will be applied on account of the Purchase Price of the Unit.

The financing contingency clause provides that the Purchaser shall have forty-five (45) days from the date the Sponsor delivers to him or her a fully executed Purchase Agreement to obtain a written loan commitment for financing. This period may be extended by the Sponsor in its sole discretion.

In the event the Purchaser fails to obtain a written loan commitment from an Institutional Lender within such time period, a Purchaser who wishes to cancel his or her Purchase Agreement must notify the Sponsor in writing within ten (10) days after the expiration of such forty-five (45) day period. Upon any such termination the Down Payment, with interest, shall be returned to the Purchaser within twenty (20) days after receipt of such notice. If such notice is not sent within such ten (10) day period, the financing contingency clause shall be deemed waived and the Purchaser shall not be relieved from his or her obligations under the Purchase Agreement. Notwithstanding the above, if a commitment has not been issued as a result of the Purchaser's failure to furnish or delay in furnishing the information and data required by the Institutional Lender, such failure or delay will constitute a default under the Purchase Agreement and the Sponsor may send a default notice to the Purchaser as provided in the Purchase Agreement.

In the event that a Purchaser timely applies for financing, Purchaser's loan commitment expires prior to the scheduled closing of the Unit and Purchaser, notwithstanding a good faith effort and the payment of an additional fee, if required, is unable to obtain either a renewal or extension of the loan commitment at the same or the then prevailing interest rate or a new loan commitment at the same or the then prevailing interest rate, and Purchaser is not otherwise in default at such time under the Purchase Agreement, then the Purchase Agreement may be cancelled by the Purchaser within ten (10) days after notice of such failure to extend as if a commitment had not been granted, and Sponsor shall return to Purchaser the Down Payment, together with interest earned thereon, within twenty (20) days thereafter.

Notwithstanding the foregoing, if Purchaser's loan commitment expires and such expiration has occurred due to Purchaser's refusal to close or Purchaser's delay in closing, or in the event that the terms of the loan commitment are changed or the loan commitment is revoked by the lender as a result of Purchaser's acts or omissions, or Purchaser does not request a renewal or extension of the loan commitment in writing on a timely basis, the Purchase Agreement shall remain in full force and effect and Purchaser must pay the balance of the Purchase Price at closing or be in default.

ESCROW FUNDS

The Sponsor will hold the monies received by it or its escrow agent under the Purchase Agreement in trust in a special escrow account as required by Section 71-a(3) of the Lien Law until actually employed in connection with the consummation of the transaction as herein described.

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

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

All deposits, Down Payments or advances made by Purchasers prior to closing of each individual transaction, whether received before or after the date of consummation of the Plan, will be placed, within five (5) business days after the Purchase Agreement is signed by all necessary parties, in a segregated special escrow account of Andrew S. Hodes, P.C. (the "Escrow Agent"), whose office is at 80 Cutter Mill Road, Suite 404, Great Neck, New York 11021, and whose telephone number is (516) 829-2200. The signatories on this account are Andrew S. Hodes and Leonard Rodney. The name of the account is "ANDREW S. HODES, P.C. ESCROW ACCOUNT", and it is located at JPMorgan Chase Bank, Great Neck Plaza Branch #862, 22 Grace Avenue, Great Neck, New York 11021. This bank is covered by federal bank deposit insurance to a maximum of $100,000 per individual deposit.

The account will be interest bearing and, unless the Purchaser defaults, interest will be credited to the Purchaser at closing. The interest rate to be earned will be the prevailing rate for these accounts, which currently is approximately .9% per annum. Interest will begin to accrue within five (5) business days after tender of the Down Payment or within five (5) business days after the W-9 form has been delivered by the Purchaser, if later than the tender of the Down Payment. If checks are postdated, interest will begin to accrue within five (5) business days after the date on the check.

All checks and other instruments shall be made payable to or endorsed to the order of "Andrew S. Hodes Escrow Account".

Within ten (10) business days after tender of the Down Payment submitted with the Purchase Agreement, the Escrow Agent will notify the Purchaser that such funds have been deposited into the escrow account and will provide the account number and the initial interest rate. If the Purchaser does not receive notice of such deposit within fifteen (15) business days after tender of the Down Payment, the Purchaser may cancel the purchase and rescind so long as the right to rescind is exercised within ninety (90) days after tender of the Down Payment. Rescission may not be afforded where proof satisfactory to the Attorney General is submitted establishing that the escrowed funds were timely deposited and requisite notice was timely mailed to the Purchaser in conformity with the Attorney General's regulations.

In the event that insufficient funds are raised through the offering or otherwise to effectuate the contemplated transaction, or in the event the Sponsor is unable for any reason to perform in accordance with the terms of the Purchase Agreement, or in the event that the Purchase Agreement has been conditioned upon the availability of a mortgage loan and said loan has not been obtained by the Purchaser, then such monies will be fully returned to the Purchaser, with interest earned, if any.

Since all Purchase Agreements are contingent upon the Plan becoming effective, under no circumstances shall Sponsor apply for release of the escrowed funds of a defaulting Purchaser until after consummation of the Plan. Consummation of the Plan is defined as declaration of effectiveness by the Sponsor and acceptance of the amendment by the Department of Law confirming the declaration of effectiveness.

If, instead of closing, the Sponsor cancels the Purchase Agreement because of the Purchaser's default, as set forth above in the section "Procedure to Purchase", then the Down Payment (but in no event more than ten (10%) percent of the Purchase Price plus interest, if any, plus the cost of optional extras and custom work ordered and any installation costs connected therewith if any, as incurred) shall be released to the Sponsor by the Escrow Agent as liquidated damages.

The Escrow Agent will hold funds in escrow until the closing under the Purchase Agreement or until otherwise directed in

(i) a writing signed by both the 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 funds are to be released from escrow not in connection with a closing, and if there is no written agreement between the parties to release the escrowed funds, the Escrow Agent will not pay the funds to the Sponsor until the Escrow Agent has given the Purchaser written notice of not fewer than ten (10) business days. Thereafter, the funds may be paid to the Sponsor unless the Purchaser has already made application to the Department of Law pursuant to the dispute resolution provisions of the Attorney General regulations and has so notified the Escrow Agent in accordance with such provisions.

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

(i) a Purchaser who timely rescinds in accordance with an offer of rescission contained in the Plan or an amendment to the Plan;

(ii) all Purchasers after an amendment abandoning the Plan is accepted for filing by the Department of Law.

The Escrow Agent is acting as an accommodation to the Sponsor and shall not be liable for any action taken or omitted under this Plan or any Purchase Agreement except for its negligence or willful misconduct. It shall incur no liability to the Sponsor with respect to any action taken or suffered by it in reliance upon any notice, direction, instruction, consent, statement or other paper or document reasonably believed by it to be genuine. Upon payment of funds in accordance with the terms of the escrow agreement and this Plan, the Escrow Agent will be discharged from liability by the Sponsor.

Purchasers and the Escrow Agent may apply to the Attorney General in the event of a dispute for a determination on the disposition of the Down Payment and any interest thereon. The Sponsor must avail itself of this procedure if there is a dispute which needs to be resolved. A form for this purpose is included in Part II of this Plan. The party applying for a determination must send all other parties a copy of the application.

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

If the application permitting release of funds is granted, the Down Payment and any interest earned thereon shall be disposed of in accordance with the determination of the Attorney General, subject to any court action in which preliminary relief is granted. If the application seeking release of funds is denied, the Escrow Agent shall continue to hold the deposit and any interest earned thereon until:

(i) both the Sponsor and Purchaser direct payment to a specified party in accordance with a written direction signed by both the Sponsor and the Purchaser; or

(ii) a judgment or order of a court of competent jurisdiction is served on the Escrow Agent; or

(iii) The Escrow Agent deposits the disputed amount into court.

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

Included as Exhibit M in Part II of this Plan is a copy of the Escrow Agreement which incorporates the terms of the Attorney General's regulations.

In the event a conflict should arise over the disposition of any monies deposited in escrow, the attorney serving as Escrow Agent may represent the Sponsor in such dispute.

The Escrow Agent will maintain all records concerning the escrow account for seven (7) years after the release of funds.

ASSIGNMENT OF PURCHASE AGREEMENTS

No assignments of Purchase Agreements by Purchasers will be permitted.

EFFECTIVE DATE

All Purchase Agreements are contingent upon the Plan being declared effective in compliance with the time periods and conditions set forth herein.

The Attorney General's Regulations provide that condominium offering plans may be declared effective upon receipt of contracts for fifteen (15%) percent of the units being offered for sale. Nevertheless, it is a requirement of the Building Loan Agreement that at least six (6) Units, or 75% in number of the Units to be included in the Condominium, be under contract to bonafide Purchasers unrelated to the Sponsor who (i) meet the income and asset qualifications for the Public Subsidy as and to the extent required under the LDA, (ii) have received written pre-approved or "end-loan" commitments from financial institutions satisfactory to Owner, and (iii) have been aproved by HPD and the Owner, for the Offering Plan to be declared effective. The Sponsor must, however, declare this Plan effective at such time as Sponsor shall have entered into valid and binding Purchase Agreements for seven (7) Units, which is more than 80% in number of the Units to be included in this Condominium. For the purpose of this Offering Plan, a Purchase Agreement shall be valid and binding if executed by the Purchaser, the Sponsor and the Owner, and a commitment for individual financing has been obtained if the Purchase Agreement was conditioned on such financing.

For purposes of effectiveness, Purchase Agreements will not be included in the count if they were (i) signed by Purchasers who have been granted a right of rescission that has not yet expired or been waived; or (ii) if the Purchaser was not afforded the protection required by Section 20.3(o)(10) of the Attorney General's Regulations relating to the seven (7) day right of rescission; or (iii) signed by any Purchaser who is the Sponsor, the Selling Agent or the Managing Agent or a principal of any of them, or is related to the Sponsor, the Selling Agent or the Managing Agent or to a principal of any of them by blood, marriage or adoption or as a business associate, employee, shareholder or limited partner. Notwithstanding the foregoing, such a Purchaser other than the Sponsor or a principal of the Sponsor may be included if the Sponsor has submitted proof satisfactory to the Department of Law establishing that the Purchaser is a bona fide purchaser.

The Offering Plan will be declared effective by the mailing or personal delivery of written notice to all Purchasers. Within five (5) business days after such notice is given, an amendment to the Offering Plan will be submitted by the Sponsor stating that the

Offering Plan has been declared effective. No closings shall occur until the Plan is declared effective and the amendment confirming the effectiveness has been accepted for filing by the Department of Law.

This Offering Plan may be abandoned by the Sponsor at any time prior to either being declared effective or obtaining valid and binding Purchase Agreements for 80% of the Units. If the Plan is abandoned, all Purchasers will be promptly notified, and within twenty (20) days thereafter all monies paid by them under their respective Purchase Agreements will be returned to them, with interest if earned. The Sponsor shall then promptly submit to the Department of Law an amendment confirming such abandonment, or file a notice of abandonment on form RS-3 or such other form as the Department of Law may require, explaining the reason for the abandonment and the disposition of all funds received.

If requested, Sponsor will submit to the Department of Law copies of all Purchase Agreements and any amendments or modifications thereto, within five (5) business days after the request is made.

The Sponsor may not abandon the Offering Plan after it has been declared effective for any reason other than (i) a defect in title which cannot be cured without litigation or which cannot be cured for less than $12,000.00, which is approximately one-half of one percent of the total amount of the offering, or (ii) substantial damage or destruction of any portion of either Building by fire or other casualty which cannot be repaired for less than $12,000.00, or (iii) the taking of any material portion of either Building by condemnation or eminent domain. Except as specifically set forth above, the Sponsor shall have no obligation to incur any expenses or engage in litigation to cure title defects. The figures computed for purposes of (i) and (ii) above shall not include attorneys' fees or any such title defects or determinations of any authority or regulatory association which exist on the date of presentation of the Plan and either are known to the Sponsor or are a matter of public record.

TERMS OF SALE

The closing of title to each Unit will take place only after or concurrently with the following events:

1. Declaration of the Plan's effectiveness by notice to all Purchasers;

2. Amendment of the Plan by the Sponsor incorporating the notice of effectiveness and confirming that the Units have been and are being constructed in accordance with applicable plans and specifications as more fully described in the Section of the Plan entitled "Description of Property and Improvements".

3. Recording of the Declaration and the By-Laws in the New York County office of the Register of the City of New York. In addition, a set of floor plans of the

Buildings showing the layout, location and approximate dimensions of the Units and the Unit designations, with tax authority certification as conforming to the official tax lot number for each such Unit and an Architect's statement required by Section 339-p of Article 9-B of the Real Property Law of the State of New York certifying that the plans fully and fairly depict the layout, location, unit designations and approximate dimensions of the particular Unit or Units as built, will be filed in said office. The Sponsor reserves the right to record, or (on request of Sponsor) to require the Board of Managers to duly execute and record, in the New York County office of the Register of the City of New York, an amendment to the Declaration at any time without the requirement of a vote and without the approval or consent of any Unit Owner or mortgagee for purposes of (i) changing the designation of a Unit, the approximate square foot area of a Unit and the number of rooms in a Unit and (ii) making insubstantial changes to the Declaration;

4. Issuance of a partial, temporary or permanent Certificate of Occupancy for the building in which the Unit is located, or, alternatively, the issuance of a partial, temporary or permanent Certificate of Occupancy for the Unit under contract and being closed;

5. Release of the Unit to be closed and its undivided common interest as required by Section 339-r of the New York Condominium Act from the liens of all mortgages except the Secured Enforcement Mortgage and the Purchaser's mortgage, if any, and free and clear of all other liens and encumbrances except those described in this Plan and in the proposed Unit deed;

6. Service on Purchaser with written notice of the Closing Date no less than thirty (30) days in advance of closing (unless such time period is waived by Purchaser), giving Purchaser the opportunity to inspect the Unit and other property (the Common Elements) subject to the Declaration prior to Closing, provided that Purchaser shall be obligated to make an inspection appointment with the Selling Agent and shall be accompanied at all times by a representative of the Sponsor or Selling Agent. Under no circumstances shall Purchaser perform or cause to be performed any work in such Unit prior to the closing of title thereto;

7. Delivery to Purchaser of a Bargain and Sale Deed with Covenants against Grantor's Acts, in proper form for recording and containing the provisions set forth in subdivision 5 of Section 13 of the Lien Law;

8. Delivery to Purchaser of the Limited Warranty in the form included as Exhibit D to this Plan;

9. Assignment to Purchaser of any manufacturer's warranties with respect to equipment and appliances installed in the Unit, and assignment to the Board of Managers of any warranties with respect to equipment and appliances installed in Common Elements;

10. The execution by the Purchaser of a Power of Attorney in the form contained in Part II, designating the Board of Managers as his or her attorneys-in-fact, coupled with an interest, for the purpose of managing, selling, mortgaging, voting or otherwise dealing with any Units acquired by the Board on behalf of all Unit Owners, taking any action required for the Condominium to continue to comply with the UDAAP tax exemption, representing the Unit Owner in condemnation, liquidation or temination of the Condominium or related proceedings, negotiations, settlements or agreements, and otherwise acting in accordance with the Condominium's Declaration and By-Laws. The Power of Attorney shall not, however, be effective for the election of managers;

11. The execution by the Purchaser of an "Affidavit of Prospective Partnership Homeowner" in the form annexed as Exhibit C-1 in Part II, which states that the Purchaser is not an officer, employee or shareholder of the Sponsor, nor an officer, employee or member of the governing body of the Owner, nor an elected official at the State or local level, a paid staff person to such an official, or a leader or Chairman of a political party of any jurisdictional level, nor an officer, employee or member of the governing body of any affiliate of the Sponsor or the Owner, nor an employee of HPD having any direct involvement or control with respect to the development or marketing of the Units, nor an officer, employee or member of the governing body of the Community Sponsor (as defined in the SDA) having any direct involvement or control with the respect to the development or marketing of the Units. In addition, the Purchaser will be required to affirm that he/she is not an immediate family member (spouse, offspring, parent or sibling) or any other relative of any individual identified in the above clauses. A person not able to provide such an affidavit may still be eligible to purchase a Unit provided such person furnishes the Selling Agent with a written disclosure of such person's relationship to any entity or person identified in this paragraph, whereupon HPD will determine eligibility on a case-by-case basis and will provide written consent to the transfer in lieu of the above-described affidavit should such person be eligible to purchase the Unit; and

12. The execution of the Purchaser of a "Purchaser's Affidavit" in the form annexed as Exhibit C-2 in Part II, which states that at the time the Purchaser executed an Application of Interest to purchase the Unit, the Purchaser did not own or have an interest in any publicly subsidized home which is subject to a requirement that the owner occupy said home as his or her primary residence.

13. The closing of the Purchaser's mortgage loan, if any.

In the event that all or a substantial part of the Unit is damaged or destroyed by fire or other casualty prior to the closing date, the Sponsor may elect to terminate the Purchase Agreement and refund the down payment to the Purchaser, with interest if any has been earned. If the Sponsor does not elect to terminate the Purchase Agreement, or if less than a substantial part of the Unit is damaged or destroyed, the Purchase Agreement will remain in full force and effect and the Sponsor shall restore the Unit to its condition existing immediately before such damage or destruction.

All personal property owned by the Sponsor which is located within a Unit on the date a Purchase Agreement is accepted by the Sponsor will be included in the conveyance of the Unit, and all personal property owned by the Sponsor which is affixed to or located within the Common Elements on the date the Declaration of Condominium is recorded will become the property of the Condominium upon the recording of the Declaration, except for personal property used in connection with the Sponsor's offer and sale of the Units and except as otherwise indicated in this Plan. Notwithstanding the foregoing, furniture, furnishing, equipment and decorations in model Units are not included in the conveyance of the Unit unless the Purchaser has agreed to pay the Sponsor, in addition to the Purchase Price of the Unit, an amount as determined by the Sponsor and as more fully set forth in a rider to the Purchase Agreement.

Prior to or simultaneously with the closing of title to each Unit, the Unit to which title is being conveyed and its appurtenant interest in the Common Elements shall be released from the liens of said mortgages. The Building Loan Agreement (as to the building and project loans), the Construction Loan Participation Agreement (as to the AHC funds and the Article 16 funds, if any) and the Mortgage Subordination Agreement (as to the HPD funds) contain the requirements that the aforesaid mortgages will be subordinated to the Declaration of Condominium.

The Purchaser's obligation for payment of the Common Charges and expenses applicable to his or her Unit will begin to accrue on the date on which title is closed.

STATUS OF TITLE AT CLOSING

The deed conveying ownership of the Unit to the Purchaser will contain the provisions set forth in subdivision 5 of Section 13 of the Lien Law, and will convey title free and clear of all liens and encumbrances other than:

1. State of facts shown on a survey made by Erlandsen - Crowell & Shaw dated February 25, 2003, revised January 28, 2004.

2. Any additional state of facts which an accurate survey would show since January 28, 2004, provided such additional facts do not render title unmarketable.

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

4. The terms and provisions of the Offering Plan.

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

together with any amendments thereto, shall constitute covenants running with the Land and shall bind any person having at any time any interest or estate in the Property as though such provisions were recited and stipulated at length therein.

6. Terms, restrictions and conditions set forth in the LDA recorded in CRFN: 2004000207748.

7. Covenants, Agreements and Reservations contained in deed from the City of New York recorded in CRFN: 2004000207739.

8. Subordination of LDA recorded in CRFN: 2004000207748.

9. Subordination of LDA recorded in CRFN: 2004000207749.

10. Any state of facts which an accurate survey of the Unit would show, provided same does not render title unmarketable.

11. Easement in favor of adjoining Units and in favor of the Common Elements for the continuance of all encroachments of such adjoining Units or Common Elements on the Unit, existing as a result of construction of the Buildings, or which may come into existence as a result of settling or shifting of the Buildings, or as a result of repair or restoration of the Buildings or any adjoining Unit or of the Common Elements made by or with the consent of the Board of Managers after damage or destruction by fire or other casualty or after a taking in condemnation or eminent domain proceedings, or by reason of an alteration or repair to the Common Elements, made by or with the consent of the Board of Managers, so that any such encroachments may remain so long as the Buildings shall stand.

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

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

14. Standard printed exceptions to the NYBTU or ALTA policies of title insurance.

The Title Company will affirmatively insure that none of the aforementioned easements or agreements will interfere with the projected use of the premises as a condominium.

In the opinion of counsel to the Sponsor, none of the foregoing exceptions to title will materially adversely affect the proposed uses of the Property as set forth in this Plan.

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

The Sponsor reserves to itself, its designees and each of their successors, assigns, invitees, contractors, agents and employees, any and all easements and rights of access, in and to Units and the Common Elements and Limited Common Elements consistent with the purposes of this Offering Plan and Sponsor's rights and obligations thereunder.

UNIT CLOSING COSTS AND ADJUSTMENTS

Estimated Closing Costs

The estimated closing costs to be borne by each Purchaser of a Unit are set forth below. Recording charges, title costs and taxes are based on rates in effect on the date of the Plan and are subject to change without notice.

(a) The current premium for fee title insurance if ordered from First Queens Abstract Corp., agent for Commonwealth Land Title Insurance Company (the "Title Company") will be $281 for the first $35,000 of fee insurance, plus $4.66 per $1,000 of the purchase price or fraction thereof in excess of $35,000 and up to $50,000. Premiums for higher fee amounts are as follows:

Fee Amount	Premium	
$ 50,000	$ 351	+ $ 3.80 per thousand up to 100,000
100,000	$ 541	+ $ 3.05 per thousand up to 500,000

These premiums are bulk rates based on the Sponsor's purchase of title insurance when it acquired the Property.

(b) If a Purchaser elects to obtain both fee title insurance and mortgage title insurance simultaneously from the Title Company, the premium for the mortgage title

insurance will be at a simultaneous rate. The premium for mortgage title insurance will be computed using the "Basic Rate" schedule as described below. The premium on the amount of the loan policy that does not exceed the fee policy shall be calculated at thirty (30%) percent of the regular scheduled rate for loan policies. For example:

Loan Amount	Premium	
$ 35,000	$ 103	+$ 1.66 per thousand up to 50,000
50,000	$ 128	+$ 1.36 per thousand up to 100,000
100,000	$ 196	+$ 1.09 per thousand up to 500,000

The premium for fee title insurance issued simultaneously is computed as in subsection (a) above.

(c) Recording fee for recording the deed, power of attorney and other documents of $42.00 for each instrument plus $5.00 per page, a service charge to the Title Company of approximately $40.00 per instrument, and an ACRIS fee of $150.00.

(d) New York State Transfer Tax which is currently .4% of the purchase price, but when paid by the Purchaser is increased to approximately .4016% since the shifting of the obligation from the Sponsor as a seller of real property to Purchaser is deemed additional consideration to the Sponsor.

(e) New York City Real Property Transfer Tax, which is currently at the rate of 1% of the purchase price where the purchase price is $500,000 or less, but when paid by the Purchaser is increased to approximately 1.01% since the shifting of the obligation from the Sponsor as a seller of real property to Purchaser is deemed additional consideration to the Sponsor, plus a $75.00 filing fee to the City.

(f) In the event the Purchaser is credited with all or part of the Public Subsidy attributable to the Unit, the Purchaser shall pay all costs in connection with the Secured Enforcement Mortgage. These costs shall include mortgage title insurance, mortgage tax and recording charges (see subparagraph (g) below).

(g) In the event the Purchaser obtains a mortgage from an Institutional Lender or other lender, the Purchaser shall pay all costs in connection with the mortgage. Such mortgage costs may include, but may not be limited to, the following:

(1) Loan origination fee or "points";

(2) Charge for appraisal service and credit check;

(3) Legal fees of lender's attorney;

(4) Mortgage title policy, the rates for which are as indicated in subsection (b) above if the Purchaser elects to obtain fee title and mortgage title insurance simultaneously from the Title Company;

(5) Mortgage tax, currently at the rate of one and three-quarters (1-3/4%) percent of the mortgage amount for those mortgages securing a loan of less than $500,000, less $25;

(6) Recording charges to record the mortgage; and

(7) Private mortgage insurance premium, if required by the lender.

(h) Survey Fee of $300.00.

(i) The following closing fees of the Sponsor's attorney:

(1) $850 closing fee if the closing is held at the office of Andrew S. Hodes, P.C., the Sponsor's closing attorney, or $950 if the Purchaser is obtaining a mortgage loan from JPMorgan Chase Bank;

(2) $150 travel fee if the closing is held at a location other than the office of Andrew S. Hodes, P.C.;

(3) $200 if the Purchaser elects to use a title company other than the Title Company; and

(4) $150 if the Purchaser adjourns the Closing Date.

The costs in (i) above are cumulative to the extent applicable to an individual closing.

If any of the costs in (a) through (i) above are advanced by the Sponsor, the Purchaser will reimburse Sponsor for same at the closing.

If a Purchaser obtains a commitment for a mortgage loan to finance the purchase of his or her Unit, the mortgage on the Unit may provide that the mortgagor shall deposit monthly with the mortgagee one-twelfth (1/12th) of the estimated annual real estate taxes assessed or to be assessed against the Unit, and at the closing of title Purchaser may be required to deposit with the mortgagee a portion of the annual real estate taxes assessed against the Unit for the forthcoming period.

At the closing of title each Purchaser will be required to pay to the Board of Managers a sum equal to two (2) months' Common Charges as an initial, non-reimbursable contribution to the Working Capital Fund of the Condominium. Said payment shall be in addition to and not in lieu of monthly payments of Common Charges required to be made.

In addition, each Purchaser of a Unit will be responsible for the fees and expenses of his or her own attorney, if any.

An example of the estimated closing costs payable by a Purchaser of a typical Unit, Unit 105B, at a Purchase Price of $191,400.00 and assuming the Purchaser qualifies for the entire Public Subsidy with respect to the Unit, is as follows:

Fee insurance	$1,023.00
New York State Transfer Tax (deed stamps)	1,032.00
New York City Real Property Transfer Tax, plus filing fee	2,672.00
Recording charges	1,570.00
Survey Fee	300.00
Working Capital Fund Contribution	870.00
Fee to Sponsor's attorney	950.00
	$8,417.00

*assuming Purchaser obtains a mortgage from JPMorgan Chase Bank. Recording charges will be approximately $850.00 otherwise. The additional recording charges relate to splitting the Purchaser's mortgage from the building loan, and will be at least partially offset by lower mortgage recording taxes if JPMorgan Chase Bank is the lender.

(plus other costs such as mortgage-related costs (if the Purchaser obtains a mortgage in addition to the Enforcement Mortgage) and the Purchaser's own legal fees, if applicable. These will vary significantly based on different lenders and circumstances, and are therefore not estimated above.)

Estimated Expenses and Adjustments

Purchasers will be required to pay to the Board of Managers Common Charges allocable to their Units monthly in advance, notwithstanding that work may remain to be completed in the Unit by the Sponsor. Common Charges assessed during the month in which title closes shall be adjusted with the Sponsor as of the closing date. The amount of such Common Charges to be assessed against each Unit will be fixed by the Board of Managers.

Real estate taxes for each Unit for the tax year in which title closes will be apportioned between the Sponsor and the Purchaser as of the date of closing of title, subject to the UDAAP Tax Exemption. (For details of this tax exemption, see the Section of Part I entitled "Real Estate Taxes"). In the event that Units have not been separately

assessed for real estate tax purposes prior to the first closing of title to a Unit, the Sponsor will (i) place in escrow in the name of the Board of Managers an amount equal to the unpaid real estate taxes which will be levied against the Property for the six (6) month period following the first closing of title, (ii) pay the real estate taxes from this escrow account when they become due and payable, and (iii) receive reimbursement from purchasers at closing of title based upon the assessment for the land and the Buildings comprising the Condominium and the percentage of the Common Elements appurtenant to the Unit.

Each Purchaser will be required to reimburse the Sponsor, at closing, such Purchaser's pro rata share of the Condominium's insurance policy (as described in the footnotes to Schedule B) for the first year of operation of the Condominium, the premium for which will be prepaid by the Sponsor prior to the first closing of title to a Unit. The amount of reimbursement will vary depending on the Unit's percentage interest in the Common Elements and the date of closing of title to the Unit. The actual reimbursement will be determined by multiplying the amount of prepaid premium by the Unit's percentage interest in Common Elements, and then multiplying the resulting per diem rate by the number of days remaining in the relevant covered period.

Penalty for Adjourned Closings

If, through no fault of the Sponsor, a Purchaser fails to close for any reason on the date originally scheduled for closing of title to the Unit, then the Purchaser shall reimburse the Sponsor (for construction interest expenses incurred and/or loss of earnings on the Purchase Price as a result of the Purchaser's delay), an amount equal to 9% times the Purchase Price of the Unit (including any Public Subsidy which may be applicable) apportioned for each day's delay, starting with the day originally scheduled for closing and including the day immediately prior to the actual Closing Date. Additionally, the granting of such adjournment shall be upon the condition that all adjustments shall be made as of the date originally fixed for the closing of title.

LIMITED WARRANTY

Pursuant to Section 777-A of the New York General Business Law, a Housing Merchant Implied Warranty is incorporated into all contracts for the sale of new homes, including new cooperative and condominium units. The Warranty provides that:

(a) for a period of one year, the unit must be free from defects caused by workmanship or materials that do not meet the standards of the applicable building code. For items not covered by code, the construction must be in accordance with locally accepted building practices;

(b) for a period of two years, the plumbing, electrical, heating, cooling and ventilation systems must be free from defects caused by unskilled installation; and

(c) for a period of six years, the unit will be free from material defects. "Material Defect" is defined as actual physical damage to the load-bearing portion of the units which affects their function to the extent that the unit becomes unsafe, unsanitary or unlivable. Load-bearing portions include, but are not limited to, the foundation systems, beams, load-bearing walls, floors and roof framing systems.

The Warranty does not extend to:

(a) a defect not caused by defective workmanship, materials or design;

(b) a patent defect which was obvious or would have been obvious upon inspection; and

(c) defects in items sold with the Unit, such as stoves.

Purchasers must give notice of defects in their units in writing no later than the thirty (30) days after warranty coverage on that item expires.

As permitted under the law, the Sponsor shall furnish to Purchasers a limited warranty which covers their Units in a form approved by HPD which shall exclude and modify the scope of the Warranty (as so limited, referred to as the "Limited Warranty"). However, the Limited Warranty cannot permit construction which is below code or below locally accepted building practices, and the Limited Warranty time periods cannot be shorter than those described above. In this Offering Plan, the Warranty is limited as set forth below. The form of Limited Warranty is contained in Part II as Exhibit D, and will be annexed as an exhibit to the Purchase Agreement.

The Limited Warranty limits the Warranty and excludes any other warranty, express or implied, on the construction or sale of a Unit. All consequential and incidental damages are excluded as well. The Limited Warranty is extended only to the initial Purchaser and does not extend to any subsequent owner or other persons. Any loss or damage caused by the workmanship of or defective materials supplied by any person other than the Sponsor, an agent of the Sponsor, or a subcontractor of the Sponsor (or a designee of any of the foregoing) is not covered by the Limited Warranty.

While the Sponsor will repair, replace, or pay for any defective item(s), the choice among repair, replacement or payment is solely that of the Sponsor. The Sponsor's total liability to each Purchaser under the Limited Warranty shall not exceed the actual cost to replace the Unit, in accordance with the requirements of the Building Code, to its condition as of the date of the Sponsor's receipt of the applicable Notice of Warranty Claim Form from the Purchaser, less the purchase price of the Land allocable to the Unit, as said sum is set forth in the SDA.

The Sponsor has no duty to respond to any demand or complaint unless the warranty claim is made on a special Notice of Warranty Claim Form. Finally, no action

against the Sponsor may be commenced in any form more than ninety (90) days after the expiration of the applicable coverage (one, two or six years) or more than one (1) year after the last date that the Sponsor makes repairs in response to a warranty claim.

RIGHTS AND OBLIGATIONS OF THE SPONSOR

The Sponsor represents that:

1. The Sponsor will defend any suits or proceedings against the Condominium arising out of the Sponsor's acts or omissions, or representations made by the Sponsor in this Offering Plan, and it will indemnify the Board of Managers and the Unit Owners against liability imposed as a result of such suits or proceedings.

2. All representations under this Plan, such obligations under this Plan which are to be performed subsequent to the closing of title to a Unit and all other obligations under the General Business Law, shall survive delivery of the deed.

3. The Property is currently encumbered by building and project loan mortgages held by JPMorgan Chase Bank in the aggregate amount of $2,438,020.80, construction funds in the amount of $285,000.00 from the New York State Affordable Housing Corporation advanced pursuant to the AHC Grant Agreement (the "AHC funds") and construction funds in the amount of $90,000.00 provided by the City of New York (the "Article 16 funds), all of which funds have been advanced as a single loan in the aggregate amount of $2,813,020.00 pursuant to the Building Loan Agreement and Project Loan Agreement. The Property is also subject to a purchase money mortgage held by HPD in the principal amount of $882,600.00. The Sponsor will pay the indebtedness secured by such mortgages on the Property and will comply with all of the other terms and provisions of said mortgages and the notes which are secured thereby. Prior to or simultaneously with the closing of title to each Unit, the Unit to which title is being conveyed and its appurtenant interest in the Common Elements shall be released from the liens of said mortgages. The Building Loan Agreement (as to the building and project loans), the Construction Loan Participation Agreement (as to the AHC funds and the Article 16 funds) and the Mortgage Subordination Agreement (as to the HPD funds) contain the requirements that the aforesaid mortgages will be subordinated to the Declaration of Condominium. In addition, before closing of title to the first Unit, all other liens affecting the Property shall be paid, bonded or satisfied or, prior to or simultaneously with the closing of title to each Unit, the Unit being conveyed and its appurtenant Common Interest shall be released therefrom by a partial release duly recorded.

4. The Sponsor will at its sole cost and with reasonable diligence complete the renovation of the Condominium Buildings substantially in accordance with the Plans with Specifications described in the Offering Plan and Exhibits thereto, and with a quality of construction comparable to currently prevailing standards. The Sponsor will also comply with the New York City Carbon Monoxide Detector Law. The Sponsor's intention is to use

the materials, fixtures, appliances and other equipment described in the Plan and in the architectural plans on file, but due to unavailability of materials and supplies or for any other reason, the Sponsor may substitute materials, fixtures, appliances and equipment of substantially equal or better quality, without prior notice or amendment to this Plan. The issuance of a Certificate of Occupancy for the Unit or the Building in which the Unit is located shall be deemed presumptive evidence that the Unit has been completed substantially in accordance with the Offering Plan and the Plans with Specifications.

The Sponsor also reserves the right to make modifications of layout or design, as more fully set forth in the section entitled "Changes in Prices and Units", provided, however, that the Sponsor may not change the size or layout of Units, other improvements or Common Elements if such changes affect the percentage of Common Interest or adversely affect the value of any Unit to which title has closed or for which a Purchase Agreement has been executed and is in effect unless all affected Unit Owners consent in writing to such change and all affected contract vendees are given the right to rescind and receive back any deposit or down payment.

The Sponsor will not be obligated to correct or be liable to any Purchaser by reason of any variations from the Plans with Specifications or the description of the Units included in the Plan which are not in violation of applicable building codes or require the approval of any governmental authority having jurisdiction or which are necessitated by job or site conditions or requirements so long as said variations are insubstantial changes in the dimensions or arrangements of rooms, walls or other areas within a Unit.

5. No closing of a Unit shall occur until there has been issued at least a temporary Certificate of Occupancy for the Unit or the Building in which the Unit is located. If a permanent Certificate of Occupancy shall not have 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 closing, secure the permanent Certificate of Occupancy for the Unit or the Building in which it is located, 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 such event, the two (2) year period shall be extended for a period equivalent to the period of such delay, but it shall remain the Sponsor's responsibility to procure the permanent Certificate of Occupancy

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In the event that a closing takes place prior to the issuance of a permanent Certificate of Occupancy for the Unit or the Building in which the Unit is located, the Sponsor shall maintain all deposits and funds in the special escrow account required by Section 352-e(2)(b) of the New York General Business Law unless the Sponsor's engineer or architect certifies that a lesser amount will be necessary to complete the work necessary to obtain a permanent Certificate of Occupancy for the Unit, in which case the sum exceeding the amount so certified by the Sponsor's engineer or architect may be released from escrow. Alternatively, the Sponsor may deposit with the escrow agent an

unconditional, irrevocable letter of credit or post a surety bond in the amount so certified, in which event same will be reflected by duly filed amendment to the Plan.

6. The Sponsor will make periodic visits to the Property and will correct any defects in the construction of the Common Elements, or in the installation or operation of any mechanical equipment therein, due to improper workmanship or material substantially at variance with this Offering Plan, provided and on condition that it is notified in writing of such defects within fourteen (14) months of the date of closing of title of the first Unit to a bona fide purchaser. The quality of construction shall be comparable to local standards customary in the particular trade and in accordance with the Plans with Specifications. The Sponsor shall furnish Purchasers with a Limited Warranty which covers their Units, as more fully described in the Section of this Plan entitled "Limited Warranty".

The Condominium is required to maintain and manage the Buildings, to keep the Common Elements therein clean and properly lighted, to keep structural and mechanical equipment in good working order, and to repair those portions of the Buildings which are not required to be maintained by the Unit Owners. The Sponsor's warranty as set forth in this paragraph 6 shall not be effective as to any defects caused by the negligence or lack of maintenance of the Units or Common Elements by the Unit Owners or the Condominium.

Notwithstanding the above obligation of the Sponsor to correct defects in the renovation of the Building and Units, the Sponsor assumes no responsibility and shall not be liable to repair or replace any of the following: (1) nail pops and ridging on sheet rock walls or ceilings, (2) doors sticking due to weather, (3) door warpage less than ½" and warpage of closet shelves, (4) adjustment of bi-fold doors, (5) bath tile grouting, (6) slight separation in joints of kitchen floor tile, (7) slight separation between base and floor, (8) normal settlement and deflection or any consequential damage resulting therefrom, (9) normal plumbing and heating noises and noises from kitchen and bath fans, vents and ducts, (10) the partial or total death of any bushes, grass or other landscape improvements, (11) non-structural or settlement cracks on walls, walks, or curbs, or spalling of concrete walks. Subsequent to the conveyance of title to a Unit or the completion of the Common Elements, as the case may be, the Sponsor shall not be responsible for paint touch ups, repair of dented appliances, repair of chips, scratches, mars, breaks or other blemishes in windows, sliding glass doors, screens, electric fixtures and globes, interior painted surfaces, sinks, tubs, basins, kitchen cabinets and counter tops, vanity tops and cabinets, medicine cabinets, ceramic tile floor and base and marble saddles, resilient floor tile, carpeting, kitchen appliances, dryer vents, woodwork and doors, wrought iron, rubbish enclosures; nor shall Sponsor be responsible for replacement of fluorescent lights ballasts or any other lights or light bulbs.

7. If any work still remains to be done to complete the Condominium at the time of the first closing of title to a Unit, including completion of the Units and Common Elements, the Sponsor, at its own cost and expense, will perform or cause all such work to be performed and will supply or cause all such work to be supplied, will pay or cause to

be paid all contractors, subcontractors and materialmen and all others involved in the construction of the Units and Common Elements for work performed and fixtures, material and equipment supplied or installed in the construction of the Condominium, and will discharge by bonding or otherwise all mechanics' liens which may have been filed as a result of the construction of the Units or Common Elements.

The Sponsor will bear all costs and expenses incurred in connection with the creation of the Condominium and the initial sale of Units, including, but not limited to, selling expenses and commissions, if any, advertising and printing expenses, architect's fees, organization costs and engineering costs, whether incurred prior or subsequent to the effective date of the Condominium.

8. All references in this Plan to "Plans with Specifications" shall mean the plans for the Condominium filed with the appropriate governmental authorities, as the same have been amended or changed. After completion of construction and prior to the transfer of control of the Board of Managers to the Unit Owners, the Sponsor shall provide to the Board of Managers a copy of "as built" architectural plans.

9. The Sponsor will pay all Common Charges, real estate taxes, special assessments and other expenses allocable to any Units owned by the Owner, so long as the Owner shall continue to own the same. The Sponsor has the financial resources to meet its obligations with respect to unsold Units. In the first instance, these obligations will be funded from projected sales. However, no bond or other security has been furnished to secure the performance of the Sponsor's obligations. The ability of the Sponsor to perform its obligations will depend upon its financial condition at the time it is called upon to perform. No representation can be made as to its financial ability to perform any such obligations.

10. The Sponsor shall initially procure, on behalf of the Condominium, fire and casualty insurance pursuant to an agreed amount replacement value policy or in an amount sufficient to avoid co-insurance. The cost of such insurance shall be a Common Expense. See the Budget, Schedule B to the Offering Plan, and the footnote relating to insurance.

11. Pursuant to Section 352-e(9) of the General Business Law, copies of this Offering Plan and all Exhibits or documents referred to herein and all Exhibits submitted to the Department of Law in connection with the filing of the Plan are and will be kept on file at the office of the Sponsor set forth on the cover page hereof for six (6) years from the first closing of title to a Unit for examination without charge and copying at a reasonable charge, during normal business hours, upon reasonable notice, by prospective Purchasers and any person who has purchased a Condominium interest offered by this Plan or otherwise has participated in this offering.

Copies of the architect's Plans with Specifications are also on file in the Sponsor's office and will be available for examination by any prospective Purchaser.

12. The Sponsor may dissolve or liquidate itself, or its principals may transfer their ownership interest at any time, after construction of the Condominium has been completed and all Units have been conveyed to Purchasers thereof.

This paragraph 12 shall in no way be deemed as a limitation of any of the Sponsor's obligations or any of the rights and remedies of the Unit Owners pursuant to law.

13. If any work still remains to be done to complete the Condominium, including the Units and Common Elements, the Sponsor shall be obligated to repair any damage caused by it or its employees, contractors or subcontractors in the process of such completion of construction. During such time, the Sponsor shall use its best efforts not to unreasonably interfere with the use of the Property by the Unit Owners. The Sponsor has no obligations to make any repair to the Units or Common Elements except as set forth in this Plan and as required by Law.

14. In the event that all or a substantial part of a Unit is damaged or destroyed by fire or other casualty prior to the closing date, the Sponsor may elect to terminate the Purchase Agreement and refund the down payment to the Purchaser, with interest if earned. If the Sponsor does not elect to terminate the Purchase Agreement, or if less than a substantial part of the Unit is damaged or destroyed, the Purchase Agreement will remain in full force and effect and the Sponsor shall restore the Unit to its condition existing immediately before such damage or destruction.

15. The Sponsor will warrant the materials and workmanship of the Units as more fully described in the foregoing section of this Plan entitled "Limited Warranty". See also the form of Limited Warranty, as approved by HPD, which is contained in Part II as Exhibit D.

16. At the closing of title to each Unit, the Sponsor will assign to the Purchaser any assignable manufacturers' warranties relating to equipment and appliances installed in the Unit, and prior to the closing of title to the first Unit, the Sponsor will assign any warranties with respect to equipment and appliances installed in the Common Elements to the Board of Managers.

17. The Sponsor shall complete the process necessary for the Unit to receive the UDAAP Tax Exemption under Section 696 of the General Municipal Law. Ongoing requirements for maintaining the exemption shall become the responsibility of the Board of Managers of the Condominium once control has been turned over to the Unit Owners.

The Sponsor makes no representations or warranties except as provided in this Offering Plan and none should be implied nor will any survive delivery of the deed.

Each of the obligations of the Sponsor contained in this Offering Plan shall be enforceable by any Unit Owner as to his Unit or the Board of Managers on behalf of the

Unit Owners as to Common Elements. The Sponsor has no obligation to make any repair to the Units or Common Elements except as set forth in this Plan and as required by law.

The representations contained in paragraph 1 through 17 of this Section shall survive delivery of the deed.

CONTROL BY THE SPONSOR

Title to all unsold Units will remain with the Owner until such Units shall thereafter be sold by the Sponsor and a Deed delivered to Purchaser. Such sale does not require the approval of or a first offer to the Board of Managers. No fee or cost of any kind may be imposed upon the Sponsor or the Purchaser in connection with such sale.

The Sponsor, as designee of the Owner, will have voting control of the Board of Managers, except that the Sponsor may not control the Board for more than two (2) years from the date of the first closing of title to a Unit, or after the sale of Units representing, in the aggregate, 51% of the Common Interest, whichever occurs first. While in control of the Board, the Sponsor shall designate two (2) of the members of the three (3) member Board, and one (1) member will be elected by the then Unit Owners other than the Sponsor within sixty (60) days after the first closing of title to a Unit. At the first annual meeting of Unit Owners during the period of the Sponsor's control, the member elected by the Unit Owners shall resign and a new election shall be held.

The first annual meeting of Unit Owners will be held within thirty (30) days following the first anniversary of the conveyance of title to the first Unit. If at the time of such meeting the Owner owns Units representing 51% or more of the Common Interest, the Sponsor may control the Board for a second year. Thereafter, the Sponsor must relinquish control.

Notwithstanding anything to the contrary contained in this Plan, a special meeting of Unit Owners shall be held on no less than fifteen (15) days' notice, within thirty (30) days of either the second anniversary of the date of the first closing of title to a Unit, or the sale of Units representing, in the aggregate, 51% or more of the Common Interest, whichever first occurs. At such meeting, all the members of the Board of Managers shall resign and a new Board shall be elected by the Unit Owners.

Except for Sponsor representatives on the Board, all members must be Unit Owners or spouses of Unit Owners, and at least one (1) Board member must reside in each of the Buildings.

After the Sponsor has turned over control of the Board to the Unit Owners, and assuming a three (3) member Board of Managers, so long as the Owner owns at least one (1) Unit, the Sponsor shall be entitled to designate one (1) representative to the Board. If

at any time it is determined to increase or decrease the size of the Board, the representation of the Sponsor shall be changed proportionately.

During its period of control, 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, which will include the Owner, and the enforcement of the Sponsor's obligations.

Notwithstanding the foregoing, so long as the Owner shall own Units representing at least 25% of the Common Interest, but not longer than five (5) years from the first closing of title to a Unit, the Board of Managers may not, without the Sponsor's prior written consent: (i) make any addition, alteration or capital improvement to the Common Elements or to any Unit except those required by law, or (ii) assess any Common Charges for the creation of, addition to or replacement of all or part of a reserve, contingency or surplus fund in excess of 5% of the estimated expenses for the projected year of operation, or (iii) hire any employees in addition to or enter into any service or maintenance contract for work not required by law or contemplated by the Schedule of Projected Receipts and Expenses for the First Year of the Condominium's Operation set forth in the Plan, or (iv) borrow money on behalf of the Condominium, or (v) amend the Declaration or By-Laws of the Condominium except as specifically permitted by such document. However, the Sponsor may not veto expenses described in Schedule B or any expenses required to comply with applicable laws or regulations, to remedy any notice of violation or to remedy any work order of an insurer.

BOARD OF MANAGERS

Under the By-Laws of the Condominium, the affairs of the Condominium will be managed by a Board of Managers consisting of three (3) persons. Other than members designated by the Sponsor, all members of the Board of Managers must be Unit Owners or spouses of Unit Owners.

The first Board of Managers will consist of the following three principals of the Sponsor:

Steven Bluestone
Sara B. Herbstman
Ira Lichtiger

One of these members will resign upon the election of the first Unit Owner representative to the Board, at a meeting to be held within sixty (60) days after the first closing of title to a Unit.

The Board of Managers shall have the powers and duties necessary for the administration of the affairs of the Condominium, including but not limited to: determining

the Common Charges, adopting rules and regulations covering the details of the Property, borrowing, opening of bank accounts, purchasing or otherwise acquiring Units, selling or mortgaging Units owned by the Board of Managers, taking such action as may be necessary to maintain the UDAAP Tax Exemption for the Property, applying, as necessary, for construction, alteration or other approvals to any and all municipal authorities having jurisdiction over the Property and generally managing or supervising the Condominium Property as provided in the Declaration and By-Laws.

The Unit Owners shall hold annual meetings, at each of which they shall elect members of the Board of Managers. The first annual meeting will be held within thirty (30) days following the first anniversary of the conveyance of title to a Unit. Each Unit Owner (including Sponsor) shall be entitled to cast one vote for each Unit or Units owned by him or her on all matters put to a vote at all meetings of the Unit Owners. The presence, in person or by proxy, of a majority of Unit Owners shall constitute a quorum at all meetings of Unit Owners and unless otherwise provided, the vote of a majority of Unit Owners at a meeting at which a quorum shall be present shall be binding upon all Unit Owners. If Units are owned by more than one person as joint tenants, tenants by the entirety or as tenants in common, the persons owning said Unit shall agree among themselves to cast the votes for their Units as a block. For a discussion of the votes required to amend the Declaration and By-laws, see the subsection entitled "Amendment of Condominium Documents" in the section entitled "Rights and Obligations of the Unit Owners and the Board of Managers".

Special meetings of Unit Owners will be called by the President if directed by resolution of the Board of Managers or upon petition by Unit Owners representing a majority of the Common Interests, upon at least five (5) days notice.

Starting with the first annual meeting of Unit Owners at which the Sponsor no longer designates a majority of the members of the Board of Managers, the Board will consist of three (3) members. The terms of the members shall be three (3) years, except that the term of office of one (1) of the Managers initially elected shall be fixed at two (2) years,and the term of office of one (1) of the Managers initially elected shall be one (1) year. The longest terms shall be awarded to the Managers receiving the most votes, provided that the Sponsor's representative, if any, shall have the shortest term. At the expiration of the initial term of office of each member of the Board of Managers, his or her successor shall be elected to serve for a term of three (3) years.

Members of the Board of Managers shall serve without compensation, and the Sponsor has agreed that the By-Laws will not be amended to provide otherwise while the Sponsor is in control of the Board of Managers.

Members of the Board of Managers may be removed for cause at any time by the Unit Owners. Members of the Board who are not designated by the Sponsor may also be removed without cause by the Unit Owners. Successors may be elected at any regular meeting of the Board of Managers or any special meeting called for such purpose,

provided that successors to members designated by the Sponsor may not be removed without cause except by the Sponsor or its designee.

The principal officers of the Condominium shall be: the President, the Vice President and the Secretary/Treasurer, all of whom shall be elected by the Board of Managers. All officers shall serve without compensation from the Condominium.

Liability of Board of Managers and Unit Owners

In order to limit the liability of the Unit Owners, the members of the Board of Managers and the managing agent, any contract or other commitment made by the Board of Managers or a managing agent shall state that it is made by the Board of Managers or the managing agent, as the case may be, only as agent for the Unit Owners, and that the members of the Board of Managers and the managing agent, as the case may be, shall have no personal liability on any such contract or commitment (except as Unit Owners), and that the liability of any Unit Owner on any such contract or commitment shall be limited to such proportionate share of the total liability thereunder as the Common Interest of such Unit Owner bears to the aggregate Common Interest of all Unit Owners.

As provided in the By-Laws, no member of the Board of Managers or officer of the Condominium shall have any personal liability to the Condominium or to any Unit Owner for damages for any breach of duty in his or her capacity as member of the Board or officer, provided that this provision does not eliminate or limit the liability of a member of the Board or officer if a judgment or other final adjudication adverse to him or her establishes (a) that his or her acts or omissions were in bad faith or involved intentional misconduct or a knowing violation of law, or (b) that he or she personally gained in fact a financial profit or other advantage to which he or she was not legally entitled.

The Condominium shall indemnify to the fullest extent permitted by law any person made, or threatened to be made, a party to an action or proceeding, whether civil or criminal, including an action by or in the right of the Condominium to procure a judgment in its favor or an action other than one by or in the right of the Condominium and including an action by or in the right of any corporation of any type or kind, domestic or foreign, or any partnership, joint venture, trust, employee benefit plan or other enterprise, which any member of the Board or officer of the Condominium served in any capacity at the request of the Condominium, by reason of the fact that he, his testator or intestate, was a member of the Board or officer of the Condominium, or served such other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise in any capacity, provided that no indemnification may be made to or on behalf of any member of the Board or officer if a judgment or other final adjudication adverse to the member of the Board or officer establishes that his or her acts were committed in bad faith or were the result of active and deliberate dishonesty and were material to the cause of action so adjudicated, or that he or she personally gained in fact a financial profit or other advantage to which he or she was not legally entitled. The liability of any Unit Owner on account of the indemnification described in this paragraph shall be limited to such proportionate share thereof as the

Common Interest of such Unit Owner bears to the aggregate Common Interest of all Unit Owners.

Members of the Board who handle Condominium funds will be bonded. The cost of the bond is included as part of the Condominium's insurance costs.

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

Sale of Units by Unit Owners

Subject to the right of first refusal hereinafter described, and more fully set forth in Article VIII Section 1 of the By-Laws, each Unit Owner is free to sell his or her Unit to anyone, without restriction or limitation, provided that the subsequent purchaser must also occupy the Unit as his or her primary residence until the date which is twenty-five (25) years from the date of transfer to the original Purchaser. Any Purchaser of a Unit shall be bound by, and his or her Unit shall be subject to, the Declaration and By-Laws, including the foregoing restrictions.

With respect to the right of first refusal, the By-Laws of the Condominium require that, with certain exceptions, a Unit Owner desiring to sell a Unit must first give the Board of Managers, on behalf of all Unit Owners, an opportunity to purchase such Unit at the same price and on the same terms as offered by the proposed purchaser. The Board of Managers will have the right to request information from and interview the proposed purchaser.

Upon receipt of a notice from a Unit Owner regarding a proposed sale, the Board of Managers will initially request an application and accompanying information from the proposed purchaser. Within twenty (20) days after receipt of a completed application and information package, the Board may request an interview and/or further information. Any interview will be scheduled within fifteen (15) days of the request therefor. Within ten (10) days after the interview or receipt of the additional information requested, whichever is later, the Board must notify the Unit Owner whether it elects to exercise the right of first refusal. If the Board (i) waives its right of first refusal, or (ii) does not respond within the ten (10) day period following the interview or receipt of additional information, or (iii) takes no further action within the twenty (20) day period following receipt of the initial completed application and information package (either (ii) or (iii) being deemed a waiver of the right of first refusal), the Unit Owner will be free to sell the Unit to the proposed purchaser within sixty (60) days of the Board's waiver or the end of the aforesaid ten (10) or twenty (20) day period, as the case may be, on terms and conditions no more favorable to the proposed purchaser than those set forth in the Unit Owner's original notice. The Board of Managers must purchase the Unit within forty-five (45) days after the giving of a notice by such Board

of its election to exercise its right of first refusal. The time limits contained in this paragraph may be extended in the sole discretion of the Board of Managers.

The right of first refusal with respect to sales of Units, as described above, is not applicable to sales of Units by or to the Owner, sales of Units at foreclosure sales, conveyances by deed in lieu of foreclosure, or conveyances by a party who has acquired a Unit in foreclosure or by deed in lieu of foreclosure. A Unit Owner may sell his Unit to his spouse or to any of his children or his parent or parents or to his brothers or sisters, or to any one or more of them, without first offering to sell such Unit to the Board of Managers, provided the primary residence requirement continues to be met, as well as the other provisions of the Declaration and By-Laws.

Acquisition of Units by the Board of Managers, or its designee, on behalf of all Unit Owners, may be made from the working capital and Common Charges in the hands of the Board of Managers, or if such funds are insufficient, the Board of Managers may levy an assessment against each Unit Owner, as a Common Charge, and/or the Board of Managers, in its discretion, may borrow money to finance the acquisition of such Unit, provided, however, that no financing may be secured by an encumbrance or hypothecation of any property other than the Unit to be acquired by the Board of Managers, together with the appurtenant interest of such Unit in the Common Elements.

All Units acquired by the Board of Managers or its designee, corporate or otherwise, will be held by it on behalf of all Unit Owners in proportion to the interest in the Common Elements appurtenant to their Units. No such Units held by the Board of Managers will carry voting rights. In the event that any Unit is acquired by the Board of Managers, or its designee, on behalf of all Unit Owners as tenants in common, all such Unit Owners will be deemed to have waived all rights of partition with respect to such Unit. The proceeds from the sale of any Unit acquired by the Board of Managers will be disposed of at the discretion of the Board.

The Board of Managers may establish reasonable fees for the processing of sale applications from Unit Owners, which shall be payable by the selling Unit Owner to the managing agent.

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

Each Unit Owner, on the closing of title to his or her Unit, shall be required to execute a Power of Attorney in the form contained in Part II of this Plan constituting the Board of Managers and their successors, his or her attorneys in fact, coupled with an interest, for the purpose of managing, selling, conveying, mortgaging (but not voting the votes of) or otherwise dealing with Units acquired by the Board of Managers or its designee, on behalf of all Unit Owners, authorizing the Board to take any action required

for the Condominium to continue to comply with the UDAAP Tax Exemption and otherwise acting in accordance with the Condominium's Declaration and By-Laws.

Each conveyance of a Unit by a Unit Owner shall include as part of the property to be conveyed, his or her undivided interest in the Common Elements, together with his or her interest in any Unit or Units acquired by the Board of Managers from Unit Owners electing to sell such Units or at a foreclosure or other judicial sale involving such Unit or Units, in accordance with the provisions of the By-Laws

Leasing of Units by Unit Owners

The Board of Managers may elect to permit leasing of Units by Unit Owners, provided that any such lease does not violate the primary residency requirements of the LDA and SDA. The form of lease shall be the then current form of lease recommended by the Real Estate Board of New York, Inc., with such modifications as shall be approved in writing or required by the Board of Managers. Leases must be consistent with the terms and provisions of the By-Laws.

Mortgaging of Units by Unit Owners

Each Unit Owner is free to mortgage his or her Unit, provided that the Unit Owner notifies the Board of Managers. Prior to or simultaneously with the closing of any such mortgage, the Unit Owner must satisfy all arrearages for unpaid Common Charges and discharge any liens therefor. If a Unit Owner wishes to sell the Unit, he or she may take back a purchase money mortgage.

If a Unit Owner wishes to sell his or her Unit and the proposed purchaser qualifies for all or a portion of the Public Subsidy, it is possible for the Unit to be conveyed subject to the Enforcement Mortgage, in which case the remaining portion of the Public Subsidy will remain a lien on the Unit until it is subsequently paid off or until the maturity date of the note and mortgage, whichever first occurs.

Common Charges and Assessments

The Board of Managers shall, from time to time but at least once a year, prepare a budget for the Condominium. The budget may provide for the accumulation of reserves for capital expenditure, but the size of reserves is subject to the veto of the Sponsor, as described in the section entitled "Control by Sponsor." Copies of such budget shall be furnished to the Unit Owners and, if requested, to their mortgagees. The Common Charges to be paid monthly by each Unit Owner in accordance with his or her Unit's proportionate interest in the Common Elements shall be based upon such budget. Incorporated as part of this Offering Plan, as Schedule B, is the proposed budget for the first year of Condominium operation based on occupancy of substantially all Units. Until all Units are constructed and title thereto has been conveyed, the Board of Managers may

reduce the amount of Common Charges allocated to the Units and payable by Unit Owners (including the Sponsor with respect to unsold Units). This might occur during a period of minimal occupancy shortly after commencement of the Condominium, when some services do not cost the full budgeted amount. Any such reduction shall be in proportion to each Unit Owner's percentage of interest in the Common Elements, and Common Charges would not continue to accrue during such period. During its period of control of the Board of Managers, the Sponsor may postpone commencement of the collection of monthly Common Charges to a date during such first year of operation but subsequent to the first closing of title to a Unit.

Each of the financial estimates appearing in Schedule B to this Plan has been prepared by the Sponsor based upon its experience in construction, management and operation of residential properties. The Sponsor believes these estimates to be dependable, but because actual expenditures may differ from the estimated expenditures and because of possible changes in the future income and expenses of the Property, such expenses are not intended nor should they be considered as representations, guarantees or warranties of any kind whatsoever, including without limitation, that the amounts deductible for income tax purposes or the actual expenses for any period of operation will not vary from the amounts estimated, that the Condominium will not incur additional expenses, or that its Board of Managers will not provide for such additional reserves or other sums not reflected in any such financial Exhibits.

The Sponsor believes that subject to the foregoing contingencies and assumptions, the projected Common Charges are adequate to meet the estimated normal operating expenses enumerated on Schedule B for the first year of operation of the Condominium based upon occupancy of substantially all Units.

The Board of Managers shall be authorized to impose a reasonable late charge for late payment of Common Charges, which shall be added to the Unit Owner's Common Charges due on the first day of the following month, and which shall be a lien upon the Unit Owner's Unit if not paid.

No Unit Owner shall be liable for the payment of any part of the Common Charges assessed against his Unit subsequent to a permissible transfer by him of such Unit, or subsequent to a conveyance of such Unit by him with or without consideration to the Board of Managers on behalf of all Unit Owners in accordance with the provisions of the Declaration and By-Laws, provided his Unit is free and clear of all liens and encumbrances other than a permissible first mortgage and a statutory lien for Common Charges.

Liens for Nonpayment of Common Charges

Under the provisions of Section 339-z of the Real Property Law of the State of New York, the Board of Managers, on behalf of the Unit Owners, shall have a lien on each Unit for unpaid Common Charges assessed against such Unit by the Board of Managers. Such lien, however, shall be subordinate to liens for taxes on the Units and any sums unpaid on

a first mortgage of record on such Unit. Any lien for unpaid Common Charges against a Unit shall be effective from and after the filing of a notice thereof in the New York County office of the Register of the City of New York and until all sums secured thereby with interest at the highest legal rate 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 lien may be foreclosed by a suit brought in the name of the Board of Managers, acting on behalf of the Unit Owners, in like manner as a mortgage of real property, as provided in Section 339-aa of the Real Property Law. Unit Owners against whom proceedings are brought to collect unpaid Common Charges with interest thereon, shall also be responsible for the expenses of the proceeding, including attorneys' fees.

While the Sponsor is in control of the Board of Managers, it will cause the Board to file a lien as provided for in Section 339-aa of the Real Property Law against Units with respect to which the Sponsor or its designee is in arrears of Common Charges by more than thirty (30) days.

Default in Payments of Common Charges By Non-Occupying Owners

Section 339-kk of the Real Property Law addresses default on payments due from any non-occupying owners. It provides as follows with respect to condominium Unit Owners who do not occupy their dwelling units:

(i) In the event payment of Common Charges or late fees is not made within sixty (60) days of the expiration of any grace period for such payment, the Board of Managers will provide written notice to the rental tenant and non-occupying Unit Owner that rental payments from the tenant shall become directly payable to the Condominium. When the non-occupying Unit Owner resumes payment of Common Charges on a current basis, the rental tenant and non-occupying Unit Owner will be so notified within three (3) business days, and the rental payments will once again be payable to the non-occupying Unit Owner. A Board controlled by Unit Owners in occupancy may elect not to exercise this provision in a particular case.

(ii) Any rights of Unit Owners or the Board of Managers existing under any other laws are not limited by this statutory requirement.

(iii) Payment by a rental tenant to the Condominium made pursuant to RPL Section 339-kk relieves the rental tenant from the obligation to pay that rent to the non-occupying Unit Owner.

Repairs and Maintenance

All maintenance of and repairs to any Unit, ordinary or extraordinary (but not to Unit entrance doors and windows), to individual thermostats for heat and heating baseboards within the Unit, to kitchen appliances and to electrical and plumbing installations and fixtures within the Unit or belonging to the Unit Owner shall be at the Unit Owner's expense, except as otherwise specifically provided in the By-Laws. The Board of Managers is responsible for electrical and plumbing pipes, wires and lines to the extent they are located in Common Elements and serve one or more Units.

Unit Owners are also generally responsible for the routine maintenance of Limited Common Elements which are appurtenant to their Units, (including removal of snow and ice therefrom). Owners of first floor Units shall also be responsible for making any repairs to the concrete and grass patios adjacent to their Units to the extent that such repairs are necessitated by the negligence, misuse or neglect of the Unit Owner or his agents. All other repairs in, to or with respect to such patios shall be made by the Board of Managers, as a Common Expense.

All maintenance, repairs and replacements to the Common Elements of the Property as defined in the Declaration, including but not limited to exterior walls, stairways (other than internal stairways in first floor Units), sidewalks adjacent to the Buildings' entrances (including removal of snow and ice therefrom), roof and roof members, common water and sewer connections and skylights (which are Limited Common Elements for the exclusive use of fourth floor Units), as well as all maintenance, repairs and replacements of Unit entrance doors and windows, of any pipes, wires, risers, conduits and public utility lines, any portion of which is located in one Unit and serves another Unit or more than one Unit or so much of any pipes, wires, risers, conduits and public utility lines as are located in the Common Elements but serve one or more Units, will be made by the Board of Managers, and the cost thereof shall be charged to all Unit Owners as a Common Expense. The painting and decorating of the exterior side of Unit entrance doors and windows shall be made by the Board of Managers and charged as a Common Expense. However, maintenance, repairs and replacements to the Common Elements shall be charged to a Unit Owner if it can be established that such expense was necessitated by the negligence, misuse or neglect of such Unit Owner or his agents.

The Board of Managers shall maintain the common water and sewer connections on the Property at all times throughout the life of the Project. It shall be responsible for the abatement of any nuisance due to the use of said common water and sewer connections that would have an adverse effect on the health, safety and welfare of the City and State of New York.

The Board of Managers and/or the managing agent, and persons acting at their direction, shall have a right of access to any Unit for the purpose of making any repairs or replacements to any of the Common Elements contained in such Unit or elsewhere in the Buildings, or to remedy any condition which would result in damage to any other Unit or to

the Common Elements, or which would violate the provisions of any mortgage covering another Unit, or for the purpose of complying with any laws, orders, rules or regulations of any governmental body having jurisdiction thereof. Requests for such entry will be made in advance except in the case of an emergency, when the right of entry will be immediate.

Subject to the terms of the building loan mortgage held by JP Morgan Chase Bank (see the subsection entitled "Insurance" in this Section), in the event of damage to or destruction of either Building as a result of fire or other casualty, unless 75% or more of the Building is destroyed or substantially damaged and 75% or more in number and in common interest of the Unit Owners do not duly and promptly resolve to proceed with repair or restoration, the Board of Managers shall arrange for the prompt repair and restoration of the Building (including any damaged Units, and any kitchen or bathroom fixtures, but not including any wall, ceiling, or floor decorations or coverings or other furniture, furnishings, fixtures or other personal property or equipment installed in the Units by the Unit Owners), and the Board of Managers or the Insurance Trustee, as the case may be, shall disburse the proceeds of all insurance policies in appropriate progress payments to the contractors engaged in such repairs and restoration. Any cost of such repair and restoration in excess of the net insurance proceeds shall constitute a common expense and the Board of Managers shall assess all the Unit Owners for such deficit as part of the Common Charges.

If 75% or more of either Building is destroyed or substantially damaged and 75% or more in number and in common interest of the Unit Owners do not duly and promptly resolve to proceed with repair or restoration, the Property will not be repaired and shall be subject to an action for partition at the suit of any Unit Owner or lienor, as if owned in common, in which event the net proceeds of sale, together with the net proceeds of insurance policies shall be divided by the Board of Managers or the Insurance Trustee, as the case may be, among all the Unit Owners in proportion to their respective common interests, after first paying out of the share of each Unit Owner the amount of any unpaid liens on his Unit, in the order of the priority of such liens.

Additions, Alterations and Improvements

No Unit Owner shall make any structural addition, alteration or improvement in or to his Unit or any Limited Common Element without the prior written approval of the Board of Managers. The Board of Managers shall be required to answer any written request by a Unit Owner for approval of a proposed structural addition, alteration or improvement in such Unit Owner's Unit within thirty (30) days after receipt of a complete set of documents and information as to the proposed addition, alteration or improvement, and independent architectural review, if necessary, and failure to do so within the stipulated time shall constitute a denial by the Board of Managers to the proposed addition, alteration or improvement.

No Unit Owner shall make any addition, alteration or improvement in or to any Unit or any Limited Common Element, without first (1) obtaining and maintaining during the

course of such work such insurance as the Board of Managers may reasonably prescribe and providing the Board with a certificate of insurance prior to the commencement of the work, (2) executing and delivering to the Board of Managers an agreement, in form and substance reasonably satisfactory to the Board, setting forth the reasonable terms and conditions under which such alteration, addition or improvement may be made, including, without limitation, the days and hours during which any such work may be done and (3) executing and delivering to the Board of Managers an agreement indemnifying and holding harmless the Board, its members and officers, and all Unit Owners from and against any liability, cost or expense arising out of or connected to such work.

In the event the Board of Managers chooses to have the proposed addition, alteration or improvement reviewed by an independent architect or engineer, the Unit Owner shall pay the charges of such architect or engineer. The Unit Owner shall also bear the cost of any increased taxes or insurance premiums resulting from his alterations, additions or improvements.

The Board of Managers may establish reasonable fees for the processing of applications by Unit Owners for consent to alterations, which fees shall be payable to the managing agent.

Any application to any department of the City of New York or to any other governmental authority for a permit to make an addition, alteration or improvement in or to any Unit shall be completed by the Unit Owner and executed by the Board of Managers only, without however, incurring any liability on the part of the Board of Managers or any of them to any contractor, subcontractor or materialman on account of such addition, alteration or improvement, or to any person having any claim for injury to person or damage to property arising therefrom.

These provisions shall not apply to Units owned by the Owner until such Units shall have been initially sold by the Owner or its designee and conveyed.

All additions, alterations or improvements in or to any Common Elements shall be made by the Board of Managers and the cost and expense thereof shall be charged to all Unit Owners as a Common Expense.

Whenever in the judgment of the Board of Managers the Common Elements shall require additions, alterations or improvements costing in excess of $3,000.00 in the aggregate in any calendar year, the making of such additions, alterations, or improvements and source of funds therefor must be approved by a majority of the Unit Owners present and voting at a meeting of which a quorum is present.

When and if the required approvals of the Unit Owners and mortgagees are received, the Board of Managers shall proceed with such additions, alterations or improvements and shall assess all Unit Owners for the cost thereof as a Common Expense. Any additions, alterations or improvements costing in the aggregate $3,000.00

or less in any calendar year may be made by the Board of Managers without approval of the Unit Owners or mortgagees and the cost thereof shall constitute part of the Common Expenses.

Insurance

The Board of Managers shall obtain and maintain to the extent obtainable, the following insurance: Fire insurance with extended coverage normal for a condominium of this type, vandalism and malicious mischief endorsements, insuring the Buildings including all of the Units and the equipment installed therein on the date of recordation of the Declaration or installed thereafter by the Sponsor or replacements thereof, partitions, floors and ceiling with the Unit, together with all service and other machinery contained therein (but not including wall, ceiling or floor decorations or coverings or furniture, furnishings or other personal property supplied or installed by Unit Owners or tenants of Unit Owners), and covering the interests of the Condominium, the Board of Managers and all Unit Owners and their mortgagees, as interest may appear, in an amount equal to the agreed upon replacement value of the Building or such other amount as shall be adequate to prevent the Condominium from becoming a co-insurer in the event of casualty loss (exclusive of the cost of excavations and foundations) without deduction for depreciation, as determined by the Board of Managers.

All such policies shall provide that adjustment of loss shall be made by the Board of Managers and that the net proceeds thereof, if $100,000.00 or less, shall be payable to the Board of Managers and if more than $100,000.00 shall be payable to the Insurance Trustee, to be applied for the purpose of repairing, restoring or rebuilding the Buildings unless otherwise determined by the Unit Owners. No portion of the insurance proceeds shall be applied to the payment of the mortgage indebtedness of any Unit Owner unless the Unit Owners determine not to repair, restore or rebuild the Buildings. Prior to the closing of title to the first Unit, the fire insurance coverage on the Buildings shall be at least $1,960,000.00 and said coverage shall be maintained while Sponsor is in control of the Board of Managers.

During such time as the building loan mortgage remains of record, JPMorgan Chase Bank will be the Insurance Trustee. In accordance with the terms of the building loan mortgage, insurance proceeds received if the Property is damaged or destroyed, in whole or in part, by fire or other casualty, will not be used to reduce the principal of the loan but will instead be made available for the purpose of repairing, restoring or rebuilding the Condominium, provided that (i) no default shall then exist under the construction loan mortgage beyond the expiration of any applicable notice and/or grace period, (ii) not more than fifty (50%) percent of the Property is damaged or destroyed, as determined by the construction lender in its sole discretion, (iii) the proceeds of insurance are received by the construction lender at least six (6) months prior to the maturity date of the loan and (iv) the Sponsor notifies the construction lender in writing within twenty (20) days of the date of such damage or destruction that it elects to repair the damaged portion of the Property

substantially to its value, condition and character immediately prior to such damage or destruction.

All policies of physical damage insurance shall contain waivers of subrogation and of any defense based on coinsurance or of pro-rata reduction of liability of the insurer as a result of any insurance carried by Unit owners or of the invalidity arising from any acts of the insured or any Unit Owners, and shall provide that such policies may not be cancelled or substantially modified without at least ten (10) days prior written notice to all of the insureds, including all mortgagees of Units. The standard mortgagee loss payable clause shall be attached to all policies, and the Unit Owners shall be additional insureds thereunder.

The Board of Managers shall also be required to obtain and maintain, to the extent obtainable: (1) public liability insurance covering each member of the Board of Managers, the Managing Agent and each Unit Owner, in such limits as the Board of Managers may deem proper and covering all claims for bodily injury or property damage arising out of any one occurrence in the Common Elements; (2) Officers and Directors liability insurance; (3) fidelity bonds covering the Managing Agent and all employees and members of the Board of Managers of the Condominium who handle Condominium funds; and (4) boiler and machinery insurance. If the Condominium subsequently hires any employees, it will carry workers' compensation and disability benefits insurance. Until the first meeting of the Board of Managers following the first annual meeting of the Unit Owners, such public liability insurance carried by the Board of Managers shall be at least in a single limit of $1,000,000. The public liability insurance shall cover cross liability claims of one insured against another but said policy does not cover the liability of a Unit Owner arising from occurrences within his or her own Unit.

The cost of all such insurance shall be paid by the Board of Managers and shall constitute a Common Expense. The Board of Managers shall review all insurance carried by it once each year.

Unit Owners are encouraged to carry other insurance for their own benefit, provided that all such policies contain waivers of subrogation and further provided that the liability of the carriers issuing insurance obtained by the Board of Managers shall not be affected or diminished by reason of any such additional insurance carried by Unit Owners. It is advisable for insurance obtained by Unit Owners to cover such risks as fire and casualty losses to Unit contents, replacements, additions, upgraded fixtures and improvements and Unit Owner's liability coverage for occurrences within the Unit, or where applicable, on Limited Common Elements.

Restrictions on Occupancy and Use

In order to provide for congenial occupancy of the Property and for the protection of the values of the Units, and to comply with the UDAAP contain in Part II as Exhibit E,

the use of the Property shall be restricted to and shall be in accordance with the following provisions:

(a) The Units shall be used only for primary residency, with not more than two (2) adults or one family occupying a Unit at one time, except that any Unit may, in addition, be used for any lawful home occupation (as such term is defined in Section 12-10 of the New York City Zoning Resolution), provided (i) that such use does not violate zoning regulations or the Certificate of Occupancy for the Building in which the Unit is located, and (ii) the prior consent of the Board of Managers is obtained or, in the case of initial Purchasers from the Owner, written notice of such use is given to the managing agent.

Notwithstanding the foregoing or anything else contained in this Plan, the Sponsor may, without the permission of the Board of Managers or anyone else, use one or more Units as models, or sales or administration offices and may place signage of any size and in any location on the Property as it may determine in its sole discretion in connection with the sale of Units in this Condominium.

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

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

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

(e) No portion of a Unit (other than the entire Unit) may be rented, and no transient tenants may be accommodated therein. Any rental of a Unit must comply with policies set by the Board of Managers, and may not violate the primary residency requirements of the SDA and LDA.

(f) As set forth in the Deed, the Unit Owner and his or her successors and assigns will comply with all applicable Federal, State and local laws in effect from time to time, prohibiting discrimination by reason of age, creed, color, disability, marital status, national origin, race, sex or sexual orientation in the sale or occupancy of the Unit.

(g) As set forth in the Deed, the Unit Owner and his or her successors and assigns will devote the Unit to residential use as specified in the UDAAP, which is set forth as Exhibit B-1 to the Land Disposition Agreement relating to the Property, and as Exhibit E in Part II of this Plan, until the later of (x) the date upon which the UDAAP expires by its own terms or (y) February 9, 2034.

(h) Dogs, cats or other common household pets, not to exceed two (2) per Unit, may be kept in Units, subject to the rules and regulations adopted by the Board of Managers, including any which may pertain to the size of a pet and the permitted level of noise. In no event shall any dog be permitted in any portion of the Common Elements unless carried or on a leash.

Compliance with Declaration, By-Laws, Rules and Regulations

Pursuant to Section 339-j of the New York Condominium Act, each Unit Owner shall be required to comply with and abide by the Declaration, the By-Laws and the Rules and Regulations of the Condominium made in accordance therewith and to pay the Common Charges levied by the Board of Managers. Each Unit Owner, including the Owner as Owner of unsold Units, is subject to all the rights and duties assigned to Unit Owners under the terms of the Condominium Documents. Failure to comply is grounds for an action for damages or injunctive relief or both. The obligation to pay Common Charges shall also be enforceable by the Board of Managers by suit to collect the same, or by foreclosure of its statutory lien against the Unit for the amount of any such unpaid Common Charges. The violation of any rule or regulation adopted by the Board of Managers, or the breach of any By-Law or any provision of the Declaration, shall give the Board of Managers the right to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach. A Unit Owner may also be fined for such violations. Failure to comply with the Declaration, By-Laws and Rules and Regulations of the Condominium issued thereunder or to pay the Common Charges levied by the Board of Managers may be an event of default under the terms of the Unit Owner's mortgage.

Amendments to Condominium Documents

The Declaration or By-Laws may be modified or amended by the vote of 66 2/3% in number and in common interest of all Unit Owners, cast in person or by proxy at a meeting duly held in accordance with the provisions of the By-Laws, or by written amendment, provided that (i) any amendment which alters the allocation of Common Interest appurtenant to any Unit shall only be made with the consent of the affected Unit Owner, (ii) no amendment which adversely affects the lien of any mortgage may be made without the written consent of the affected mortgagee, and (iii) no amendment may be made which adversely affects the Sponsor or the Owner so long as the Owner owns any Units.

Notwithstanding the foregoing, no material change may be made to any provision of the Declaration or By-Laws without the vote of at least fifty-one (51%) percent of Eligible

Mortgage Holders. An Eligible Mortgage Holder is defined in the By-Laws as the holder of a first mortgage on a Unit who has submitted a written request to receive notice from the Condominium of proposed actions requiring the consent of a specified precentage of Eligible Mortgage Holders. A change to any of the provisions governing the following would be considered as material: voting rights; increases of more than 25% in assessments or assessment liens; the priority of assessment liens; reductions in reserves for maintenance, repair and replacement of Common Elements; responsibility for maintenance and repairs; reallocation of interests in General or Limited Common Elements or rights to their use; redefinition of any Unit boundaries; convertibility of Units into Common Elements or vice versa; changes in hazard or fidelity insurance requirements; imposition of any restrictions on the leasing of Units (beyond those currently contained in the Condominium Documents); imposition of restrictions on a Unit Owner's right to sell his or her Unit (beyond those currently contained in the Condominium Documents); restoration or repair of the Condominium (after damage or partial condemnation) in a manner other than that specified in the Condominium Documents, or changes in any provisions that expressly benefit mortgage holders, insurers or guarantors. Implied approval will be assumed when an Eligible Mortgage Holder fails to submit a response to any written proposal for an amendment within thirty (30) days after it receives proper notice of the proposal, delivered by certified or registered mail, return receipt requested.

Notwithstanding the preceding paragraphs, the Sponsor hereby reserves the right to record, or (on request of the Sponsor) to require the Board of Managers to duly execute and record, in the New York County office of the City of New York, an amendment to the Declaration at any time without the requirement of a vote and without the approval or consent of any Unit Owner or mortgagee for the purposes of (i) changing the designation, the approximate square foot area and the number of rooms in an unsold Unit, and (ii) making insubstantial changes to the Declaration.

No Partition of Common Elements

As provided in Section 339-i(3) of the Real Property Law, the Common Elements shall remain undivided and no right shall exist to partition or divide any portion thereof, except as otherwise provided therein (and described in this Section of the Plan) in the event of condemnation, destruction of more than 75% of either Building, or termination of the Condominium.

Complete copies of the Declaration and By-Laws are set forth in Part II of this Plan as Exhibits J and K respectively.

Termination of Condominium

The Condominium shall continue (unless terminated by casualty loss or by condemnation as permitted by the By-Laws) until such time as the Property shall be withdrawn from the provisions of Article 9-B of the Real Property Law of the State of New York as a result of the vote so to do of at least 80% in number and in Common Interest of

the Unit Owners, and by Eligible Mortgage Holders that represent at least 66 2/3% of the votes of all Eligible Mortgage Holders. In such event the Property shall be subject to an action for partition by any Unit Owner or any lienor, as if owned in common, following which the net proceeds of the sale resulting therefrom shall be divided among all Unit Owners in proportion to their respective interests in the Common Elements, 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 or her Unit, in order of the priority of such liens. The Sponsor shall not vote its interest to terminate the Condominium unless 80% of Unit Owners (excluding votes for Units owned by the Declarant) so vote, but even then the Sponsor will not be obligated to vote.

REAL ESTATE TAXES

After the Units are separately assessed, each Unit will be taxed as a separate tax lot for real estate tax purposes by the City of New York. A Unit Owner will not be responsible for unpaid taxes on other Units, nor will his or her Unit be subjected to any lien arising from the non-payment of taxes on other Units.

Schedule A allocates the projected real estate taxes payable by Unit Owners according to each Unit's percentage of interest in the Common Elements. However, it is possible that the tax assessor of the City of New York may allocate assessments on a basis that differs from the allocation of interests in the Common Elements.

Taxes with Exemption under Section 696 of New York General Municipal Law

Pursuant to New York City Council Resolution 1236, dated December 15, 2003, the Sponsor obtained approval of a real estate tax exemption for the Property under Section 696 of the New York General Municipal Law ("UDAAP Tax Exemption", under Article 16 of the Urban Development Action Area Act). This will result in an exemption from real property taxes on building improvements for a period of twenty (20) years beginning with the 2004-2005 fiscal year. Pursuant to the City Council Resolution, the amount of the exemption will decrease during the last ten (10) years of the exemption period (and thus the amount of tax paid will increase even if the tax rate were to remain the same) by equal annual amounts. That is, beginning in year eleven (11) the percentage of the assessed value of the building improvements that is exempt from real estate taxes will decrease by one-tenth (1/10) each year, until the exemption is fully phased out in year twenty-one (21). At the end of the exemption period, the entire assessed valuation of the improvements will be subject to taxation.

Although the improvements will be subject to the UDAAP Tax Exemption, Unit Owners will pay real property taxes on the Land. Pursuant to General Municipal Law Section 696, the assessed value of the land underlying new construction is the lesser of (i) the assessed value of the land immediately prior to commencement of construction and (ii) the assessed value after completion of construction. This may apply to a rehabilitation

as well as new construction, but to be conservative, the Sponsor's calculations assume a land assessed value after construction. The City of New York currently designates the lots comprising the Property as Tax Class1 for lot 27 and Tax Class 2 for lot 26. Upon completion of construction, the lots comprising the Condominium will be reclassified as Tax Class 2C, assessed at 45% of full market value. (Class 2C includes residential real property held in condominium ownership containing fewer than eleven (11) units.)

Assuming a lot area of approximately 4,036 square feet for the Property and a Land assessed value after reclassification of $24.77 per square foot under Tax Class 2C (the current Land assessed value is $1.90 per square foot for lot 27 and $3.00 per square foot for lot 26), the total assessed value of the Land would be approximately $99,971.00. The 2004/2005 tax rate for Tax Class 2 properties is 12.216%, which would result in annual real estate taxes of approximately $12,212.00. Taxes for fiscal years beginning after 2004/2005 would depend on the tax rate in effect for said fiscal year. See the tax opinion letter of Goldberg Weprin & Ustin LLP contained in Part I of this Plan for further details.

The real estate taxes payable with respect to each Unit for the first year of Condominium operation will equal its share of the assessed value of the Land times the appropriate tax rate. According to Goldberg Weprin & Ustin LLP, the assessor should allocate the assessed value of the land and resulting real estate taxes among the Units based on the percentage interest of each Unit in the Common Elements of the Condominium.

The foregoing estimates were based on existing tax rates, current City of New York assessing policies and the Sponsor's description of the Building to be constructed on the Property. However, no guaranty or warranty is given that the projected amounts, including assessed values and rates, will be the actual amounts, that the New York City Real Estate Tax Assessment Bureau will allocate the assessed value by percentage of interest in the Common Elements, or that the assumptions upon which the tax calculations were based will remain valid.

The Sponsor represents that it will keep all of its records required by HPD with respect to the UDAAP Tax Exemption benefits and will make said records available to HPD whenever reasonably requested to do so. After the recording of the Declaration and establishment of the Condominium, and for the term of the UDAAP Tax Exemption benefits, the Sponsor will make all documents related to the tax exemption available to the Board of Managers for inspection and copying.

Separate Assessment of Units

It is intended that Units shall be separately assessed on their closing date for the then current tax year, but this may not have been done, depending on the closing date of the Unit. In the event that Units have not been separately assessed for real estate tax purposes prior to the first closing of title to a Unit, the Sponsor will place in escrow in the name of the Board of Managers an amount equal to the unpaid real estate taxes which will

be levied against the Property for the six (6) month period following the first closing of title or until the Units are separately assessed, whichever is shorter. The Board of Managers shall pay the real estate taxes from this escrow account when they become due and payable, and the Sponsor shall receive reimbursement from Unit Owners at closing of title, until the Units are separately assessed. Such reimbursement shall include the amount remaining in the escrow fund which is allocable to the particular Unit's percentage interest in the Common Elements.

The review of real estate tax assessments will be the responsibility of the Board of Managers of the Condominium.

TAXES - DEDUCTIONS TO UNIT OWNERS AND TAX STATUS OF THE CONDOMINIUM

The Sponsor has been advised by Hofheimer Gartlir & Gross, LLP, Esqs. that each Unit Owner who itemizes deductions will be entitled under present law to deduct for Federal and New York State income tax purposes the real estate taxes assessed against the Unit and paid by him or her, and the amount paid by the Unit Owner on account of interest on any mortgage indebtedness covering the Unit if the Unit is his or her primary or secondary residence. The deductions are subject to certain exceptions and limitations which are more particularly discussed in the Opinion of Counsel which follows.

In addition, the Sponsor has been advised by counsel that, under present law, persons who become Unit Owners and who are veterans of the United States Armed Forces may be entitled to Veterans' Exemptions covering part of the real estate taxes otherwise assessed to their respective Units.

With respect to the taxability of the Condominium, Section 528 of the Internal Revenue Code provides that condominiums are taxable in a manner similar to corporations except to the extent that their income is received as membership dues, fees or assessments from the Owners of the Units and provided that substantially all of the expenditures are for management, maintenance and care of the Condominium Property. Since the Condominium would qualify under said section of the Internal Revenue Code, if it elects to be covered thereby, only income from the sale of Units owned by the Board of Managers or its designee on behalf of all Unit Owners or income from sources which do not qualify as membership dues, fees or assessments will be subject to tax. If the Condominium is required to pay taxes, the amount thereof will be additional Common Expenses, assessed to all Unit Owners as part of the Common Charges.

Schedule A contains estimates of the amount of real estate taxes which a Unit Owner may be entitled to deduct for Federal and New York State income tax purposes under present law. In calculating individual tax deductions, each Purchaser should add to that, if applicable, the deduction for the interest portion of his or her monthly mortgage payment.

No warranties are made that either the Internal Revenue Service or the New York State Department of Taxation and Finance will continue to allow the aforementioned deductions for real estate taxes and/or mortgage interest to Unit Owners. The Sponsor and Hofheimer Gartlir & Gross, LLP, Esqs. shall in no event be liable if it shall be held that the Unit Owners are no longer entitled to such income tax deductions for real estate taxes and/or mortgage interest, as aforesaid, by reason of changes in fact or statutory or decisional law or amendment to any law which could not be foreseen or expected to be foreseen. The opinion of Hofheimer Gartlir & Gross, LLP, Esqs. is limited to the state of the law existing on the date this Plan was filed with the Department of Law.

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COUNSEL

OPINION OF COUNSEL

May 19, 2005

LENOX GARDENS HOMES CORP.
193-04 Horace Harding Expressway
Flushing Meadows, New York 11365

Re: SHABAZZ GARDENS CONDOMINIUM

Gentlemen:

We are serving as special counsel to you, the Sponsor for the proposed condominium to be known as SHABAZZ GARDENS CONDOMINIUM. You have requested our opinion concerning (i) the availability of income tax deductions for purchasers of Units in said Condominium, (ii) the tax consequences to the Condominium of the collection of assessments from Unit Owners and (iii) compliance with Section 339-i of the Real Property Law of the State of New York with respect to the allocation of common interests to each Unit in the Condominium.

We have reviewed the Condominium Offering Plan and the documents set forth therein, including the Declaration of Condominium. We have also reviewed Article 9-B of the New York Real Property Law (the "New York Condominium Act") and in particular Section 339-i thereof, Sections 55, 57, 163 and 164 of the Internal Revenue Code of 1986 as amended, (the "Code")and the regulations and decisions issued in connection therewith, Sections 601, 602, 615, 622 and 623 of the New York State Tax Law, and Section T46-115.0 of the New York City Administrative Code. We have also reviewed the opinion of Michael E. Reed, dated March 16, 2005, regarding the method of allocation of common interests to each Unit in the Condominium.

Based upon our review of the foregoing and assuming the Condominium is validly created pursuant to said Article 9-B, we are of the opinion that under present law each Unit Owner of the Condominium who itemizes deductions on his or her income tax return may deduct for both Federal and New York State Income Tax purposes all real estate taxes assessed against the Unit and paid by him or her in the year in which such taxes are paid and may likewise deduct all "qualified residence interest" paid by him or her on any mortgage indebtedness covering the Unit in the year in which such interest is paid. (Sections 163 and 164 of the Code; Rev. Rul. 64-31, 1964-1 C.B. (Part I) 300; Sections 615 and 623(b) of the New York State Tax Law; Section T46-115.0 of the New York City Administrative Code.) No deduction is allowed for interest which is not "qualified residence interest". "Qualified residence interest" is interest on indebtedness secured by a "qualified residence" of the taxpayer, which is defined as the taxpayer's principal residence plus one other residence selected by the taxpayer. Qualified residence interest is further limited to exclude interest allocable to that portion of the principal of the indebtedness which, when added to all other indebtedness secured by the residence, exceeds the lesser of (i) the fair market value of the residence and (ii) the sum of the taxpayer's adjusted basis therein plus the amount of indebtedness secured by the residence and incurred after August 15, 1986 to pay for qualified medical expenses or qualified educational expenses.

In addition, if any of the Unit Owners are Veterans of the United States Armed Forces, they may be entitled to Veterans' Exemptions covering part of the real estate taxes assessed against their respective Units.

It should be noted that under Section 55 of the Code a noncorporate taxpayer may be subject to an alternative minimum tax ("AMT") on his or her alternative minimum taxable income (AMTI") in lieu of the regular income tax. AMTI means the taxpayer's adjusted gross income for the taxable year, plus tax preference items described in Section 57 of the Code, and minus certain specified deductions including, but not limited to, qualified housing interest (generally, "qualified residence interest"), but excluding certain deductions allowed with respect to the regular income tax, such as real estate taxes. The AMT is payable if the resulting tax is greater than (and is payable in lieu of) the taxpayer's regular income tax (net of all tax credits) for the year. The AMT is imposed on the excess of AMTI over an "exemption amount" of $33,750 for persons filing single returns, $45,000 for

joint returns or a surviving spouse, or $22,500 for married persons filing separately, estates and trusts; these exemption amounts are phased out as the taxpayer's AMTI increases. The AMT rate is 26% on the first $175,000 of AMTI that exceeds the exemption amount, and 28% of the AMTI above $175,000 that exceeds the exemption amount.

New York State also imposes a minimum tax based on certain Federal tax preference items, including "adjusted itemized deductions". See Sections 601-A and 622 of the Tax Law of the State of New York.

Section 528 of the Code provides that a Condominium Management Association (an "Association") may elect to be exempt from federal income tax on assessments collected from unit owners if it meets certain requirements set forth in said section of the Code. Those requirements are:

1. The Association must be organized and operated to provide for the acquisition, construction, management, maintenance and care of Association property, which includes property held by the Association and property commonly held by the members of the Association;

2. 60% or more of the Association's gross income must consist of assessments from residential unit owners ("exempt function income");

3. 90% of the Association's expenditures must be for the acquisition, construction, management, maintenance and care of the Association property;

4. No part of the net earnings can inure to the benefit of private individuals; and

5. Substantially all units must be used as residences.

In order for a Condominium Management Association meeting the above requirements to obtain the tax treatment provided by Section 528 of the Code, it must elect to have said Section apply for the taxable year of the Association. The election may be made by filing Form 1120-H, U.S. Income Tax Return for Homeowners Associations, within the time provided for filing Federal income tax returns for the year for which the election is made, including any extensions. A Condominium meeting the requirements of Section 528 of the Code and electing to be exempt from federal income tax on exempt function income would be taxable at a rate of 30% on the amount by which its non-exempt function income

exceeds the amount of allowable deductions which are directly connected with the production of such income, less an additional deduction of $100.00. Any tax paid on non-exempt function income would be a common expense of the Condominium. The Condominium should consider carefully whether to elect the benefits of Section 528, since the election is not always in the best interests of the Condominium.

Based upon the foregoing, it is our opinion that SHABAZZ GARDENS CONDOMINIUM will qualify as a "Condominium Management Association", and that the receipts from the Unit Owners which qualify as dues and assessments will be "exempt function income" for the taxable year for such Association. It is our further opinion that SHABAZZ GARDENS CONDOMINIUM will meet the above requirements for election of Section 528 during its first year of operation, but we are unable to express an opinion as to whether it will be able to qualify under Section 528 in any particular subsequent taxable year.

If an exemption under Section 528 of the Code is not in effect for any taxable year, the tax status of the Condominium will be governed by the law effective prior to the enactment of said section. Under New York State law, the Condominium would be an unincorporated association and in such event, each Unit Owner would be directly taxable on his or her proportionate share of non-exempt function income, if any. The status of the federal law prior to enactment of Section 528 is unclear. The characterization of the Condominium under State law is not controlling. It is the position of the Internal Revenue Service that monies received by a non-exempt Association as assessments from Unit Owners for the maintenance of common areas and the general operation of the Condominium which are in excess of expenses in any given year will be subject to income taxes, unless such excess assessments, if any, are either applied to the payment of expenses in the succeeding year or returned to the Unit Owners. However, under certain circumstances, special assessments collected by a non-exempt Association, which are earmarked for a specific capital improvement and accumulated in a special bank account, will be treated as a contribution to capital of a Condominium pursuant to Section 118 of the Code and consequently excludable from gross income of the Condominium for tax purposes (Rev. Rul. 74563, 1974-2 C.B. 38; Rev. Rul. 75-370, 1975-2 C.B. 25; Rev. Rul. 75371, 1975-2 C.B. 51). The aforesaid exemption does not, however, apply to funds accumulated for the general purposes for which the Association was formed, such as maintenance of

common areas, i.e. painting, repairs, gardening, janitorial services, etc.

No warranties are made that either the United States Treasury Department or the New York State Department of Taxation and Finance will allow the aforementioned deductions for real estate taxes and/or mortgage interest to Unit Owners or that the tax laws, regulations and rulings upon which this opinion is based will not change. The undersigned will in no event be liable if it shall be determined that the Condominium does not meet, or at any future time ceases to meet, the requirements of the Internal Revenue Code of 1986, as amended, or the New York State Tax Law, or any amendment of either thereof, by reason of changes in fact or statutory or decisional law or amendment to any law which could not be foreseen or expected to be foreseen. Moreover, no opinion is expressed nor is any representation or warranty made with respect to the tax consequences of the Plan or any other matter (including, without limitation, the tax consequences of ownership of Units offered under the Plan) except as herein expressly set forth.

Based upon our review of the Condominium Offering Plan, including the Declaration of Condominium, the aforementioned opinion of Michael E. Reed, and Section 339-i of the Real Property Law, we are of the opinion that the allocation of common interests to each Unit in the Condominium, assuming, as set forth in the aforementioned opinion of Michael E. Reed, that it has been based upon method (ii) of Section 339-i(1) of the Real Property Law, complies with Section 339-i of the Real Property Law.

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

Very truly yours,

HOFHEIMER GARTLIR & GROSS, LLP

By: /s/ Sharon M. Zimmer

GOLDBERG WEPRIN & USTIN LLP

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WRITER'S DIRECT DIAL (212) 301-6954

December 15, 2004

Lenox Gardens Homes Corp.
193-04 Horace Harding Expressway
Fresh Meadows, New York 11365

Re: Shabazz Gardens Condominium
New York, New York

Gentlemen:

You have requested an estimate of assessed value and real property taxes subsequent to the substantial reconstruction of two existing properties to be included in a development project, consisting of 3 three-family homes and 2 four dwelling unit buildings. The latter 2 four-dwelling unit buildings will be marketed as an 8 unit condominium, named "**Shabazz Gardens Condominium**" (the "Condominium"). You have informed us that the entire project will benefit from property tax exemptions under the UDAAP (Urban Development Action Area Project) program, pursuant to Resolution No. 1236 of the Council of the City of New York (the City Council Resolution"), a copy of which is annexed hereto as Exhibit 1.

UDAAP Tax Exemption

The City Council Resolution granted a tax exemption pursuant to Section 696 of the General Municipal Law for the value of buildings, structures and other improvements on the land, but not for the value of the land. Therefore, our purpose here is to determine the assessed value of the land under the condominium units, and the resulting property taxes upon completion of reconstruction.

The exemption runs for a period of twenty (20) years commencing on the July 1st following the conveyance of the property from The City of New York to the New York City Partnership Housing Development Fund Company, Inc. (the "NYC Partnership"). As the conveyance occurred on February 10, 2004, the exemption period commenced on July 1, 2004. The exemption decreases in equal annual amounts during the last ten (10) years of the exemption period.

The Condominium

The Condominium will be located at 105 and 109 West 117th Street between Adam Clayton Powell Boulevard and Lenox Avenue. Both properties are presently improved with 2 four story buildings; each building is approximately 5440 square feet and is presently vacant. These buildings after alteration will each contain four (4) Class A modern apartments.

Pursuant to General Municipal Law Section 696, the assessed value of the land underlying new construction is the lesser of the assessed value of the land immediately prior to the commencement of construction, and the assessed value appearing on the assessment roll after completion of construction. This may apply to a rehabilitation as well as new construction but we will be conservative in our estimate of the real estate taxes on the land assessed value after construction. The current land assessed value for fiscal tax year 2004/2005 for the Condominium property is approximately $1.90 per square foot for 105 West 117th Street, (Block 1902, Lot 27) and $3 per square foot for 109 West 117th Street, (Block 1902, Lot 26). The City of New York currently designates the lot comprising the Condominium property as Tax Class 1 for lot 27 and Tax Class 2 for lot 26. Upon completion of the improvements the Tax Class for both Lot 26 and 27 will change to Tax Class 2C. Based on current law the Real Property Assessment Bureau of the Department of Finance of the City of New York will reclassify the Condominium as Tax Class 2C. The definition for Tax Class 2C includes residential real property held in Condominium Ownership containing fewer than 11 units. Properties designated as Tax Class 2C are assessed at 45% of full market value. This development will substantially add to the market value of the land; the assessed value will represent 45% of the enhanced value.

Our estimate of the resulting land assessed value for the Condominium is $24.77 per square foot. The lot area of the Condominium is approximately 4,036 square feet, resulting in a land assessed value of approximately $99,971. The 2004/2005 tax rate for Tax Class 2 properties is 12.216%, resulting in annual real estate taxes of $12,212. Upon the filing of the Condominium Declaration, and reclassification to Tax Class 2C, the assessor should allocate the land assessed value and resulting taxes among the eight (8) Condominium units based on the percentage interest of each unit in the common elements of the Condominium.

The tax rates and assessed value are subject to change on a yearly basis, thereby resulting in the change of the real estate taxes payable for each particular year. In our opinion, this Project which has qualified for the UDAAP tax exemption should also obtain the tax class changes as set forth herein. However, this opinion is not a guarantee; it is based on existing rules of law applied to the facts and documents referred to above. No assurances can be given that the tax laws upon which counsel base this opinion will not change. In no event will the Sponsor, the counsel, the board of managers of the

condominium, the selling agent or any other person be liable if there are changes in the facts on which counsel relied in issuing this opinion or if there are changes in the applicable statutes, regulations, decisional law or rulings on which counsel relied which cause unit owners not to be or to cease to be entitled to the benefits or the level or duration of benefits described above. This letter presupposes, the Condominium, and each of the homeowners and unit owners, will comply in all respects with applicable law, rules and regulations of the Department of Finance, the Department of Housing Preservation and Development and the New York City Council, as well as with any agreement executed by the NYC Partnership.

Further, we make no representation that the Department of Finance will assess the Condominium Units strictly in accordance with our analysis. A property's assessed valuation is based on a subjective determination of the Real Property Assessment Bureau of the New York City Department of Finance. An assessor may make a radically different determination than set forth in this letter by analyzing the properties in a manner entirely inconsistent with the method outlined herein.

Goldberg Weprin & Ustin LLP consents to including this letter in the offering plan for the Condominium to be filed in the office of the Attorney General of the State of New York.

Very truly yours,

Arnold Mazel

AM:bh

THE COUNCIL OF THE CITY OF NEW YORK
RESOLUTION NO. 1236

Resolution approving an Urban Development Action Area Project located at Block 1902/Lots 24, 26, 27, 113, 124, Manhattan, and waiving the urban development action area designation requirement and the Uniform Land Use Review Procedure, pursuant to Sections 693 and 694 of the General Municipal Law (L.U. No. 616; 20045329 HAM).

By Council Members Katz and Martinez

WHEREAS, the New York City Department of Housing Preservation and Development ("HPD") submitted to the Council on November 18, 2003 its request dated November 3, 2003 that the Council take the following actions regarding the following Urban Development Action Area Project (the "Project") located at Block 1902/Lots 24, 26, 27, 113, 124, Borough of Manhattan (the "Disposition Area"):

1. Find that the present status of the Disposition Area tends to impair or arrest the sound growth and development of the municipality and that the proposed Urban Development Action Area Project is consistent with the policy and purposes stated in Section 691 of the General Municipal Law;

2. Waive the area designation requirement of Section 693 of the General Municipal Law pursuant to said Section;

3. Waive the requirements of Sections 197-c and 197-d of the New York City Charter pursuant to Section 694 of the General Municipal Law;

4. Approve the Project as an Urban Development Action Area Project pursuant to Section 694 of the General Municipal Law; and

5. Approve the exemption of the Project from real property taxes pursuant to Section 696 of the General Municipal Law (the "Tax Exemption").

WHEREAS, the Project is to be developed on land that is now a municipally-owned area as defined in Section 692 of the General Municipal Law, consists solely of the rehabilitation or conservation of existing private or multiple dwellings or the construction of one to four unit dwellings, and does not require any change in land use permitted under the New York City Zoning Resolution;

WHEREAS, upon due notice, the Council held a public hearing on the Project on December 11, 2003;

WHEREAS, the Council has considered the land use, environmental and financial implications and other policy issues relating to the Project;

RESOLVED:

The Council finds that the present status of the Disposition Area tends to impair or arrest the sound growth and development of the City of New York and that a designation of the Project as an urban development action area project is consistent with the policy and purposes stated in Section 691 of the General Municipal Law.

The Council waives the area designation requirement of the Disposition Area as an urban development action area under Section 693 of the General Municipal Law.

The Council waives the requirements of Sections 197-c and 197-d of the New York City Charter pursuant to Section 694 of the General Municipal Law.

The Council approves the Project as an urban development action area project pursuant to Section 694 of the General Municipal Law.

The Project shall be developed in a manner consistent with the Project Summary that HPD has submitted to the Council, a copy of which is attached hereto.

The exemption of the Project from real property taxes pursuant to Section 696 of the General Municipal Law is approved as follows:

a. All of the value of the buildings, structures, and other improvements situated on the Disposition Area shall be exempt from local and municipal taxes, other than assessments for local improvements and land value, for a period of twenty years commencing on the July 1st following the conveyance of the Disposition Area to the Sponsor, during the last ten years of which such exemption shall decrease in equal annual decrements.

b. The partial tax exemption granted hereunder shall terminate with respect to all or any portion of the Disposition Area if the Department of Housing Preservation and Development determines that such real property has not been, or is not being, developed, used, and/or operated in compliance with the requirements of all applicable agreements made by the Sponsor or the owner of such real property with, or for the benefit of, the City of New York. The Department of Housing Preservation and Development shall deliver written notice of any such determination of noncompliance to the owner of such real property and all mortgagees of record, which notice shall provide for an opportunity to cure of not less than ninety (90) days. If the noncompliance specified in such notice is not cured within the time period specified therein, the partial tax exemption granted hereunder shall prospectively terminate with respect to the real property specified therein.

Adopted.

Office of the City Clerk, }
The City of New York, } ss.:

I hereby certify that the foregoing is a true copy of a Resolution passed by The Council of The City of New York on December 15, 2003, on file in this office.

City Clerk, Clerk of The Council

RESERVE FUND FOR CAPITAL EXPENDITURES

There are no restrictions on the Board's right to accumulate available funds for reserves. Common Charges may also be assessed for this purpose, provided, however, that so long as the Owner shall own any Units, the Sponsor's prior consent is necessary in order to assess Common Charges to create, add to or replace a reserve, emergency or surplus fund in excess of 5% of the estimated expenses for any projected year of operation.

The reserve fund for capital expenditures provided in the Condominium budget ($3,000.00) is expected to be sufficient, on an annual basis, to provide for any needed capital expenditures during the first five (5) years following the first closing of title to a Unit.

The reserve fund shall not be used to reduce projected Common Charges during the time that the Sponsor controls the Board. No representation can be made, however, that after the Sponsor relinquishes control of the Board of Managers, said Board will use the reserve fund solely for the replacement of capital items.

NEITHER THE DEPARTMENT OF LAW NOR ANY OTHER GOVERNMENTAL AGENCY HAS PASSED OR IS REQUIRED TO PASS UPON THE ADEQUACY OF SUCH RESERVE FUND FOR CAPITAL EXPENDITURES.

WORKING CAPITAL FUND

In addition to regular monthly payments of Common Charges, at each closing the Purchaser of the Unit shall be required to pay to the Board of Managers a non-refundable sum equal to two (2) months estimated Common Charges as set forth in Schedule A. These funds will be accumulated to provide the Condominium with working capital for capital items and/or repairs, emergencies and other appropriate purposes as determined by the Board of Managers. The sale of all Units would result in a Working Capital Fund of $8,000.00. Except for emergency and working capital expenditures, it is anticipated that the balance of the fund will be turned over intact by the Sponsor to the first Board of Managers controlled by Unit Owners, to be used as said Board shall determine.

So long as the Sponsor controls the Board of Managers, the Working Capital Fund may not be used to reduce projected Common Charges as set forth in Schedule B to this Plan.

The Working Capital Fund shall not be used to cover closing adjustments with the Condominium. Individual closing adjustments, consisting of real estate taxes and insurance premiums, are payable by Purchasers as more fully set forth in the section of the Plan entitled "Unit Closing Costs and Adjustments".

The Working Capital Fund is to be distinguished from the contingency fund provided for in the proposed Budget, Schedule B to the Offering Plan, and which may in fact be used during the period of Sponsor's control of the Board of Managers.

NEITHER THE DEPARTMENT OF LAW NOR ANY OTHER GOVERNMENTAL AGENCY HAS PASSED OR IS REQUIRED TO PASS UPON THE ADEQUACY OF THE WORKING CAPITAL FUND.

MANAGEMENT AGREEMENT, CONTRACTS AND LEASES

The Condominium will enter into a two (2) year management agreement with HEC Real Estate Group, with an office at 206 West 148th Street, New York, New York 10039, effective as of the date of the first closing of title to a Unit, at a fee of $8,000.00 per year. All expenses incurred by the Managing Agent in performance of its duties to the Condominium will also be reimbursed to the Managing Agent. See the Budget for the First Year of Condominium Operation (Schedule B). The management agreement provides that the books and records held by the Managing Agent shall be returned to the Condominium upon termination. The management agreement may not be assigned by either party without the consent of the other. It may be cancelled by either party without cause on sixty (60) days prior notice and on twenty (20) days prior notice for cause.

The Managing Agent will perform the following duties, among others:

(a) On behalf of the Condominium, hire, pay and supervise all persons necessary to properly maintain and operate the Common Elements of the Condominium, who shall be employees of the Condominium and not of the Managing Agent;

(b) cause the Common Elements of the Condominium to be maintained in such condition as may be deemed advisable by the Board of Managers;

(c) cause all such acts and things to be done in or about the Buildings as shall be necessary or desirable to comply with any or all orders or notices of violations affecting the Condominium, placed thereon by any federal, state or municipal authority having jurisdiction thereover;

(d) solicit bids, negotiate and enter into contracts, for the account of the Condominium, for maintenance services and the purchase of supplies, except that approval of the Condominium Board is necessary for any contract in excess of $3,000.00 or for longer than two (2) years;

(e) cause to be effected and/or maintained appropriate insurance coverage for the Condominium if requested to do so by the Board of Managers;

(f) bill Unit Owners for common charges, late fees and other charges which may become due and payable, use its best efforts to collect such Common Charges and other charges, and deposit the same promptly in an account approved by the Board of Managers.

(g) set up and keep in good order a full set of receipts and disbursements, and maintain orderly files and records;

(h) in conjunction with the certified public accountant of the Condominium, arrange for an annual audit each year of the books of account, and otherwise cooperate with the accountants and auditors of the Condominium;

(i) assist the Board of Managers in preparation of an operating budget for the Condominium;

(j) if requested by the Board of Managers, arrange to have a representative of the Managing Agent attend the annual meeting of the Unit Owners and up to four (4) meetings of the Board of Managers at no extra charge;

(k) supervise the moving in and out of Unit Owners;

(l) consider, and when reasonable, attend to complaints of Unit Owners. If the Managing Agent shall deem any complaint unreasonable, it shall advise the Board of Managers of the complaint and the reason for its opinion that the complaint is unreasonable; and

(m) generally, do all things reasonably deemed necessary or desirable by the Board of Managers of the Condominium for the proper management of the Property.

The Managing Agent's responsibility for supervising repairs and alterations to the Building is limited to those routine repairs and incidental alterations required in the course of the ordinary maintenance and care of the Building. Non-emergency repairs and alterations involving an expenditure in excess of $3,000 for any one item will be made only with the prior approval of the Board of Managers.

The annual certified financial statement with respect to the Condominium will not be prepared by the Managing Agent. Such statement will be prepared by an independent certified public accountant engaged by the Condominium Board, whose fees are to be paid by the Condominium Board and charged to the Unit Owners as a Common Expense.

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

resulting from the Managing Agent's negligence or willful failure to comply with its obligations under the management agreement. Such obligations will also be covered by insurance obtained by the Condominium, which will also include a fidelity bond in the amount of $50,000.00 to protect the Condominium against loss caused by acts of the Managing Agent, its directors, officers or employees.

In the event after the transfer of control of the Board of Managers to the Unit Owners, the Condominium Board elects to employ a different managing agent or manager of its own choice, any additional cost thereof shall be added to the annual budget and become part of the Common Charges assessed against all of the Unit Owners. No representation is made by the Sponsor as to cost, terms or availability of such management services.

Insurance

Prior to the first closing of title to a Unit, the Sponsor will cause the Owner to obtain on behalf of the Condominium the insurance coverage described in the footnotes to Schedule B.

Service Contracts

The service and maintenance contracts, as extended or replaced, that will be binding on the Condominium after the first closing of title to a Unit are as follows:

Contractor	Nature of Service	Cost	Duration of Contract
The Executive Pest Control Company 41 Ithaca Avenue Atlantic Beach, N.Y. 11509	Extermination	Once a month at $79.00 per month	Monthly
Allstate Sprinkler Corp. 1869 White Plains Road Bronx, N.Y. 10462-1489	Fire extinguisher inspections, recharging and sales	$150.00 plus tax per year	One year

IDENTITY OF PARTIES

The Sponsor

The Sponsor of the Plan is Lenox Gardens Homes Corp., a New York corporation whose principal place of business is located at 193-04 Horace Harding Expressway, Fresh

Meadows, New York 11366. The Sponsor is comprised of five (5) principals: Steven Bluestone, Thomas Potvin, Ira Lichtiger, Eric Bluestone, and Sara B. Herbstman, all members of the Bluestone family.

During the past five (5) years the principals have been involved in the formation of a Homeowners'Association, namely, Malcolm Shabazz Gardens HOA, which received a no-action letter on June 2, 1999. The property subject to the Homeowners' Association consisted of a parking lot and driveway areas servicing 41 newly constructed homes, which were completed and sold out during the year 2000. The property is located on 117th Street between Malcolm Shabazz (Lenox) Ave. and Adam Clayton Powell Jr. Blvd., and on 118th Street between Lenox and 5th Avenues in Harlem. The first home closed in April, 2000.

The principals are also the principals of the Sponsor of the Cooperative Offering Plan for Harriet Tubman Gardens Apartment Corporation, a new construction cooperative consisting of 73 apartments within the residential unit of the Harriet Tubman Gardens Condominium at 2235 Frederick Douglass Boulevard, New York, New York 10027. The Offering Plan was accepted for filing on February 6, 2002. The Declaration of Condominium has been recorded and the closing occurred on October 9, 2003. The project has been sold out.

The principals are also the principals of the sponsor of the cooperative plan for Lenox Gardens Apartment Corporation, a new construction cooperative to consist of 50 apartments within the two (2) residential units of Lenox Gardens Condominium at 101 and 106 West 117th Street, New York, New York 10026. The Offering Plan was accepted for filing on August 27, 2004, and no closings have yet occurred thereunder.

Finally, the principals are also the principals of the sponsor of the condominium offering plan for a 30 unit condominium known as The Renaissance Condominium, 6-24 Renaissance Court, Brooklyn, New York 11206. The Offering Plan was accepted for filing on May 6, 2003, and no closings have yet occurred therein. The Renaissance Condominium, together with 57 two-family homes and 4 three-family homes, all of which are under contract, is subject to the Rheingold Gardens Homeowners Association, Inc., which received a no-action letter from the Department of Law on October 15, 2002.

The principals of the Sponsor are current in their obligations with respect to all of the offerings mentioned above. Copies of the offering plans are available for inspection in the office of the Attorney General.

The principals of the Sponsor have been involved as principals in the development and management of real estate projects throughout the greater New York City area, comprising several rental apartment projects. These properties are managed by NHE Management Associates, LLC, a company in which the principals are managing members. This management company also manages additional properties owned by entities in which the principals hold a minority interest.

The principals of Sponsor are also participants in several development projects for the sale of homes in the Borough of Brooklyn, built under the New York City New Homes Program in conjunction with the Owner and HPD. Finally, the principals of the Sponsor have participated in several projects in the role of general contractor.

The Owner

The NYC Partnership Housing Development Fund Company, Inc., with offices at 1 Battery Park Plaza, New York, New York 10004 is a not-for-profit corporation organized under the Not-For-Profit Corporation Law and Article XI of the Private Housing Finance Law, both of the State of New York, exclusively to facilitate the development of quality housing affordable to families of limited income in areas where such housing is inadequate. It acquired the Land from the City of New York by deed dated February 10, 2004, pursuant to the LDA. The Owner will establish the Condominium and convey the Units to the Purchasers. However, the Owner has played no role in the preparation of this Plan and will have no liability to Purchasers other than the obligation to execute and deliver the deeds as provided in this Plan.

Selling Agent

Michael E. Reed, with an office at 51B East 117th Street, New York, New York 10035, is the Selling Agent retained by the Sponsor in connection with the offering. Mr. Reed, a real estate broker licensed in New York and New Jersey, specializes in the marketing, sales and leasing of publicly subsidized residential and commercial real estate in New York City. Since 1988, he has provided his marketing services to for-profit and not-for-profit developers, lending institutions, public agencies, homeowners' associations, cooperative and condominium boards and individuals. Currently, Michael Reed is marketing the cooperative apartments in Lenox Gardens Apartment Corporation, another project of the principals of the Sponsor, 37 two-family homes in the Bronx developed under the auspices of HPD's New Foundation Program, 95 co-operative units in Harlem (Madison Court) of HPD's Cornerstone Program, 17 three-family homes in East Harlem also in the Cornerstone Program and 83 three-family homes in HPD's New Homes Neighborhood Building Program and 83 three-family homes in HPD's New Homes Neighborhood Builder Program in Harlem and the Bronx. Michael Reed's firm is also active in residential development, construction and consulting and has built more than 300 units of housing in New York City.

The Selling Agent has no financial relationship, past, or present, to the Sponsor, except as Selling Agent.

Managing Agent

HEC Real Estate Group is a real estate firm whose core business is residential property management. The firm is the property manager for 24 residential properties,

including cooperative apartments in the residential unit of a condominium and rental properties, and 7 commercial properties located in the Bronx, Brooklyn, Manhattan and Rockland Counties, totalling approximately 1,700 dwelling units.

The principal and managing member of HEC Real Estate Group is Harold E. Cooke, whose background includes the practice of law, investment banking and real estate experience as President and Chief Operating Officer of a publicly held real estate advisory firm.

Attorneys for Sponsor

Hofheimer Gartlir & Gross, Esq., with offices at 530 Fifth Avenue, New York, New York 10036, was retained by the Sponsor to prepare the Plan, including the Purchase Agreement, the Condominium Declaration and By-Laws and other documents to which reference is made in the Plan.

The firm of Andrew S. Hodes, P.C., with an office at 80 Cutter Mill Road, Suite 404, Great Neck, New York 11021 has been retained by the Sponsor to represent it in connection with the construction and permanent loans, and with Purchase Agreements and individual Unit closings.

Special Real Estate Tax counsel

The Sponsor has retained the firm of Goldberg Weprin & Ustin, with an office at 1501 Broadway, New York, New York 10036 as special real estate tax counsel under this Plan. In such capacity, the firm has rendered its opinion to the Sponsor concerning the real estate tax exemption under Section 696 of the New York General Municipal Law ("UDAAP Tax Exemption"), which opinion is contained in Part I of this Plan.

Architect

David Danois, of Danois Architects, P.C., with offices at 259 West 30th Street, Suite 901, New York, New York 10001, has been engaged by the Sponsor to examine the Property and prepare the Description of Property and Specifications contained in Part II. Danois Architects, P.C., is a minority-owned, award-winning architectural and planning firm originally established in 1979 as Hirsch/Danois Architects, P.C. Over the last twenty (20) years the firm has developed expertise in the development of housing, community facilities, educational, residential and urban revitalization projects, among others. The architect has no financial interest in the Property, the Sponsor, the Owner or any other party interested in this transaction except for its fee for services rendered in connection with such report.

Contractor

Aleem Construction Corp., a New York corporation with an office at 1629 Park Avenue, Suite 1B, New York, New York 10029, is the contractor engaged by the Sponsor to construct the Project. The Contractor has no financial interest in the Property, the Sponsor, the Owner or any other party interested in this transaction except for its fee as contractor.

REPORTS TO UNIT OWNERS

All Unit Owners will be entitled to receive annually from the Condominium, at the expense of the Condominium, copies of the following:

(a) annual financial statements of the Condominium, prepared and certified by independent certified public accountants, to be received within four (4) months after the end of the fiscal year;

(b) notices of the holding of the annual meetings of the Unit Owners, to be sent not less than ten (10) nor more than forty (40) days in advance of the meeting, stating the purpose thereof as well as the time and place where it is to be held;

(c) a copy of the proposed annual budget of the Condominium, to be received not less than ten (10) days prior to the date set for adoption thereof by the Board of Managers. While the Sponsor is in control of the Condominium, this budget will be certified in accordance with Section 20.4(d) of the Attorney General's Regulations.

DOCUMENTS ON FILE

The Declaration and the By-Laws will be recorded in the New York County office of the Register of the City of New York prior to the conveyance of title to the first Unit. In addition, a set of floor plans for the Building showing the layout, location and approximate dimensions of the Units and the Unit designations, certified by the Real Property Assessment Department of the City of New York as conforming to the official tax lot number for each such Unit, and an Architect's statement required by Section 339-p of Article 9-B of the Real Property Law of the State of New York certifying that the floor plans fully and fairly depict the layout, location, Unit designations and approximate dimensions of the particular Unit or Units as built, will be filed in said City Register's office.

Pursuant to Section 352-e(9) of the General Business Law, copies of this Offering Plan, all Exhibits or documents referred to herein and all Exhibits submitted to the Department of Law in connection with the filing of the Plan are and will be kept on file at the office of the Sponsor set forth on the cover page hereof for six (6) years from the first closing of title to a Unit for examination without charge and copying at a reasonable charge, during normal business hours and upon reasonable notice, by prospective Purchasers and any person who has purchased a Condominium interest offered by this Plan or who has otherwise participated in this offering.

The Sponsor will deliver to the Board of Managers at the first closing of title to a Unit a copy of all documents filed with the City Register.

GENERAL

A. There are no lawsuits, administrative proceedings or other legal proceedings now pending, the outcome of which could materially affect this offering, the Purchasers of Units, the Property, the Sponsor's capacity to perform all of its obligations under the Plan, the Condominium or the operation thereof.

B. The Property is not and has never been the subject of any prior offerings. As of the date of the Plan, no contracts or agreements, written or oral, have been entered into for the sale or transfer of any of the Units offered under the Plan, and no deposits or advances of funds have been taken by or on behalf of the Sponsor in connection with the reservation, sale or transfer of Units offered under the Plan.

C. It is hereby represented that the Sponsor, the Condominium, the Board of Managers and the Selling Agent will not discriminate against any person or persons on the basis of race, creed, sex, color, disability, marital status, age or national origin or other grounds prohibited by law.

D. The Sponsor reserves the right, from time to time, without obtaining the consent of Purchasers or others, to substantially revise the terms and conditions upon which the Units are sold, including changes affecting the rights, obligations and liabilities of the Condominium, Purchasers and/or prospective Purchasers under this Plan. All substantive or material revisions will be contained in a duly filed amendment to this Plan. In the event of a material revision adversely affecting the rights, or increasing the obligations or liabilities, of then existing Purchasers or the Condominium, or reducing the undertakings or obligations of Sponsor, such Purchasers will be given the right, for fifteen (15) days after the presentation date of the amendment, to rescind their Purchase Agreements and have all monies paid thereunder (with interest earned on their Down Payment) refunded, provided such persons comply in all respects with any procedure for rescission set forth in an amendment to this Plan.

E. This Plan contains an accurate summary of the pertinent provisions of the various documents referred to herein and copies thereof are on file with the Sponsor for inspection purposes. Any information, data, or representation not referred to in this Plan and not contained in the various documents mentioned herein, must not be relied upon. This Plan does not intentionally omit any material fact or contain any untrue statement of a material fact. No person has been authorized by the Sponsor to make any representation which is not expressly contained herein.

F. No binding obligation between the Sponsor and a Purchaser shall arise unless and until a Purchase Agreement, executed by the Purchaser, the Sponsor and the Owner, has been exchanged.

G. This Plan may not be changed or modified orally.

SPONSOR'S STATEMENT OF SPECIFICATIONS

The Sponsor adopts the Description of Property with Specifications (the "Report") which is set forth in Part II of this Plan, and has relied solely on this Report. The Sponsor represents that to the best of its knowledge, the Description of Property with Specifications accurately summarizes the general nature of the systems, materials, equipment, appliances and fixtures to be contained in the Buildings on completion of rehabilitation provided same are completed in substantial accordance with the Plans with Specifications. The Description of Property with Specifications was prepared by Danois Architects, P.C., and is included in this Plan with the consent of said firm.

Dated: New York, New York

LENOX GARDENS HOMES CORP.

Sponsor

PART II

EXHIBIT A

PURCHASE AGREEMENT

(This Document will be called the "Agreement")

INFORMATION SECTION

Date of Agreement:_____ Date Offering Plan Received by Purchaser:_____

Sponsor: LENOX GARDENS HOMES CORP.

Address: 193-04 Horace Harding Expressway
Fresh Meadows, New York 11365

Owner: NYC Partnership Housing Development Fund Company, Inc.

Address: 1 Battery Park Plaza
New York, NY 10004 Fed. I.D. No.: _____

Purchaser(s): _____

_____

Address: _____

_____

Telephone No.: (Home)_____ (Office)_____

Social Security No.(s)_____

Selling Agent: MICHAEL E. REED

Address: 51-B East 117th Street
New York, New York 10035 Telephone No.: (212) 987-4416

Unit Number: _____ Common Interest:_____%

Purchase Price: $_____

Less: Public Subsidy $_____

Less: Down Payment $_____

Balance Due: $_____

Mortgage Loan Requested: $_____

PURCHASE AGREEMENT

LENOX GARDENS HOMES CORP., a New York corporation having an office at 193-04 Horace Harding Expressway, Fresh Meadows, New York 11365 ("Seller" or "Sponsor", and hereinafter referred to as "we" or "us"), has promulgated a plan of condominium ownership (the "Offering Plan" or the "Plan") of the proposed condominium to be known as SHABAZZ GARDENS CONDOMINIUM (the "Condominium") in the Borough of Manhattan, County of New York and State of New York.

Record ownership of the Property is not in the name of the Sponsor but is in the name of NYC PARTNERSHIP HOUSING DEVELOPMENT FUND COMPANY, INC., with offices at 1 Battery Park Plaza, New York, New York 10004 (the "Owner"). The Owner is joining in this Agreement and the Deed pursuant hereto for the sole purpose of conveying or joining in the conveyance of the Unit, it being understood and agreed that, by the execution and delivery of this Agreement and of any deed pursuant hereto, the Owner is assuming no obligation whatsoever either to us or to any Purchaser, other than the obligation to execute and deliver a Deed as herein provided. The above shall survive the closing of title and the execution and delivery of the Deed.

1. **Agreement to Purchase.**

(a) We agree to sell and the undersigned Purchaser ("you") agree to purchase Unit number in the Condominium, together with an undivided % interest of the Unit in the Common Elements of the Property. The Down Payment, receipt of which is hereby acknowledged, is equal to ten (10%) percent of the total Purchase Price unless a lesser amount is agreed upon by us, which amount may not, however, be less than three (3%) percent of the total Purchase Price. The balance due at closing must be paid in cash (if less than $1,000.00) or by good certified or bank check drawn on a New York City Bank.

(b) You understand and agree that in accordance with the section of the Plan entitled "Procedure to Purchase", you are executing this Agreement and delivering same to the Selling Agent, together with a Designation of Interest-Recipient (if there is more than one (1) Purchaser), the Form W-9, and your check in the amount of the Down Payment payable to the Escrow Agent, before you have been approved as a Purchaser by HPD and the Owner. You further understand and agree that until you have been approved by HPD and the Owner, we cannot and will not sign this Agreement as Seller, and until this Agreement is signed and returned to you, you shall have no rights as a Purchaser under this Agreement or the Offering Plan. Finally, you understand and agree that we shall have the right to deliver the Down Payment to the Escrow Agent for Deposit in the Escrow Account prior to your approval by HPD and the Owner. In such event, deposit of the Down Payment shall not be deemed to mean that

you have been approved or that this Agreement has been accepted by us, but it will mean simply that the Down Payment has been deposited in the Escrow Account. You will be notified subsequently of approval by receipt of a copy of this Agreement signed by us and the Owner, or of disapproval, by return of your Down Payment.

(c) If this Agreement is executed by you between January 1st and April 15th, and your prior year's Federal Income Tax Return and/or W-2 forms filed with the U.S. Department of the Treasury's Internal Revenue Service are not then available, then you agree to provide us and the Owner with such documentation as soon as it is available and in no event later than five (5) days after your receipt of our notice to you of your Closing Date (as hereinafter defined), in order that the Owner may ensure your continued compliance with HPD's income limits for eligibility for the Public Subsidy, as hereinafter described. If you do not provide the filed forms within the specified time, this will be a default hereunder.

2. **The Plan.** The Unit is the same premises referred to by the same Unit number in the Floor Plans filed or to be filed in the New York County office of the Register of the City of New York and in the Declaration, By-Laws and Offering Plan of the Condominium and in the schedules and exhibits annexed to the Offering Plan (the "Condominium Documents"). The contents of the Condominium Documents are a part of this Agreement, and you hereby acknowledge receipt thereof. The terms used herein shall have the same meanings as ascribed thereto in the Plan.

*2A. You represent that you have received and read the Offering Plan for Shabazz Gardens Condominium at least three (3) business days prior to signing this Agreement.

*2B. You shall have seven (7) days after the Date of this Agreement, as set forth in the Informational Section hereof, together with your Down Payment, to rescind this Agreement by written notice personally delivered or mailed to the Selling Agent and to have your Down Payment refunded to you, without interest.

3. **Mortgage Contingency.** Your obligation to purchase the Unit may be conditioned upon the issuance of a written mortgage commitment, as more fully described in Paragraph 45 of this Agreement, if you are applying to one of the following lenders: JPMorgan Chase Bank, Bank of New York, or Citibank, N.A.

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*Delete whichever subsection is inapplicable.

4. **No Guarantee of Mortgage.** You understand that no warranties or representations have been made in the Plan, or by us or anyone else, as to your ability to secure a mortgage loan from any lending institution or other lender. In the event that you are unable to obtain a mortgage loan, we will in no way be liable for your inability to secure same.

5. **Effectiveness of Plan.** This Agreement is contingent upon the Plan being declared effective, and the Plan shall not be declared effective except as provided therein. We will give you prompt written notice when the Plan either becomes effective or is abandoned. Should the Offering Plan not be declared effective and be abandoned as provided in the Condominium Documents, this Agreement will be cancelled, within twenty (20) days thereafter all monies paid by you to us or to the Selling Agent or the Escrow Agent will be refunded, with interest if any has been earned, and we will have no further liability to you.

6. **Primary Residency.** You understand and agree on behalf of yourself, your successors and assigns that for so long as the subordinate notes and mortgages described in Paragraph 8 of this Agreement remain outstanding or for twenty-five (25) years from the Closing Date, whichever period of time is greater, you or your successors and assigns will own and occupy the Unit as a primary residence. This provision shall survive closing of title and delivery of the Deed.

7. **The Public Subsidy.** If you have qualified for all or part of the Public Subsidy, at closing you will enter into a subordinate mortgage (the "Enforcement Mortgage") and secured and unsecured promissory notes (the "Secured Enforcement Mortgage Note" and the "Unsecured Enforcement Note"), respectively, in favor of the City of New York, by and through HPD, to evidence and secure repayment of the Public Subsidy, provided that if you are purchasing a first floor Unit, you will not execute an Unsecured Enforcement Note. The Enforcement Mortgage shall be subordinate to your first mortgage, if any, but shall not be junior to any other lien on the Unit. All legal, title, recording and mortgage tax costs associated with the Secured and Unsecured Enforcement Notes and the Enforcement Mortgage shall be paid by you at closing.

The terms of the Enforcement Mortgage and the Secured and Unsecured Enforcement Notes are described in more detail in the Plan, and copies thereof are annexed as Exhibit H in Part II of the Plan.

8. **Closing Date.** The closing of title to your Unit (the "Closing Date") shall take place after the Plan has been declared effective and the amendment confirming same has been accepted for filing by the New York State Department of Law (hereinafter the "Department of Law"). We will give you thirty (30) days written notice of

the time and place of the title closing of your Unit. We will choose the time and place of closing. If the Closing Date is adjourned by us as herein provided, we will give you not less than ten (10) days prior written notice of the new scheduled date and time for closing.

9. **Completion of Unit.**

(a) If a temporary or permanent Certificate of Occupancy for the Unit or the Building shall not have been issued, or if the Unit shall not be substantially completed and ready for occupancy, or final inspection or other necessary instruments shall not have been issued by the agency insuring the mortgage loan by the scheduled Closing Date, then the Closing Date shall be adjourned to a date to be set by us and which date shall not be beyond thirty (30) days after (i) the Unit shall be substantially completed and ready for occupancy, and (ii) all such necessary reports, approvals and instruments shall have been issued. For purposes of delivery of the Deed at closing, the Unit shall be deemed substantially completed and ready for occupancy upon the issuance of a temporary or permanent Certificate of Occupancy for the Unit or the Building in which the Unit is located.

(b) If at the time the Deed is tendered some minor items in the Unit shall not be fully completed, but a temporary or permanent Certificate of Occupancy shall have been issued, and we shall have agreed in writing to complete the Unit and supply and install any omitted items and to do and perform anything to be performed by us under this Agreement, specifically stating in said writing what we are to complete, supply, install and perform within a reasonable time after the Closing Date, or if at the time the Deed is tendered the construction and/or decoration of other Units or Common Elements is incomplete but does not prevent your use of the Unit, then the fact that the Unit or other portions of the Building not affecting your Unit are not fully completed at the time of closing shall not constitute a reason for your failure to accept title, execute the necessary mortgage documents and pay the balance of the Purchase Price, or for an adjournment of the Closing Date. No escrow shall be held or required by you, your attorney, your Institutional Lender or any other party to secure performance of this provision. The provisions of this paragraph shall survive closing of title and delivery of the Deed.

(c) At least five (5) days before the scheduled Closing Date, the Selling Agent shall notify you that the Unit is ready for inspection. Upon receipt of the notice, you shall promptly arrange an appointment with the Selling Agent or other representative designated by us to inspect the Unit prior to the Closing Date. You or your duly authorized agent will attend the inspection and, together with our representative, you will complete and sign the Inspection Statement (in the form annexed to this Agreement) and deliver the form to the Selling Agent or our representative at the conclusion of the inspection. The Inspection Statement will serve as an acknowledgment of your acceptance of the Unit in accordance with the terms of

the Plan. If you find that certain minor construction items remain open, and if our representative agrees with this finding, the Inspection Statement shall list those "punchlist items" to be completed by us post-closing, subject to force majeure (as defined hereinafter). We shall not have any obligation to complete or cause to be completed, any work in a Unit not specifically itemized on an Inspection Statement, except work required to be completed to obtain a permanent Certificate of Occupancy, if one is yet to be obtained at the time of your closing of title.

(d) Your failure either to arrange or attend an inspection or to deliver a completed Inspection Statement shall not excuse you from closing title, executing necessary mortgage documents, and paying the balance of the Purchase Price when due, and shall constitute your full acceptance of the Unit in its condition as of the Closing Date. However, nothing herein shall relieve us of any of our obligations to you as set forth in the Section of the Plan entitled "Rights and Obligations of the Sponsor".

(e) Your failure to permit our contractors, agents or employees access to the Unit to complete punchlist items on the Inspection Statement shall constitute your waiver of the punchlist items, and shall cause our obligation to complete the punchlist items to be deemed satisfied.

10. **Delivery of Certificate of Occupancy.** We agree to deliver at the closing of title a Certificate of Occupancy or a copy thereof, whether permanent or temporary, and an electrical installation certificate if required by the municipality. If a permanent Certificate of Occupancy shall not have been issued at the time of closing, we shall remain obligated to obtain same at our own cost and expense, and shall obtain renewals of the temporary Certificate of Occupancy until such time as a permanent Certificate of Occupancy is obtained. The provisions of this paragraph shall survive closing of title and delivery of the Deed.

11. **Construction Obligations.**

(a) The construction of the Buildings and the Unit, including the materials, equipment and fixtures to be installed therein, shall be substantially in accordance with the Offering Plan, the Plans with Specifications for the Buildings as filed with the Building Department of the City of New York, the requirements as to materials and workmanship of said Building Department, and with a quality of construction comparable to currently prevailing standards. Such construction is, however, subject to our right to amend the Plan and the Plans with Specifications in order to substitute materials, equipment or fixtures of equal or better quality, provided that the approval of any governmental authorities having jurisdiction is first obtained (if required). The issuance of a temporary or permanent Certificate of Occupancy for the Building in which the Unit is located shall be deemed presumptive evidence that the Building and the Unit have been fully completed in accordance with the Plan and the

Plans with Specifications. However, nothing herein contained shall excuse us from our obligation to correct any defects in construction in accordance with the conditions set forth in the Plan in the Section entitled "Rights and Obligations of the Sponsor".

(b) The construction of the Buildings and the Unit as described in the Plan, and the correction of any defects in construction to the extent required thereunder, are the full extent of our construction obligations under this Agreement. You acknowledge and agree that we will not be liable for, and will have no obligation to correct, certain variations from the Plan and the Plans with Specifications as indicated in the section of the Plan entitled "Rights and Obligations of the Sponsor", and will only be responsible to correct any construction defects to the extent, and on the terms and conditions, set forth in such section of the Plan.

12. **Inability to Complete Construction; Force Majeure.**

(a) You understand and agree that the construction of the Unit in the Building herein described is either to be commenced or has already been started. We agree to endeavor to complete the same on or before your scheduled Closing Date, and to obtain a permanent Certificate of Occupancy for the Unit or the Building in which it is located within two (2) years after the Closing Date. However, if conditions at the time of construction are such that there is uncertainty in the obtaining of labor and/or materials for residential construction, due to strikes, lockouts, war, military operations and requirements, national emergencies, and/or governmental restrictions causing the unavailability of same, or if construction is halted due to a government imposed moratorium on building, delays in inspections or reports thereon, delays in processing of required documents by applicable governmental agencies or due to inclement weather, or if the installation of any public utilities is curtailed or restricted or if we are otherwise prevented from performing our obligations under this Agreement by any other circumstances beyond our control, then you hereby agree that we may declare the Closing Date to be extended until such time as the Unit can be completed, and may extend the two (2) year period to obtain a permanent Certificate of Occupancy for a period equivalent to the period of such delay.

(b) You acknowledge that except as otherwise specifically provided in the Plan, you shall not be excused from paying the full Purchase Price, without credit or set-off, and shall have no claim against us for damages or losses, in the event that the Closing Date occurs substantially later than the projected date, or the time to complete or to close title to the Unit is delayed or postponed by us as herein provided.

13. **Closing Documents; Closing Costs**. At closing you will execute a bond or note, mortgage, and any other documents that your Institutional Lender or other lender, if any, may request. You will execute the Enforcement Mortgage and Secured and Unsecured Enforcement Notes relating to the Public Subsidy, as hereinafter

described, if you are eligible to receive all or a portion of the Public Subsidy for the Unit. (Purchasers of first floor Units will not execute an Unsecured Enforcement Note). You will pay the closing costs listed in the Offering Plan, including, but not limited to, New York State Transfer Tax (deed stamps), New York City Real Property Transfer Tax and filing fee therefor, recording fees for the Deed and power of attorney, survey fee, our attorney's fee for preparation of closing documents and attendance at closing, adjustments as described in Paragraph 16 hereof and the premium for title insurance insuring your title, if you order title insurance. If you are obtaining a mortgage, you will pay the costs listed in Paragraph 15, any escrow deposits the lending institution requires and mortgage interest from the Closing Date to the end of the month. You will also pay to the Board of Managers of the Condominium a non-refundable amount equal to two (2) months' estimated Common Charges, to be used for working capital and future contingencies of the Condominium. This sum is in addition to the Common Charges you will be required to pay each month to the Board of Managers for the ongoing operation of the Condominium.

If we have advanced any of these payments on your behalf, you will reimburse us at closing for the amounts so paid.

14. **Mortgage Closing Costs**. If you are obtaining a mortgage to purchase your Unit, you must, at closing, pay all costs related to the mortgage, which may include the following:

(a) Application fee;

(b) Mortgage origination fee of the lender, or "points";

(c) Cost of appraisal;

(d) Cost of Credit Report;

(e) Premium for mortgage title insurance to protect the lender;

(f) Private mortgage insurance initial premium, if applicable;

(g) Mortgage tax, currently at the rate of 1.75% of the mortgage amount (for those mortgages securing a loan of less than $500,000.00), less $25;

(h) Recording fee for your mortgage;

(i) Any escrow deposits required by the lender; and

(j) Legal fees of the lender;

If we have advanced any of these payments on your behalf, you will reimburse us at closing for the amounts so paid.

15. **Closing Adjustments: Taxes and Assessments, Common Charges and Insurance. Closing Adjournment and Penalty for Adjournment**

(a) Real estate taxes and assessments for the tax year in which title closes, the Unit's share of the insurance premium for the Condominium's policy and estimated Common Charges for the month in which title closes shall be apportioned as of the Closing Date.

In the event that Units have not been separately assessed for real estate tax purposes prior to the first closing of title to a Unit, we will (i) place in escrow in the name of the Board of Managers of the Condominium an amount equal to the unpaid real estate taxes which will be levied against the Condominium for the six (6) month period following the first closing of title, (ii) pay the real estate taxes from this escrow account when they become due and payable, and (iii) receive reimbursement from Purchasers at closing of title based upon the percentage of the Common Elements appurtenant to the Unit. If the Unit has been separately assessed by the Closing Date but a tax rate has not yet been established for the then current tax fiscal year, the apportionment of real estate taxes shall be based upon the then current assessment and the tax rate for the prior year. When the tax rate is thereafter established, the parties shall promptly correct the prior adjustment, if necessary. However, any assessments imposed after the delivery of the Deed or any installments of any assessment which are payable after the delivery of the deed shall be paid by you. This provision shall survive closing of title and delivery of the Deed.

(b) If you are not ready to close title on the date and at the time fixed pursuant to the terms and conditions of this Agreement, any adjournment which may be granted at your request shall be upon the condition that (i) all adjustments shall be made as of the date originally scheduled for the closing of title, and (ii) you shall reimburse us (for construction interest expenses incurred and/or loss of earning on the Purchase Price as a result of your delay), an amount equal to nine (9%) percent times the Purchase Price (including the Public Subsidy amount) apportioned for each day's delay, starting with the day originally scheduled for closing and including the day immediately prior to the actual Closing Date. Nothing contained herein shall be construed to require us to grant any adjournment.

16. **Cancellation of Agreement; Our Default.** If good and marketable title in accordance with the terms hereof cannot be conveyed to you for any reason whatsoever, including, but not limited to, our default or default by the Owner under this Agreement or our termination of this Agreement (other than due to your default) in accordance with the provisions herein, and we have not cured the default within thirty

(30) days after notice thereof, you may cancel this Agreement. If you choose to cancel this Agreement, all monies you have paid under this Agreement will be returned to you (other than monies paid toward optional extras ordered or installed, if any, and the costs of installation), with interest if any has been earned, and we will also reimburse you the net bulk rate cost of title examination paid or incurred by you. Upon cancellation and the making of such refund, this Agreement shall wholly cease and terminate and be of no further force and effect, and neither you nor we shall have any further claim against each other by reason of this Agreement. You may not reject our title, however, without further having given us a reasonable opportunity to perfect it and render it marketable as provided in the Plan. Nothing herein contained shall be construed to require us to bring any action or proceeding or to incur any expense to render title to the Unit marketable or to cure any objections to title. You may, however, accept such title as we may be able to convey, without reduction of the Purchase Price or any credit or allowance against the same and without any other liability on our part. This section will not apply if your default prevents the title from closing.

17. **Escrow Account:**

(a) We will hold all monies received from you in connection with this Agreement (the "Escrowed Funds") in accordance with the Escrow Agreement between the Owner, the Sponsor and Andrew S. Hodes, P.C. (the "Escrow Agent"), a copy of which Escrow Agreement is included in Part II of the Plan, and in accordance with General Business Law sections 352-e(2)(b) and 352-h. The Escrowed Funds will be deposited within five (5) business days after receipt in an attorney's segregated special interest-bearing escrow account entitled "Andrew S. Hodes, P.C. Escrow Account" (the "Escrow Account") at JPMorgan Chase Bank ("the Escrow Depository"), located at Great Neck Plaza Branch #862, 22 Grace Avenue, Great Neck, New York 11021. Except as otherwise stated in this Agreement, the Escrow Agent will hold the Escrowed Funds there in trust, until title to your Unit is conveyed to you, or until the Escrowed Funds are returned to you upon rescission of the Agreement or abandonment of the Plan or paid to us upon your default, all as provided herein and in the Plan.

(b) Within ten (10) business days after tender of the Down Payment, the Escrow Agent shall notify you that such funds have been deposited in the Escrow Depository, and shall provide the account number and the initial interest rate. If you do not receive notice of such deposit within fifteen (15) business days after tender of the Down Payment, you may cancel this Agreement and rescind this purchase within ninety (90) days after tender of the Down Payment, or may apply to the Attorney General for relief. Rescission may not be afforded where proof satisfactory to the Attorney General is submitted establishing that the Down Payment was timely deposited in accordance with Part 20 of the Attorney's General's Regulations and requisite notice was timely mailed to you.

(c) The closing of title and the act of delivery of the Deed to you shall be deemed to constitute written authorization to the Escrow Agent to disburse the Escrowed Funds on the Closing Date, in which event the interest earned will be paid to you within ten (10) days thereafter. The Escrowed Funds will be disbursed only upon the signature of Andrew S. Hodes or Leonard Rodney, the signatories on the Escrow Account. In the event a conflict should arise over the disposition of the Escrowed Funds, the attorney serving as Escrow Agent may represent us in such dispute.

(d) The Escrow Agent shall hold the Escrowed Funds in escrow until the release of such funds is authorized by the terms of this Agreement or until otherwise directed to release:

(i) in a writing signed by both you and us; or

(ii) in a determination of the Attorney General pursuant to the dispute resolution procedures contained in Part 20 of the Attorney General's Regulations; or

(iii) in a judgment or order of a court of competent jurisdiction served on the Escrow Agent.

(e) We shall not object to the release of the Escrowed Funds to you if you timely rescind in accordance with an offer of rescission contained in the Plan or an amendment thereto, or after an amendment abandoning the Plan is accepted for filing by the Department of Law.

(f) In the event of a dispute, we shall apply and you or the Escrow Agent may apply to the Attorney General for a determination on the disposition of the Escrowed Funds and any interest earned thereon, upon forms available from the Attorney General. The party applying shall contemporaneously send to all other parties a copy of such application. Pending the determination of the Attorney General, you, we and the Escrow Agent shall abide by any interim directive issued by the Attorney General.

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

(h) If the application seeking release of the Escrowed Funds is denied, the Escrow Agent shall continue to hold the Escrowed Funds and any interest earned thereon until:

(i) both you and we direct payment to a specified party in accordance with a written direction signed by both you and us; or

(ii) a judgment or order of a court of competent jurisdiction is served on the Escrow Agent; or

(iii) the Escrow Agent deposits the disputed amount into court.

(i) Nothing contained in this Agreement shall diminish or impair our statutory obligation to you pursuant to Section 352-h of the General Business Law to hold in trust all deposits, advances or payments made in connection with this Agreement until consummation of the Plan and consummation of our transaction with you. Consummation of the Plan does not relieve us of our obligations pursuant to Section 352-h of the General Business Law. The Escrowed Funds remain your property until employed in connection with the consummation of the transaction.

18. **The Deed.** At closing we will deliver to you and you will accept a bargain and sale deed with covenants against grantor's acts (the "Deed"), containing the covenant required by Section 13 of the Lien Law. The Deed will convey a good and marketable title to the Unit and an undivided interest in the Common Elements to you, subject only to the exceptions disclosed in the Condominium Documents, to any mortgage you may be obtaining and to the subordinate notes and mortgage if you qualify for all or part of the Public Subsidy. The Deed shall contain such a description of the premises as shall be accepted and/or approved by your lending institution or the title company insuring the lender. We shall give and you shall accept a title such as a reputable title company, a member of the New York Board of Title Underwriters, will approve and insure, subject to the exceptions contained in the Condominium Documents. We will satisfy all mortgages or liens now on or to be placed on the Unit prior to closing, or obtain releases for your Unit from same before title closes. The existence of unpaid taxes or liens of any kind at the time of closing shall not constitute an objection to title provided we deposit a sufficient amount with a title company so that said company shall be willing to insure against collection of same from the property herein described.

19. **Power of Attorney.** On the Closing Date you shall sign a power of attorney (hereinafter the " Power of Attorney"). The Power of Attorney shall be in the same form as contained in the Condominium Documents. You will deliver copies of it to us and to the title company present at the closing.

20. **Your Default; Liquidated Damages.** In addition to any other remedies which we may have, we may give you notice of intent to cancel this Agreement if (i) you do not pay the balance of the Purchase Price at closing or (ii) you are in default of any

other obligation you have under this Agreement. If you do not correct your default within thirty (30) days after we have given you notice, then, in addition to any other remedies available to us, we may cancel this Agreement. In such case, we will follow the procedure of the Plan. We shall be entitled to retain as liquidated damages all payments you have made to us up to ten (10%) percent of the Purchase Price, plus interest if any has been earned, plus any amount actually paid to us for any changes, special orders and/or extras ordered by you and any installation costs connected therewith, if any (hereinafter called the "Liquidated Damages Amount"). We will retain any other remedy we may have against you so that if you paid us less than ten (10%) percent of the Purchase Price of your Unit before you defaulted, we may collect, also as our liquidated damages, the difference between what you had paid and ten (10%) percent of the Purchase Price. It is specifically recognized by you that the Unit which you are agreeing to purchase is a part of a larger and complex condominium which requires substantial administrative and promotional expenses, that its sales are and will be, in part, seasonal and that it will be extremely difficult if not impossible to determine actual damages incurred by us due to your breach. Therefore, the provision with regard to damages is an attempt by the parties to liquidate the same rather than provide for a penalty and the same shall not be considered a penalty.

21. **Release from Liability.** If we cancel the Agreement and recover the Liquidated Damages Amount, we will have no further liability to you. We may then sell the Unit to anyone else. We will have no obligation to give you any part of the proceeds of the sale.

22. **Possession by You.** You will not enter possession of the Unit or do any work or install any material thereon prior to the time of delivery of the Deed to the Unit and performance of your obligations at closing. Any violation of this paragraph is a breach of this Agreement, for which you will be held in default hereof. In such case, we are authorized to remove you from the Unit by summary proceedings or otherwise, and all work done and materials installed shall become our property. The use of summary proceedings will not be a waiver of any other rights and remedies which we may have against you. It is further understood and agreed that we shall not be responsible for any damage or loss to any property belonging to you which has been delivered to the Unit, our office, or to any of our employees or subcontractors either before or after the closing of title. This provision shall survive closing of title and delivery of the Deed.

23. **Delivery of Deed.** You agree that our delivery and your acceptance of the Deed at closing shall be considered full performance and discharge of every obligation to be performed by us pursuant to the provisions of this Agreement, except for those provisions which are expressly stated herein to survive closing of title or which according to the Offering Plan are represented as surviving closing of title. Notwithstanding anything to the contrary hereinabove set forth, all representations

required by Article 23-A of the General Business Law to survive closing shall survive delivery of the Deed.

24. **Representations and Warranties.** Except for the representations and warranties in the Condominium Documents, the Exhibits submitted to the Department of Law with the Condominium Documents, this Agreement and the Plans with Specifications, you agree that we have made no representations and warranties to you. You acknowledge that in executing, delivering and performing this Agreement, you are not relying upon any statement and/or information made or given, directly or indirectly, verbally or in writing by advertisement, brochure or otherwise, by us, our agents or employees or any individual or corporation except as specifically contained in the documents specified in this paragraph. You acknowledge that you have had full opportunity to examine all documents referred to in this Agreement. You also represent that you have examined and investigated to your own full satisfaction the property at the specific site where the Unit is to be built.

25. **Risk of Loss.** The risk of loss or damage to the Unit until closing of title is assumed by us. We shall not be obligated, but shall have the option, to rebuild or repair the Unit in the event it is either entirely or partially damaged or destroyed. Upon the occurrence of any such event and if we do not elect to rebuild or repair, you may cancel this Agreement and our sole liability shall be to refund all monies paid by you, plus monies paid for optional extras, interest earned, if any and the net bulk rate cost of title examination incurred or paid by you. This Agreement shall then be cancelled and there shall be no further liability hereunder. If we do elect to replace or repair such loss or damage to the Unit, this Agreement shall continue in full force and effect, and you shall not have the right to reject title or receive credit against or abatement in the Purchase Price. In such event, we shall be entitled to a reasonable period of time within which to complete said repairs or replacement.

26. **Real Estate Tax Exemption.** We applied for and received approval for a real estate tax exemption in accordance with Section 696 of the New York General Municipal Law ("UDAAP Tax Exemption"). However, in the event that the exemption has not yet taken effect at the time of the closing of title to your Unit, you shall not have the right to cancel this Agreement or adjourn the Closing Date as a result thereof.

27. **Agreement Subordinate.** You understand and agree that you shall take title to the Unit subject to the AHC Grant Agreement No. 10E27 dated as of August, 2004, the Article 16 Agreement dated January 26, 2004, the LDA, the SDA and the Building Loan Agreement and Project Loan Agreement with JPMorgan Chase Bank, all dated as of February 10, 2004. These provisions shall survive closing of title and delivery of the Deed.

28. **Dimensions Approximate.** The room sizes, dimensions and layout of the Unit stated in the Condominium Documents are approximations. It is your responsibility to check these Documents. After you sign this Agreement, immaterial variations in the sizes or dimensions of the rooms will not give you the right to rescind this Agreement.

29. **Other Property Included.** Included in this sale are the fixtures, equipment and articles of personal property listed for this Unit in the Architect's Report found in the Offering Plan. The same shall be delivered free and clear of all liens and encumbrances. All furniture, furnishings, equipment or decorations exhibited in any model Units or sales office are for display purposes only and are not included in the sale of the Unit

.

30. **UDAAP.** By executing this Agreement, you agree to devote the Premises to residential use as specified in the Urban Development Action Area Project Summary ("UDAAP"), a copy of which is annexed as Exhibit E in Part II of the Plan. This provision shall survive closing of title and delivery of the Deed.

31. **No Discrimination.** By executing this Agreement, you agree to comply with all applicable Federal, State and local laws in effect from time to time, prohibiting discrimination by reason of age, creed, color, disability, marital status, national origin, race, sex or sexual orientation. This provision shall survive closing of title and delivery of the Deed.

32. **Homeownership Training.** As a Purchaser, you acknowledge that you are required to attend our "Home Maintenance and Care" training class for Purchasers, as well as any class required by the Purchaser's Lender in connection with a mortgage commitment. We shall give you a training manual, and you shall sign an "Acknowledgment of Homeownership Training and Receipt of Training Manual" in the form annexed as Exhibit B in Part II of the Plan and submit it to us at least one (1) week prior to the Closing Date, unless our class is scheduled for a date after the Closing Date, in which case the form must be submitted at the last class and a $500 escrow will be taken at the closing to ensure your compliance. Your failure to participate in the training class in a timely manner shall be a default under this Agreement.

33. **Affidavit of Relationship.** Subject to the opportunity to contest ineligibility to purchase by appeal to the Owner and HPD as described in the Section of

the Plan entitled "Procedure to Purchase", you hereby acknowledge that as a condition precedent to the transfer of title to the Unit to you, we must receive your affidavit which states that you are not an officer, employee or member of our corporation, nor an officer, employee or member of the governing body of the Owner, nor an elected official at the State or local level, a paid staff person to such an official, or a leader or Chairman of a political party at any jurisdictional level, nor an officer, employee or member of the governing body of any affiliate of ours or the Owner, nor an employee of HPD having any direct involvement or control with respect to the development or marketing of the Project, nor an officer, employee or member of the governing body of the Community Sponsor (as defined in the SDA) having any direct involvement or control with respect to the development or marketing of the Project. In addition, you will be required to affirm that you are not an immediate family member (spouse, offspring, parent or sibling) or any other relative of any such individual who fits the classification above.

The form of affidavit required hereunder is annexed as Exhibit C in Part II of the Plan.

34. **Notices.** Any notices permitted or required to be given hereunder shall be in writing and sent by certified or registered mail (return receipt requested) or by overnight or express mail service or delivered by messenger or overnight courier service, to the parties at the addresses listed on the front page of this Agreement or to such other addresses as either of us may hereafter designate to the other in writing pursuant hereto. Any notice sent by mail shall be deemed received five (5) business days after being deposited in the U. S. Postal Service. Notices sent by overnight or express mail shall be deemed received on the day after being sent. Notices sent by attorneys for the parties shall be valid notices if given in accordance with the terms of this paragraph.

35. **Broker.** You represent to us that you have dealt with no broker other than the Selling Agent in connection with this transaction. You agree that should any claim be made against us for commissions by any other broker on account of any of your acts or the acts of your representatives, you will indemnify and hold us harmless from any and all liabilities and expenses in connection therewith, including reasonable legal fees and expenses. This provision shall survive closing of title and delivery of the Deed or any earlier termination of this Agreement.

36. **Entire Agreement; Written Modification.** The Condominium Documents and this Agreement are the entire agreement between you and us. No oral statement may be part of our agreement. This Agreement may only be modified or terminated by a written contract. The contract must be signed by you and by us.

37. **Binding Effect.** (a) This Agreement shall not be binding until you have been approved as a Purchaser by HPD and the Owner as set forth in the Plan, such approval to be indicated by execution and acknowledgment of this Agreement by us and the Owner, and delivery of a fully executed counterpart of this Agreement to you.

(b) This Agreement shall be binding upon you and your heirs, executors, administrators, successors and assigns, and if more than one person joins in the execution of this Agreement, the covenants and agreements hereof shall be their joint and several obligations, and if any other than the masculine sex, the relative words herein shall be read as if written in the plural and/or such other gender accordingly as the case may be. This Agreement may not be modified to contain a provision waiving your rights, other than the ability to waive the right to thirty (30) days written notice of the Closing Date, or abrogating our obligations under the Plan or under Article 23-A of the General Business Law.

38. **Offering Plan Governs.** The Plan is incorporated by reference in this Agreement. Any inconsistency or conflict between this Agreement and the Offering Plan will be resolved in favor of the Offering Plan.

39. **No Waiver.** (a) Any provision of any contract or agreement, whether oral or in writing, by which you purport to waive or indemnify any obligation of the Escrow Agent is absolutely void. The provisions of this Paragraph 40 shall prevail over any conflicting or inconsistent provision in the Plan or in this Agreement.

(b) Any failure by us to insist upon strict performance by you of any of the provisions of this Agreement shall not be deemed a waiver of any of the provisions hereof, irrespective of the number of violations or breaches which may occur, and notwithstanding any such failure, we shall have the right thereafter to insist upon strict performance by you of any and all of the provisions of this Agreement to be performed by you.

40. **New York Law.** The parties hereto agree that this Agreement and all of its terms and provisions shall be construed in accordance with the laws of the State of New York.

41. **Waiver of Jury Trial.** You waive your right to a jury trial in any action, proceeding, or counterclaim arising out of or in any way connected with this Agreement or the Plan.

42. **No Recording, Assignment or Advertisement.** You agree not to record this Agreement. You also agree not to advertise or otherwise offer, promote or publicize the availability of the Unit for sale prior to closing hereunder. You agree not to assign this Agreement or your rights hereunder. Violation of any of the agreements in this paragraph shall be a default under this Agreement.

43. **Corrections.** Any errors or omissions in computing apportionments at closing shall be corrected. Payment shall be made promptly to the party owed. This provision shall survive closing of title and delivery of the Deed.

44. **Limited Warranty.** AT CLOSING WE SHALL FURNISH YOU WITH A WARRANTY WHICH COVERS THE UNIT IN A FORM APPROVED BY HPD, A COPY OF WHICH IS INCLUDED AS EXHIBIT D IN PART II OF THIS PLAN. WE MAKE NO HOUSING MERCHANT IMPLIED WARRANTY OR ANY OTHER WARRANTIES, EXPRESS OR IMPLIED, IN CONNECTION WITH THE PURCHASE AGREEMENT OR THE UNIT, AND ALL SUCH WARRANTIES ARE EXCLUDED, EXCEPT AS PROVIDED IN THE AFORESAID LIMITED WARRANTY, ANNEXED HERETO AS A RIDER. THE EXPRESS TERMS OF THE LIMITED WARRANTY ARE HEREBY INCORPORATED INTO THIS PURCHASE AGREEMENT AND THERE ARE NO WARRANTIES WHICH EXTEND BEYOND THE FACE THEREOF. YOU HEREBY ACKNOWLEDGE THAT A WRITTEN COPY OF THE TERMS OF THE LIMITED WARRANTY HAS BEEN PROVIDED BY US TO YOU FOR YOUR EXAMINATION AND THAT A REASONABLE PERIOD OF TIME FOR ITS EXAMINATION HAS BEEN AFFORDED TO YOU PRIOR TO THE TIME OF YOUR EXECUTION OF THE PURCHASE AGREEMENT. YOU UNDERSTAND AND ACCEPT THE LIMITED WARRANTY IN LIEU OF ANY OTHER EXPRESS OR IMPLIED WARRANTIES IN CONNECTION WITH THIS TRANSACTION.

45. **Mortgage Financing.**

(a) Mortgage Contingency: Subject to the provisions of subparagraphs (e), (f) and (g) hereof, your obligation under this Agreement to purchase the Unit is conditional upon issuance, on or before a date which is forty-five (45) days after a fully executed original of this Agreement is given to you (referred to in this Agreement as the "Contingency Period"), of a written commitment (the "Commitment") from an Institutional Lender (as defined below) pursuant to which such Institutional Lender agrees to make the Mortgage Loan (as defined below) to you at your sole cost and expense, in an amount not greater than the Mortgage Loan set forth on page 1 of this Agreement.

(b) The Mortgage Loan: The term "the Mortgage Loan" shall mean a first mortgage loan of up to 97% of the Purchase Price of the Unit and its percentage interest in the Common Elements, including a privately insured mortgage, at the prevailing fixed rate or adjustable rate of interest for a term of not less than fifteen (15)

years and on other customary commitment terms, whether or not conditioned upon any factors other than an appraisal satisfactory to the Institutional Lender.

(c) Your Obligations: You shall:

(i) make prompt application to one (1) or more of the Institutional Lenders for such Mortgage Loan within seven (7) business days after receipt of a fully executed original of this Agreement;

(ii) furnish accurate and complete information on yourself and your family and promptly supply any additional information, data or documents requested by the Institutional Lender;

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

(iv) pursue such application with diligence;

(v) cooperate in good faith with such Institutional Lender to the end of securing the Mortgage Loan;

(vi) promptly notify us of the name and address of each Institutional Lender to which you have made such application; and

(vii) accept the Commitment of one of such Institutional Lenders when issued, comply with all the requirements of the Commitment and furnish us with a copy thereof within five (5) days after receipt.

Your obligations set forth in (i) through (vii) of this subparagraph are, collectively, referred to herein as the "Financing Obligations". You agree to diligently comply with all of the Financing Obligations. Failure to observe the time periods set forth in this subparagraph shall constitute a default by you.

(d) Cancellation Notice: If a Commitment is not issued on or before the expiration of the Contingency Period, then subject to subparagraphs (e), (f) and (g) hereof, unless you have accepted a Commitment that does not comply with the requirements set forth in subparagraphs (a) and (b) above, you may cancel this Agreement by giving us notice (the "Cancellation Notice") within ten (10) days after the expiration of the Contingency Period. The Cancellation Notice shall be accompanied by a copy of a loan refusal letter or non-complying commitment (as the case may be) issued by the Institutional Lender. Within twenty (20) days of cancellation of this Agreement pursuant to this subparagraph (d), if you are not otherwise in default under

this Agreement, the Escrow Agent will return to you the Down Payment paid hereunder, with interest if any has been earned, and thereafter neither party shall have any further rights against, or obligations or liabilities to the other by reason of this Agreement.

(e) Denial of Mortgage; Your Fault: If your inability to obtain a Commitment is due to your failure to provide the necessary information to the Institutional Lender or to otherwise cooperate with the Institutional Lender, or if you fail to sign and return a duly issued Commitment which complies with subparagraphs (a) and (b) hereof within seven (7) days of its issuance, then such inability or failure shall be a default under this Agreement. In such case we may cancel this Agreement and retain the Down Payment as liquidated damages as provided in this Agreement.

(f) Failure to Cancel: In the event you fail to obtain a Commitment on or prior to the expiration of the Contingency Period, as same may have been extended, and do not cancel this Agreement during the subsequent ten (10) day period, then this Agreement shall become firm and binding regardless of your inability to obtain a commitment for a Mortgage Loan.

(g) Acceptance of Non-Complying Commitment: In the event you shall accept a Commitment that does not comply with the requirements set forth in subparagraphs (a) and (b) hereof, then this Agreement shall become firm and binding and you shall be deemed to have waived your right to cancel this Agreement and to receive a refund of the Down Payment by reason of the financing contingency contained in the Agreement.

(h) Expiration of Commitment: If a Commitment is obtained but expires prior to your Closing Date under this Agreement, failure of the Institutional Lender to give an extension of the Commitment on the terms prevailing at the time of such extension (unless such failure is caused by you, which shall constitute a default under this Agreement), notwithstanding your good faith effort to extend the Commitment, including the payment of any additional fees and the agreement to pay a higher interest rate on the Mortgage Loan, shall entitle you to cancel this Agreement within ten (10) days after receipt of notice of such failure to extend the Commitment, in which case within twenty (20) days after such cancellation the Down Payment paid under this Agreement will be refunded, with interest if any has been earned, and both you and we shall be relieved of further liability to the other hereunder.

(i) Institutional Lender: The term "Institutional Lender" as used in this Agreement shall mean one (1) of three (3) lending institutions which have pre-approved the Project, namely JPMorgan Chase Bank, Bank of New York and Citibank, N.A.

(j) Application to Other Lending Institutions: You may apply for a Mortgage Loan to finance your purchase of the Unit from any other commercial bank, savings bank, trust company, savings and loan association, an insurance company, an educational institution, a federal, state municipal or similar public employee's welfare,

pension or retirement fund system, credit union of which your are a member, or a state or an agency thereof and a political subdivision of a state or an agency thereof which is regularly engaged in the business of making residential mortgage loans. However, in such event this Agreement may not be conditioned upon financing, and your failure to obtain financing will not relieve you from any obligations under this Agreement.

IN WITNESS WHEREOF, this Agreement has been duly executed by the parties hereto.

Dated: _____, 200

_____
PURCHASER

_____
PURCHASER

ACCEPTED:

LENOX GARDENS HOMES CORP.

By:_____
Name:
Title:

NYC PARTNERSHIP HOUSING DEVELOPMENT FUND COMPANY, INC.

By:_____
Name:
Title:

Intentionally left blank

EXHIBIT B

Acknowledgment of Homeownership Training and Receipt of Training Manual

By my signature below, I acknowledge and affirm that I have attended the following homeownership training class:

- HOME MAINTENANCE AND CARE

Further, I acknowledge and affirm that I have received the Homeownership Training Manual.

I fully understand that I have been required to receive the Homeownership Training set forth above and the Homeownership Training Manual as a condition to and inducement for the agreement of the NYC Partnership Housing Development Fund Company, Inc. (the "Partnership") to enter into a purchase contract for the sale of a home. In the event that the Partnership determines in good faith that I have not in fact received such training or such Homeownership Training Manual, then any purchase contract or other contract of sale which the Partnership may have entered into with me for the sale of a Partnership home shall be null and void and of no further force and effect.

_____

Name:

Intentionally left blank

EXHIBIT C -1

AFFIDAVIT OF PROSPECTIVE PARTNERSHIP HOMEOWNER

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

Reference is made to that certain contract of sale entered into in connection with the purchase of a Partnership Home by the undersigned (the "Contract of Sale"). Capitalized terms not defined herein shall have the respective meanings ascribed thereto in the Contract of Sale.

_____, being duly sworn and having affixed my signature to this affidavit, deposes and says:

1. I am not an officer, employee or member of the governing body of the NYC Partnership Housing Development Fund Company, Inc., Seller or Builder (whichever is defined in the Contract of Sale), or of any affiliate thereof;

2. I am not an employee of the City of New York Department of Housing Preservation and Development having any direct involvement or control with respect to the development or marketing of these Partnership Homes or an employee, officer or member of the governing body of any community sponsor or marketing agent having any direct involvement or control with respect to the development or marketing of these Partnership Homes;

3. I am not an elected official at the State or local level, a paid staff person to such an official, or a Leader or Chairman of a political party at any jurisdictional level;

4. I am not an immediate family member (spouse, offspring, parent, or sibling) or any other relative of any such person identified in clauses 1, 2 or 3 above.

_____.
SIGNATURE

Sworn to before me this _____ day
of the month of _____, 20__.

_____.
NOTARY PUBLIC

EXHIBIT C-2

Purchaser's Affidavit
Shabazz Gardens Condominium

I/We, _____ [insert names of all purchasers] ("Purchaser") of Unit No. _____ ("Residence") of Shabazz Gardens Condominium ("Condominium") located at 105 and 109 West 117th Street, New York, NY ("Project"), understanding and acknowledging that a portion of the purchase price for the Residence has been subsidized by New York City subsidies administered by the New York City Department of Housing Preservation and Development ("HPD") and the NYC Partnership Housing Development Fund Company, Inc. ("Housing Partnership"), which have entered into a Land Disposition Agreement concerning the Project governing among other things my/our eligibility to purchase the Residence, do hereby represent and warrant to HPD, the Housing Partnership, and the Sponsor of the Condominium as follows:

At the time of execution of an Application of Interest to purchase the Residence, I/we did not own or have an interest in any publicly subsidized home which is subject to a requirement that the owner occupy said home as his or her primary residence.

Date: _____ L.S. _____
Purchaser

Date: _____ L.S. _____
Purchaser

Acknowledgement By Individual
State of New York)
)ss.:
County of _____)

On this _____day of _____, 200__, before me personally came _____, to me personally known and known to me to be the same person described in and who executed the foregoing instrument, and he acknowledged to me that he executed the same.

_____
Notary Public

Acknowledgement By Individual
State of New York)
)ss.:
County of _____)

On this _____day of _____, 200__, before me personally came _____, to me personally known and known to me to be the same person described in and who executed the foregoing instrument, and he acknowledged to me that he executed the same.

_____
Notary Public

EXHIBIT D

LENOX GARDENS HOME CORP.
LIMITED WARRANTY

PURSUANT TO SECTION 777-a OF THE GENERAL BUSINESS LAW

PURCHASER: _____

PURCHASER: _____

PREMISES: _____

_____

PURCHASER(S) HEREBY ACKNOWLEDGE(S) RECEIPT OF LIMITED WARRANTY:

_____	_____
Print Name	Print Name
_____	_____
Signature	Signature
_____	_____
Social security Number	Social Security Number
Date:_____	Date: _____

LENOX GARDENS HOMES CORP.
LIMITED WARRANTY

PURCHASER(S) ACKNOWLEDGE(S) RECEIPT OF THE HEREIN BELOW LIMITED WARRANTY PURSUANT TO THE PROVISIONS OF THE CONTRACT OF SALE TO WHICH THIS LIMITED WARRANTY IS ANNEXED.

Warranty No. _____

NAME OF PURCHASER(S) _____

_____

ADDRESS OF PURCHASER(S) _____

_____

DESIGNATION OF
HOME WARRANTED _____

_____

NAME OF DEVELOPMENT _____

NAME OF BUILDER _____

ADDRESS OF BUILDER _____

BUILDER'S LIMIT OF TOTAL LIABILITY:

The Builder's limit of total liability to the Purchaser for deficiencies of the Home shall be one-hundred (100%) percent of the actual cost to replace the Home, in accordance with the requirements of the Building Code, to its condition as of the date of the Builder's receipt of the applicable Notice of Warranty Claim Form from the Purchaser, less the Home Land Price. See Paragraph 15 herein as to the Builder's limit of total liability for deficiencies of all Homes contained in the Development. All capitalized terms utilized in this paragraph shall have the meanings as set forth in the text of this Limited Warranty.

NOTE: THIS LIMITED WARRANTY EXCLUDES ALL CONSEQUENTIAL, INCIDENTAL, SPECIAL AND INDIRECT DAMAGES EXCEPT AS REQUIRED BY LAW OR EXCEPT AS OTHERWISE SET FORTH HEREIN. THIS LIMITED WARRANTY EXCLUDES ALL OTHER WARRANTIES OF EVERY KIND. EXPRESS AND IMPLIED, ON THE CONSTRUCTION AND SALE OF THE HOME. IT'S WORKMANSHIP AND MATERIALS, AND ITS FITNESS FOR USE AND HABITABILITY. THIS LIMITED WARRANTY IS ACCEPTED BY THE PURCHASER IN LIEU OF ALL OTHER WARRANTIES. THE BUILDER MAKES NO WARRANTIES WHICH EXTEND BEYOND THE FACE HEREOF. THE PURPOSE OF THIS LIMITED WARRANTY IS TO IDENTIFY THE BUILDER'S RESPONSIBILITIES FOR DEFECTS OF A LATENT OR HIDDEN NATURE THAT WOULD NOT HAVE BEEN FOUND OR DISCLOSED ON THE FINAL INSPECTION. THIS WARRANTY IS APPLICABLE TO CERTAIN SUBSEQUENT PURCHASERS. SEE PAGE 2 FOR DETAILS.

1. TO WHOM GIVEN. This Limited Warranty is extended exclusively to the Named Purchaser and each Subsequent Purchaser, while the Named Purchaser and each Subsequent Purchaser own the Home. It does not extend to subsequent purchasers who are not bona-fide owner/occupant purchasers of the Home, tenants or mortgagees, or any Person who may succeed to the rights of the Named Purchaser and each Subsequent Purchaser or to any other Person, except subsequent purchasers who are bona-fide owner/occupants of the Home or a purchaser's successor in interest by operation of law while said subsequent purchaser or successor in interest owns the Home and occupies the Home.

2. BY WHOM MADE. This Limited Warranty is made exclusively by the Builder whose name and address appears on page 1 of this Limited Warranty.

3. FINAL INSPECTION OF THE HOME. Before the Named Purchaser moves into the Home or accepts the deed, the Builder will set up an appointment for the Final Inspection with the Named Purchaser. The purpose of the Final Inspection is to discover any Defects of a visible, apparent or patent nature, or any unfinished work.

Defects in the Home found on the Final Inspection with the Named Purchaser will be itemized on a Final Inspection Form, annexed hereto as Schedule D, that includes a schedule for each item that will be corrected or completed. The Final Inspection Form will be signed by the Named Purchaser and the Builder before occupancy of the Home or transfer of the deed.

EACH SUBSEQUENT PURCHASER SHALL BE REQUIRED TO SET UP AN APPOINTMENT FOR THE FINAL INSPECTION WITH THE SELLER OF HIS/HER HOME AND PREPARE A WRITTEN INSPECTION REPORT DETAILING ANY DEFECTS IN THE HOME COVERED BY THIS LIMITED WARRANTY, WHICH SHALL BE REQUIRED TO BE FORWARDED BY CERTIFIED MAIL RETURN RECEIPT REQUESTED TO THE BUILDER WITHIN THIRTY (30) DAYS FROM THE DATE OF THE CLOSING OF TITLE TO THE HOME. IN THE EVENT A SUBSEQUENT PURCHASER FAILS TO CONDUCT A FINAL INSPECTION WITH THE SELLER OF HIS/HER HOME AND/OR FAILS TO TIMELY FORWARD TO THE BUILDER SAID WRITTEN INSPECTION REPORT, THE SUBSEQUENT PURCHASER SHALL BE DEEMED TO HAVE KNOWLEDGE OF ANY DEFECT OF A PATENT, VISIBLE OR APPARENT NATURE THAT A PRUDENT EXAMINATION BY SUCH SUBSEQUENT PURCHASER WOULD HAVE REVEALED.

The purpose of this Limited Warranty is to identify the Builder's responsibilities for Defects of a latent or hidden kind that would not have been found or disclosed on the Final Inspection.

When the Named Purchaser or a Subsequent Purchaser moves into the Home or accepts the deed, the Builder's responsibility is limited to:

(a) as to the Named Purchaser, the repair, replacement or payment to the Named Purchaser of the reasonable fair market cost of repairing or replacing the defects listed on the Final Inspection Form of the Named Purchaser in accordance with the provisions of this Limited Warranty;

(b) as to the Subsequent Purchaser, the repair, replacement or payment to the Subsequent Purchaser of the reasonable fair market cost of repairing or replacing the Defects listed on the Final Inspection Form of the Subsequent Purchaser in accordance with the provisions of this Limited Warranty;

(c) performance of warranty obligations under the provisions of this Limited Warranty, as contained in this document.

4. DEFINITIONS. As used in this Limited Warranty, the following terms have the following meanings:

(a) "Builder" means the Person identified as the Builder on page 1 of this Limited Warranty. Whenever the term "Builder" is utilized herein, it shall be deemed to include, solely for the purpose of establishing the Builder's liability under this Limited Warranty, any agent of the Builder, contractor retained exclusively by the Builder or subcontractor retained exclusively by the Builder's contractor. Nothing herein shall be deemed to establish any privity of contract between the Purchaser and any of the above agents, contractors, or subcontractors or any privity of contract between the Builder and a subcontractor retained by the Builder's contractor.

(b) "Building Code" means the Building Code of the City of New York, as defined in Title 27 of the Administrative Code of the City of New York, or the Uniform Fire Prevention and Building Code promulgated under Section 377 of the Executive Law, local building code standards approved by the Uniform Fire Prevention and Building Code Council under Section 379 of the Executive Law, whichever is applicable, as said codes and standards shall exist on the Warranty Date.

(c) "Common Areas" means those portions of the Major Structure which the Home shares in common with other Homes. The determination by the Warranty Company, as hereinafter defined, as to which portions of the Major Structure constitute Common Areas shall be final.

(d) "Consumer Product" shall include, but not be limited to, any appliance, piece of equipment, or other item which is a ?consumer product? under the Magnuson-Moss Warranty Act, 15 USC section 2301 et seq., and which is installed in the Home by the Builder. Examples of Consumer Products include, when installed by the builder: air purifiers, kitchen appliances, refrigerators, freezers, ovens, stoves, microwaves, mixers, sinks, toilets, bathtubs, compactors, garbage disposals, dishwashers, fans, faucets and plumbing fixtures, clothes washers, clothes dryers, water heaters, water softeners, humidifiers, pumps, furnaces, oil tanks, gas tanks, heaters, air conditioners, light fixtures, circuit breakers, floor coverings, windows, doors, door openers, siding, brick, and roofing.

(e) "Declaration" means the recorded declaration for the Development.

(f) "Defect" means defective workmanship performed by the Builder and defective materials supplied by the Builder, determined solely by reference to the specific standards of the Building Code and the Locally Accepted Building Practices. The term Defect does not include a condition in the Home that would have been apparent or ascertainable upon Final Inspection. A condition that is disclosed to the Purchaser at any time prior to acceptance of the deed, by notation on

the Final Inspection Form or otherwise, is not a Defect within the meaning of this Limited Warranty. Unless otherwise indicated, the term "Defect" shall be deemed to include "Major Structural Defects".

(g) "Development" means all of the Homes contained in the development designation on Page 1 of this Limited Warranty.

(i) "Electrical System" means the following items, if installed in the Home by the Builder: electrical wiring, electrical boxes, switches, outlets, and connections up to the public utility connection and extensions to any Consumer Product installed by the Builder; cable television systems; intercom systems; burglar, fire, and smoke alarm systems. The Electrical System does not include any Consumer Product.

(j) "Final Inspection" means the final inspection of the Home prior to the Purchaser's acceptance of the deed.

(k) "Heating/Cooling/Ventilation System" means the following items, if installed in the Home by the Builder: all duct work, steam, water and refrigerant lines, registers, convectors, radiation elements, and dampers. The Heating/Cooling/Ventilation System does not include any Consumer Product.

(l) "Home" means the dwelling constructed by the Builder and sold to the Named Purchaser, as identified in the purchase agreement between the Builder and the Named Purchaser.

(m) "Home Land Price" means the purchase price of the land allocable to the Home, as said sum is set forth in the SDA.

(n) "Locally Accepted Building Practices" means the performance standards annexed to and incorporated in this Limited Warranty as Schedule A.

(o) "Major Structural Defects" means Defects resulting in actual physical damage to the Major Structure of the Home caused by failure of the Major Structure which affects its load-bearing functions to the extent that the Home becomes unsafe, unsanitary, or otherwise unlivable.

(p) "Major Structure" means the following portions of the Home that are load-bearing: foundation systems and footings, beams, girders, lintels, columns, walls and partitions, floor systems, and roof framing systems. Major Structure does not include non-load bearing portions of the Home such as: roofing and sheathing; roof shingles and tar paper; drywall, lathes and plaster; exterior siding; brick, stone, or stucco veneer; flooring and subflooring material; floor covering material; wall tile or paper and other wall coverings; non load bearing walls and partitions; concrete floors in attached garages, parking pads and basements that are built separately from foundation walls or other structural elements of the Home; Electrical System, Plumbing System, Heating/Cooling/ Ventilation System; Consumer Products, appliances, fixtures and items of equipment; paint and stains; doors and windows; trim; cabinets; hardware; insulation; electric smoke detectors; sidewalks, walkways and driveways.

(q) "Named Purchaser" means the Person identified as the Purchaser on Page 1 of

the Limited Warranty, while such Person owns the Home.

(r) "Offering Plan" means the homeowners association/condominium/cooperative Offering Plan/No-Action Letter for the Development as accepted for filing by the New York State Department of Law, as same may be amended from time to time.

(s) "Person" means any individual, partnership, corporation, or other legal entity.

(t) "Plumbing System" means the following items, if installed in the Home by the Builder: gas supply lines and fittings; water supply, waste and vent pipes and their fittings; septic tanks and their drain fields; water, gas and sewer service piping, and their extensions to any Consumer Product installed by the Builder, the tie-in of a public utility connection, or on-site well and sewage disposal system. The Plumbing System does not include any Consumer Product.

(u) "Purchaser" means the Named Purchaser and each Subsequent Purchaser and excludes tenants, mortgagees, or any Person who may succeed to the rights of the Named Purchaser or Subsequent Purchaser, except a subsequent bona-fide owner/occupant purchaser of the Home or a purchaser's successor in interest by operation of law while said purchaser or successor in interest owns and occupies the Home.

(v) "Purchaser's Family" means "Family Member" as defined in Section 2520.6 (o) of the Rent Stabilization Code for Rent Stabilized Apartments in New York City as same shall exist on the Warranty Date.

(w) "Residential Occupancy" means occupancy of any portion of the Home for residential purposes by any Person, their designee or invitee.

(x) "SDA" means a certain Site Development Agreement by and between the Builder and NYC Partnership Housing Development Fund Company, Inc., or its designee, relating to the Development.

(y) "Subsequent Purchaser" means a subsequent bona-fide owner/occupant purchaser of the Home while said purchaser owns and occupies the Home.

(z) "Unsubsidized Purchase Price" means the unsubsidized purchase price of the Home set forth in Purchase Agreement to which this Limited Warranty is annexed. If the Home is a cooperative unit, the Unsubsidized Purchase Price shall be defined as the total cash payment paid by the Named Purchaser together with the allocable public subsidy attributable to said Home, and specifically excluding any portion of a non-subsidy mortgage covering the Development that may be allocable to the Home.

(aa) "Warranty Date" means, for the purpose of coverage of the Home, the date that the Named Purchaser, or a member of the Named Purchaser's Family, takes title to the Home, or the date on which any Person begins Residential Occupancy of the Home, whichever date is earlier. For the sole purpose of warranty coverage of the Common Areas, said term shall mean the date of the

closing of title to the first Home in the Development.

5. **PRODUCTS AND PARTS COVERED BY LIMITED WARRANTY.** Coverage A of this Limited Warranty applies to those parts of the Home that have been constructed by the Builder and to those Consumer Products that have been installed in the Home by the Builder. Coverage A does not apply to any part of the Home that has been constructed, altered or damaged by any Person other than the Builder or to any Consumer Product that has been installed, altered or damaged by any Person other than the Builder.

Coverage B of this Limited Warranty applies to those products or parts of the Plumbing System, Electrical System, and Heating/Cooling/Ventilation System that have been installed by the Builder. Coverage B does not apply to any products or parts that have been installed, altered or damaged by any Person other than the Builder. Coverage B does not extend to any Consumer Product.

Coverage C of this Limited Warranty applies to those parts of the Major Structure that have been constructed by the Builder. Coverage C does not apply to any part of the Major Structure that has been constructed, altered or damaged by any Person other than the Builder. Coverage C does not extend to any Consumer Product.

Coverage A, B and C are subject to the definitions, limitations, exclusions, and all other terms and conditions of this Limited Warranty.

6. **WARRANTY COVERAGE PERIODS.** Warranty coverages A, B and C begin on the Warranty Date. The warranty coverages end as follows:

COVERAGE A: one year following the Warranty Date
COVERAGE B: two years following the Warranty Date
COVERAGE C: six years following the Warranty Date

No fact, condition or circumstance delays or extends the Warranty Date or any time or period of warranty coverage. Nothing herein shall be deemed to limit the Purchaser's right to commence an action for damages or other relief caused by a breach of this Limited Warranty within one (1) year after the last date that the Builder makes repairs in response to a warranty claim made in strict compliance with Paragraph 13 of this Limited Warranty or within ninety days after the expiration of any applicable warranty period.

7. **WARRANTY COVERAGES.**

COVERAGE A: The Builder warrants to the Purchaser that, for one year following the Warranty Date, the Home will be free from Defects due to failure by the Builder to have constructed the Home in accordance with the specific standards of the Building Code or due to noncompliance by the Builder with the Locally Accepted Building Practices. The above coverage shall include, but not be limited to, Builder's warranty that the roof and basement of the Home shall be free from leaks and walkways and driveways shall be free from cracks in excess of 1/4 inch in width or 1/8 inch in vertical displacement.

The Builder further warrants to the Purchaser that, for one year following the Warranty Date, Consumer Products installed in the Home by the Builder will be free from Defects due solely to faulty installation by the Builder. (For Consumer Products, see further details in Paragraph 9 of this Limited Warranty, below).

COVERAGE B: The Builder warrants to the Purchaser that, for two years following the Warranty Date, the Plumbing System, Electrical System, and Heating/Cooling/Ventilation System of the Home will be free from Defects due to failure by the Builder to have installed such systems in the Home in accordance with the specific standards of the Building Code or due to noncompliance by the Builder with the Locally Accepted Building Practices.

The Builder reserves the right to substitute to the Purchaser at closing written warranties of the Builder's plumbing, electrical, heating, cooling, or ventilation system subcontractors, by providing written copies of such warranties to the Purchaser, which substituted warranties shall be in substantial compliance with the terms of this Limited Warranty. Said warranties will be in substantial conformance with the Locally Accepted Building Practices. In the event of such substitution, the Purchaser will be required to address any requests for warranty service under Coverage B and any warranty claims under Coverage B to the subcontractor, with a copy of any written request or claim to the Builder.

In the event that the subcontractor does not repair, replace or pay the Purchaser the reasonable fair market cost of repairing or replacing the defective item(s) within a reasonable time, the Purchaser shall have the right to make a warranty claim under Coverage B to the Builder in conformance with the requirements contained in Paragraph 13 hereunder. Any request by a Purchaser to a designated subcontractor for warranty service under Coverage B shall toll the running of the period during which a Purchaser may submit a Notice of Warranty Claim Form to the Builder pursuant to Paragraph 13 (a) hereunder during such reasonable time as a Purchaser shall be seeking redress of a warranty claim from said designated subcontractor.

COVERAGE C

Term and Scope of Coverage

The Builder warrants to the Purchaser that, for six years after the Warranty Date, the Major Structure of the Home will be free from Major Structural Defects due to faulty workmanship performed by the Builder or defective materials supplied by the Builder which would make the Home unsafe, unsanitary or unlivable.

Roof Coverage

Notwithstanding anything to the contrary in this Limited Warranty and/or Schedule A attached hereto, the Warranty Coverage period for protection against any roof deficiencies, as described in Schedule A, Section 5, shall be for five years after the Warranty Date.

Procedure for Filing Warranty Claim

The Purchaser shall be required to address any requests for warranty service under Coverage A, B and C and any warranty claims under Coverage A, B, and C to the Builder in strict conformance with the filing and all other requirements contained in this Limited Warranty.

8. EMERGENCY ACCESS. Purchaser also understands and agrees that if emergency repairs are needed on Purchaser's Home or adjoining Home(s) and the Purchaser cannot be contacted within a reasonable period of time, the Purchaser waives advance notice. Such entry, with or without notice, shall be made with as little inconvenience as possible to the Purchaser.

9. CONSUMER PRODUCTS. This Limited Warranty covers Consumer Products only during the first year and only to the extent of Defects caused solely by faulty installation by the Builder. Damage caused or made worse by any manufacturer's or distributor's defect, by installation by any Person other than the Builder, from misuse by the Purchaser or user, or from a malfunction of an electric company, water supplier or any other utility is not covered.

The Builder conveys and assigns to the Purchaser, to the extent that they are assignable, all warranties provided to the Builder on any Consumer Products and manufactured items that have been installed by the Builder in the Home. The Purchaser accepts this assignment and acknowledges that the Builder's only responsibility relating to such assigned warranties is to lend assistance to the Purchaser in settling claims under the assigned warranties.

10. EXCLUSIONS FROM COVERAGE. The following are excluded from Coverages A, B, and C, except as otherwise noted below:

(a) Loss or damage caused by workmanship performed by any person other than the Builder.

(b) Loss or damage caused by defective materials supplied by any person other than the Builder.

(c) Loss or damage caused by defective design, unless the design professional was retained exclusively by the Builder.

(d) Loss or damage that would have been apparent or ascertainable upon the Final Inspection, including, but not limited to, any defect of a patent, visible or apparent nature that a prudent examination by a Purchaser would have revealed.

(e) Loss or damage that is disclosed to the Purchaser at any time prior to acceptance of the deed, by notation on the Final Inspection Form or otherwise.

(f) Defects in outbuildings including, but not limited to, detached garages and detached carports (except outbuildings which contain the Plumbing System, Electrical System, or Heating/Cooling/Ventilation System serving the Home); site located swimming pools and other recreational facilities; sidewalks (except those fronting the Home); patios; landscaping (including

sodding, seeding, shrubs, trees and plantings); deck areas; curbs (except those fronting the Home); off-site improvements or any other improvements not a part of the Home.

(g) Damage to real property which is not part of the Home covered by this Limited Warranty and which is not included in the purchase price of the Home.

(h) Any damage to the extent that it is caused or made worse by:

(i) negligence, improper maintenance, or improper operation by anyone other than the Builder; or

(ii) failure by the Purchaser or anyone other than the Builder to comply with the warranty requirements of manufacturers or suppliers of Consumer Products, appliances, fixtures or items of equipment; or

(iii) failure of the Purchaser to give notice to the Builder of any Defects or damage in the manner set forth in paragraph 13 of this warranty; or

(iv) changes in the grading of the ground by anyone other than the Builder; or

(v) changes, alterations or additions made to the Home by anyone, except the Builder, after the Warranty Date; or

(vi) dampness or condensation due to failure of any Person other than the Builder to maintain adequate ventilation.

(i) Any condition which does not result in actual physical damage to the Home, including, but not limited to, uninhabitability or health risk due to the presence or consequence of unacceptable levels of radon gas, formaldehyde, or other pollutants and contaminants, or the presence of hazardous or toxic on-site materials, except as otherwise provided by law. This Paragraph 10(i) shall not be deemed to limit any remedies that Purchaser or the Builder may have under applicable law.

(j) Loss or damage caused by or resulting from accidents, riot and civil commotion, fire, explosion, smoke, water escape, falling objects, aircraft, vehicles, Acts of God, lightning, windstorm, hail, flood, mudslide, earthquake, volcanic eruption, wind-driven water, or changes in the underground water table which were not reasonably foreseeable by the Builder.

(k) Loss or damage caused by seepage of water.

(l) Loss or damage caused by or resulting from soil movement for which compensation is provided by legislation or which is covered by other insurance.

(m) Changes, alterations, or additions made to the Home by anyone after initial occupancy or acceptance of the deed, except those performed by the Builder.

(n) Loss or damage which is covered under any other warranty or insurance policy, except warranty coverage provided by the Warranty Company.

(o) Loss or damage which the Purchaser has not taken timely action to mitigate.

(p) Normal wear and tear and normal deterioration.

(q) Insect, vermin and/or rodent damage and infestation, or damage caused by other animals or pests.

(r) Bodily injury, personal injury, death, or loss or damage to personal property.

(s) Failure of the Builder to complete construction of the Home.

(t) Loss or damage which arises while the Home is being used primarily for nonresidential purposes or which arises as the result of nonresidential use.

(u) Loss or damage due to loading on floors by the Purchaser which exceeds design loads as established by the Building Code.

(v) Costs of shelter, transportation, food, moving, storage or other incidental expenses related to inconvenience, relocation, or loss of use, during repair.

(w) Incidental, special and indirect damages.

(x) Consequential damages, except for property damage to the Home proximately caused by a Defect.

(y) Loss or damage arising from any claim not filed in strict compliance with the procedures set forth below in Paragraph 13, "Step-by-Step Claims Procedures" with respect to any claim. PURCHASER'S FAILURE TO COMPLY WITH ANY OF THE PROCEDURES SET FORTH IN PARAGRAPH 13 WITH RESPECT TO A CLAIM WILL VOID SAID CLAIM UNDER THIS LIMITED WARRANTY.

(z) Loss or damage of any kind in excess of the Builder's Total Limit of Liability, as set forth in Paragraph 15 of this Limited Warranty.

(aa) Loss or damage to any improvements or additions to the Home made by the Purchaser.

(bb) Loss or damage to the Home which cannot be remedied due to the Builder's inability to gain reasonable access to the affected area because of the Purchaser's improvements or additions to the Home.

(cc) Defects in any work or materials ordered directly by the Purchaser from the Builder's subcontractors or suppliers or other outside suppliers or subcontractors or for incidental, consequential,

special, or indirect damages resulting from such work or materials;

(dd) Raised butt joints; ridging, scuffing on kitchen cabinet or vanity surfaces; variations of wood grain or staining of kitchen cabinets or vanities; shading variations of the exterior siding staining (on the face surface or grooves) and on fascias from staining; doors and windows sticking because of weather; adjustment of bi-fold doors; chips, scratches, marks, breaks, or other blemishes in windows, sliding doors, screens, electric fixtures and globes, woodwork and doors; dented appliances; broken screens; and minor chips (nicks) to cultured marble floors and countertops, except as otherwise provided in the performance standards of the Warranty Company.

(ee) Any hairline cracks (1/4 inch or less in width or 1/8 inch or less in vertical displacement) in driveways and walkways.

11. PURCHASER'S RESPONSIBILITIES

The Home requires active maintenance effort on the Purchaser's part to reduce the likelihood of damage due to neglect, improper maintenance, abnormal use or any other use proscribed under the applicable law. Some specific Purchaser's responsibilities are set out in the performance standards of the Locally Accepted Building Practices, attached to and included in this Limited Warranty as Schedule A. The Purchaser is required to abide by all operating instructions provided by the Builder or by any manufacturer or supplier of component parts of the Home.

The Purchaser is required, prior to the time that the Builder has received notice of a claim, to use reasonable efforts to timely mitigate damages caused by a Defect. Except in the event of an actual emergency, the Purchaser's obligation to mitigate damages will not require the Purchaser to expend any monies to mitigate damages. The Builder will be required to reimburse the Purchaser for any monies reasonably expended by the Purchaser to mitigate damages in the event of an actual emergency.

NOTE: DAMAGE CAUSED OR MADE WORSE BY HOMEOWNER NEGLIGENCE, IMPROPER MAINTENANCE, IMPROPER OPERATION, ILLEGAL USE OR THE PURCHASER'S FAILURE TO TIMELY MITIGATE DAMAGES IS EXPRESSLY EXCLUDED FROM COVERAGE UNDER THIS LIMITED WARRANTY.

Further responsibilities of the Purchaser are described in Paragraph 13 of this Limited Warranty, below.

12. WHAT THE BUILDER WILL DO. If a Defect occurs in an item covered by this Limited Warranty, the Builder will (i) respond to the Purchaser's Notice of Warranty Claim Form within fourteen (14) days from the Builder's actual receipt of the same, and (ii) repair, replace, or pay the Purchaser the reasonable fair market cost of repairing or replacing the defective item(s) within sixty (60) days after the Builder's inspection or testing discloses the problem, subject to Acts of God, weather conditions, availability of materials and other events and circumstances beyond the Builder's control. The choice among repair, replacement, or payment is solely that of the Builder. In making any repairs or replacements, the Builder will have the sole right to select the method and materials to be used in performing such repairs or replacements and shall commence the repair or replacement within thirty

(30) days after the Builder's inspection or testing discloses the problem, subject to Acts of God, weather conditions, availability of materials and other events and circumstances beyond the Builder's control.

In the case of a Defect that is identified in the Locally Accepted Building Practices, the Builder will respond according to the "Builder Correction" as described in the Locally Accepted Building Practices.

In no event will the Builder's total liability for deficiencies under this Limited Warranty exceed the Builder's Limit of Total Liability set forth in Paragraph 15 herein. Any Payments made by the Builder or the fair market cost of repairs and/or replacements made by the Builder will be applied to reduce the Builder's Limit of Total Liability set forth in Paragraph 15 herein. Repair, replacement or payment of reasonable cost for any Major Structural Defect is further limited to (i) the repair of damage to the load-bearing function; and (ii) the repair of those items of the Home damaged by the Major Structural Defect which made the Home unsafe, unsanitary or otherwise unlivable.

When the Builder finishes repairing or replacing the Defect or pays the reasonable cost of doing so, a full release of all legal obligations with respect to the Defect must be signed by the Purchaser and delivered to the Builder. In the event the Purchaser fails to execute a full release, the Builder will notify the Purchaser as to what action(s) it has taken with respect to the applicable Defect. Notwithstanding the above, in the event the Builder elects to repair or replace the Defect, the Builder shall be required, during the applicable warranty coverage period, to make any further repairs or replacements necessary to remedy the Defect in the event that the essential condition which caused the existence of the original Defect shall continue to be present or shall reoccur.

13. <u>STEP BY STEP CLAIMS PROCEDURES.</u> If the Purchaser believes that a Defect has occurred in an item covered by this Limited Warranty, the Purchaser must take the following steps:

(a) Written notice of any warranty claim must be made on the "Notice of Warranty Claim Form" annexed hereto as Schedule B, and must be actually received by the Builder identified on page 1, no later than the thirtieth (30th) day after warranty coverage on that item expires. Notice of any warranty claim must be given by the Purchaser to the Builder as follows: (1) by hand, with a written acknowledgment receipt from the Builder, or (2) by certified or registered mail, return receipt requested. If this Notice of Warranty Claim Form is not properly completed and received by the Builder by that deadline, the Builder will have no duty to respond to any complaint or demand, and any or all claims may be rejected. FAILURE TO COMPLETE AND DELIVER THE NOTICE OF WARRANTY CLAIM TO THE BUILDER VOIDS ANY CLAIMS UNDER THIS LIMITED WARRANTY.

(b) No steps taken by the Builder, Purchaser or any other person to inspect, test or correct defects will extend the period of warranty coverage or any other time period under this Limited Warranty. Nothing herein shall be deemed to limit the Purchaser's right to commence an action for damages or other relief caused by a breach of this Limited Warranty within one (1) year after the last date that the Builder makes repairs in response to a warranty claim made in strict compliance with this paragraph 13.

(c) In response to a Notice of Warranty Claim, or other complaint or request of the Purchaser,

the Builder and the Builder's agents will have the right to inspect and test the portion of the Home to which the claim, complaint or request relates. The Purchaser and occupants of the Home must provide Reasonable Access to the Builder and the Builder's agents during normal business hours, Monday through Friday, to complete inspection, testing and repair or replacement.

"Reasonable Access" by the Purchaser for inspection, testing and completion of the work will (a) require the Purchaser or its representative to be physically present during any work period and (b) require the Purchaser and occupants of the Home to allow the Builder to inspect, test and complete the work and not obstruct the Builder in any way during the Builder's performance of it's duties. In the event, after a work appointment has been set by the Builder and the Purchaser, the Purchaser (and/or occupants, as required) fails to provide Reasonable Access to the Builder, the Builder will have the right to assess the Purchaser a $50.00 service fee.

IN THE EVENT, AFTER A SECOND WORK APPOINTMENT HAS BEEN SET BY THE BUILDER AND THE PURCHASER, THE PURCHASER (AND/OR OCCUPANTS, AS REQUIRED) AGAIN FAILS TO PROVIDE REASONABLE ACCESS TO THE BUILDER, THE PURCHASER WILL BE ESTOPPED FROM ASSERTING ANY CLAIMS WITH RESPECT TO THE APPLICABLE DEFECT UNDER THIS LIMITED WARRANTY AND THE BUILDER WILL BE DEEMED TO HAVE COMPLIED WITH ALL OF ITS OBLIGATIONS UNDER THIS LIMITED WARRANTY WITH RESPECT TO THE APPLICABLE DEFECT.

(d) The Builder is not responsible for repairs performed by anyone other than the Builder or an authorized service representative of the Builder. The Builder will not reimburse the Purchaser for the costs of any unauthorized work or materials. The Builder will not repair or replace an item that has been repaired, altered or replaced by anyone other than the Builder or the Builder's authorized service representative. A LIST OF THE BUILDER'S AUTHORIZED SERVICE REPRESENTATIVES IS ATTACHED TO THIS LIMITED WARRANTY AS SCHEDULE C. USE OF UNAUTHORIZED SERVICE VOIDS ANY CLAIMS UNDER THIS LIMITED WARRANTY.

14. LEGAL ACTIONS.

(a) No claim or cause of action under this Limited Warranty may be commenced or asserted in any suit, action, or other legal proceeding against the Builder in any court or forum unless notice of the claim or cause of action has been received by the Builder in a timely and properly completed Notice of Warranty Claim Form as provided in Paragraph 13 above.

(b) No suit, action and proceeding against the Builder under this Limited Warranty may be commenced in any court or forum more than ninety (90) days after the expiration of the applicable warranty coverage under paragraph 6 of this Limited Warranty or more than one (1) year after the last date that the Builder makes repairs in response to a warranty claim.

15. BUILDER'S LIMIT OF TOTAL LIABILITY.

The Builders limit of total liability to the Purchaser for the deficiencies of the Home shall be strictly limited to one-hundred (100%) percent of the actual cost to replace the Home, in accordance

with the requirements of the Building Code, to its condition as of the date of the Builder's receipt of the applicable Notice of Warranty Claim from the Purchaser, less the Home Land Price.

The Builder's limit of total liability to all Purchasers of all Homes contained in the Development, for deficiencies of all Homes contained in the Development, shall be strictly limited to one-hundred (100%) percent of the actual cost to replace each and every one of the Homes contained in the Development, in accordance with the requirements of the Building Code, to its condition as of the date of the Builder's receipt of each applicable Notice of Warranty Claim from each Purchaser, less the Development Land Price. In the event that there shall be a dispute between the Builder and Purchaser(s) as to the Builder's limit of total liability hereunder, the Builder shall have the right to submit said dispute on behalf of the Builder and Purchaser for settlement by arbitration in accordance with the Rules and Procedures for the Conciliation and Arbitration of Home Warranty Disputes of the National Academy of Conciliators, or if said arbitration service shall not be available, such similar nationally recognized arbitration service to be selected by the Builder, which arbitration proceeding shall take place in the City of New York. Nothing herein shall be deemed to limit any and all rights that the Purchaser may have under applicable law and under this Limited Warranty to challenge an arbitrator's determination as to the Builder's limit of total liability hereunder.

16. GENERAL PROVISIONS.

(a) This Limited Warranty may not be changed or amended in any way.

(b) This Limited Warranty is to be binding upon the Builder and the Purchaser, or successor to the Purchaser by operation of law, their heirs, executors, administrators, successors and assigns.

(c) Should any provision of the Limited Warranty be deemed unenforceable by a court of competent jurisdiction, said determination will not affect the enforceability of the remaining provisions.

(d) Use of one gender in this Limited Warranty includes all other genders, and use of the plural includes the singular.

(e) The Limited Warranty is to be governed in accordance with the laws of New York State.

SCHEDULE A

CONSTRUCTION QUALITY STANDARDS FOR ONE AND TWO YEAR WARRANTY COVERAGE

WORKMANSHIP/SYSTEMS COVERAGE CONSTRUCTION QUALITY STANDARDS

The following Construction Quality Standards are standards that have been developed and accepted by the residential construction industry in general. While it is virtually impossible to develop a construction standard for each possible deficiency, the construction industry and the Builder have attempted to isolate the most common deficiencies that occur and in so doing, list the extent of the Builder's and the Homebuyer(s) responsibility. Where a specific deficiency has not been isolated, the standard practice of the construction industry will apply.

Homebuyer(s) should be aware that all new homes go through a period of settlement and movement. During this period, the Home may experience some minor material shrinkage, cracking and other events which are unavoidable and considered normal. The Homebuyer(s) should also be aware that he/she is responsible for proper home maintenance, such as maintaining builder set grades around the house. Damage caused by Homeowner negligence, improper maintenance or changes, alterations or additions performed by anyone other than the Builder, his/her employees, or subcontractors is excluded from the warranty.

The following Construction Quality Standards are expressed in terms of required standards that the Builder's construction must meet. Non-compliance with these construction standards calls for corrective action by the Builder.

ONE YEAR WARRANTY ITEMS

1. SITE WORK

1.1 EXCAVATING AND BACKFILLING

DEFICIENCY: Settling of ground around foundation, utility trenches, or other filled areas

CONSTRUCTION STANDARD:

Settling of ground around utility trenches or other filled areas; maximum allowable 6 inches. Settling of backfill around foundation shall not interfere with water drainage away from the house.

BUILDER CORRECTION:

Upon request from the buyer, the Builder shall recompact and backfill excessively settled areas one time only during the first year of warranty. The owner shall be responsible for any grass, shrubs, or landscaping affected by placement of such fill.

1.2 SITE DRAINAGE

DEFICIENCY: Improper drainage of the site.

CONSTRUCTION STANDARD:

The necessary grades and swales should be established to insure proper drainage away from the house. Site drainage is limited to the immediate grades and swales affecting the structure. No standing or ponding water should remain in this immediate area twenty-four (24) hours after a rain, except swales which may drain longer than other areas after a rain, or sump discharge. No grading determination shall be made while there is frost or snow on the ground, or while the ground is saturated.

BUILDER CORRECTION:

The Builder is responsible only for establishing the proper grades and swales. The owner is responsible for maintaining such grades and swales once they have been properly established and stabilized by the Builder.

1.3 CRAWL SPACES

DEFICIENCY: Water in crawl space.

CONSTRUCTION STANDARD:

Crawl spaces should be graded and drained properly to prevent water from accumulating in the crawl space area.

BUILDER CORRECTION:

The Builder is responsible for providing proper grading and drainage of crawl space areas. Water should not be present in the crawl space area thirty (30) days after the owner has closed on a Home.

2.CONCRETE

2.1 EXPANSION AND CONTRACTION JOINTS

DEFICIENCY: Separation or settling of concrete slabs within the structure or at expansion or contraction joints.

CONSTRUCTION STANDARD:

Concrete slabs within the structure are designed to move at expansion and contraction joints. Movement caused by expansion and contraction should not cause cracks and voids to appear in the slab.

BUILDER CORRECTION:

Builder to take whatever corrective action is necessary to repair excessive cracks and voids. If cracking and movement are within designed tolerances, then no corrective action is necessary.

2.2 CAST-IN-PLACE CONCRETE (NON-STRUCTURAL)

DEFICIENCY: Basement or foundation wall cracks.

CONSTRUCTION STANDARD:

Non-structural cracks are not unusual in concrete foundation walls. Such cracks greater than 1/8 inch are considered excessive.

BUILDER CORRECTION:

The Builder shall repair non-structural cracks in excess of 1/8 inch. Surface patching is acceptable for non-structural cracks.

DEFICIENCY: Uneven concrete floors.

CONSTRUCTION STANDARD:
Concrete floors in basements or rooms designed for habitability should not have pits, depressions, or areas of unevenness that would prevent its use as a finished floor or exceeding □ inch slope in 32 inches. The floor slope, unless designed for specific drainage purposes, shall not exceed 1/240 of the room width. Structural slab foundation systems that have experienced some movement, but are within the foundation's design performance criteria are excluded from this standard.
BUILDER CORRECTION:
Builder to correct or repair to meet the above standard.
DEFICIENCY: Pitting, scaling, or spalling of non-excluded concrete work and attached porch concrete work supported by a foundation system.
CONSTRUCTION STANDARD:
Concrete surfaces should not disintegrate to the extent that the aggregate is exposed under normal conditions of weathering and use.
BUILDER CORRECTION:
Builder to take whatever corrective action necessary to repair or replace defective concrete surfaces. The Builder is not responsible for deterioration caused by salt, chemicals, mechanical implements, and other factors beyond the Builder's control.
DEFICIENCY: Excessive powdering or chalking of non-excluded concrete surfaces.
CONSTRUCTION STANDARD:
Powdering or chalking of concrete surfaces is not permissible, but should not be confused with surface dust.
BUILDER CORRECTION:
The Builder shall take whatever corrective action is necessary to repair or resurface defective areas.
DEFICIENCY: Standing water on stoops.
CONSTRUCTION STANDARD:
Water should drain from outdoor stoops and steps. During and immediately following a rain, minor water standing is permissible.
BUILDER CORRECTION:
The Builder shall take corrective action to assure drainage of stoops and steps.
DEFICIENCY: Cracking of basement floor.
CONSTRUCTION STANDARD:
Minor cracks in concrete basement floors are normal. Cracks exceeding 3/16 inch width or 1/8 inch vertical displacement are considered excessive.
BUILDER CORRECTION:
Builder should repair cracks exceeding maximum tolerances by surface patching or other methods as required.
DEFICIENCY: Cracking of attached garage slab.
CONSTRUCTION STANDARD:
Cracks in garage slabs in excess of 1/4 inch in width or 1/4 inch in vertical displacement are considered excessive and unacceptable. (See expansion joints)
BUILDER CORRECTION:
Builder shall repair excessive cracks as required.
DEFICIENCY: Cracking, settling, heaving or separating of structurally attached stoops or steps.
CONSTRUCTION STANDARD:
Stoops or steps should not settle, heave, or separate in excess of 1 inch in relation to the house structure. No cracks except hairline cracks (less than 1/16 inch) are acceptable in structurally attached concrete stoops.
BUILDER CORRECTION:
Builder to repair as required.
DEFICIENCY: Cracks in structurally attached patios with footing or foundation system.
CONSTRUCTION STANDARD:
Cracks in excess of 1/4 inch in width or 1/8 inch in vertical displacement are considered excessive and unacceptable in structurally attached patios.
BUILDER CORRECTION:
Builder to repair as required.
DEFICIENCY: Cracks in concrete slab-on-grade finished floors.
CONSTRUCTION STANDARD:
Cracks which significantly impair the appearance or performance of the finish flooring material shall not be acceptable.
BUILDER CORRECTION:

The Builder shall repair cracks as necessary so as not to be readily apparent when the finish flooring material is in place.

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3. MASONRY

3.1 UNIT MASONRY (NON-STRUCTURAL)

DEFICIENCY: Basement or foundation non-structural wall cracks.
CONSTRUCTION STANDARD:
Small non-structural cracks are not unusual in mortar joints of masonry foundation walls. Such cracks greater than 1/8 inch in width are considered excessive.
BUILDER CORRECTION:
The Builder shall repair non-structural cracks in excess of 1/8 inch by pointing or patching. These repairs shall be made toward the end of the first (1st) year of the warranty period.
DEFICIENCY: Cracks in masonry walls or veneer.
CONSTRUCTION STANDARDS:
Small cracks are common in mortar joints of masonry construction. Cracks greater than 3/8 inch in width are considered excessive.
BUILDER CORRECTION:
Repair cracks in excess of 3/8 inch by pointing or patching. These repairs should be made toward the end of the first (1st) year of the warranty period to permit normal settling and stabilizing of the home.

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4. WOOD AND PLASTICS

4.1 ROUGH CARPENTRY

DEFICIENCY: Floor squeak or subfloor appears loose.
CONSTRUCTION STANDARD:
Floor squeaks and loose subfloor are often temporary conditions common to new home construction.
BUILDER CORRECTION:
Builder should locate and make a reasonable effort to correct the problem.
DEFICIENCY: Uneven wood floors.
CONSTRUCTION STANDARD:
Finished floors should not have ridges or depressions exceeding 1/4 inch in a 32 inch measurement, when measured parallel to the floor joists. Floor slope within any room shall not exceed 1/240 of the room width. Allowable floor and ceiling joist deflections should be taken into consideration when measuring.
BUILDER CORRECTION:
Builder will correct to standard only if caused by an underlying construction defect.
DEFICIENCY: Bowed walls.
CONSTRUCTION STANDARD:
All interior and exterior walls have slight variances on their finished surfaces. Bowing of walls should not detract from or blemish the walls finished surface. Allowable structural deflections are governed by the approved building code specifications, however bowing greater than 1/240 of the wall length will be considered unacceptable.
BUILDER CORRECTION:
Repair interior and exterior walls as required.
DEFICIENCY: Out of plumb walls.
CONSTRUCTION STANDARD:
Walls should not be more than ½ inch out of plumb for any 8 foot vertical measurement.
BUILDER CORRECTION:
Builder to repair to meet the above standard.

4.2 FINISH CARPENTRY - INTERIOR

DEFICIENCY: Quality of interior trim workmanship.
CONSTRUCTION STANDARD:
Joints in moldings or joints between moldings and adjacent surfaces should not result in joints exceeding 1/ 8 inch in width.
BUILDER CORRECTION:

Repair defective joints, as defined above. Caulking is acceptable.

4.3 FINISH CARPENTRY - EXTERIOR
DEFICIENCY: Quality of exterior trim workmanship
CONSTRUCTION STANDARD:
Joints between exterior trim elements, including siding and masonry, should not result in open joints in excess of 3/8 inch. In all cases the exterior trim, masonry, and siding shall be capable of performing its function to exclude the elements.
BUILDER CORRECTION:
Builder to repair open joints. Caulking is acceptable.

4.4 WOOD TREATMENT
DEFICIENCY: Delamination or deterioration of exterior siding.
CONSTRUCTION STANDARD:
Siding should not delaminate beyond the tolerances set out in the manufacturer's specifications. Natural wood sidings can be expected to weather and change color as they age.
BUILDER CORRECTION:
Builder will repair or replace as needed unless caused by owner's failure to maintain siding properly. Repaired area of prefinished material may not match in color and/or texture. The owner can expect that the newly painted surface may not match original surface in color.

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5. THERMAL AND MOISTURE PROTECTION

5.1 WATERPROOFING
DEFICIENCY: Leaks in basement.
CONSTRUCTION STANDARD:
Leaks resulting in actual trickling of water are unacceptable. However, leaks caused by improper landscaping installed by owner, or failure of owner to maintain proper grades that have been stabilized by the Builder are not covered by the warranty. Dampness of the walls may occur in new construction and is not considered a deficiency.
BUILDER CORRECTION:
The Builder shall take such action as necessary to correct basement leaks except where the cause is determined to result from owner negligence.

5.2 INSULATION
DEFICIENCY: Insufficient insulation.
CONSTRUCTION STANDARD:
Insulation should be installed in accordance with applicable energy and building code requirements.
BUILDER CORRECTION:
Install insulation in sufficient amounts to meet above standards.

5.3 SHINGLES AND ROOFING TILES
DEFICIENCY: Leaks due to snow or rain being driven into the attic through vents or louvers.
CONSTRUCTION STANDARD:
Attic vents and/or louvers must be provided in order to properly ventilate your house. Infiltration of rain or snow depends on the force and direction of the wind.
BUILDER CORRECTION:
Builder not responsible for force and direction of driving rain or snow.

5.4 ROOFING AND SIDING
DEFICIENCY: Ice build-up roof.

CONSTRUCTION STANDARD:
During prolonged cold spells, ice build-up is likely to occur at the eaves of a roof. This condition occurs when snow and ice accumulate, and gutters and downspouts freeze up.
BUILDER CORRECTION:
This is a Homeowner(s) maintenance item unless the roof design is found to be improper for the weather conditions associated with the area.
DEFICIENCY: Roof or flashing leaks.
CONSTRUCTION STANDARD:
Roof and flashing should not leak under normally anticipated conditions, except where cause is determined to result from severe weather conditions, such as ice build-up.
BUILDER CORRECTION:
Builder shall correct or repair any verified roof leaks.
DEFICIENCY: Delamination of veneer siding or joint separation.
CONSTRUCTION STANDARD:
All siding shall be installed according to the manufacturer's and industry's accepted standards. Joint separation and delamination are not acceptable except where the manufacturer indicates that some shrinkage may be anticipated.
BUILDER CORRECTION:
Builder shall re-secure, caulk, or replace to meet the above standard.

5.5 FLAT BUILT-UP ROOFING
DEFICIENCY: Standing water on flat built-up roof.
CONSTRUCTION STANDARD:
Water should drain from a flat built-up roof, with minimum ponding.
BUILDER CORRECTION:
The Builder shall take corrective action to assure proper drainage of roof.

5.6 FLASHING AND SHEET METAL
DEFICIENCY: Flashing, valley, gutters, and downspouts must not leak but gutters may overflow during heavy rain. It shall be the Homeowner's(s') responsibility to keep gutters and downspouts free from leaves and debris which could cause excessive overflow.
BUILDER CORRECTION:
Repair leaks.
DEFICIENCY: Water stands in gutters.
CONSTRUCTION STANDARD:
When gutter is unobstructed by debris, the water level may not exceed 1 inch.
BUILDER CORRECTION:
Industry practice is to install gutters with slight amounts of pitch. It is possible that small amounts of water will stand in certain sections of the gutter immediately after a rain.

5.7 SEALANTS
DEFICIENCY: Leaks in exterior walls due to inadequate caulking.
CONSTRUCTION STANDARD:
Joints and cracks in exterior wall surfaces and around openings should be properly caulked to exclude the entry of water. Properly installed caulking will shrink and must be maintained by the Homeowner(s) during the life of the home.
BUILDER CORRECTION:
Builder shall repair/or caulk joints or cracks in exterior wall surfaces as required to correct deficiency.

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6. DOORS AND WINDOWS

6.1 WOOD AND PLASTIC DOORS

DEFICIENCY: Warpage of exterior doors
CONSTRUCTION STANDARD:
Exterior doors will warp to some degree due to temperature differential on inside and outside faces. However, they should not warp to the extent that they become inoperable or cease to be weather resistant or exceed National Woodwork Manufacturers Association Standards (1/4 inch).
BUILDER CORRECTION:
Correct or replace and refinish defective doors to match existing doors as nearly as possible.
DEFICIENCY: Warpage of interior passage and closet doors.
CONSTRUCTION STANDARD:
Interior doors (full opening) should not warp to exceed National Woodwork Manufacturers Association standards (1/4 inch), provided the proper levels of humidity have been maintained in the home.
BUILDER CORRECTION:
Correct or replace and refinish defective doors to match existing doors as nearly as possible.
DEFICIENCY: Shrinkage of insert panels showing raw wood edges.
CONSTRUCTION STANDARD:
Panels will shrink and expand and may expose unpainted surface.
BUILDER CORRECTION:
None; Builder not responsible.
DEFICIENCY: Split door panel.
CONSTRUCTION STANDARD:
Split panels should not allow light to be visible or allow the weather to get through the door.
BUILDER CORRECTION:
If light is visible or weather is getting through the door, fill split to match paint or stain as closely as possible, one time in first year.

6.2 GARAGE DOORS ON ATTACHED GARAGE
DEFICIENCY: Garage door fails to operate properly.
CONSTRUCTION STANDARD:
Garage door should operate properly.
BUILDER CORRECTION:
The Builder shall correct or adjust garage doors as required, except where the cause is determined to result from the owner installing an electric garage door opener.
DEFICIENCY: Garage door allows entrance of snow or water.
CONSTRUCTION STANDARD:
Garage door seal should seal properly under normal conditions.
BUILDER CORRECTION:
Some entrance of the elements can be expected under abnormal conditions. Builder shall adjust or correct garage doors or garage slab to meet normal conditions.

6.3 METAL WINDOWS
DEFICIENCY: Malfunction of windows.
CONSTRUCTION STANDARD:
Windows should operate with reasonable ease as designed.
BUILDER CORRECTION:
Builder to correct or repair as required.
DEFICIENCY: Condensation and/or frost on windows.
CONSTRUCTION STANDARD:
Windows will collect condensation on interior surfaces when extreme temperature differences and high humidity levels are present. Condensation is usually the result of climatic/humidity conditions.
BUILDER CORRECTION:
Unless directly attributed to faulty installation, window condensation is a result of conditions beyond the Builder's control. No corrective action required.

6.4 WOOD AND PLASTIC WINDOWS

Refer to 6.3

6.5 WEATHERSTRIPPING AND SEALS

DEFICIENCY: Infiltration around doors and windows.

CONSTRUCTION STANDARD:

Some infiltration is normally noticeable around doors and windows, especially during high winds. Poorly fitted weatherstripping is not permissible. It may be necessary for the owner to have storm windows and doors installed to provide a satisfactory solution in high wind areas.

BUILDER CORRECTION:

The Builder shall adjust or correct open cracks, poorly fitted doors or windows, or poorly fitted weatherstripping.

7. FINISHES

7.1 LATH AND PLASTER

DEFICIENCY: Cracks in interior wall surfaces.

CONSTRUCTION STANDARD:

Hairline cracks are not unusual in interior wall surfaces. Cracks greater than 1/8 inch in width are considered excessive.

BUILDER CORRECTION:

The Builder shall repair cracks exceeding 1/8 inch as required.

7.2 GYPSUM WALLBOARD

DEFICIENCY: Defects caused by poor workmanship such as blisters in tape, excess compound in joints, cracked corner beads, or trowel marks.

CONSTRUCTION STANDARD:

Slight "imperfections" such as nail pops, seam lines, and cracks are common in plaster and gypsum wallboard installation. However, obvious defects or poor workmanship resulting in blisters in tape, or excess compound in joints, trowel marks, and cracked corner beads are not acceptable.

BUILDER CORRECTION:

Builder to correct such defects to acceptable tolerance, and repaint repaired areas. Builder is not responsible for color variations in paint.

7.3 CERAMIC TILE

DEFICIENCY: Ceramic tile cracks and becomes loose.

CONSTRUCTION STANDARD:

Ceramic tile should not crack or become loose.

BUILDER CORRECTION:

The Builder shall replace any cracked tiles and re-secure any loose tiles unless the defects were caused by the owner's negligence. Builder is not responsible for discontinued patterns or color variations in ceramic tile.

DEFICIENCY: Cracks appear in grouting in ceramic tile joints or at junctions with other material such as a bathtub.

CONSTRUCTION STANDARD:

Cracks in grouting in ceramic tile are commonly due to normal shrinkage conditions. Regrouting of these cracks is a maintenance responsibility of the Homeowner(s) within the life of the home. Builder is not responsible for color variations or discontinued color grout.

BUILDER CORRECTION:

Builder will repair grouting (unless cracks are due to normal shrinkage) as necessary one time within the first (1st) year of warranty.

7.4 RESILIENT FLOORING
DEFICIENCY: Nail pops appear on the surfaces of flooring.
CONSTRUCTION STANDARD:
Readily apparent nail pops should be repaired.
BUILDER CORRECTION:
Builder shall correct nail pops, which have broken the surface. The Builder shall repair or replace resilient floor covering in the affected area with similar material. Builder is not responsible for discontinued patterns or color variation in the floor covering.
DEFICIENCY: Depressions or ridges appear in the flooring due to subfloor irregularities.
CONSTRUCTION STANDARD:
Readily apparent depressions or ridges exceeding 1/8 inch should be repaired. The ridge or depression measurement is taken at the gap created at one end of the 6-inch straight edge placed over the depression or ridge within 3 inches on one side of the defect held tightly to the floor.
BUILDER CORRECTION:
The Builder shall take corrective action, as necessary, to bring the defect within acceptable tolerances so that it is not readily visible. Builder is not responsible for discontinued patterns or color variations in floor covering.
DEFICIENCY: Resilient flooring loses adhesion.
CONSTRUCTION STANDARD:
Resilient flooring should not lift, bubble, or become unglued.
BUILDER CORRECTION:
The Builder shall repair or replace resilient flooring as required. The Builder shall not be responsible for discontinued patterns or color variations of floor covering or for problems caused by owner neglect or abuse.
DEFICIENCY: Seams or shrinkage gaps show resilient flooring joints.
CONSTRUCTION STANDARD:
Gaps shall not exceed 1/16 inch width in resilient floor covering joints. Where dissimilar materials abut, a gap not to exceed 1/8 inch is permissible.
BUILDER CORRECTION:
The Builder shall take action as necessary to correct the problem.

7.5 CARPETING
DEFICIENCY: Carpeting becomes loose, seams separate, or excessive stretching occurs.
CONSTRUCTION STANDARD:
Wall-to-wall carpeting, installed as the primary floor covering, when stretched and secured properly, should not come up, become loose, separate, or stretch excessively at its points of attachment.
BUILDER CORRECTION:
Builder is to restretch or re-secure carpeting as needed one time within the first (1st) year of warranty.

7.6 SPECIAL COATING
DEFICIENCY: Cracks in stucco wall surfaces.
CONSTRUCTION STANDARD:
Cracks are not unusual in exterior stucco surfaces. Cracks greater than 1/8 inch in width are considered excessive.
BUILDER CORRECTION:
The Builder shall repair cracks exceeding 1/8 inch in width as required.

7.7 PAINTING
DEFICIENCY: Mildew or fungus on painted surfaces.
CONSTRUCTION STANDARD:
Mildew or fungus will form on a painted surface if the structure is subject to abnormal exposures (i.e. rainfall, ocean, lake, or river front).
BUILDER CORRECTION:
Mildew or fungus formation is a condition the Builder cannot control and is a Homeowner(s) maintenance item, unless it

is caused by moisture entry into wood. In which case, the Builder shall eliminate the source of water entry and refinish.
DEFICIENCY: Exterior paint or stain peels or deteriorates.
CONSTRUCTION STANDARD:
Exterior paints or stains should not fail during the first (1st) year of ownership. However, fading may occur and the degree varies with climatic conditions.
BUILDER CORRECTION:
Builder shall properly prepare and refinish affected areas, matching color as closely as possible. Where finish deterioration affects the majority of the wall area, the whole area should be refinished. The warranty on newly repainted surfaces will not extend beyond the original warranty period.
DEFICIENCY: Painting required as corollary repair because of other work.
CONSTRUCTION STANDARD:
Necessary repairs required under this warranty should be refinished to match surrounding areas as closely as possible.
BUILDER CORRECTION:
Refinish repaired areas as indicated.
DEFICIENCY: Deterioration of varnish or lacquer finishes.
CONSTRUCTION STANDARD:
Natural finish on interior woodwork should not deteriorate during the first (1st) year of ownership. However, varnish-type finish used on the exterior will deteriorate rapidly and is not covered by the warranty.
BUILDER CORRECTION:
Retouch affected area of natural finished interior woodwork, matching the color as closely as possible.
DEFICIENCY: Interior paint application and coverage.
CONSTRUCTION STANDARD:
Interior paint shall be applied in a manner sufficient to visually cover wall, ceiling, and trim surfaces where specified.
BUILDER CORRECTION:
The Builder shall retouch wall, ceiling, or trim surfaces where inadequate paint has been applied to cover original surfaces.

7.8 WALL COVERING
DEFICIENCY: Peeling of wallpaper.
CONSTRUCTION STANDARD:
Peeling wallpaper is unacceptable.
BUILDER CORRECTION:
The Builder shall repair or replace defective wallpaper. Builder is not responsible for minor mismatching in pattern or color.

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8. SPECIALTIES

8.1 LOUVERS AND VENTS
DEFICIENCY: Inadequate ventilation of attics and crawl spaces.
CONSTRUCTION STANDARD:
Attic and crawl spaces shall have a natural ventilation area as required by the approved building code specifications.
BUILDER CORRECTION:
The Builder shall provide for adequate ventilation. Builder is not responsible for Homeowner(s) alterations to the original system.

8.2 FIREPLACES
DEFICIENCY: Fireplace or chimney does not draw properly.
CONSTRUCTION STANDARD:
A properly designed and constructed fireplace and chimney should function properly. It is normal to expect that high winds can cause temporary negative draft situations. Similar negative draft situations can also be caused by obstructions such as large branches of trees too close to the chimney. Some houses may need to have a window opened slightly to create an effective draft.
BUILDER CORRECTION:
Determine the cause of malfunction and correct as required if the problem is one of design and construction.

DEFICIENCY: Chimney separation from structure to which it is attached.
CONSTRUCTION STANDARD:
Newly built fireplaces will often incur slight amounts of separation from the main structure. Separations shall not exceed ½ inch from the main structure in any 10 foot vertical measurement.
BUILDER CORRECTION:
Builder to determine the cause of separation and correct as required. Caulking is acceptable for slight separations.

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9. EQUIPMENT

9.1 RESIDENTIAL EQUIPMENT

DEFICIENCY: Warpage and operation of kitchen cabinet doors and drawer faces.
CONSTRUCTION STANDARDS:
Cabinet doors and drawer faces should not warp to exceed 1/4 inch, provided the proper levels of humidity have been maintained. Both cabinet doors and drawer faces should be properly adjusted and operating in a smooth, efficient manner.
BUILDER CORRECTION:
Adjust, repair, or replace defective cabinet doors and drawer faces to correct condition.
DEFICIENCY: Surface cracks, delaminations, and chips in high pressure laminated vanity and kitchen countertops.
CONSTRUCTION STANDARD:
Countertops fabricated with high pressure laminate coverings should not delaminate or have chips or surface cracks. The deck areas joint may have a maximum of 1/16 inch gap. All other areas of the joint may have a maximum of 1/16 inch differential in surface alignment.
BUILDER CORRECTION:
Repair or replace to meet the above criteria.
DEFICIENCY: Countertop separating from finished wall.
CONSTRUCTION STANDARD:
Countertop separation shall not exceed 1/8 inch.
BUILDER CORRECTION:
The Builder shall repair or replace the countertop to eliminate or correct the gap caused by separation. Caulking is acceptable.

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10. MECHANICAL

10.1 WATER SUPPLY SYSTEM

DEFICIENCY: Plumbing pipes freeze and burst.
CONSTRUCTION STANDARD:
Drain, waste, and vent or water pipes should be adequately protected, as required by the applicable code, during normally anticipated cold weather, and as defined in accordance with ASHRAE designed temperatures to prevent freezing.
BUILDER CORRECTION:
The Builder shall correct the condition responsible for pipes freezing, and repair piping damage caused by freezing except where there has been an obvious lack of heat due to the Homeowner(s) neglect.
DEFICIENCY: Water supply system fails to deliver water.
CONSTRUCTION STANDARD:
All service connections to municipal water main and private water supplies are the Builder's responsibility. Private systems shall be designed and installed in accordance with all approved building, plumbing, and health codes.
BUILDER CORRECTION:
Builder to repair as necessary if failure is the result of defective workmanship or materials. If conditions beyond the Builder's control disrupt or eliminate the source of the supply then it is not the Builder's responsibility.

10.2 SEPTIC SYSTEMS

DEFICIENCY: Septic system fails to operate properly.
CONSTRUCTION STANDARD:
Septic system should be capable of properly handling normal flow of household effluent. It is possible that due to freezing, soil saturation, changes in the ground water table, or excessive use of plumbing systems or appliances, an overflow can occur.

Periodic pumping of the septic tank is considered Homeowner(s) maintenance, and a normal need for pumping is not a deficiency.

BUILDER CORRECTION:

Builder shall be responsible for the installation of an operational system and shall take corrective action to repair. Builder shall not be responsible for malfunctions which occur through owner negligence or abuse and from conditions that are beyond his/her control as an exclusion under the warranty. The following are considered owner negligence or abuse:

A. Excessive use of water such as overuse of washing machine and dishwasher, including their simultaneous use.
B. Connection of sump pump, roof drains or backwash from water conditioner, to the system.
C. Placing of non-biodegradable items in the system.
D. Addition of any harsh chemicals, greases, or cleaning agents, and excessive amounts of bleaches or drain cleaners.
E. Use of a food waste disposer not supplied by Builder.
F. Placement of impervious surfaces over the disposal area.
G. Allowing vehicles to drive or park over the disposal area.
H. Failure to periodically pump out the septic tank, when required.

10.3 PLUMBING

DEFICIENCY: Faucet or valve leak.

CONSTRUCTION STANDARD:

No valve or faucet should leak due to defects in material or workmanship. However, leakage caused by worn washers or seals is a Homeowner(s) maintenance item.

BUILDER CORRECTION:

Builder shall repair or replace the leaking faucet or valve unless leakage is due to a worn washer or seal.

DEFICIENCY: Defective plumbing fixtures, appliances, or trim fittings.

CONSTRUCTION STANDARD:

Fixtures, appliances, or fittings should comply with the manufacturer's standards.

BUILDER CORRECTION:

The Builder shall replace any fixture or fitting which is outside of acceptable standards as defined by the manufacturer.

DEFICIENCY: Noisy water pipes.

CONSTRUCTION STANDARD:

There will be noise emitting from the water pipe system, due to the flow of water.

BUILDER CORRECTION:

Builder cannot remove all noises due to water flow and pipe expansion. The Builder shall correct any noise problems that are due to faulty workmanship or installation.

DEFICIENCY: Leakage from any piping.

CONSTRUCTION STANDARD:

No leaks of any kind should exist in any soil, waste, vent, gas, or water pipe. Condensation on piping does not constitute leakage, and is not covered. Should a gas pipe leak occur, the Homeowner(s) should call the appropriate public utility service immediately.

BUILDER CORRECTION:

Builder shall make necessary repairs to eliminate leakages in any piping he/she installed. If a gas or water leak occurs in a piping system the Builder installed, then the Builder will make the necessary repairs. If a gas or water leak occurs in a piping system installed by a public service utility authority, then the public service utility authority should be contacted to make the necessary repairs.

DEFICIENCY: Stopped up sewers, fixtures, and drains.

CONSTRUCTION STANDARD:

Sewers, fixtures, and drains should operate properly.

BUILDER CORRECTION:

The Builder is not responsible for sewers, fixtures, and drains which are clogged through the owner?s negligence. Where defective construction is the cause, the Builder shall assume the cost of the repair; where owner negligence is shown to be the cause, the owner shall assume all repair costs.

DEFICIENCY: Cracking or chipping of porcelain or fiberglass surfaces.

CONSTRUCTION STANDARD:

Chips and cracks on surfaces of bathtubs and kitchen sinks can occur when the surface is hit with sharp or heavy objects.

BUILDER CORRECTION:

Builder to repair any chips or cracks noted prior to first occupancy.

10.4 HEATING
DEFICIENCY: Inadequate heating.
CONSTRUCTION STANDARD:
Heating system should be capable of producing an inside temperature of 70 degrees Fahrenheit, as measured in the center of each room, at a height of 5 feet above the floor, under local outside winter design conditions as specified in the ASHRAE handbook. Federal, state, or local energy codes shall supersede this standard where such codes have been locally adopted.
BUILDER CORRECTION:
Builder shall correct the heating system as required to provide the required temperatures. The owner shall be responsible for balancing dampers, registers, and other minor adjustments.

10.5 COOLING
DEFICIENCY: Inadequate cooling.
CONSTRUCTION STANDARD:
Where air conditioning is provided, the cooling system shall be capable of maintaining a temperature of 78 degrees Fahrenheit, as measured in the center of each room, at a height of 5 feet above the floor, under local outside summer design conditions as specified in ASHRAE handbook. In the case of outside temperatures exceeding 95 degrees Fahrenheit, a differential of 15 degrees Fahrenheit from the outside temperature will be maintained. Federal, state, or local energy codes shall supersede this standard where such codes have been locally adopted.
BUILDER CORRECTION:
Correct cooling system to meet temperature conditions in accordance with specifications.
DEFICIENCY: Refrigerant line leak.
CONSTRUCTION STANDARD:
Refrigerant lines should not develop leaks during normal operation.
BUILDER CORRECTION:
Repair leaking refrigerant lines and recharge unit.

10.6 CONDENSATION LINES
DEFICIENCY: Condensation lines clog up.
CONSTRUCTION STANDARD:
Condensation lines will clog under normal use. This is a Homeowner(s) maintenance item.
BUILDER CORRECTION:
Builder to provide unobstructed condensation lines at closing.

10.7 EVAPORATIVE COOLING
DEFICIENCY: Improper mechanical operation.
CONSTRUCTION STANDARD:
Equipment must function properly at temperature standard set.
BUILDER CORRECTION:
Correct and adjust so that blower and water system operate as designed.

10.8 AIR DISTRIBUTION
DEFICIENCY: Ductwork noisy.
CONSTRUCTION STANDARD:
When metal is heated it expands and when cooled it contracts. The result is "ticking" or "crackling" which is generally to be expected.
BUILDER CORRECTION:
The stiffening of the ductwork and the gauge of the metal used shall be such that the ducts do not "oilcan". The booming

noise caused by "oilcanning" is not acceptable and the Builder must take necessary steps to eliminate this sound.
DEFICIENCY: Ductwork separates or becomes unattached.
CONSTRUCTION STANDARD:
Ductwork should remain intact and securely fastened.
BUILDER CORRECTION:
Reattach and resecure all separated or unattached ductwork.

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11. ELECTRICAL

11.1 ELECTRICAL CONDUCTORS

DEFICIENCY: Failure of wiring to carry it's designed fuse load to the electrical box.
CONSTRUCTION STANDARD:
Wiring should be capable of carrying the designed load for normal residential use to the electrical box.
BUILDER CORRECTION:
Check wiring for conformity with local and state electrical code requirements. Repair wiring if it does not conform to code specifications.

11.2 SWITCHES AND RECEPTACLES

DEFICIENCY: Fuses blow or circuit breakers kick out
CONSTRUCTION STANDARD:
Fuses and circuit breakers should not activate under normal usage.
BUILDER CORRECTION:
Check wiring for conformity with local and state electrical code requirements. Repair wiring if it does not conform to code specifications.
DEFICIENCY: Malfunction of electrical outlets, switches, or fixtures.
CONSTRUCTION STANDARD:
All switches, fixtures, and outlets should operate as intended.
BUILDER CORRECTION:
Repair or replace defective switches, fixtures and outlets.

11.3 SERVICE AND DISTRIBUTION

DEFICIENCY: Ground fault interrupter trips frequently.
CONSTRUCTION STANDARD:
Ground fault interrupters are sensitive safety devices installed into the electrical system to provide protection against electrical shock. These sensitive devices can be tripped very easily.
BUILDER CORRECTION:
Builder is to install ground fault interrupter in accordance with approved electrical code. Tripping is to be expected and is not covered unless due to faulty installation.

ONE AND TWO YEAR WARRANTY ITEMS

10.9 WATER SUPPLY SYSTEM

DEFICIENCY: Plumbing pipes freeze and cause leaks.
CONSTRUCTION STANDARD:
Drain, waste, and vent or water pipes should be adequately protected, as required by applicable codes, during normally anticipated cold weather, and as defined in accordance with ASHRAE design temperatures to prevent freezing.
BUILDER CORRECTION:
The Builder shall correct the condition responsible for pipes freezing, and repair piping damage caused by freezing except where there has been an obvious lack of heat and/or Homeowner(s) neglect.
DEFICIENCY: Water supply system fails to deliver water.
CONSTRUCTION STANDARD:

All service connections to municipal water and private water supply are the Builder's responsibility. Private systems shall be designed and installed in accordance with all approved building, plumbing, and health codes.
BUILDER CORRECTION:
Builder to repair as necessary if failure is the result of defective workmanship or materials. If conditions beyond the Builder's control disrupt or eliminate the source of the supply then it is not the Builder's responsibility.

10.10 SEPTIC TANK SYSTEMS
DEFICIENCY: Septic system fails to operate properly.
CONSTRUCTION STANDARD:
Septic system should be capable of properly handling normal flow of household effluent. It is possible that due to freezing, soil saturation, changes in the ground water table, or excessive use of plumbing systems or appliances, an overflow can occur. Periodic pumping of the septic tank is considered Homeowner(s) maintenance, and a normal need for pumping is not a deficiency.
BUILDER CORRECTION:
Builder shall be responsible for the installation of an operational system and shall take corrective action to repair. Builder shall not be responsible for malfunctions which occur through owner negligence or abuse as an exclusion under the warranty.

A. Excessive use of water such as overuse of washing machine and dishwasher, including their simultaneous use.
B. Connection of sump pump, roof drains or backwash from water conditioner, to the system.
C. Placing of non-biodegradable items in the system.
D. Addition of any harsh chemicals, greases, or cleaning agents, and excessive amounts of bleaches or drain cleaners.
E. Use of a food waste disposer not supplied by Builder.
F. Placement of impervious surfaces over the disposal area.
G. Allowing vehicles to drive or park over the disposal area.
H. Failure to periodically pump out the septic tank, when required.

10.11 PLUMBING
DEFICIENCY: Leakage from any piping.
CONSTRUCTION STANDARD:
No leaks of any kind should exist in any soil, waste, vent, gas, or water pipe. Condensation on piping does not constitute leakage, and is not covered. Should a gas pipe leak occur, the Homeowner(s) should call the appropriate public utility service immediately.
BUILDER CORRECTION:
Builder shall make necessary repairs to eliminate leakages in any piping he/she installed. If a gas or water leak occurs in a piping system the Builder installed, then the Builder will make the necessary repairs. If a gas or water leak occurs in a piping system installed by a public service utility authority, then the public service utility authority should be contacted to make the necessary repairs.
DEFICIENCY: Stopped up sewers, fixtures, and drains.
CONSTRUCTION STANDARD:
Sewers, fixtures, and drains should operate properly.
BUILDER CORRECTION:
The Builder is not responsible for sewers, fixtures, and drains which are clogged through the owner's negligence. Where defective construction is the cause, the Builder shall assume the cost of the repair; where owner negligence is shown to be the cause, the owner shall assume all repair costs.

10.12 COOLING
DEFICIENCY: Cooling lines leak.
CONSTRUCTION STANDARD:
Cooling lines should not develop leaks during normal operation.
BUILDER CORRECTION:
Repair leaking cooling lines and recharge unit.

11.4 ELECTRICAL CONDUCTORS

DEFICIENCY: Failure of wiring to carry it's designed fuse load to the electrical box.

CONSTRUCTION STANDARD:

Wiring should be capable of carrying the designed load for normal residential use to the electrical box.

BUILDER CORRECTION:

Check wiring for conformity with local and state electrical code requirements. Repair wiring if it does not conform to code specifications.

SCHEDULE B
NOTICE OF WARRANTY CLAIM FORM

Dear Purchaser:

To ask the Builder to correct a defect in your Home that you think is covered by the Builder's Limited Warranty, you must complete this form and deliver it to the Builder. This is necessary to protect your rights to warranty performance under the Limited Warranty. Even if you believe that the Builder is aware of the problem, fill out this form and deliver it to the Builder.

The information you will need to fill out the form will be on page 1 of the Limited Warranty. However, if you do not know the answers to any questions, write "Don't Know." Please do not leave any item blank.

Your Name:_____

Mailing Address:_____

Phone:_____

Limited Warranty No.: Warranty Date:_____

Describe the defect(s) which you think are covered by the Limited Warranty. Be sure to include when each defect first occurred or when you first noticed it. Use additional sheets, as necessary, to fully describe the problem:

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____ _____

(signature) (date)

NOTE: THIS COMPLETED AND SIGNED FORM MUST BE DELIVERED TO THE BUILDER AS FOLLOWS: (1) BY HAND, WITH A WRITTEN ACKNOWLEDGMENT RECEIPT FROM THE BUILDER, OR (2) BY CERTIFIED OR REGISTERED MAIL, RETURN RECEIPT REQUESTED. YOUR RIGHTS TO WARRANTY COVERAGE UNDER THIS LIMITED WARRANTY WILL BE VOIDED UNLESS YOU STRICTLY COMPLY WITH ALL THE PROCEDURES SET FORTH IN PARAGRAPH 13 OF THIS LIMITED WARRANTY.

SCHEDULE C

LIST OF AUTHORIZED SERVICE REPRESENTATIVES

PLUMBING:

ELECTRICAL:

HEATING:

ROOFING:

OVEN/RANGE:

WHILE YOU MAY FIND IT NECESSARY TO CALL ONE OF THESE AUTHORIZED SERVICE REPRESENTATIVES DIRECTLY IN THE CASE OF AN EMERGENCY, YOU MUST STILL COMPLETE AND DELIVER TO THE BUILDER, THE NOTICE OF WARRANTY CLAIM FORM (SCHEDULE B), FOLLOWING THE STEP BY STEP CLAIMS PROCEDURES DESCRIBED IN PARAGRAPH 13 OF YOUR LIMITED WARRANTY. A COMPLETED SCHEDULE C CONTAINING THE NAMES OF THE BUILDER'S AUTHORIZED SERVICE REPRESENTATIVES WILL BE PROVIDED TO THE PURCHASER AT OR ABOUT THE TIME OF CLOSING.

FINAL INSPECTION FORM

SCHEDULE D

TO: PURCHASER(S) _____

PREMISES: _____

DATE: _____

This is to advise you that the following items, if not completed before the time of closing of title to your home, will be completed within thirty (30) days subsequent to such closing of title.

Water Meter Reading:_____ Gas Meter Reading:_____ Electric Meter Reading:_____

_____ PURCHASER

_____ PURCHASER

EXHIBIT E

PROJECT SUMMARY

1.	**PROGRAM:**	PARTNERSHIP NEW HOMES	
2.	**PROJECT:**	Malcolm Shabazz Gardens, Phase II	
3.	**LOCATION:**	West 117th Street between Lenox Ave and Adam Clayton Powell Jr. Blvd.	
	a. **BOROUGH:**	Manhattan	
	b. **COMMUNITY DISTRICT:**	10	
	c. **COUNCIL DISTRICT:**	9	
	d. **DISPOSITION AREA:**	BLOCKS 1902	LOTS 26, 27, 124
	PROJECT AREA:	1902	24, 26, 27, 113, 124
4.	**BASIS OF DISPOSITION PRICE:**	Appraised value [Restricted Use]. Sponsor will pay $500 per dwelling unit in cash and deliver a note and mortgage for the remainder ("Land Debt").	
5.	**TYPE OF PROJECT:**	New Construction & Substantial Rehabilitation	
6.	**APPROXIMATE NUMBER OF BUILDINGS:**	Up to 3 Three-Family Homes and 2 Four-Unit Condominium Buildings	
7.	**APPROXIMATE NUMBER OF UNITS:**	Up to 17	
8.	**HOUSING TYPE:**	Three-Family Homes & Condominiums	
9.	**ESTIMATE OF INITIAL PRICE:**	Approximately $440,000 per three-family home and $226,250 per condo unit, assuming the maximum subsidy ("Subsidy).	
10.	**LIENS FOR LAND DEBT AND SUBSIDY:**	The Land Debt and Subsidy are apportioned pro rata to each home and may be reduced at the time of sale based on the home's post-construction appraised value. Purchasers repay the Land Debt and Subsidy attributable to their homes by delivering two notes and a mortgage and/or conditional grant agreement to the City. The sum evidenced by the notes and secured by the mortgage declines by 1/25th of the original principal sum for each year of owner occupancy. Initial purchasers and subsequent owners are	

required to make payments to the City out of resale profits.

11. INCOME TARGETS: Families with annual household incomes between $32,000 and $75,000. Up to 10% of the homes may be sold to over-income families, but such purchasers must repay the Land Debt and Subsidy attributable to their homes in cash at closing.

12. PROPOSED FACILITIES: None

13. PROPOSED CODES/ORDINANCES: None

14. ENVIRONMENTAL STATUS: Type II & Negative Declaration

15. PROPOSED TIME SCHEDULE: Approximately 24 months from closing to completion of construction.

EXHIBIT F

POWER OF ATTORNEY

The undersigned, , residing at , the owner of Unit No. in the Condominium known as SHABAZZ GARDENS CONDOMINIUM, located at 105 and 109 West 117th Street, New York, New York 10026, consisting of the property submitted to the provisions of Article 9-B of the Real Property Law of the State of New York pursuant to Declaration dated , 200 , and recorded in the New York County office of the Register of the City of New York, on , 200 in Liber of Conveyances at Page and on the Floor Plans on file in said office as Map No. , do hereby nominate, constitute and appoint the persons who may from time to time constitute the Board of Managers of SHABAZZ GARDENS CONDOMINIUM jointly, true and lawful attorneys-in-fact for the undersigned, coupled with an interest, with power of substitution, (i) to do all acts and things on behalf of the Condominium except those which by law, by the Declaration or the By-Laws may not be delegated to the Board of Managers by the Unit Owners, including but not limited to the powers and duties specifically enumerated in said Declaration and By-Laws; (ii) on behalf of the undersigned, to take any action required for the Condominium to continue to comply with the UDAAP Tax Exemption, and (iii) to represent the Unit Owner in condemnation, liquidation or termination of the Condominium or related proceedings, negotiations, settlements or agreements, and (iv) to acquire in their own name, as members of the Board of Managers, or in the name of their designee, corporate or otherwise, on behalf of all owners of Units in said property, in accordance with their common interests, any Unit whose owner desires to abandon or sell the same, the undivided interest in the common elements appurtenant thereto, the interest of such Unit Owner in any other Units theretofore acquired by the Board of Managers, or its designee, on behalf of all Unit Owners, or in the proceeds of sale thereof, if any, and the rights and privileges appurtenant thereto, and the interest of such Unit Owner in all other assets of the Condominium (hereinafter collectively called the "Appurtenant Interests") or any Unit, together with the Appurtenant Interests, which shall be the subject of a foreclosure or other judicial sale, at such price and on such terms as were offered by a bona fide proposed purchaser (except in the case of a sale of Units by the Owner, the Sponsor or a mortgagee acquiring title in foreclosure or by deed in lieu of foreclosure) and thereafter to manage, convey, sell or mortgage (but not to vote the votes appurtenant thereto) or otherwise deal with any such Units so acquired by them on such terms as said attorneys-in-fact may determine, granting to such attorneys-in-fact the power to do all things in the said premises which the undersigned could do if the undersigned were personally present.

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

This power of attorney shall be irrevocable.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney this day of , 200 .

_____

_____

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

On the day of in the year 200 before me, the undersigned, a notary public in and for the 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/she executed the same in his/her capacity, and that by his/her signature on the instrument, the individual, or person upon behalf of which the individual acted, executed the instrument.

_____
Notary Public

EXHIBIT G

DEED

THIS INDENTURE made the day of 200 , between NYC PARTNERSHIP HOUSING DEVELOPMENT FUND COMPANY, INC., a New York not-for-profit corporation having an office at 1 Battery Park Plaza, New York, New York 10004 "Grantor", and residing at

"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 Unit known as Unit No. in the Declaration comprising the condominium known as SHABAZZ GARDENS CONDOMINIUM, (hereinafter referred to as the "Condominium") located in the Borough of Manhattan, County of New York and State of New York, (hereinafter called the "Property") made by the Grantor under the Condominium Act of the State of New York (Article 9-B of the Real Property Law of the State of New York), dated 200 , and recorded in the New York County office of the Register of the City of New York, on the day of , 200 , in Liber of Conveyances at Page (hereinafter called the "Declaration"), which Unit is also designated as Tax Lot No. in Block of the Borough of Manhattan on the Tax Map of the Real Property Assessment Department of the City of New York, and on the floor plans of the Buildings, certified by Danois Architects, P.C., and filed with the Real Property Assessment Department of the City of New York on as Condominium Plan No. , and also filed in the New York County office of the Register of the City of New York on , as Condominium Map No. (hereinafter called the "Unit"). The land area of the Property is described as follows:

PARCEL 1

ALL that certain plot, piece or parcel of land, situate, lying and being in the Borough of Manhattan, City, County and State of New York, bounded and described as follows:

BEGINNING at a point on the northerly side of West 117th Street, distant 135 feet westerly from the corner formed by the

intersection of the northerly side of West 117th Street with the westerly side of Lenox Avenue;

RUNNING THENCE northerly parallel with Lenox Avenue and part of the distance through a party wall, 100 feet 11 inches;

THENCE westerly parallel with West 117th Street, 20 feet;

THENCE southerly parallel with Lenox Avenue and part of the distance through another party wall, 100 feet 11 inches to the northerly side of West 117th Street;

THENCE easterly along the northerly side of West 117th Street, 20 feet to the point or place of BEGINNING.

Parcel 2

ALL that certain plot, piece or parcel of land, situate, lying and being in the Borough of Manhattan, City, County and State of New York, bounded and described as follows:

BEGINNING at a point on the northerly side of West 117th Street, distant 95 feet westerly from the corner formed by the intersection of the northerly side of West 117th Street with the westerly side of Lenox Avenue;

RUNNING THENCE northerly parallel with Lenox Avenue and part of the distance through a party wall, 100 feet 11 inches;

THENCE westerly parallel with West 117th Street, 20 feet;

THENCE southerly parallel with Lenox Avenue and part of the distance through another party wall, 100 feet 11 inches to the northerly side of West 117th Street;

THENCE easterly along the northerly side of West 117th Street, 20 feet to the point or place of BEGINNING.

Said premises now being known as and by the street number 105 and 109 West 117th Street.

TOGETHER with an undivided percent interest in the common elements of the Property described in said Declaration (hereinafter called the "Common Elements");

TOGETHER with an easement for the continuance of all encroachments by the Unit on any adjoining Units or Common Elements now existing as a result of construction of the Buildings, or which

may come into existence hereafter as a result of settling or shifting of the Buildings, or as a result of repair or restoration of the Buildings or the Unit after damage or destruction by fire or other casualty, or after a taking in condemnation or eminent domain proceedings, or by reason of an alteration or repair to the Common Elements made by or with the consent of the Board of Managers, so that any such encroachments may remain so long as the Buildings shall stand;

TOGETHER with an easement in common with the owners of other Units to use any pipes, wires, ducts, cables, conduits, public utility lines, and other Common Elements located in any of the other Units or elsewhere on the Property, and serving the Unit;

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

TOGETHER with a right of way through the Common Elements to the public streets;

TOGETHER with and SUBJECT to all easements of necessity in favor of the Unit or in favor of other Units or the Common Elements;

SUBJECT to easements in favor of adjoining Units and in favor of the Common Elements for the continuance of all encroachments of such adjoining Units or Common Elements on the Unit, now existing as a result of construction of the Buildings, or which may come into existence hereafter as a result of settling or shifting of the Buildings, or as a result of repair or restoration of the Building or of any adjoining Unit or of the Common Elements, after damage or destruction by fire or other casualty, or after a taking in condemnation or eminent domain proceedings, or by reason of an alteration or repair to the Common Elements made by or with the consent of the Board of Managers, so that any such encroachments may remain so long as the Buildings shall stand;

SUBJECT also to an easement in favor of the other Units to use the pipes, wires, ducts, conduits, cables, public utility lines and other Common Elements located in the Unit or elsewhere on the Property and serving such other Units;

SUBJECT also to the rights of other Units through the Common Elements to the public streets;

TOGETHER with and SUBJECT to the provisions of the Declaration, By-Laws, and Floor Plans of the Condominium recorded simultaneously with, and as part of, the Declaration, as the same

may be amended from time to time by instruments recorded in the New York County office of the Register of the City of New York, which provisions, together with any amendments thereto, shall constitute covenants running with the land and shall bind any person having at any time any interest or estate in the Unit, as though such provisions were recited and stipulated at length herein;

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

The Grantor, in compliance with Section 13 of the Lien Law, covenants that the Grantor will receive the consideration for this conveyance and will hold the right to receive such consideration as a trust fund for the purpose of paying the cost of the improvements and will apply the same first to the payment of the cost of the improvements before using any part of the same for any other purpose.

The Grantor covenants that the Grantor has not done or suffered anything whereby the premises have been encumbered in any way whatever, except as aforesaid.

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.

The Grantee covenants that the Grantee and Grantee's successors and assigns will own and occupy the Unit as their personal and primary residence for at least twenty-five (25) years from the date hereof.

The Grantee also covenants that the Grantee and Grantee's successors and assigns will comply with all applicable Federal, State and local laws in effect from time to time, prohibiting discrimination by reason of age, creed, color, disability, marital status, national origin, race, sex or sexual orientation in the sale or occupancy of the Unit. This covenant shall run with the land.

The Grantee also covenants that the Grantee and Grantee's successors and assigns will devote the Unit to residential use as specified in the Urban Development Action Area Project Summary ("UDAAP") which is set forth as Exhibit B-1 to the Land Disposition Agreement relating to the Property, and the Urban Renewal Plan described in subdivision (a) of Paragraph 5.01 of the Land Disposition Agreement. This covenant shall run with the land.

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

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

This Unit is to be used for residential purposes only.

IN WITNESS WHEREOF, the Grantor has duly executed this deed the day and year first above written.

NYC PARTNERSHIP HOUSING DEVELOPMENT
FUND COMPANY, INC., Grantor

By:_____
Name:
Title:

Grantee: _____

_____

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

On the _____ day of _____ in the year 200, before me, the undersigned, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

_____
Notary Public

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

On the _____ day of _____ in the year 200, before me, the undersigned, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

_____
Notary Public

EXHIBIT D-1 TO THE AGREEMENT

SECURED ENFORCEMENT MORTGAGE NOTE

New York, New York, _____, 200_

FOR VALUE RECEIVED, _____, an individual residing at _____ _____ (Project address) Block _____ Lot _____ ("Obligor"), his/her successors and assigns, promises to pay to the order of the City of New York, a municipal corporation, acting by and through its Department of Housing Preservation and Development, having its principal office at 100 gold Street, New York, New York 10038 ("Obligee") at the office of the Obligee or at such other place as may be designated in writing by the Obligee, the sum of _____ Dolars ($_____) ("Secured Recapture Obligation"), of which: $_____ represents the funds provided by the New York State Affordable Housing Corporation ("AHC") (Secured AHC Recapture Obligation"), $_____ represents the funds provided by the United States Department of Housing and Urban Development through an Urban Development Action Grant to the City of New York ("Secured UDAG Recapture Obligation"), $_____ represents the funds provided by the City of New York ("Secured Article 16 Recapture Obligation') and $_____ represents a portion of the purchase price of the Land (as defined in the Enforcement Mortgage described below) which has been provided by the City of New York ("Secured Land Recapture Obligation"), or such lesser amount as may be due and owing in accordance with the terms of this Secured Enforcement Mortgage Note. Furthermore, AHC has provided additional funds in the amount of $_____ ("Unsecured AHC Recapture Obligation") which are evidenced by a separate note between the parties hereto and date hereof ("Unsecured Enforcement Note") and which are not secured by the Enforcement Mortgage described in paragraph 1 below. The Secured Recapture Obligation and the Unsecured AHC Recapture Obligation shall be known collectively as the "Combined Recapture Obligation".

Obligor hereby acknowledges (1) that the Obligee has provided the sponsor/builder of the Property (as hereinafter defined) with financial assistance in the form of a participation in a consolidated building loan which funded in part the construction of the improvements on the Property and the surrounding site; (2) that the Obligee provided such financial assistance to the sponsor/builder in reliance upon the sponsor/builder's promise either to repay such assistance or to provide the Obligee with a note and mortgage equal to at least the unpaid portion of such assistance; (3) that the full cost of the improvements is greater than the purchase price of the Property; that the Obligor has received the benefit of the unpaid portion of the financial assistance provided by the Obligee and the write-down of the purchase price of the Property; (4) that in consideration of such assistance the Obligor agrees to repay the Secured Recapture Obligation as provided in this Secured Enforcement Mortgage Note and to repay the unsecured AHC Recapture Obligation as provided in the Unsecured Enforcement Note.

1. This Secured Enforcement Mortgage Note is secured by a mortgage ("Enforcement Mortgage") having the same date as this Secured Enforcement Mortgage Note made by the Obligor as Mortgagor to the Obligee as Mortgagee covering the estate or interest of the Obligor in and to certain property described in Schedule A to the Enforcement Mortgage ("Property").

2. Except as otherwise provided in this Secured Enforcement Mortgage Note, the Unsecured Enforcement Note or in the Enforcement Mortgage, the Combined Recapture Obligation shall be reduced by one-twenty fifth (1/25) of the original amount of the Combined Recapture Obligation for each full year during which the Obligor, Obligor's successors and assigns, owns and continuously occupies as a primary residence at least one Unit on the Property. Based on an analysis of the underwriting of the loan, HPD has determined that such reduction is necessary to ensure the continued affordability and economic viability of the Property. However, if the Obligor refinances the debt secured by the lien of an institutional lender and a portion of the Combined

Recapture Obligation is paid to the Obligee pursuant to Paragraph 5 hereof, the remaining outstanding Combined Recapture Obligation shall be reduced by a sum equal to the remaining outstanding Combined Recapture Obligation divided by the number of years remaining in the term of the Enforcement Mortgage at the time of each such refinancing, for each full year during which Obligor, Obligor's successors and assigns, owns and continuously occupies the Unit as a primary residence. Notwithstanding anything to the contrary herein or in the Unsecured Enforcement Note or the Enforcement Mortgage, this Secured Enforcement Mortgage Note may not be satisfied and the Enforcement Mortgage may not be discharged prior to the satisfaction in full of the Unsecured Enforcement Note.

3. Except as provided otherwise in this Secured Enforcement Mortgage Note, the Unsecured Enforcement Note or in the Enforcement Mortgage, this Secured Enforcement Mortgage Note and the Unsecured Enforcement Note shall be payable solely from the Appreciation of the Property (defined in accordance with this paragraph) gained by Obligor or any subsequent owner of the Property upon the transfer for consideration of the Property. The term "Appreciation" shall mean the amount by which the Total Consideration which Obligor or a subsequent owner receives on the transfer of the Property exceeds the Purchase Price, minus any reasonable attorney's fees, reasonable brokerage fees, title policy fees, recording fees, or transfer taxes incurred by Obligor or a subsequent owner in both the purchase of the Property and the subsequent sale of the Property to a resale purchaser. The term "Purchase Price" shall mean the amount paid by Obligor or a subsequent owner in purchasing the Property, excluding the amount of the Combined Recapture Obligation. The term "Total Consideration" shall mean the cash and non-cash consideration which Obligor or a subsequent owner receives for the Property including cash, real property, personal property, the unamortized principal of any purchase money mortgage encumbering the Property which is assumed by the resale purchaser and the principal of any purchase money mortgage which the resale purchaser gives Obligor or a subsequent owner to secure any unpaid portion of the Purchase Price.

4. If the Property is resold within three years of its initial purchase, this Secured Enforcement Mortgage Note and the Unsecured Enforcement Note shall be due and payable upon each transfer for consideration of the Property by each seller to the extent of one hundred per centum (100%) of the Appreciation upon such transfer, up to the amount of the combined recapture obligation.

5. If the Property is resold after three years of its initial purchase, this Secured Enforcement Mortgage Note and the Unsecured Enforcement Note shall be due and payable upon each transfer for consideration of the Property by each seller to the extent of fifty per centum (50%) of the Appreciation upon each such transfer, up to the amount of the Combined Recapture Obligation. The payment of this Secured Enforcement Mortgage Note and the Unsecured Enforcement Note shall remain the obligation of the Obligor and each seller regardless of whether the consideration for the transfer shall be cash, purchase money mortgage or such other non-cash consideration.

6. If the Obligor wishes to refinance the debt secured by the lien of an institutional lender, and wishes the Obligee to subordinate the lien of the Enforcement Mortgage to the lien securing such refinanced debt, the amount due and payable at such time under this Secured Enforcement Mortgage Note and the Unsecured Enforcement Note shall be fifty per centum (50%) of the amount by which such increased debt exceeds the Purchase Price.

7. At any time that this Secured Enforcement Mortgage Note and the Unsecured Enforcement Note become due and payable, or are otherwise voluntarily prepaid, in part or in full, the Combined Recapture Obligation paid by the Obligor to the Obligee shall be applied by the Obligee first to satisfy any outstanding Secured Land Recapture Obligation, second to satisfy any outstanding Article 16 Secured Recapture Obligation, third to satisfy any outstanding UDAG Secured Recapture Obligation, fourth to satisfy any outstanding Unsecured AHC Recapture Obligation and fifth to satisfy any outstanding Secured AHC Recapture Obligation, respectively. The foregoing

notwithstanding, however, this Secured Enforcement Mortgage Note may not be fully satisfied prior to the satisfaction in full of the Unsecured Enforcement Note.

8. This Secured Enforcement Mortgage Note shall be a standing obligation which shall be without interest and shall not require the payment of installments, except as provided by the terms hereof. During the term of this Secured Enforcement Mortgage Note, the Obligor shall continuously occupy at least one Unit on the Property as his or her primary residence. Upon any transfer of the Property, this Secured Enforcement Mortgage Note and the Unsecured Enforcement Note must be either fully satisfied or assigned to and assumed by the transferee, pursuant to the terms and conditions contained in this Secured Enforcement Mortgage Note and in the Unsecured Enforcement Note. In the event of such an assignment and assumption, such transferee/assignee must continuously occupy at least one unit on the Property as his or her primary residence during the remaining term of this Secured Enforcement Mortgage Note and the Unsecured Enforcement Note and comply with all of the terms, conditions and obligations contained in this Secured Enforcement Mortgage Note and in the Unsecured Enforcement Note.

9. It is hereby expressly agreed that the Combined Recapture Obligation shall, at the option of the Obligee, become due on the happening of any default, including but not limited to any failure to comply with the provisions of Paragraph 8 hereof, or event by which, under the terms of this Secured Enforcement Mortgage Note, the Unsecured Enforcement Note or the Enforcement Mortgage securing this Secured Enforcement Mortgage Note, the Combined Recapture Obligation may or shall become due and payable.

10. The parties hereto agree that all terms and provisions of this Secured Enforcement Mortgage Note and the Enforcement Mortgage shall be subject and subordinate to the lien of any permanent mortgage made by an institutional lender or an FHA approved lender or any other mortgagee approved by the City for the purchase of the Property heretofore made (hereinafter referred to as the "Lender"), and any payments or expenses already made or incurred or which may hereafter be made or incurred, pursuant to the terms thereof, or incidental thereto, or to protect the security thereof, to the full extent thereof. If any action or proceeding to foreclose the mortgage shall be instituted by the Lender, Obligor shall immediately upon service thereof, deliver to the Obligee a true copy of each notice, petition, summons or paper howsoever designated, served in such action or proceeding. It is hereby expressly agreed that should any default occur in the payment of principal or interest on any prior mortgage, and should such installment remain unpaid beyond any applicable grace period, or should any action be commenced to foreclose such mortgage, then the amount of the Combined Recapture Obligation shall become due and payable at the option of Obligee.

11. The Obligor hereby waives presentment and demand for payment, notice of dishonor, protest and notice of protest of this Secured Enforcement Mortgage Note and agrees to pay all costs of collection when incurred, including reasonable attorney's fees (which costs may be added to the amount due under this Secured Enforcement Mortgage Note and be receivable therewith) and to perform and comply with each of the terms, covenants and conditions contained in this Secured Enforcement Mortgage Note and the Enforcement Mortgage on the part of the Obligor to be observed or performed.

12. The terms, covenants and conditions of this Secured Enforcement Mortgage Note shall in all respects be governed, construed, applied and enforced in accordance with the laws of the State of New York.

13. This Secured Enforcement Mortgage Note is secured by the Enforcement Mortgage. All of the terms covenants, and conditions of the Enforcement Mortgage are hereby made a part of hereof as is fully set forth herein.

14. This Secured Enforcement Mortgage Note may not be modified, amended, changed, discharged or terminated orally, but only by an agreement in writing signed by the party against whom the enforcement of the modification, amendment, change, discharge or termination is sought.

15. The Obligor (and the undersigned representatives or the Obligor, if any) has full power, authority and legal right to execute and deliver this Secured Enforcement Mortgage Note and represents that the obligation evidenced by this Secured Enforcement Mortgage Note constitutes a valid and binding obligation of the Obligor.

16. If there are more than one Obligor each shall be separately liable. The words "Obligor" and "Obligee" shall include their heirs, executors, administrators, successors and assigns. If there are more than one Obligor or Obligee the words "Obligor" and "Obligee" used in this Secured Enforcement Mortgage Note shall be read as if written in the plural.

IN WITNESS WHEREOF, the Obligor has duly signed this Secured Enforcement Mortgage Note as of the date at the top of the first page.

MAKER

_____

_____

APPROVED AS TO FORM
BY STANDARD TYPE OF CLASS
for use until:

By: _____
Acting Corporation Counsel

ACKNOWLEDGMENT

State of New York)
) ss:
County of _____)

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

_____
Notary Public

RECORD AND RETURN TO: NYC DEPT. OF HPD, OFFICE OF HOMEOWNERSHIP PROGRAMS ROOM 9-K 100 GOLD STREET, NEW YORK, N.Y. 10038

EXHIBIT C TO THE AGREEMENT

ENFORCEMENT MORTGAGE

THIS ENFORCEMENT MORTGAGE made the ____ day of _____, 200_, between _____, an individual(s) residing at _____ (use Project Address) Block _____ Lot ____ ("Mortgagor") his/her successors and assigns, and the City of New York, a municipal corporation acting by and through its Department of Housing Preservation and Development, having an office at 100 Gold Street, New York, New York 10038 ("Mortgagee").

1. This Enforcement Mortgage is made to secure a contingent recapture obligation of the Mortgagor to the Mortgagee for _____ dolars ($_____) ("Secured Recapture Obligation"), of which: $_____ represents the funds provided by the New York State Affordable Housing Corporation ("AHC") ("AHC Secured Recapture Obligation"), $_____ represents the funds provided by the United States Department of Housing and Urban Development through an Urban Development Action Grant to the City of New York ("UDAG Secured Recapture Obligation"), $_____ represents the funds provided by the City of New York ("oArticle 16 Secured Recapture Obligation') and $_____ represents a portion of the purchase price of the Land (as hereinafter defined) which has been provided by the City of New York ("Land Secured Recapture Obligation"), payable according to and in the manner provided in the note having the same date as this Enforcement Mortgage made by the Mortgagor as Obligor to the Mortgagee as Obligee ("Secured Enforcement Mortgage Note"). Furthermore, AHC has provided additional funds in the amount of $_____ ("Unsecured AHC Recapture Obligation") which are evidenced by a note having the same date as this Enforcement Mortgage made by Mortgagor as Obligor and Mortgagee as Obligee ("Unsecured Enforcement Note"). The Secured Recapture Obligation and the Unsecured AHC Recapture Obligation shall be known collectively as the "Combined Recapture Obligation".

2. Mortgagor hereby mortgages to the Mortgagee all right, title and interest of Mortgagor in and to the following unit as more fully described on Schedule A attached hereto and made a part hereof ("Property");

   (a) Together with all of Mortgagor's right title and interest in the common elements of the Homeowners Association, described in Schedule A (collectively, the "Premises");

   (b) Together with all fixtures and personal property which now are or which may hereafter be attached to or used or useful in connection with the Unit;

   (c) Together with all right title and interest of Mortgagor in and to all leases and other agreements affecting the use of occupancy of the Premises or any portion thereof now or hereafter entered into and the rents, issues and profits from the Premises or any portion thereof.

   (d) Together with any insurance proceeds.

3. Except as otherwise provided in this Enforcement Mortgage, the Secured Enforcement Mortgage Note or the Unsecured Enforcement Note, the Combined Recapture Obligation shall be reduced by one-twenty fifth (1/25) of the original amount of the Combined Recapture Obligation for each full year during which the Mortgagor, Mortgagor's successors and assigns, owns and continuously occupies the Property as a primary residence. Based on an analysis of the underwriting of the loan, HPD has determined that such reduction is necessary to ensure the continued affordability and economic viability of the Property. However, if the Mortgagor refinances the debt secured by

the lien of an institutional lender and a portion of the Combined Recapture Obligation is paid to the Mortgagee pursuant to Paragraph 6 hereof, the remaining outstanding Combined Recapture Obligation shall be reduced by a sum equal to the remaining outstanding Recapture Obligation divided by the number of years remaining in the term of this Enforcement Mortgage at the time of each such refinancing, for each full year during which Mortgagor, Mortgagor's successors and assigns, owns and continuously occupies the Property as a primary residence. Notwithstanding anything to the contrary herein or in the Secured Enforcement Mortgage Note or in the Unsecured Enforcement Note, the Secured Enforcement Mortgage Note may not be satisfied and this Enforcement Mortgage may not be discharged prior to the satisfaction in full of the Unsecured Enforcement Note.

4. Except as provided otherwise in this Enforcement Mortgage, the Secured Enforcement Mortgage Note or the Unsecured Enforcement Note, the Secured Enforcement Mortgage Note and the Unsecured Enforcement Note shall be payable solely from the Appreciation of the Property (defined in accordance with this paragraph) gained by Mortgagor or any subsequent owner of the Property upon the transfer for consideration of the Property. The term "Appreciation shall mean the amount by which the Total Consideration which Mortgagor or a subsequent owner receives on the transfer of the Property exceeds the Purchase Price, minus any reasonable attorney's fees, reasonable brokerage fees, or transfer taxes incurred by Mortgagor or a subsequent owner in both the purchase of the Property and the subsequent sale of the Property to a resale purchaser. The term "Purchase Price" shall mean the amount paid by Mortgagor or a subsequent owner in purchasing the Property, excluding the amount of the Combined Recapture Obligation. The term "Total Consideration" shall mean the cash and non-cash consideration which Mortgagor or a subsequent owner receives for the Property including cash, real property, personal property, the unamortized principal of any purchase money mortgage encumbering the Property which is assumed by the resale purchaser and the principal of any purchase money mortgage which the resale purchaser gives Mortgagor or a subsequent owner to secure any unpaid portion of the Purchase Price.

5. If the Property is resold within three years of its initial purchase, the Secured Enforcement Mortgage Note and the Unsecured Enforcement Note shall be due and payable upon each transfer for consideration of the Property by each seller to the extent of one hundred per centum (100%) of the Appreciation upon such transfer, up to the amount of the combined recapture obligation.

6. If the Property is resold after three years of its initial purchase, the Secured Enforcement Mortgage Note and the Unsecured Enforcement Note shall be due and payable upon each transfer for consideration of the Property by each seller to the extent of fifty per centum (50%) of the Appreciation upon each such transfer, up to the amount of the Combined Recapture Obligation. The payment of the Secured Enforcement Mortgage Note and the Unsecured Enforcement Note shall remain the obligation of the Mortgagor and each seller regardless of whether the consideration for the transfer shall be cash, purchase money mortgage or such other non-cash consideration.

7. If the Mortgagor wishes to refinance the debt secured by the lien of an institutional lender, and wishes the Mortgagee to subordinate the lien of this Enforcement Mortgage to the lien securing such refinanced debt, the amount due and payable at such time under the Secured Enforcement Mortgage Note and the Unsecured Enforcement Note shall be fifty per centum (50%) of the amount by which such increased debt exceeds the Purchase Price.

8. At any time that the Enforcement Mortgage Note and the Unsecured Enforcement Note became due and payable, in part or in full, the Combined Recapture Obligation paid by the Mortgagor to the Mortgagee shall be applied by the Mortgage first to satisfy any outstanding Secured Land Recapture Obligation, second to satisfy any outstanding Article 16 Secured Recapture Obligation, third to satisfy any outstanding UDAG Secured Recapture Obligation, fourth to satisfy any outstanding Unsecured AHC Recapture Obligation and fifth to satisfy any outstanding Secured

AHC Recapture Obligation, respectively. The foregoing notwithstanding, however, the Secured Enforcement Mortgage Note may not be satisfied in full prior to the satisfaction in full of the Unsecured Enforcement Note.

9. The parties hereto agree that all terms and provisions of the Secured Enforcement Mortgage Note and this Enforcement Mortgage shall be subject and subordinate to the lien of any permanent mortgage heretofore granted to an institutional lender or an FHA approved lender or any other mortgagee approved by the Mortgagee for the purpose of financing the purchase of the Property (the "Prior Mortgagee") and any payments or expenses already made or incurred or which may hereafter be made or incurred, pursuant to the terms thereof, or incidental thereto, or to protect the security thereof, to the full extent thereof. If any action or proceeding of foreclosure shall be instituted by the Prior Mortgagee, the Mortgagor shall immediately upon service thereof, deliver to the Mortgagee a true copy of each notice, petition, summons or papers howsoever designated, served in such action or proceeding or in any such action or proceeding. It is hereby expressly agreed that should any default occur in the payment of principal or interest on any prior mortgage, and should such installment remain unpaid beyond any applicable grace period, or should any action be commenced to foreclose such mortgage, then any unpaid portion of the Combined Recapture Obligation shall become due and payable at the option of Mortgagee.

10. Mortgagor will keep the Property insured against loss by fire and other risks as required by the Prior Mortgagee, or as required by the Mortgagee if there is no Prior Mortgage. Mortgagor shall also name the Mortgagee as a loss payee, subordinate in payment to the Prior Mortgagee. Except to the extent required otherwise by the Prior Mortgagee, the proceeds of insurance shall be assigned to and be payable to the Mortgagee and shall be applied to rebuilding unless the Mortgagee determines rebuilding is infeasible, in which event the proceeds shall be distributed as follows: (i) to the Prior Mortgagee to the extent of its interest, (ii) to the Mortgagor to the extent of Mortgagor's equity in the Property ("Mortgagor's Equity") which shall be equal to the initial cash down-payment paid by the Mortgagor and aggregate amortization of principal paid by the Mortgagor to the Prior Mortgagee; (iii) to the Mortgagee pursuant to this Enforcement Mortgage up to the full amount of the Combined Recapture Obligation, (iv) to the Mortgagor to the extent of the remaining balance.

11. Except to the extent required otherwise by the Prior Mortgagee, if any part of the Premises is condemned for public use of any nature, any proceeds or award shall be assigned to and be payable to the Mortgagee to be applied as follows: (i) to the Prior Mortgagee to the extent of its interest, (ii) to the Mortgagor to the extent of the Mortgagor's Equity as defined in paragraph 10, (iii) to the Mortgagee pursuant to this Mortgage up to the full amount of the Combined Recapture Obligation, (iv) to the Mortgagor to the extent of the remaining balance.

12. The Property shall not be removed or demolished or structurally altered in any way without the prior written consent of the Mortgagee.

13. Mortgagor will keep the Property in good repair.

14. Mortgagor warrants the title to the Property.

15. Mortgagor warrants and represents that the Mortgagor (and the undersigned representatives of the Mortgagor, if any) has full power, authority and legal right to execute and deliver this Enforcement Mortgage and the Secured Enforcement Mortgage Note and to mortgage all right, title and interest of the Mortgagor in and to the Property pursuant to the terms hereof and to keep and observe all of the terms, covenants and conditions of this Enforcement Mortgage and the Secured Enforcement Mortgage Note on the Mortgagor's part to be performed.

16. Mortgagor shall, during the term of this Enforcement Mortgage, continuously occupy the Property as a primary residence.

17. Upon any transfer of the Property, this Enforcement Mortgage must be either discharged or assigned to and assumed by the transferee, pursuant to the terms of this Enforcement Mortgage and the Secured Enforcement Mortgage. In the event of such an assignment and assumption, such transferee/assignee must continuously occupy the Property as his or her primary residence during the remaining term of this Enforcement Mortgage and comply with all the terms, conditions and obligations contained in this Enforcement Mortgage and in the Secured Enforcement Mortgage Note.

18. The whole of the Combined Recapture Obligation shall immediately become due and payable at the option of the Mortgagee upon any default in payment pursuant to this Enforcement Mortgage, and/or the Secured Enforcement Mortgage Mote, and/or the Unsecured Enforcement Note, and/or upon any default in the covenants of the Mortgagor set forth in this Enforcement Mortgage or in the absence of the assignment and assumption provided for in Paragraph 17 hereof, upon the date this Enforcement Mortgage and/or the Unsecured Enforcement Note become due and payable. The whole of the principal sum shall also become immediately due and payable at the option of the mortgagee upon any default by the Mortgagor under the Homeowners Association Constituent Documents. The Homeowner Association's Constituent Documents are as follows:

(a) Declaration, or other document which creates the homeowners Association
(b) By-laws
(c) Code of Regulations
(d) Any other equivalent documents

19. The Secured Recapture Obligation secured hereby shall be a standing obligation which shall be without interest and shall not require the payment of installments, except as provided for by the terms of the Secured Enforcement Mortgage Note.

20. Unless Mortgagee has commenced a proceeding to foreclose this Enforcement Mortgage prior to such date, this Mortgage shall be deemed of no further force and effect upon either: (I) the repayment in full of the Unsecured AHC Recapture Obligation and the satisfaction of the Unsecured Enforcement Note and the repayment in full of the Secured Recapture Obligation and the satisfaction of the Secured Enforcement Mortgage Note; or (ii) the twenty-fifth anniversary of continuous ownership and occupancy of the Property as a primary residence by the Mortgagor, his/her successors and assigns. The Mortgagee shall, on or after such date, upon written request by Mortgagor, execute a satisfaction or discharge of this Enforcement Mortgage.

21. The Mortgagor shall, within ten (10) days after request by the Mortgagee and at the Mortgagor's expense, furnish the Mortgagee with a statement, duly acknowledged and certified, setting forth the amount of the Secured Recapture Obligation and whether any offsets or defenses exist against the Secured Recapture Obligation.

22. Any notices, demands, certifications, requests, communications or the like required or permitted to be given under this Enforcement Mortgage, unless otherwise specifically provided in this Enforcement Mortgage, shall be writing and shall be delivered personally or given by regular, certified, or registered mail, correct postage prepaid, to the addresses first set forth above, or such other addresses as the parties may for themselves designate in writing for the purpose of receiving Notices hereunder. Notices shall be deemed given when actually, personally delivered and receipted or when deposited with the post office registry clerk or an official U.S. post box.

23. The terms, covenants and conditions of this Enforcement Mortgage shall in all respects be governed, construed, applied and enforced in accordance with the laws of the State of New York.

24. This Enforcement Mortgage is subject to the terms, covenants and conditions of the Secured Enforcement Mortgage Note to the same extent and effect as if fully set forth herein.

25. This Enforcement Mortgage may not be modified, amended, changed, discharged or terminated orally, but only by an agreement in writing signed by the party against whom the enforcement of the modification, amendment, change, discharge or termination is sought.

26. If there are more than one Mortgagor each shall be separately liable. The words "Mortgagor" and "Mortgagee" shall include their heirs, executors, administrators, successors and assigns. If there are more than one Mortgagor or Mortgagee the words "Mortgagor" and "Mortgagee" used in this Enforcement Mortgage shall be read as if written in the plural.

27. The Mortgagee shall be entitled to the appointment without notice of a receiver in any action to foreclose this Enforcement Mortgage. Such receiver shall be bound by the provisions hereof with respect to the application of any payments received in connection with the Secured Recapture Obligation.

28. This Enforcement Mortgage may be executed in one or more duplicate originals bearing the same date.

The Mortgagor states that the Mortgagor has read this Enforcement Mortgage, received a completely filled in copy of it and has duly signed this Enforcement Mortgage as of the date at the top of the first page.

MORTGAGOR

_____

APPROVED AS TO FORM
BY STANDARD TYPE OF CLASS
FOR USE UNTIL:

By: _____
Acting Corporation Counsel

SCHEDULE A

The Premises

County: NEW YORK

Borough: MANHATTAN

Block: 1902

Lot: 24, 26, 26, 113, 124

Street Address: West 117th Street between Lenox Boulevard and Adam Clayton Powell Jr Blvd

ACKNOWLEDGMENT

State of New York)
) ss:
County of _____)

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

_____
Notary Public

EXHIBIT D-2 TO THE AGREEMENT

UNSECURED ENFORCEMENT NOTE

New York, New York, _____, 200_

FOR VALUE RECEIVED, _____ ("Obligor"), an individual residing at _____ _____ (Project Address) Block _____ Lot _____, his/her successors and assigns, promises to pay to the order of the City of New York, a municipal corporation, acting by and through its Department of Housing Preservation and Development, having its principal office at 100 Gold Street, New York, New York 10038 ("Obligee") at the office of the Obligee or at such other place as may be designated in writing by the Obligee, the sum of _____ Dollars ($_____) ("Unsecured AHC Recapture Obligation"), which represents the funds provided by the New York State Affordable Housing Corporation ("AHC") or such lesser amount as may be due and owing in accordance with the terms of this Unsecured Enforcement Note. Furthermore, the City of New York, AHC and/or the United States Department of Housing and Urban Development have provided additional funds in the amount of $_____ ("Secured Recapture Obligation") which are evidenced by a separate note between the partied hereto and dated the date hereof ("Secured Enforcement Mortgage Note") which is secured by a mortgage ("Enforcement Mortgage"), between the Obligor as Mortgagor and the Obligee as Mortgagee, dated the date hereof. The Secured Recapture Obligation and the Unsecured AHC Recapture Obligation shall be known collectively as the "Combined Recapture Obligation".

Obligor hereby acknowledges (1) that the Obligee has provided the sponsor/builder of the Property, as defined in the Enforcement Mortgage, with financial assistance in the form of a participation in a consolidated building loan which funded in part the construction of the improvements on the Property, as defined in the Enforcement Mortgage and the surrounding site; (2) that the Obligee provided such financial assistance to the sponsor/builder in reliance upon the sponsor/builder's promise either to repay such assistance or to provide the Obligee with a note and mortgage equal to at least the unpaid portion of such assistance; (3) that the full cost of the improvements is greater than the purchase price of the Property; that the Obligor has received the benefit of the unpaid portion of the financial assistance provided by the Obligee and the write-down of the purchase price of the Property; (4) that in consideration of such assistance the Obligor agrees to repay the Secured Recapture Obligation as provided in the Secured Enforcement Mortgage Note and to repay the Unsecured AHC Recapture Obligation as provided in this Unsecured Enforcement Note.

1. Except as otherwise provided in this Unsecured Enforcement Note, the Secured Enforcement Mortgage Note, or in the Enforcement Mortgage, the Combined Recapture Obligation shall be reduced by one-twenty fifth (1/25) of the original amount of the Combined Recapture Obligation for each full year during which the Obligor, Obligor's successors and assigns, owns and continuously occupies as a primary residence at least one Unit on the Property. However, if the Obligor refinances the debt secured by the lien of an institutional lender and a portion of the Combined Recapture Obligation is paid to the Obligee pursuant to Paragraph 4 hereof, the remaining outstanding Combined Recapture Obligation shall be reduced by a sum equal to the remaining outstanding Combined Recapture Obligation divided by the number of years remaining in the term of the Enforcement Mortgage at the time of each such refinancing, for each full year during which Obligor, Obligor's successors and assigns, owns and continuously occupies the Unit as a primary residence. Not withstanding anything to the contrary herein or in the Secured Enforcement Mortgage Note or the Enforcement Mortgage, the Secured Enforcement Mortgage Note may not be satisfied and the Enforcement Mortgage may not be discharged prior to the satisfaction in full of this Unsecured Enforcement Note.

2. Except as provided otherwise in this Unsecured Enforcement Note, the Secured Enforcement Mortgage Note or in the Enforcement Mortgage, this Unsecured Enforcement Note and the

Secured Enforcement Mortgage Note shall be payable solely from the Appreciation of the Property (defined in accordance with this paragraph) gained by Obligor or any subsequent owner of the Property upon the transfer for consideration of the Property. The term "Appreciation" shall mean the amount by which the Total Consideration which Obligor or a subsequent owner receives on the transfer of the Property exceeds the Purchase Price, minus any reasonable attorney's fees, reasonable brokerage fees, title policy fees, recording fees, or transfer taxes incurred by Obligor or a subsequent owner in both the purchase of the Property and the subsequent sale of the Property to resale purchaser. The term "Purchase Price" shall mean the amount paid by Obligor or a subsequent owner in purchasing the Property, excluding the amount of the Combined Recapture Obligation. The term "Total Consideration" shall mean the cash and non-cash consideration which Obligor or a subsequent owner receives for the Property including cash, real property, personal property, the unamortized principal of any purchase money mortgage encumbering the Property which is assumed by the resale purchaser and the principal of any purchase money mortgage which the resale purchaser gives Obligor or a subsequent owner to secure any unpaid portion of the Purchase Price.

3. If the Property is resold within three years of its initial purchase, this Unsecured Enforcement Note and the Secured Enforcement Mortgage Note shall be due and payable upon each transfer for consideration of the Property by each seller to the extent of one hundred per centum (100%) of the Appreciation upon such transfer, up to the amount of the combined recapture obligation.

4. If the Property is resold after three years of its initial purchase, this Unsecured Enforcement Note and the Secured Enforcement Mortgage Note shall be due and payable upon each transfer for consideration of the property by each seller to the extent of fifty per centum (50%) of the Appreciation upon each such transfer, up to the amount of the Combined Recapture Obligation. The payment of this Unsecured Enforcement Note and the Secured Enforcement Mortgage Note shall remain the obligation of the Obligor and each seller regardless of whether the consideration for the transfer shall be cash, purchase money mortgage or such other non-cash consideration.

5. If the Obligor wishes to refinance the debt secured by the lien of an institutional lender, and wishes the Obligee to subordinate the lien of the Enforcement Mortgage to the lien securing such refinanced debt, the amount due and payable at such time under this Unsecured Enforcement Note and the Secured Enforcement Mortgage Note shall be fifty per centum (50%) of the amount by which such increased debt exceeds the Purchase Price.

6. At any time that this Unsecured Enforcement Note and the Secured Enforcement Mortgage Note become due and payable, or are otherwise voluntary prepaid, in part or in full, the Combined Recapture Obligation paid by the Obligor to the Obligee shall be applied by the Obligee first to satisfy any outstanding Secured Land Recapture Obligation, second to satisfy any outstanding Article 16 Secured Recapture Obligation, third to satisfy any outstanding UDAG Secured Recapture Obligation, fourth to satisfy any outstanding Unsecured AHC Recapture Obligation and fifth to satisfy any outstanding Secured AHC Recapture Obligation, respectively. The foregoing notwithstanding, however, this Unsecured Enforcement Note must be satisfied in full prior to the full satisfaction of the Secured Enforcement Mortgage Note.

7. This Unsecured Enforcement Note shall be a standing obligation which shall be without interest and shall not require the payment of installments, except as provided by the terms hereof. During the term of this Unsecured Enforcement Note, the Obligor shall continuously occupy at least one Unit on the Property as his or her primary residence. Upon any transfer of the Property, this Unsecured Enforcement Note and the Secured Enforcement Mortgage Note must be either fully satisfied or assigned to and assumed by the transferee, pursuant to the terms and conditions contained in this Unsecured Enforcement Note and in the Secured Enforcement Mortgage Note. In the event of such an assignment and assumption, such transferee/assignee must continuously occupy at least one unit on the Property as his or her primary residence during the remaining term of this Unsecured Enforcement Note and the Secured Enforcement Mortgage Note and comply

with all of the terms, conditions and obligations contained in this Unsecured Enforcement Note and in the Secured Enforcement Mortgage Note.

8. It is hereby expressly agreed that the Combined Recapture Obligation shall, at the option of the Obligee, become due on the happening of any default, including but not limited to any failure to comply with the provisions of Paragraph 7 hereof, or event by which under the terms of this Unsecured Enforcement Note, the Secured Enforcement Mortgage Note or the Enforcement Mortgage securing the Secured Enforcement Mortgage Note, the Combined Recapture Obligation may or shall become due and payable.

9. The parties hereto agree that all terms and provisions of this Unsecured Enforcement Note shall be subject and subordinate to the lien of any permanent mortgage made by an institutional lender or an FHA approved lender or any other mortgagee approved by the City for the purchase of the Property heretofore made (hereinafter referred to as the "lender"), and any payments or expenses already made or incurred or which may hereafter be made or incurred, pursuant to the terms thereof, or incidental thereto, or to protect the security thereof, to the full extent thereof. If any action or proceeding to foreclose the mortgage shall be instituted by the Lender, Obligor shall immediately upon service thereof, deliver to the Obligee a true copy of each notice, petition, summons or paper howsoever designated, served in such action or proceeding. It is hereby expressly agreed that should any default occur in the payment of principal or interest on any prior mortgage, and should such installment remain unpaid beyond any applicable grace period, or should any action be commenced to foreclose such mortgage, then the amount of the Combined Recapture Obligation shall become due and payable at the option of Obligee.

10. The Obligor hereby waives presentment and demand for payment, notice of dishonor, protest and notice of protest of this Unsecured Enforcement Note and agrees to pay all costs of collection when incurred, including reasonable attorney's fees (which costs may be added to the amount due under this Unsecured Enforcement Note and be receivable therewith) and to perform and comply with each of the terms, covenants and conditions contained in this Unsecured Enforcement Note on the part of the Obligor to be observed or performed.

11. The terms, covenants and conditions of this Unsecured Enforcement Note shall in all respects be governed, construed, applied and enforced in accordance with the laws of the State of New York.

12. This Unsecured Enforcement Note may not be modified, amended, changed, discharged or terminated orally, but only by an agreement in writing signed by the party against whom the enforcement of the modification, amendment, change, discharge or termination is sought.

13. All the terms, covenants and conditions of the Enforcement Mortgage are hereby made a part hereof, as if fully set forth herein. Notwithstanding the foregoing, this Unsecured Enforcement Note is not secured by the Enforcement Mortgage.

14. The Obligor (and the undersigned representatives of the Obligor, if any) has full power, authority and legal right to execute and deliver this Unsecured Enforcement Note and represents that the obligation evidenced by this Unsecured Enforcement Note constitutes a valid and binding obligation of the Obligor.

15. If there are more than one Obligor each shall be separately liable. The words "Obligor" and Obligee" shall include their heirs, executors, administrators, successors and assigns. If there are more than one Obligor or Obligee the words "Obligor" and "Obligee" used in this Unsecured Enforcement Note shall be read as if written in the plural.

IN WITNESS WHEREOF, the Obligor has duly signed this Unsecured Enforcement Note as of the date at the top of the first page.

MAKER

_____

_____

APPROVED AS TO FORM
BY STANDARD TYPE OF CLASS
for use until:

By: _____
Acting Corporation Counsel

ACKNOWLEDGMENT

State of New York)
) ss:
County of _____)

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

_____
Notary Public

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EXHIBIT I-1



Residential Land Uses

- 1 & 2 Family Residential
- Multi-Family
- Mixed Residential & Commercial

Non-Residential Land Uses

- Commercial & Office
- Industrial & Manufacturing
- Transportation & Utility
- Public Facilities & Institutions
- Open Space & Outdoor Recreation
- Parking Facilities
- Vacant Land
- All Others or No Data

Base Map: COGIS Tax Lot File Release 02B. clipped to shoreline
Land Use: NYC Department of Finance's Real Property File (August 2002) modified by the Department of City Planning for display of condominiums and parks in appropriate land use category.

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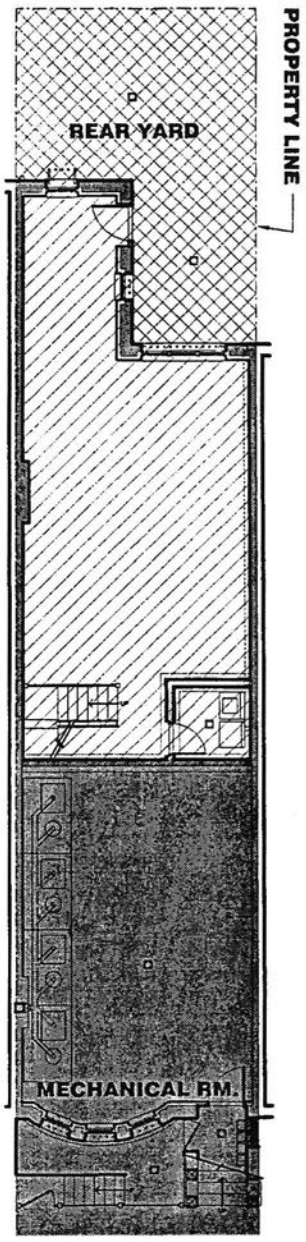
EXHIBIT I-2

LEGEND

RESIDENTIAL

COMMON

LIMITED COMMON RESIDENTIAL



SITE PLAN

105/109 W.117th St.

SHABAZZ GARDENS CONDOMINIUM

Danois Architects, P.C.

SCALE: 1"=16'-0"

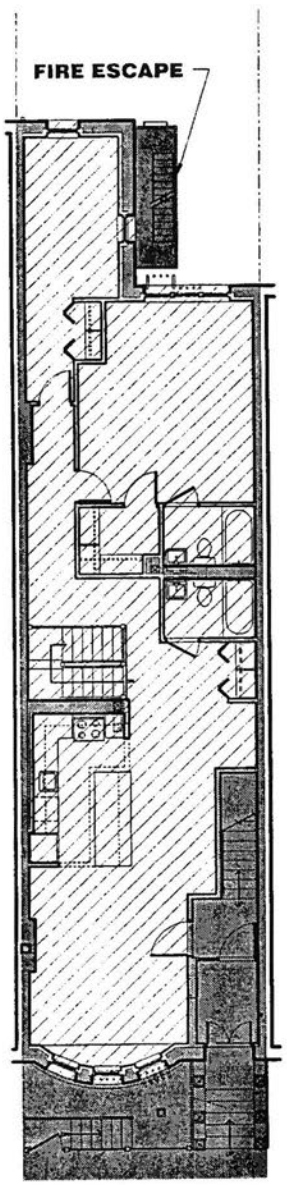
DATE: 11-18-04

LEGEND

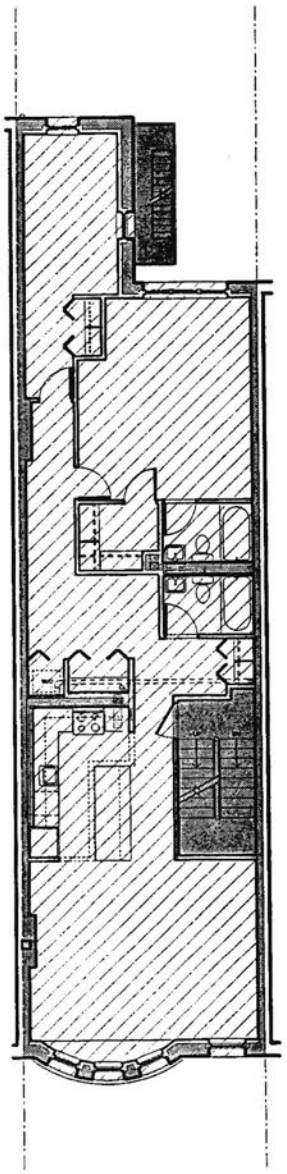
RESIDENTIAL

COMMON

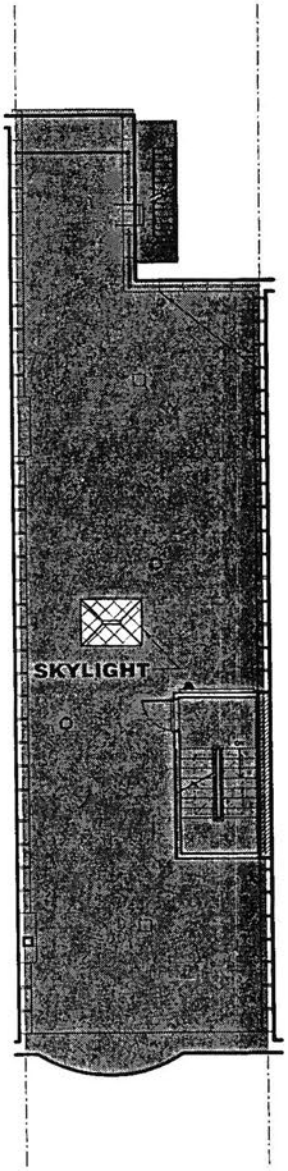
LIMITED COMMON RESIDENTIAL



1st FLOOR PLAN



2nd,3rd,4th FLOOR PLAN

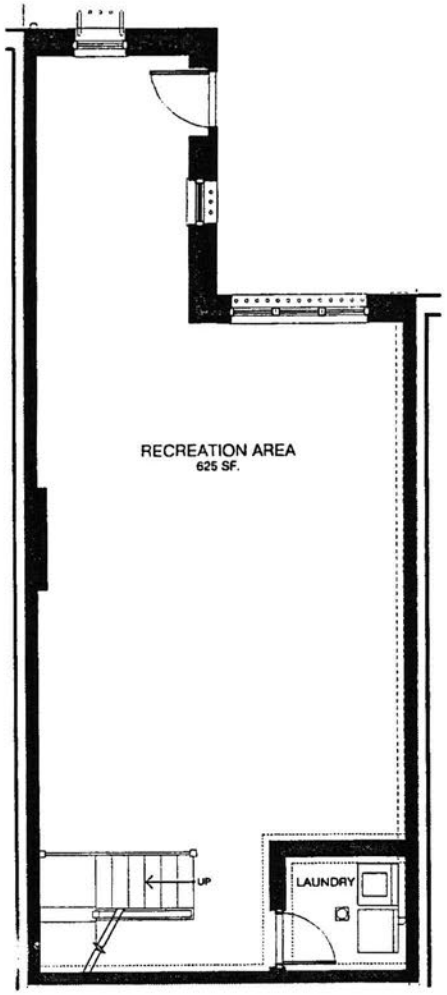


ROOF PLAN

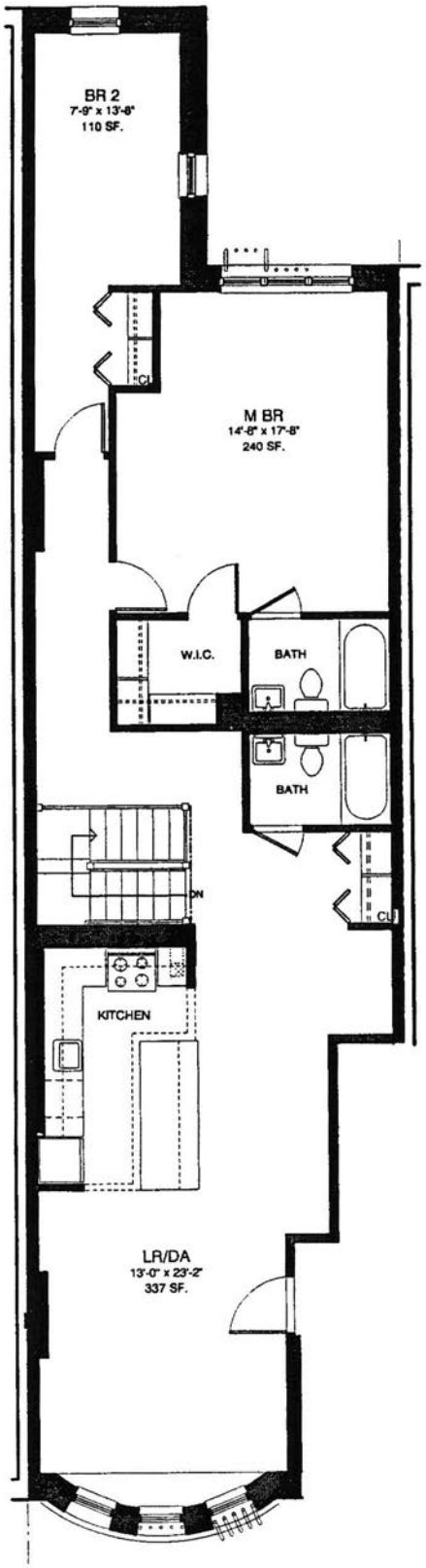
105/109 W.117th St.

SHABAZZ GARDENS CONDOMINIUM
Danois Architects, P.C.

SCALE: 1"=16'-0"
DATE: 11-18-04



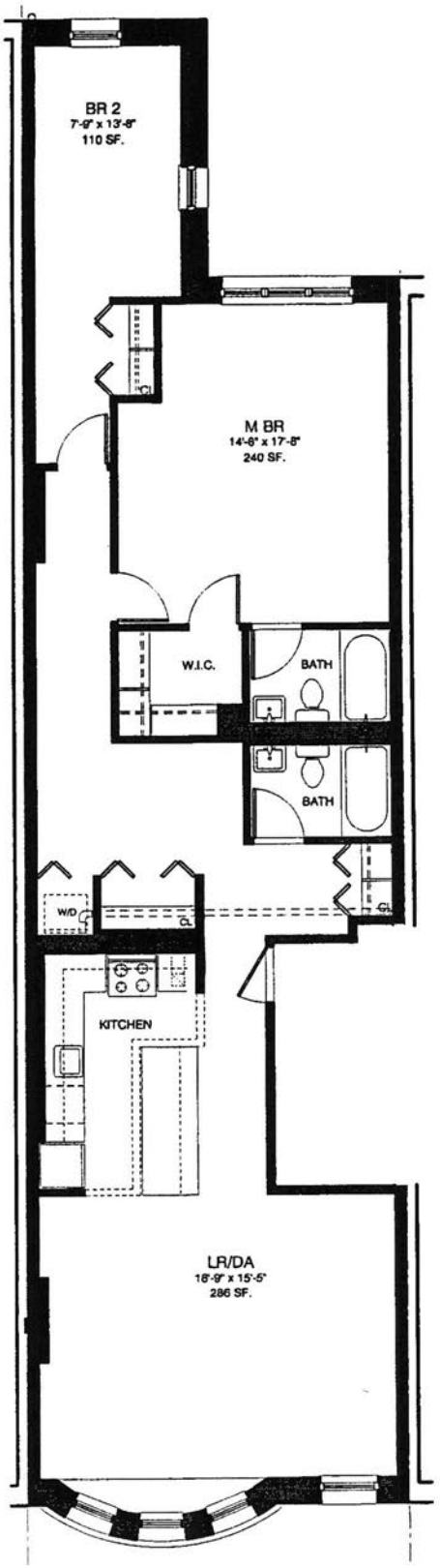
RECREATION ROOM
OF 1ST FLOOR UNIT



1st FLOOR PLAN
Units 105A & 109A

SHABAZZ GARDENS CONDOMINIUM
Danois Architects, P.C.

SCALE: 1"=10'-0"
DATE: 11-18-04



2nd,3rd,4th FLOOR PLAN
Typical Units

SHABAZZ GARDENS CONDOMINIUM
Danois Architects, P.C.

SCALE: 1"=10'-0"
DATE: 11-18-04

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EXHIBIT I-4

REPORT

To: The Bluestone Organization

Date: December 1, 2004

Project: Shabazz Gardens Condominium

Re: Attorney General Offering Plan Documentation:

SECTION 20.7 DESCRIPTION OF PROPERTY AND SPECIFICATIONS OR BUILDING CONDITION FOR REHAB OF A 4-STORY CONDOMINIUM.

Each offering plan is required to include a comprehensive description of the building(s) and property included in the project. The following describes and sets forth outline specifications for all applicable items in the order specified by Attorney General's document. Except as specifically indicated below, each response refers to either of the two buildings comprising the condominium.

(A) Location & Use of Property:

(1) Address: 105 West 117th Street, New York, NY, 109 West 117th Street, New York, NY

(2) Block and lot number: Block #1902, Base Lot 26, Tentative Lots 1101, 1102, 1103 and 1104; Block #1902, Base Lot 26, Tentative Lots 1105, 1106, 1107 and 1108.

(3) Zoning: R7-2

(4) Permissible uses: Residential

(B) Status of Construction:

(1) Both buildings were built in 1915

(2) C-3 Construction Class

(3) Upon completion, the CO for each structure will cover a four (4) stories plus a cellar and a recreation room. It will comprise multiple dwellings for each building. The CO number has not yet been issued.

(4) Alteration permit numbers have not yet been issued.

(C) Site:

(1) Size: lot area = 2100 SF (105' x 20') for each building,

Total floor area = Total gross floor area including recreation room equals 4,835 SF for each building.

(2) Number & use of buildings: Two / Residential.

(3) Streets owned or maintained by the project:

(i) Paving (material and condition): Asphalt paving in good condition

(ii) Curbing (material and condition): Concrete: new sidewalk and curb

(iii) Catch basins, drainage (location and condition): N/A.

(iv) Street lighting (material, type, location and condition): One existing galvanized steel street lamp in good condition, located in front of 107 West 117th street. In good condition, will be retained and used.

(v) All items stated herewith are not located in a fire district, as per the New York City Building Code Vol. Z.

(4) Drives, sidewalks, & ramps:

(i) Paving (material and condition): N/A.

(ii) Curbing (material and condition): Concrete in good condition.

(iii) Catch basins, drainage (location and condition): N/A.

(iv) Street lighting (material, type, location and condition): One existing galvanized steel street lamp in good condition located in front of 107 West 117th Street.

(vi) All items comply w/ New York City Department of Transportation requirements.

(D) Utilities:

-Electric: Individually metered and serviced by Con Edison.

-Gas: Individually metered, and serviced by Con Edison. Used for cooking and heating.

-Water: Obligation of the condominium association.

-Telephones: Individually by each unit owner.

-Sewers: The sewer connection to street main shall be the obligation of the condominium association.

(E) Sub-Soil Conditions: Description and condition unavailable.

(F) Landscaping and Enclosures:

(1) Grass cover: Rear yard will contain partial grass and partial pavement.

(2) Plantings: N/A.

(3) Trees: N/A.

(4) Fencing (type and location): Chain link at rear yard, without a locking gate, to be provided; 6'-0" high.

(5) Gates (type and location): Wrought iron gates, located at front yard.

(6) Garden walls (type and location): N/A.

(7) Retaining walls (type, location): Concrete retaining wall, located at front yard.

(8) Display pools and fountains (location, materials): N/A.

(G) Building Size:

(1) Total height (approximate total feet) from ground level to highest part of roof: 40'-0".

(2) Crawl spaces (floor to ceiling): N/A.

(3) Number of sub-cellars and cellars: One cellar in each building.

(4) Number of floors (actual, including penthouses): Four floors plus cellar in each building.

(5) Equipment rooms (location and use): Equipment room located at cellar level with Boilers and Hot Water Heaters.

(6) Parapet (height above roof): Existing parapet height 24" high enhanced above roof, 3'-6" chain link fence will be added to meet compliance with New York City Building Code.

(H) Structural System:

(1) Exterior of buildings:

(i) Walls: 12" existing shared party wall rubble foundation: exterior walls consist of bricks:

- 3½" foil-backed batt-type insulation between 2 ½" studs with 5/8" gypsum wall board interior face.
- R value of batt insulation = 13
- Window lintels supporting joist: N/A.
- Lintel on exterior face (supporting brick masonry) – Precast concrete and/or steel angle.

(ii) Windows:

- General: Aluminum double hung, double-glazed (7/8" thick insulating glass), thermal break frames, baked enamel finish. Wire mesh half screen sash. (No storm sash). Manufactured by All Seasons A-400 Side Load Double Hung. Lifetime warranty of window material; Limited 10-year warranty for mechanical parts.
- Color— Bronze.
- Air infiltration/seepage: 0.16 cfm/ft@25mph.
- Storm weather resistance relative to ambients in area: Meets or exceeds technical standards of the NYC/HPD.
- Sills (in exterior wall): Precast concrete.

(iii) Landmark status: Neither building is landmarked.

(2) Parapets and copings:

Will be rebuilt new with reinforced brick and doweled into existing base, new camel-back coping throughout.

(3) Chimneys and caps: Each building consist of a newly relined, brick-chimney-capped with precast-copping, located at the roof, for the boiler.

(4) Balconies and Terraces: N/A.

(5) Exterior entrances. Describe: Double-metal with glass doors matching those previously used.

(i) Exterior doors and frames: Metal doors and frames with passage lock.

(ii) Vestibule doors and frames: Insulated steel with windowpanes & electrical lock; owners will enter by key.

(iii) Exterior stairs: Exterior concrete stairs will be provided up to the front entry, and steel stairs will be provided, leading down to the mechanical room, for each building.

(iv) Railings: Wrought iron railings for front-entry stair and at the steel stairs to cellar, for each building.

(v) Mail boxes: Located in vestibule. 5"Hx6"Wx17" deep, front-loading.

(vi) Lighting: Exterior public lighting on each side of exterior front entry, one at cellar entry, and two at rear yard entry; to be provided with photo cell. Rear-yard fixtures will be controlled with a switch located at first floor unit. This setup applies for each building.

(6) Service entrances: N/A.

(7) Roof and roof structures: A bulkhead will be located on each building, as required by Building Code.

(i) Type roofs for all areas:

(a) Material: Exterior-grade plywood sheathing.

(b) Insulation: R-30 4" roof insulation.

(c) Surface finish: Modified-bitumen membrane painted with aluminum paint.

(d) Bond or guarantee: 20-year warranty for labor materials and installation.

(e) Flashing materials, including counter flashing: Modified Bitumen flashing strip, metal-termination bar with stainless-steel flashing.

(ii) Drains:

(a) Location, material and type: At rear and front yards and at cellar level, made from cast iron.

(b) Gutters and leaders (type and material): Metal gutters and leader at bulkhead and rear of roof. 4" leader connected to cast iron boot.

(iii) Skylights (location, type and material): Roof and bulkhead, clear glass with wire mesh 20 SQ., FT. as required by Building Code.

(iv) Bulkheads:

(a) Stairs (material): Metal stairs, cement fill, metal handrails, and porcelain tile-inserts.

(b) Elevator (material): N/A.

(c) Other: Bulkhead – metal studs, stucco veneer, plywood and gypsum-board sheathing. Gutters and leaders, 4" gutter located top of bulkhead with 21/2 downspout descending to a splash block.

(v) Metal work at roof levels:

(a) Exterior, metal stairs (material): N/A.

(b) Vertical ladders, including gooseneck (material): Steel.

(c) Railings (material): Metal (aluminum, chain link fence) pipe rails extend 3'-6" high above roof, attached to parapets or roof surface.

(d) Hatches to roof (type and material): N/A.

(e) Other: Gravity vents at roof cockloft, exhaust vents, metal chimney.

(vi) Rooftop facilities: N/A.

(8) Fire escapes:

(i) Location: Side-rear, anchored through masonry wall with thru-bolts and plates.

(ii) Floors covered: 1, 2, 3 and 4.

(iii) Drop ladder: Yes.

(iv) Type: Metal-hooked drop-ladder.

(v) Material: Steel.

(9) Yard and courts:

(i) Paving (material): Concrete.

(ii) Drainage (type and material): Area drain / metal (flush-area drain / to cast iron).

(iii) Stairs (material): Masonry (concrete).

(iv) Railings (material): Metal (wrought iron).

(v) Fencing (type and material): Galvanized metal chain link at rear yard, and wrought iron at front yard; for each building.

(vi) Walls (type and material): Retaining walls / masonry.

(10) Interior stairs. Describe:

(i) Number of stairs of each type: Five (5) flights, including interior stairs at first floor unit leading to recreation room.

(ii) Enclosure: The stair enclosure fire rating is two (2) hours.

(iii) Stair construction: Metal framing, cement infill, steel handrail.

(11) Interior doors and frames:

(i) Apartment entrance doors, interior doors and frames;
Hollow-Metal (HM) entrance doors and frames (1 ½ hr. rated)
Pre-Hung wood hollow-core apartment interior doors.

(ii) Corridor doors and frames: N/A.

(iii) Stair hall doors and frames: N/A.

(v) Roof doors, cellar doors and frames: HM doors and frames, exterior construction at roof; 1 ½ hr rated.

(12) Elevators: N/A.

(i) Auxiliary Facilities: N/A.

(1) Laundry Rooms: N/A; every unit in each building will be provided with a washer and dryer hookup.

(2) Refuse disposal: N/A.

(j) Plumbing and Drainage:

(1) Water supply: Potable water interior copper pipes shall be supplied via New York City public water system.

(2) Fire protection system:

(i) Standpipes (material, size, location) : 4" steel wet-sprinkler system with riser, located in stairwells, for each building.

(ii) Hose racks, hoses and nozzles (location): N/A.

(iii) Sprinkler heads (type system, location): standard pendant heads, ceiling mounted and wall mounted, in all indoor public areas, in all apartments as required by New York City Building Code.

(iv) Siamese connection (type, location): One per building, 3-½" x 3-½" x 4" F.D. Siamese connections will be provided on street frontage of West 117th Street.

(3) Water storage tanks and enclosures: N/A; No water storage tanks are required.

(4) Water pressure and how maintained: Water pressure will be maintained by public utility company. Per New York City Department of Environmental Protection hydrant flow test, adequate water pressure exists.

(5) Sanitary sewage system. General description including:

(i) Sewage piping (materials): Sanitary piping shall be no-hub cast iron above-grade and hub-spigot, with neoprene joints below-grade.

(ii) Sewage pumps (if any): N/A.

(iii) Sewage disposal (public/private; treatment; drainfield, sewer): Each building is connected to the municipal combined sewer system and flows by gravity out to the street main.

(6) Permits: Plumbing and Sprinkler permits will be provided as required.

(7) Storm drainage system:

(i) Catch basins (locations): N/A.

(ii) Yard and roof drains (locations): Front, rear yard, roof storm water will be collected by means of a leader and gutter at rear of building.

(iii) Piping (material): New cast iron.

(iv) Eject or sump pumps (describe in detail and describe conditions requiring pumps): N/A.

(k) **Heating.** Describe (including space heating and domestic hot water heating):

(1) The boilers' manufacturer will provide a coordinated system of operating controls including a boiler controller, outdoor air temperature sensor and controls to start hot water circulating pumps at 55 deg. F., in accordance with the outdoor air temperature. Baseboard heating in apartments shall be maintained at 68 deg. F when outdoor temperature is 15 deg. F and higher. The baseboard heating elements shall be provided in each room with exterior exposure. Regarding domestic hot water, washing machines and dishwashers operate at an off-peak average of 1.5 people in the 2 bedroom apartments. Based on the above, it is not reasonable to estimate the number of showers that may be taken per unit of loss of hot water. The hot water heater is designed to provide adequate hot water for this building.

(2) Number of boilers and description: Four (4) atmospheric gas-fired boilers in the cellar of each building. Domestic hot water shall be provided by utilizing an atmosphere gas-fired hot water boiler rated at 75 MBH input; 68 IBR net-rated MBH, as manufactured by A.O. Smith model # BT-80 or approved equal. Each boiler is rated at 30 gallons. The system as designed is based on a 100-degree rise (40 degrees F to 190 degrees F) and 3-gallon showerhead flow-rate.

(3) Manufacturer and age of boiler (s); (model, capacity; alternatively, give type, approximate remaining useful life): New Slant-Fin Galaxy, Model GG-100H. The boilers shall be rated at 100 MBH input, 83 MBH Gross output, 72 MBH, Net I-B-R.

(4) Manufacturer and age of burners (model, capacity; alternatively, give type, approximate remaining useful life): N/A.

(5) Type of control: Valves.

(6) Radiators, piping, insulation, valves, pumps: Baseboard heating with schedule 40 steel and "L" copper piping insulated with fiberglass pipe insulation with thickness as per New York State Energy Conservation Code, controlled with zone valves. Pumps are N/A.

(7) Fuel (if oil give type and grade; if gas give type and supply system): Natural gas supplied by public utility, via a schedule 40 steel-pipe distribution system.

(8) Location of oil tank materials, enclosure: N/A; boilers are located in the mechanical room at the cellar (no enclosure).

(9) Capacity of oil tank: N/A; boiler capacity see # 3.

(l) **Gas Supply:**

(1) Type: Natural Gas.

(2) Meters: One (1) per apartment unit, for heating and hot water.

(3) Piping: Black Steel.

(m) **Air conditioning:** N/A: Each unit will be outfitted with an A/C outlet designated near specific windows for owner's future use.

(n) **Ventilation:** Windowless kitchens and baths will be provided with exhaust.

Kitchens: Each interior residential kitchen shall be provided with an exhaust duct connected to a shaft way. At the roof level a standard centrifugal roof exhauster shall be provided for positive ventilation. Vertical Exhaust thru to roof capped with a fan register roof-mounted (up-blast type) sized @ 150 CFM / kitchen.

Bathrooms: Each interior residential bathroom shall be provided with an exhaust duct connected to a shaft way. At the roof level, a standard centrifugal roof exhauster shall be provided.

(o) **Electrical System:**

(1) Service from main service switchgear (amperes, voltage, phases, wire, protective equipment): The main electrical service shall enter the building underground from West 117th Street. The service shall have the nominal capacity of 250 amps at 120/208 volt, single phase. The wiring will be protected by fused switches in accordance with the New York City Electrical Code.

There shall be one-meter room. The meter room shall contain the electric meters for the apartment units. A minimum of 100-amp 208-volt single-phase panel shall serve the typical apartments. One meter for common "house" electric, and front exterior lighting, and one meter for each unit.

(2) Service to individual units (risers, etc.): The typical apartment shall have approximately 24 circuits, including two circuits for two possible air conditioning

units one circuit for each air conditioning unit, 5 appliance circuits, several general lighting circuits, as required, and capacity to handle modern appliances. Each apartment will have wall- or ceiling-mounted entry light, hall lights as required and convenience outlets in each room, as required by New York National Electrical Code. Each unit shall have an intercom installed to allow visitor ingress and communication.

(3) Compartment switchgear (location and floor of sectional meter boards and transformers supplying power to the meter boards): N/A.

(4) Unit service (ratings of fuses and circuit breakers): Electrical system will be equipped with 15, 20, and 30 amp fuses to compensate for the electrical usage of all appliances.

(5) Adequacy:

(i) Service (average number of circuits per apartment and capacity to handle modern appliances-specifically air conditioners, dishwashers and electric dryers): 24 circuits will be provided per apartment, which will exceed the capacity requirements of modern appliances-specifically air conditioners, dishwashers and electric dryers.

(ii) Lighting and fixtures: Each building will be provided with adequate lighting and light fixtures that meet the requirements of New York City.

(iii) Convenience outlets, appliances outlets: Each apartment in both buildings meets and exceeds New York City Electrical Code requirements regarding outlets.

(p) **Intercommunication and/or door signal system, security closed circuit TV:**

Specify mode of operation and condition, Describe television reception facilities (master antennae, cable TV, antennae by tenants):

Master antenna to be provided and wired to each apartment riser. Provisions for future cable TV hook-up are provided. The building is to be pre-wired with risers only for TV. Each apartment is to have cable TV connection in all living rooms and bedrooms. The cabling will be run in a closet in the apartment and express down to the cellar. The cable will end in a terminal box for future connection by cable TV Utility Company.

Intercommunication and/or door signal systems: The building shall be equipped with an intercom system allowing ingress.

(q) **Public Area Lighting:** Describe and state adequacy (entrances, halls and stairs, corridors, basements, courts and yards):

(1) Site: The street entrances of each building will be provided with two photocell light fixtures at front entry and an additional fixture leading to the cellar.

(2) Corridors: The corridors have been provided with wall mounted light fixtures.

(3) Entrance, Vestibule & Lobby: Provided with a combination of ceiling-mounted and recessed fixtures.

(4) Stairs: Fluorescent fixture provided at every landing.

(5) General: All lighting levels have been designed in accordance with the New York City Building Code and the Housing Maintenance Code. These fixtures have been wired to the building house meter.

(6) Cellar lighting (Building services and storage): Common areas will be lit by means of standard fluorescent industrial type exposed surface mounted lights.

(r) Garages and Parking areas: N/A.

(s) Swimming pool: N/A.

(t) Tennis courts: N/A.

(u) Permits and certificates:

AGENCY	PERMIT TYPE	DURATION
Department of Buildings	Plumbing	1 year
Department of Buildings	Boiler	1 year
Department of Buildings	Construction/fence	1 year
Department of Buildings	Sprinkler / Standpipe	1 year
Department of Transportation	Sidewalk Repair	3 months
Department of Transportation	Street Closing	3 months

*Or to expiration of respective contractor's insurance

(v) Violations: The violation (#V123096) imposed by the Building Department of New York City states the building at 105 West 117th Street is unsafe; the total rehabilitation of the building will satisfy the conditions for this violation to be removed.

(w) Unit Information: Unit Types: Specify the number of units inspected. Specify the unit designations for each typical unit or line of units, including the number and type of rooms. Give criteria for calculations of the number of rooms. For lofts, give useable residential space in square feet. Describe (include foyers, living rooms, dining areas, kitchens, bedrooms, bathrooms, etc.):

UNIT TYPES			ROOMS					NOTES
Floor	Apt #	Type	LR / DA	Kitchen	Foyer / Hall	Bedrooms	Baths	
1st Floor	A	2 BR	1	1	1	2	2	Rec. room @cellar
2-4 Typical Floor	B,C, D	2 BR	1	1	1	2	2	

(x) Finish Schedule of Spaces Other Than Units. Describe all common rooms and spaces.

		FLOOR				BASE			WALLS		CEILING	
	Room / Space	HDWD	VCT	Ceramic Tile	Carpet	4" Vinyl	6" CT	4" WD	Paint GWD	WT Wainscot	Sheet Rock	
First Floor / Cellar	Recreational Rm.		✓			✓			✓		✓	
	Apartment Entry			✓					✓		✓	
	Vestibule			✓			✓		✓		✓	
Public Corridors				✓				✓	✓		✓	

Abbreviations:

CT. Ceramic Tile
GWB G Gypsum Wall Board
HDWD Hardwood
SR Sheet Rock
VCT Vinyl Tile

Finish Schedule:

		FLOOR				BASE			WALLS		CEILING	
	Room / Space	HDWD	VCT	Ceramic Tile	Carpet	VCT	CT	WD	Paint GWD	WT Wainscot	Sheet Rock	
Apartments	Living / Dining	✓						✓	✓		✓	
	Bedrooms	✓						✓	✓		✓	
	Kitchens		✓			✓			✓		✓	
	Foyer / Halls	✓						✓	✓		✓	
	Bathrooms			✓			✓		✓		✓	

Abbreviations:

CT. Ceramic Tile
GWB G Gypsum Wall Board
HDWD Hardwood
SR Sheet Rock
VCT Vinyl Tile

10

Presence, type and condition of all bathroom fixtures:

Bathrooms:

- Sink-Crane Galaxy-1-315-V
- Tub-Crane San Marcus-2-206X
- Shower-(Not Applicable)
- Toilet-Crane-Galaxy Elite-3-845

Presence, type and condition of kitchen and laundry equipment.

Kitchens:

- Range-G.E.-JGBP22BEA
- Refrigerator-G.E.-GTS22KBMWW
- Dishwasher- G.E.-GSD2000GWW
- Sink-Moen-22911-Stainless Steel
- Cabinets-Birchwood frameless cabinetry
- Countertops-Formica-Self edge
- Hoods-Microwave-G.E.JVM163WB

Laundry Equipment: N/A.

(y) **Safety and warning devices:** Describe any fire or smoke-safety devices installed in units and common areas: Sprinkler system and smoke detectors and fire rated doors. Fire protection, smoke detectors and carbon monoxide detectors are provided as required by local laws.

(z) **Additional Information Required:**

(1) A site plan showing landscape features, roads, the outside dimensions of the building(s) and designated common areas, including recreation and refuse disposal areas, and all privately owned access roads.

(2) An area map showing the location of the condominium with respect to its surroundings, if the condominium is not located in a highly urban area: N/A.

(3) Floor plan for each line or type of unit drawn to scale, indicating room dimensions and unit boundaries: see attached.

(4) Floor to ceiling height of units: 8"-6": finished floor to drop ceiling.

(5) Approximate total area of each unit: 2^{nd} – 4^{th} floor 1,248 SF / recreation room 768 SF / owners unit 1,231 SF / mechanical room 568 SF.

(6) A master floor plan showing unit boundaries and the relationship of units to each other. The master floor plan may be omitted if the site plan clearly shows unit boundaries and appropriate unit designations: N/A.

(cc) **Asbestos:** Existing asbestos and asbestos-containing-materials will be removed according to New York City code and requirements prior to construction.

(dd) **Lead-based paint:** Existing lead-based paint and lead-based paint hazards will be removed according to New York City code and requirements prior to construction.

11

Prepared and submitted by:

12-01-2004

SEAL



ADDENDUM TO REPORT

To: The Bluestone Organization

Date: May 2, 2005

Project: Shabazz Gardens Condominium

Re: Attorney General Offering Plan Documentation

In response to engineering comments from the Department of Law dated 3/28/05, the following amends and supplements the Description of Property and Specifications or Building Condition for Rehab of a 4-story Condominium, dated 12/1/2004 (the "Original Report"). Unless specifically indicated below, each response refers to both of the two buildings comprising the condominium at 105 & 109 W.117th Street.

(A) Masonry

(1) Foundation: the existing foundation is in good condition and is made of rubble wall.

(2) Cellar Floor: the cellar floor had previously collapsed into a partial sub-cellar. The pre-existing sub-cellar has been filled in with soil. The new cellar floor will be constructed of concrete slab on grade.

(3) Exterior wall brickwork: The façade consists of stone masonry on brick backup, with cracks, and the rear walls consist of bricks with deteriorated mortar, spalling, and cracks. Cracked bricks will be removed and replaced. Mortar joints will be raked and pointed.

(4) Lintels, Sills: the lintels and sills will be totally replaced as per **paragraph H(1)(i)** of the Original Report.

(5) Bulkheads: The pre-existing bulkheads will be totally replaced as per **paragraph H(7)(iv)** of the Original Report.

(B) Windows

(1) Sky lights: New sky lights will be provided as specified in Original Report at **paragraph H(7)(iii).**

(D) Plumbing and Drainage

(1) No piping was found upon entry into the buildings. See Original Report **paragraph (L)(3)** for new gas piping.

(I) Other

(1) Fire escape: the fire escape was not code compliant, or repairable. See Original Report **paragraph H(8)** for description of new fire escapes.

(2) Sidewalk pavement: the asphalt and sidewalk are presently in good condition, but we anticipate minor repairs after construction due to heavy machinery and containers retaining debris. See Original Report **paragraph C(3).**

(3) Common areas: With exception of the exterior walls, all common areas, e.g. interior stairs/corridors and cellars, will be totally replaced. See Original Report **paragraphs H(10) and G(3), and paragraphs A(1) and (3) above.**

(VII) Other

(1) This is a gut rehab project. Only the exterior walls are being retained.

(2) Water piping: underground water service piping will be new and comprised of ductile iron class 6, the hot and cold and hot water return will consist of type "L" copper, due to the missing or excessive deterioration of the previous piping. See Original Report **paragraph J(i).**

(3) Lot line windows: There are no lot line windows.

(4) Amperage per unit: See Original Report **paragraph O(1).**

(5) There are not any new loads being introduced to the soil, therefore, no subsoil report is required.

(6) Piping: All piping will be new.

Prepared and submitted by

SEAL



EXHIBIT J

DECLARATION

Establishing a Plan for Condominium Ownership of Premises located at 105 and 109 West 117th Street, in the Borough of Manhattan, County of New York,City and State of New York and shown as Block 1902, Formerly Known as Lots 26 and 27 and Now Known as Lots Nos.1101 through 1108 on the Tax Map of the Borough of Manhattan, County and City of New York, pursuant to Article 9-B of the Real Property Law of the State of New York.

Name: SHABAZZ GARDENS CONDOMINIUM
105 and 109 West 117th Street
New York, New York 10026

Declarant: NYC PARTNERSHIP HOUSING DEVELOPMENT FUND COMPANY, INC.
1 Battery Park Plaza
New York, New York 10004

Date of Declaration: , 200

Record and Return to:

HOFHEIMER GARTLIR & GROSS, LLP
Attorneys for Sponsor
530 Fifth Avenue
New York, New York 10036
Attention: Sharon M. Zimmer, Esq.

DECLARATION
of
SHABAZZ GARDENS CONDOMINIUM

(Pursuant to Article 9-B of the Real Property
Law of the State of New York)

The NYC PARTNERSHIP HOUSING DEVELOPMENT FUND COMPANY, INC., a New York not-for-profit corporation maintaining an office at 1 Battery Park Plaza, New York, New York 10004 (hereinafter referred to as "Declarant"), is the owner of the land located at 105 and 109 West 117th Street, New York, New York 10026 (the "Land"), and the owner of the two buildings to be renovated thereon (collectively, the "Buildings"). The Declarant desires to submit its interest in the Land and Buildings to the New York Condominium Act (as hereinafter defined) in order to create a Condominium consisting of eight (8) residential units (the "Units"). Immediately upon the recording of this Declaration, the Declarant will be the owner of all the Units and their respective interests in the Common Elements (as hereinafter defined). The NYC Partnership Housing Development Fund Company, Inc., therefore, does hereby declare:

ARTICLE 1

SUBMISSION OF PROPERTY

1.1 Declarant hereby submits the Land, together with the Buildings and other improvements erected thereon (the "Property") to the provisions of Article 9-B of the Real Property Law of the State of New York (the "New York Condominium Act"), and pursuant thereto does hereby establish a Condominium to be known as SHABAZZ GARDENS CONDOMINIUM (the "Condominium"). The Condominium will be known by the street address 105 and 109 West 117th Street, New York, New York 10026.

1.2 Immediately upon the recording of this Declaration, there shall be established the Condominium, consisting of eight (8) Units, subject to the terms and conditions of this Declaration.

1.3 Attached to this Declaration and made a part hereof are the By-laws of the Condominium which set forth detailed provisions governing the operation, use and occupancy of the Condominium (said by-laws, as they may be amended from time to time are hereinafter referred to as the "By-Laws").

ARTICLE 2

THE LAND

The Land is the parcel of land designated as Block 1902, Formerly Known as part of Lots 26 and 27, and Now Known as Lots 1101 through 1108 on the Tax Map of the Borough of Manhattan, County of New York, City of New York, and more particularly described as all that certain tract, plot, piece and parcel of land situate, lying and being in the City of New York, State of New York as set forth on Schedule A annexed hereto and made a part hereof. The Land is owned by the Declarant in fee simple absolute, and was acquired pursuant to a Land Disposition Agreement dated February 10, 2004 (the "LDA")

between the Declarant and the City of New York through its Department of Housing Preservation and Development ("HPD").

ARTICLE 3

THE BUILDINGS

Pursuant to a certain Site Deve lopment Agreement (the "SDA") between the Declarant and Lenox Gardens Homes Corp., a New York Corporation with offices at 193-04 Horace Harding Expressway, Fresh Meadows, New York 11365 (the "Sponsor"), the Sponsor is renovating two (2) four-story buildings with a cellar (the "Buildings"), containing eight (8) two-bedroom apartments. Both Buildings are attached on both sides, and are separated from each other by the four-story walk-up at 107 West 117th Street. The apartments are collectively referred to as the "Units". First floor Units have exclusive use of concrete and grass patios at the rear of the Unit, and cellar recreation rooms.

Foundations are 12" existing shared party wall rubble foundation. The exterior of each Building has a front facade of pre-cast stone units featuring front projected four story bays from the ground up and a front concrete stoop. Side and rear exterior walls are original solid brick construction. Each roof structure is modified bitumen membrane painted with aluminum paint, over exterior grade plywood sheathing. Insulation is R-30. There is a bulkhead on each Building. The floor structure of the Buildings will consist of structural "c" joists with plywood sub-floor.

Domestic water is supplied by the New York City public water system, and distributed through copper piping in Units. Storm water is collected in a metal leader and gutter at the rear of Building drains and cast iron no-hub piping system in the interior of the Buildings, and disposed of into the public combined sanitary storm water system. Sanitary sewage piping is no-hub cast iron above grade and hub spigot with neoprene joints below grade, and sewage is disposed into the New York City sewer system. Natural gas for cooking, heating and a gas dryer connection is supplied by Consolidated Edison and distributed through copper piping within the Units.

ARTICLE 4

THE UNITS

Schedule B annexed hereto and made a part hereof sets forth the following data with respect to the Units necessary for the proper identification thereof: Unit designation; tax lot number; approximate square foot area; number of rooms (for residential areas); location; the portions of the Common Elements (as hereinafter defined) to which the Unit has immediate access or the right to exclusive use; and the percentage of interest in the Common Elements. The land area of the Property and the location of the Buildings are shown on a Site Plan made by Danois Architects, P.C. and filed in the New York County Office of the Register of the City of New York ("City Register's Office") simultaneously with the recording of the Declaration. The locations of the Units are shown on the Floor Plans of the Buildings (the "Floor Plans"), certified by Danois Architects, P.C. and filed in the City Register's Office simultaneously with the recording of the Declaration.

ARTICLE 5

DIMENSIONS OF UNITS

5.1 Horizontally, each Unit consists of the area measured from the inside face of the exterior or side masonry wall to the inside face of the opposite exterior or side masonry wall, or to the unexposed face of the sheetrock of any walls dividing the Unit from Common Elements, including the sheetrock on the Unit side. Vertically,each Unit consists of the space between the top of the plywood subfloor and the unexposed face of the sheetrock above. At the cellar level, the Unit is measured vertically from the top of the concrete floor to the unexposed face of the sheetrock above. Structural slabs and support elements for the ceilings are not part of the Unit.

Each Unit shall also include the doors and windows which open from the Unit.

Each Unit shall also include (i) the interior walls, partitions and floor coverings affixed, attached or appurtenant to the Unit and (ii) any and all equipment, fixtures and appliances (including, without limitation, individual thermostats, heating baseboards and air conditioning sleeves, plumbing facilities, sinks, bathtubs, toilets, refrigerators, microhoods, dishwashers and ovens/ranges) affixed, attached or appurtenant to such Unit. Internal stairways in first floor Units are part of the Unit.

ARTICLE 6

COMMON ELEMENTS

The Common Elements of the Condominium (the "Common Elements") consist of the Land described in Article 2 of this Declaration and those portions of the Buildings not incorporated in the Units and which do not exclusively service the Units and will include, without limitation, the following:

(a) the Land, including without limitation, the portions of the Land on which the Buildings are erected, the sidewalks and all other improved and unimproved areas not within the Units together with all easements, rights and privileges appurtenant thereto;

(b) all foundations, beams, joists, supports, bearing walls, subfloors and roof; those portions of the exterior and side walls beyond the outside face of the metal studs attached to brick exterior and side walls; the internal ceiling and floor structure;

(c) the roofs which consist of "c" joists, subfloor, insulation and roofing material and roof bulkheads;

(d) mechanical rooms in the cellar and exterior entrances thereto;

(e) boilers, hot water heaters and gas, electric and water meters for the Buildings, provided that the individual boiler, hot water heater, and electric and gas meters for each Unit are Limited Common Elements for the exclusive use of such Unit;

(f) all installations outside the Units for services such as heat, electricity, gas, telephone, television and water, including common water and sewer connections;

(g) all gas, water, sewer and drainage pipes, risers, valves, fittings and appurtenances thereto and plumbing chases where located in Common Elements. To the extent that gas, electric, water, sewer and drainage pipes, risers or lines or plumbing chases are located within the defined area of a Unit, same shall be Limited Common Elements for the exclusive use of the Unit Owner;

(h) concrete and grass patios attached to first floor Units, which are Limited Common Elements for the exclusive use of said Units;

(i) stairs (except for interior stairways in first floor Units, which are part of the Unit), stairways and fire escapes;

(j) skylights of fourth floor Units, which are Limited Common Elements for the use of said Units; and

(k) all other apparatus and installations existing in the Buildings for the common use or necessary or convenient to the existence, maintenance or safety of the Buildings.

ARTICLE 7

DETERMINATION OF PERCENTAGES IN COMMON ELEMENTS

The percentages of interest of the respective Units in the Common Elements are as set forth on Schedule B.

Such percentages are based upon method (ii) contained in Section 339-i of the New York Condominium Act, that is, upon the approximate proportion that the floor area of the Unit at the date of the Declaration bears to the then aggregate floor area of all of the Units, but such proportion shall reflect the substantially exclusive advantages enjoyed by one or more but not all Units in a part or parts of the Common Elements.

ARTICLE 8

USE OF UNITS

8.1 The Units may be used only for primary residency, with not more than two (2) adults or one (1) family occupying a Unit at one time, except that any Unit may, in addition, be used for any lawful home occupation (as such term is defined in the New York City Zoning Resolution), provided (i) that such use does not violate zoning regulations or the Certificate of Occupancy for the Building, and (ii) the prior consent of the Board of Managers is obtained or, in the case of initial Purchasers from the Declarant, written notice of such use is given to the managing agent.

Notwithstanding the foregoing, the Sponsor may, without the permission of the Board of Managers or anyone else, use one or more Units as models, or sales or administration offices and may place signage of any size and in any location on the Property, in connection with the sale of the Units until such time as all such Units have been conveyed to Purchasers thereof.

8.2 No portion of a Unit (other than the entire Unit) may be rented, and no transient tenants may be accommodated therein. Any rental of a Unit must comply with policies set

by the Board of Managers, and may not violate the primary residency requirements of the LDA and SDA.

8.3 The Unit Owner and his or her successors and assigns will comply with all applicable Federal, State and local laws in effect from time to time, prohibiting discrimination by reason of age, creed, color, disability, marital status, national origin, race, sex or sexual orientation in the sale or occupancy of the Unit.

8.4 The Unit Owner and his or her successors and assigns will devote the Unit to residential use as specified in the Urban Development Action Area Project Summary ("UDAAP"), which is set forth as Exhibit B-1 to the LDA relating to the Property, until the later of (x) the date upon which the UDAAP expires by its own terms or (y) February 9, 2034.

8.5 Further restrictions on the use of the Units are set forth in the By-Laws.

ARTICLE 9

SUBDIVISION, COMBINATION AND ALTERATION OF UNITS

9.1 Subject to the prior approval of HPD and any applicable building code, fire code, zoning or other requirements of governmental authorities, and provided it complies with the terms of the LDA, the SDA, the UDAAP and the Urban Renewal Plan for the site of which the Condominium is a part, the Sponsor shall have the right, at its sole cost and expense and without the requirement of consent of the Board of Managers, the Unit Owners or anyone else, to (1) change the layout of or number of rooms in any Unit, (ii) change the number of Unit types, (iii) reverse the layout of a Unit from that shown on the Floor Plans and (iv) change the size and/or number of Units, including subdividing one or more Units into separate Units, combining separate Units into one or more Units or altering the boundary walls of Units. In connection therewith, the Sponsor shall reapportion among the Units affected by any such change, subdivision, combination or alteration, their appurtenant interest in the Common Elements. Any such change by the Sponsor will be reflected in a duly recorded amendment to the Declaration, Floor Plans and other documents as may be necessary to effectuate the change, prepared by the Sponsor and meeting the requirements of Article 9-B of the New York Real Property Law. The amendment to the Declaration and other documents shall be executed by The Condominium Board of Managers, but the recording thereof and the filing of revised Floor Plans and all costs in connection therewith shall be the obligation of the Sponsor.

Any amendment made pursuant to this Section 9.1 shall in no event (i) change the Common Interest of any other Unit not then owned by Declarant or for which a Purchase Agreement is in effect, (ii) require a physical modification of any other Unit not then owned by Declarant or for which a Purchase Agreement is in effect or (iii) adversely affect the priority or validity of the lien of any mortgage encumbering an affected Unit unless the Purchaser under contract to purchase the Unit (in the event described in subparagraph (i) or (ii) of this paragraph) or the holder of such mortgage (in the event described in subparagraph (iii) of this paragraph) shall consent thereto by joining in the execution of such amendment.

9.2 No Unit Owner shall make any structural alteration, addition or improvement to his or her Unit or Limited Common Element without the prior written approval of the Board of Managers.

9.3 No Unit Owner shall make any structural or non-structural addition, alteration, or improvement in or to any Unit or any Limited Common Element without first (i) obtaining and maintaining during the course of such work such insurance as the Board of Managers may reasonably prescribe and providing the Board with a certificate of insurance prior to the commencement of the work, (ii) executing and delivering to the Board of Managers an agreement, in form and substance reasonably satisfactory to the Board, setting forth the reasonable terms and conditions under which such alteration, addition or improvement may be made, including, without limitation, the days and hours during which any such work may be done, and (iii) executing and delivering to the Board of Managers an agreement indemnifying and holding harmless the Board, its members and officers, and all Unit Owners from and against any liability, cost or expense arising out of or connected to such work.

Any application to any department of the City of New York or to any other governmental authority for a permit to make an addition, alteration or improvement in or to any Unit or any Limited Common Element will be executed by the Board of Managers without, however, incurring any liability on the part of the Board of Managers or any of them to any contractor, subcontractor or materialman on account of such addition, alteration or improvement, or to any person having any claim for injury to person or damage to property arising therefrom.

All responsibility with respect to any such addition, alteration or improvement shall remain with the Unit Owner until conveyance of the Unit, at which time such responsibility shall pass to and be assumed by the transferee and the successors and assigns of such transferee.

9.4 The Board of Managers may establish reasonable fees for the processing of the applications by Unit Owners for consent to alterations, which fees shall be payable to the managing agent. In the event the Board of Managers chooses to have the proposed addition, alteration or improvement reviewed by an independent architect or engineer, the Unit Owner shall pay the charges of such architect or engineer. The Unit Owner shall also bear the cost of any increased taxes or insurance premium resulting from his alterations, additions or improvements.

9.5 The provisions of this Article as they relate to the Sponsor may not be added to, amended, modified or deleted without the prior written consent of the Sponsor.

9.6 Unless all affected Unit Owners consent, no material change will be made in the size and no materially adverse change will be made in the quality of Common Elements.

ARTICLE 10

PERSON TO RECEIVE SERVICE

For the period during which the Sponsor is in control of the Board of Managers, Lenox Gardens Homes Corp. having an office at 193-04 Horace Harding Expressway, Fresh Meadows, New York 11365, is hereby designated to receive service of process in any action that may be brought against the Condominium. After the Sponsor relinquishes control of the Board of Managers, any person serving as a member of the Board of Managers and residing on the Property is hereby designated to receive service of process in any action which may be brought against the Condominium.

ARTICLE 11

ENCROACHMENTS

If any portion of the Common Elements now encroaches upon any Unit, or if any Unit now encroaches upon any other Unit or upon any portion of the Common Elements as a result of renovation of the Buildings, or if any encroachment shall occur hereafter as a result of (a) settling or shifting of either Building, or (b) alteration or repair to the Common Elements made by or with the consent (when required by the By-Laws) of the Board of Managers or made by a Unit Owner in accordance with this Declaration or the By-Laws, or (c) repair or restoration of either Building (or any portion thereof) or a Unit or of the Common Elements after damage or destruction by fire or other casualty, or (d) condemnation or eminent domain proceedings of all or any portion of either Building or a Unit or the Common Elements, then in any such event, a valid easement shall exist for such encroachment and for the maintenance of the same so long as the Buildings shall stand, provided that the creation of such encroachment was not intentional and that it does not materially impair the utilization of the portion of the Building encroached upon for its intended and assigned purpose.

ARTICLE 12

EASEMENTS

12.1 Each Unit Owner shall have an easement in common with the Owners of other Units to inspect, use, maintain, repair, alter and replace all Common Elements wherever on the Property they may be located. Each Unit shall be subject to an easement in favor of all other Units to use, maintain, repair, alter, restore, rebuild or replace any and all Common Elements serving such other Units and located in such Unit. The Board of Managers shall have a right of access to each Unit to inspect the same, to remove violations therefrom and to maintain, repair or replace the Common Elements contained therein or elsewhere in the Building in which the Unit is located, provided that such right of access shall be exercised in such a manner as will not unreasonably interfere with the use of any Unit for its permitted purposes. Such entry shall be permitted on not less than one (1) days notice, except that no notice will be necessary in the case of an emergency. The Common Elements of the Condominium shall be repaired and maintained by and at the cost and expense of the Condominium.

12.2 The Unit Owners shall each have an easement of support and of necessity and shall be subject to an easement of support and necessity in favor of each other and the Common Elements. They shall each have an easement in common with the others for the benefit of themselves, their licensees and invitees, for ingress and egress through all Units and all Common Elements as required in an emergency. They shall further each have easements over the Common Elements as are reasonably necessary to allow use of said Units for the purposes set forth herein.

12.3 The Board shall have the right to grant such additional electric, gas, sewer or other utility easements or relocate any existing utility easements in any portion of the Property as the Board shall deem necessary or desirable for the proper operation and maintenance of the Building, or any portion thereof, provided that such additional utilities or the relocation of existing utilities will not prevent or unreasonably interfere with the use of any Unit for its permitted purposes. Any utility company and its employees and agents shall have the right of access to any Unit or the Common Elements in furtherance of such easements,

provided such right of access shall be exercised in such a manner as shall not unreasonably interfere with the use of any Unit for its permitted purposes by its owner or occupants.

12.4 The Condominium shall keep common water and sewer connections wholly within the boundaries of the project site area and the point of exit from the Property shall not be altered. The Condominium and the Unit Owners shall utilize the common water and sewer connections in such a manner that it will not in any way have an adverse effect on the City of New York's completed or pending sanitary and storm water drainage plans for the tributary drainage area or the separate sewer outlets.

12.5 Each Unit Owner whose Unit has one or more appurtenant Limited Common Elements shall have an easement of access through the Common Elements and an exclusive easement or easement for use in common (as appropriate) for the enjoyment thereof.

12.6 For so long as it is in control of the Board of Managers of the Condominium, the Sponsor shall have an easement over, under and through the Common Elements and building system Limited Common Elements to install equipment relating to the heating and hot water system in the Building, including the right to store materials in said Common Elements and Limited Common Elements and the right to enclose any pipes, ducts, etc., within walls.

12.7 The Sponsor shall have an easement (i) to maintain a sales and/or administration office and/or model Units, (ii) to erect, maintain, repair and replace from time to time one or more free-standing and other selling, directional and informational signs on the Property as it deems necessary for the purposes of advertising the sale or rental of Units and (iii) for access to Units and Common Elements consistent with the purposes of the Offering Plan, as same may be amended, and Sponsor's rights and obligations thereunder, including, without limitation, the right to develop, renovate, maintain, repair, refurbish, offer and sell or rent Units, together with their interest in the Common Elements, until such time as all such Units have been conveyed to Purchasers thereof.

12.8 The user of any easement granted by this Article 12 shall have the responsibility of repairing any damage resulting therefrom. No fee or charge may be imposed by the Board of Managers for any easement granted herein.

ARTICLE 13

COVENANT OF FURTHER ASSURANCES

13.1 Any party subject to the terms of this Declaration, whether such party is a Unit Owner, the occupant of a portion of a Unit, a member of the Board of Managers, an officer of the Condominium or otherwise, shall, at the expense of any such other party requesting the same, execute, acknowledge and deliver to such other party such instruments, in addition to those specifically provided for herein, and take such other action as such other party may reasonably request to effectuate the provisions of this Declaration or of any transaction contemplated herein or to confirm or perfect any right to be created or transferred hereunder or pursuant to any such transaction.

13.2 If any Unit Owner or any other party subject to the terms of this Declaration fails to execute, acknowledge or deliver any instrument, or fails or refuses, within ten (10) days after request therefor, to take any action which the Unit Owner or such other party is required

to take pursuant to this Declaration, then the Board of Managers is hereby authorized as attorney-in-fact for such Unit Owner or other party, coupled with an interest, to execute, acknowledge and deliver such instrument, or to take such action, in the name of such Unit Owner or other party, and such document or action shall be binding on such Unit Owner or other party.

13.3 If any Unit Owner or the Board of Managers or any other party who is subject to the terms of this Declaration fails or refuses to execute, acknowledge or deliver any instrument, or fails or refuses within ten (10) days after request therefor, to take any action that the Board of Managers, any Unit Owner, or other party is required to take pursuant to this Declaration at the request of the Sponsor, then the Sponsor is hereby authorized as attorney-in-fact for the Board of Managers, such Unit Owner, or other party, which power shall be deemed to be coupled with an interest, to execute, acknowledge and deliver such instrument, or to take such action, in the name of the Board of Managers, such Unit Owner, or other party, and such document or action shall be binding on the Board of Managers, such Unit Owner, or other party, as the case may be.

13.4 Nothing contained in this Article 13 shall be in derogation of Section 339(i) of the Condominium Act.

ARTICLE 14

UNITS SUBJECT TO DECLARATION, BY-LAWS AND RULES AND REGULATIONS

14.1 All provisions of this Declaration, the By-Laws and the Rules and Regulations annexed thereto, 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 every part thereof and interest therein, and all of the provisions thereof shall be binding upon and inure to the benefit of the owner of all or any part thereof, or interest therein, and his or her heirs, executors, administrators, 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. All present and future owners, tenants and occupants of Units shall be subject to, and shall comply with, the provisions of this Declaration, the By-Laws and the Rules and Regulations as they may be amended from time to time. The acceptance of a deed of conveyance or the entering into occupancy of a Unit shall constitute an agreement that the provisions of this Declaration, the By-Laws, and Rules and Regulations, as they may be amended from time to time, are accepted and ratified by such owner 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 stipulated at length in each and every deed and conveyance thereof.

ARTICLE 15

POWERS OF ATTORNEY TO BOARD OF MANAGERS

Each Unit Owner shall grant to the persons who shall from time to time constitute the Board of Managers, an irrevocable power of attorney, coupled with an interest, (i) to take all actions on behalf of the Condominium as authorized by this Declaration and by the By-Laws, (ii) on behalf of all Unit Owners, to take any action required for the Condominium to continue

to comply with the UDAAP Tax Exemption, (iii) to represent the Unit Owner in condemnation, liquidation or termination of the Condominium or related proceedings, negotiations, settlements or agreements, and (iv) to acquire title to any Unit whose owner desires to surrender or sell the same, or which may be the subject of a foreclosure or other judicial sale, in the name of the Board of Managers or its designee, corporate or otherwise, on behalf of all Unit Owners, and to convey, sell, mortgage (but not to vote the votes appurtenant thereto) or otherwise deal with any such Units so acquired by the Board of Managers.

ARTICLE 16

ACQUISITION OF UNITS BY BOARD OF MANAGERS

In the event any Unit Owner shall surrender his Unit, together with: (i) the undivided interest in the Common Elements appurtenant thereto, (ii) the interest of such Unit Owner in any other Units acquired by the Board of Managers or its designee on behalf of all Unit Owners or the proceeds of the sale thereof, if any, and (iii) the interest of such Unit Owner in any other assets of the Condominium (hereinafter collectively called the "Appurtenant Interests"), pursuant to the provisions Section 339-x of the Real Property Law of the State of New York, or in the event the Board of Managers shall purchase from any Unit Owner who has elected to sell the same, a Unit, together with the Appurtenant Interests, pursuant to Section 1 of Article VIII of the By-Laws, or in the event the Board of Managers shall purchase at a foreclosure or other judicial sale, a Unit, together with the Appurtenant Interests, title to any such Units together with the Appurtenant Interests shall be held by the Board of Managers or its designee, corporate or otherwise, on behalf of all Unit Owners, in proportion to their respective common interest.

ARTICLE 17

AMENDMENTS TO DECLARATION

17.1 Subject to the provisions contained herein or in the By-Laws with respect to amendments, modifications, additions or deletions, including those affecting the Declarant, the Sponsor as its designee and unsold Units, any provision of this Declaration may be amended, modified, added to, or deleted by a vote of at least sixty-six and two-thirds (66-2/3%) percent in number and in common interest of all Unit Owners taken in accordance with the provisions of the By-Laws, or in lieu of a meeting, any amendment may be approved in writing by 66-2/3% in number and in common interest of all Unit Owners.

Notwithstanding anything herein to the contrary, in the event that the interest of the Declarant or the Sponsor is adversely affected by any such proposed amendment, deletion or modification, or any of the rights, powers, easements, privileges or benefits reserved to the Declarant or the Sponsor are eliminated, changed or impaired thereby, then this Declaration shall not be amended without the written consent of the Sponsor or the Declarant, as the case may be. In the event the allocation of Common Interest appurtenant to a Unit Owner's Unit is altered, then this Declaration shall not be amended without the written consent of the affected Unit Owner. In addition, no amendment which adversely affects the lien of any mortgage on a Unit may be made without the written consent of the affected mortgagee.

17.2 The Sponsor hereby reserves the right to amend or (on request of Sponsor) to require the Board of Managers to duly execute and record, in the City Register's Office, an

amendment to this Declaration, at any time, without the requirement of a vote and without the approval or consent of any Unit Owners or mortgagees, for the purposes of (i) filing the Floor Plans required by New York Real Property Law Section 339-p for the portion or portions of the Buildings and appurtenances which are incomplete at the time the Declaration is recorded 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; (ii) changing the designation, the approximate square foot area and the number of rooms in an unsold Unit and (iii) making insubstantial changes to this Declaration.

No such amendment shall be effective until recorded in the City Register's Office.

17.3 The provisions of this Article may not be amended or deleted in whole or in part without the consent of the Sponsor so long as the Declarant owns any Unit.

17.4 Notwithstanding the foregoing, no material change may be made to any provision of this Declaration without the vote of at least fifty-one (51%) percent of Eligible Mortgage Holders, as defined in the By-Laws. A change to any of the provisions governing the following would be considered as material: voting rights; increases of more than 25% in assessments or assessment liens; the priority of assessment liens; reductions in reserves for maintenance, repair and replacement of Common Elements; responsibility for maintenance and repairs; reallocation of interests in General or Limited Common Elements or rights to their use; redefinition of any Unit boundaries; convertibility of Units into Common Elements or vice versa; changes in hazard or fidelity insurance requirements; imposition of any restrictions on the leasing of Units (beyond those currently contained in the Condominium Documents); imposition of restrictions on a Unit Owner's right to sell his or her Unit (beyond those currently contained in the Condominium Documents); restoration or repair of the Condominium (after damage or partial condemnation) in a manner other than that specified in the Condominium Documents, or changes in any provisions that expressly benefit mortgage holders, insurers or guarantors. Implied approval will be assumed when an Eligible Mortgage Holder fails to submit a response to any written proposal for an amendment within thirty (30) days after it receives proper notice of the proposal, delivered by certified or registered mail, return receipt requested.

ARTICLE 18

TERMINATION OF CONDOMINIUM

The Condominium shall continue until:

(a) terminated by casualty, loss, condemnation, or eminent domain as provided in the By-Laws;

(b) terminated by withdrawal of the Property from the provisions of the New York Condominium Act by a vote of at least eighty (80%) percent of all Unit Owners both in number and in common interest, and by Eligible Mortgage Holders that represent at least 66 2/3% of the votes of all Eligible Mortgage Holders. The Sponsor shall not vote its interest to terminate the Condominium unless 80%

of Unit Owners (excluding votes for Units owned by the Declarant) so vote, but even then the Sponsor shall not be required to vote.

In the event said withdrawal is authorized, the Property shall be subject to an action for partition by any Unit Owner or its lienor as if owned in common, in which event the net proceeds of sale shall be divided among the Unit Owners in proportion to their respective Common Interests, provided that no payment shall be made to a Unit Owner until there has first been paid out of such share of the net proceeds all liens on said Unit, in order of priority of such liens.

ARTICLE 19

SEVERABILITY

The invalidity of any provision of this Declaration or the unenforceability of any provision as against any person or under certain circumstances shall not be deemed to impair or affect in any manner the validity, enforceability or effect of the remainder of this Declaration and, in such event, all of the other provisions of this Declaration shall continue in full force and effect as if such invalid provisions had never been included herein, and shall be valid and enforced to the fullest extent permitted by law.

ARTICLE 20

WAIVER

No provision contained in this Declaration shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches which may occur.

ARTICLE 21

RIGHTS OF ACTION

The Board of Managers and any aggrieved Unit Owner shall have a right of action against Unit Owners who fail to comply with the provisions of this Declaration and the Condominium's By-Laws or decisions of the Board of Managers. Unit Owners shall have a similar right of action against the Board of Managers for failure to comply with the provisions of the Declaration and By-Laws.

ARTICLE 22

CAPTIONS

The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of this Declaration nor the intent of any provision thereof.

ARTICLE 23

GENDER

The use of the masculine gender in this Declaration shall be deemed to refer to the feminine gender and the use of the singular shall be deemed to refer to the plural, and vice versa, whenever the context so requires.

ARTICLE 24

SUCCESSORS AND ASSIGNS

The rights and/or obligations of a Unit Owner set forth herein shall inure to the benefit of, and be binding upon, any successor or assign of such Unit Owner, and any Unit Owner shall have the right, at any time in its sole discretion to assign, transfer or encumber its respective interests herein, whether by merger, consolidation, lease, assignment or otherwise.

IN WITNESS WHEREOF, the Sponsor has caused this Declaration to be duly executed this day of _____, 200_.

NYC PARTNERSHIP HOUSING
DEVELOPMENT FUND COMPANY, INC.

Declarant

By:_____
Name:
Title:

STATE OF NEW YORK)

) ss.

COUNTY OF _____)

On the day of in the year 200 before me, the undersigned, a notary public in and for the 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/she executed the same in his/her capacity, and that by his/her signature on the instrument, the individual, or person upon behalf of which the individual acted, executed the instrument.

_____

Notary Public

SCHEDULE A

PARCEL 1 - Block 1902 Lot 26

ALL that certain plot, piece or parcel of land, situate, lying and being in the Borough of Manhattan, City, County and State of New York, bounded and described as follows:

BEGINNING at a point on the northerly side of West 117th Street, distant 135 feet westerly from the corner formed by the intersection of the northerly side of West 117th Street with the westerly side of Lenox Avenue;

RUNNING THENCE northerly parallel with Lenox Avenue and part of the distance through a party wall, 100 feet 11 inches;

THENCE westerly parallel with West 117th Street, 20 feet;

THENCE southerly parallel with Lenox Avenue and part of the distance through another party wall, 100 feet 11 inches to the northerly side of West 117th Street;

THENCE easterly along the northerly side of West 117th Street, 20 feet to the point or place of BEGINNING.

PARCEL 2 - Block 1902 Lot 27

ALL that certain plot, piece or parcel of land, situate, lying and being in the Borough of Manhattan, City, County and State of New York, bounded and described as follows:

BEGINNING at a point on the northerly side of West 117th Street, distant 95 feet westerly from the corner formed by the intersection of the northerly side of West 117th Street with the westerly side of Lenox Avenue;

RUNNING THENCE northerly parallel with Lenox Avenue and part of the distance through a party wall, 100 feet 11 inches;

THENCE westerly parallel with West 117th Street, 20 feet;

THENCE southerly parallel with Lenox Avenue and part of the distance through another party wall, 100 feet 11 inches to the northerly side of West 117th Street;

THENCE easterly along the northerly side of West 117th Street, 20 feet to the point or place of BEGINNING.

EXHIBIT K

BY-LAWS

OF

SHABAZZ GARDENS CONDOMINIUM

Hofheimer Gartlir & Gross, LLP
Attorneys for Sponsor
530 Fifth Avenue
New York, New York 10036

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BY-LAWS
of
SHABAZZ GARDENS CONDOMINIUM

105 and 109 West 117th Street
New York, New York 10026

ARTICLE I

GENERAL

Section 1. Unit Ownership. The property located at 105 and 109 West 117th Street, Borough of Manhattan, City of New York, State of New York more particularly described on Schedule A to the Declaration recorded in the office of the Register of the City of New York, New York County, simultaneously herewith, and the attached buildings (the "Buildings") constructed on said land (hereinafter called the "Property") have been submitted to the provisions of Article 9-B of the Real Property Law of the State of New York by the Declaration recorded in the office of the Register of the City of New York, New York County, simultaneously herewith. The Condominium thereby created shall hereinafter be known as SHABAZZ GARDENS CONDOMINIUM (hereinafter called the "Condominium"). The eight (8) residential units are more fully described in the Declaration and are hereinafter referred to as the "Unit" or collectively, as the "Units". Unless otherwise provided herein, all terms used in these By-Laws shall have the same meaning as ascribed thereto in the Declaration.

Section 2. Applicability of By-Laws. The provisions of these By-Laws are applicable to the Property of the Condominium and to the use and occupancy thereof. The term "Property" as used herein shall include the land, the Buildings and all other improvements thereon (including the Units and the Common Elements), owned in fee simple absolute, and all easements, rights and appurtenances belonging thereto, and all other property, personal or mixed, intended for use in connection therewith, all of which are intended to be submitted to the provisions of said Article 9-B of the Real Property Law of the State of New York.

Section 3. Application. All present and future owners, mortgagees, lessees and occupants of Units and their employees, and any other persons who may use or occupy the facilities of the Property in any manner are subject to these By-Laws, the Declaration and the Rules and Regulations attached hereto as Schedule A, each as amended from time to time.

The acceptance of a deed of conveyance or the act of occupancy of a Unit shall constitute an agreement that these By-Laws, the Rules and Regulations and the provisions of the Declaration, as they may be amended from time to time, are accepted, ratified, and will be complied with.

Section 4. Office. The office of the Condominium and of the Condominium Board of Managers shall be located at the Property or at such other place, reasonably convenient thereto, as may be designated from time to time by the Board of Managers.

ARTICLE II

CONDOMINIUM BOARD OF MANAGERS

Section 1. Number and Term. The affairs of the Condominium shall be governed by the Condominium Board of Managers (the "Board of Managers" or the "Board"). The Board of Managers shall consist of three (3) members (referred to alternatively as "Members" or "Manager(s)"). Until succeeded by the Managers elected at the first annual meeting of Unit Owners, the Board of Managers shall consist of two (2) persons appointed by Lenox Gardens Homes Corp., (hereinafter called the "Sponsor"), the designee of NYC Partnership Housing Development Fund Company, Inc., the owner of the Property (hereinafter "Declarant" or the "Owner"), plus one person to be elected by the Unit Owners as hereinafter provided in Section 4 of this Article II. Thereafter, all Managers shall be Unit Owners or spouses of Unit Owners, except that Members of the Board of Managers appointed by the Sponsor need not be Unit Owners and shall serve for a term of no greater than one (1) year.

Starting with the first annual meeting of Unit Owners after the Sponsor has relinquished control of the Board of Managers, the Board will consist of three (3) Members. The term of office of the Members shall be three (3) years, except that the term of office of one (1) of the Members initially elected shall be fixed at two (2) years, and the term of office of one (1) of the Members initially elected shall be one (1) year. The longest terms shall be awarded to the Members receiving the most votes. At the expiration of the initial term of office of each respective Manager, his or her successor shall be elected to serve a term of three (3) years. The Managers shall hold office until their successors have been elected and hold their first meeting.

No Member shall continue to serve on the Board after he or she ceases to qualify as herein provided.

Section 2. Powers and Duties. The Board of Managers shall have the powers and duties necessary for the administration of the affairs of the Condominium and may do all acts and things on behalf of the Condominium except those which by law or by the Declaration or by these By-Laws may not be delegated to the Board of Managers by the Unit Owners. The powers and duties of the Board of Managers shall include, but shall not be limited to, the following:

(a) Operation, care, upkeep and maintenance of the Common Elements.

(b) Determination of the Common Charges required for the affairs of the Condominium, including, without limitation, the operation and maintenance of the Property.

(c) Collection of Common Charges and assessments from the Unit Owners, and imposition and collection of reasonable late charges for late payment thereof.

(d) Employment and dismissal of the personnel necessary for the maintenance and operation of the Common Elements.

(e) Adoption and amendment of Rules and Regulations covering the details of the operation and use of the Property.

(f) Opening and maintaining bank accounts on behalf of the Condominium and designating the signatories required therefor. The Condominium may authorize a manager or managing agent to be the signatory on such accounts.

(g) Purchasing, leasing or otherwise acquiring in the name of the Board of Managers, or its designee, corporate or otherwise, on behalf of all Unit Owners, Units offered for sale or Units surrendered by their owners to the Board of Managers.

(h) Purchasing of Units at foreclosure or other judicial sale in the name of the Board of Managers, or its designee, corporate or otherwise, on behalf of all Unit Owners.

(i) Selling, mortgaging (but not voting the votes appurtenant to), or otherwise dealing with Units acquired by the Board of Managers or its designee, corporate or otherwise, on behalf of all Unit Owners.

(j) Organizing corporations to act as designees of the Board of Managers in acquiring title to Units on behalf of all Unit Owners.

(k) Obtaining and reviewing of insurance for the Property, including the Units, pursuant to the provisions of Article VI, Section 2 hereof.

(l) Adjusting and settling claims under insurance policies obtained pursuant to Article VI Section 2 and executing and delivering releases on settlement of such claims on behalf of all Unit Owners, all holders of mortgages or other liens on the Units and all owners of any other interest in the Property.

(m) Representing the Unit Owners in any proceedings, negotiations, settlements or agreements relating to losses or proceeds from condemnation, destruction or liquidation of all or part of the Condominium or from termination of the Condominium, and making of repairs, additions and improvements to, or alterations of, the Property and repairs to and restoration of the Property in accordance with the other provisions of these By-Laws after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings.

(n) Borrowing money on behalf of the Condominium when required in connection with the operation, care and upkeep of the Common Elements, provided, however, that no lien to secure repayment of any sum borrowed may be created on any Unit or its appurtenant interest in the Common Elements without the consent of the Unit Owner, and further provided that the borrowing of a sum in excess of $5,000.00 for any one purpose must be approved by a majority of the Unit Owners present and voting at a meeting at which a quorum is present.

If any sum borrowed by the Board of Managers on behalf of the Condominium pursuant to the authority contained in this paragraph is not repaid by the Board, a Unit Owner who pays to the creditor such proportion thereof as its interest in the Common Elements bears to the interest of all the Unit Owners in the Common Elements shall be entitled to obtain from such creditor a release from any judgment or other lien which said creditor shall have the right to file against the Unit Owner's Unit. The other Unit Owners shall cooperate in all ways necessary in order to obtain such release.

(o) Entering Units when necessary, provided that an effort is made to minimize inconvenience to the Unit Owner, in connection with the maintenance, care and preservation of the Property.

(p) Purchasing supplies and equipment, entering into contracts and generally having the powers of a manager in connection with the operation of the Property.

(q) Bringing and defending actions pertinent to the operation of the Property.

(r) Establishing a reserve fund to be used only for capital expenditures.

(s) Levying fines against the Unit Owners for violations of the Rules and Regulations established by it to govern the conduct of the Unit Owners as provided in Article VI Section 19 of these By-Laws, and such fines may be collected as if they were additional Common Charges owed by the Unit Owner against whom such fines were levied.

(t) Establishing reasonable fees for the processing of sale applications, applications for consent to alterations by Unit Owners, Certificates of Termination of the Right of First Refusal and for other services agreed to by the Board of Managers, all of which fees shall be payable by the Unit Owner to the managing agent.

(u) Taking any action required for the Condominium to continue to comply with the UDAAP Tax Exemption.

(v) Enforcing obligations of the Unit Owners, allocating profits and expenses and doing anything and everything else necessary and proper for the sound management of the Condominium.

Notwithstanding the foregoing, neither the Board of Managers nor the Unit Owners shall take any of the following actions unless so long as the Owner or the Sponsor own Units representing at least 25% of the common interest, but not longer than five (5) years from the first closing of title to a Unit, unless the prior written consent of the Sponsor is obtained: (i) make any additions, alterations or improvements to the Common Elements or any Unit, except those required by law; (ii) assess Common Charges for the creation of, addition to or replacement of all or part of a reserve, contingency or surplus fund in excess of 5% of the estimated expenses for the projected year of operation; (iii) hire any employee in addition to any employee referred to in the Condominium budget in the Offering Plan establishing the Condominium; (iv) enter into any service or maintenance contract for work not required by law or contemplated by said budget; (v) borrow money on behalf of the Condominium; or (vi) amend the Declaration or these By-Laws except as specifically permitted by such document.

Notwithstanding anything set forth above, the Board of Managers must undertake any of the aforesaid actions and the expenditure of any amounts reasonably necessary in order to comply with applicable laws and regulations, to remedy any notice of violation or to remedy any work order of any insurer.

Any action of the Condominium Board which exclusively benefits one or more Unit Owners shall be taken at the sole expense of said affected Unit Owners. The Board of Managers may not, without the written consent of a Unit Owner, take any action which materially and adversely affects such Unit Owner unless the By-Laws specifically permit the taking of such action.

Section 3. Managing Agent and Manager. The Board of Managers may employ for the Condominium a managing agent and/or a manager at a compensation established by the Board of Managers, to perform such duties and services as the Board of Managers shall authorize, including but not limited to the duties listed in subdivisions (a), (c), (d), (k), (m), (p) and (q) of Section 2 of this Article II. The Board of Managers may delegate to the manager or managing agent, all of the powers granted to the Board of Managers by these By-Laws other than the powers set forth in subdivisions (b), (e), (f), (g), (h), (i), (j), (l), (n), (o), (r), (s), (t), (u), (v) and (w) of Section 2 of this Article II.

The compensation for the managing agent and/or manager will be at a competitive rate. Any agreement with a manager or managing agent shall be for a term not to exceed three (3) years. The termination provision shall not require the payment of any penalty or advance notice of more than ninety (90) days. Any agreement with a manager or managing agent shall provide that the books and records of the Condominium shall be returned to the Board of Managers by the manager or managing agent upon demand.

Section 4. First Board of Managers and Sponsor's Representation. The first Board of Managers shall consist of two (2) persons designated by the Sponsor. Within sixty (60) days of closing of title to the first Unit, an additional Member shall be elected by a majority of the then Unit Owners other than the Owner. This three (3) person Board shall hold office and exercise all powers of the Board of Managers until the first annual meeting of Unit Owners. At the first annual meeting of Unit Owners, the Member elected by the Unit Owners shall resign and a new election shall be held. The first annual meeting of Unit Owners shall be held within eight (8) days after the first anniversary of the conveyance of title to the first Unit. If at the time of such meeting the Owner (or the Sponsor as its designee) owns Units representing 51% or more of the common interest, the Sponsor may control the Board for a second year. Thereafter, the Sponsor must relinquish control, the Board of Managers shall resign and a new Board shall be elected by the Unit Owners.

Notwithstanding anything to the contrary contained herein, a special meeting of Unit Owners shall be held on fifteen (15) days notice, within eight (8) days of either the second anniversary of the date of the first closing of title to a Unit or the sale of Units representing, in the aggregate, 51% or more of the common interest, whichever first occurs. At such meeting, all the Members of the Board of Managers shall resign and a new Board shall be elected by the Unit Owners.

After the Sponsor has turned over control of the Board to the Unit Owners, and assuming a three (3) Member Board of Managers, so long as the Owner owns at least one (1) Unit, the Sponsor shall be entitled to designate (1) of the Members of the Board of Managers. If at any time it is determined to increase or decrease the size of the Board, the representation of the Sponsor shall be changed proportionately. Any or all of the Members of the Board of Managers shall be subject to replacement in the event of resignation or death in the manner set forth in Section 6 of this Article.

Section 5. Removal. Subject to the provisions of Section 1 of this Article II, at any regular or special meeting of Unit Owners, any Member of the Board of Managers may be removed with cause by an affirmative vote of a majority of Unit Owners. A Member of the Board who has not been designated by the Sponsor or its designee may also be removed without cause by affirmative vote of a majority of Unit Owners. Whether removal is with cause or without cause, a successor shall then or thereafter be elected to fill the vacancy, provided, however, that the vacancies of Members designated by the Sponsor shall be filled only by the Sponsor. Any Member of the Board of Managers whose removal

with cause has been proposed by the Unit Owners shall be given an opportunity to be heard at the meeting.

Section 6. Vacancies. Vacancies in the Board of Managers caused by any reason other than as provided for in Article III Section I hereof or the removal of a Member thereof by a vote of the Unit Owners, shall be filled by a vote of a majority of the remaining Members at a special meeting of the Board of Managers held for that purpose promptly after the occurrence of any such vacancy, even though the Members present at such meeting may constitute less than a quorum. Each person so elected shall be a Member of the Board of Managers until a successor shall be elected at the next annual meeting of the Unit Owners. Notwithstanding the foregoing, vacancies of Managers designated by the Sponsor shall be filled only by the Sponsor.

Section 7. Organization Meeting. The first meeting of the Board of Managers following the annual meeting of the Unit Owners shall be held within ten (10) days thereafter, at such time and place as shall be fixed by a majority of the Members of the Board of Managers, and no notice shall be necessary to the newly elected Members of the Board of Managers in order legally to constitute such meeting, provided that a majority of the whole Board of Managers shall be present thereat.

Section 8. Regular Meetings. Regular meetings of the Board of Managers may be held at such time and place as shall be determined from time to time by a majority of the Members of the Board of Managers, but at least four (4) such meetings shall be held during each fiscal year. Notice of regular meetings of the Board of Managers shall be given to each Member of the Board of Managers, by personal delivery, mail, facsimile or overnight delivery service, at least three (3) business days prior to the day named for such meeting. Regular meetings are open meetings which may be attended by Unit Owners.

Section 9. Special Meetings. Special meetings of the Board of Managers may be called by the President or Secretary or upon written request of any Member of the Board of Managers on three (3) business days' notice to each Member of the Board of Managers, given by personal delivery, mail, facsimile or overnight delivery service, which notice shall state the time, place and purpose of the meeting. Special meetings are closed meetings which may not be attended by Unit Owners unless otherwise specifically provided.

Section 10. Waiver of Notice. Any Member of the Board of Managers may at any time waive notice of any meeting of the Board of Managers in writing and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Member of the Board of Managers at any meeting of the Board shall constitute a waiver of notice by him of the time and place thereof. Any one or more Members of the Board of Managers or any committee thereof may participate in a meeting of the Board or committee by means of a conference telephone or similar communications equipment allowing all persons participating in the meeting to hear each other at the same time. Participation by such means shall constitute presence in person at a meeting. If all the Members of the Board of Managers are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 11. Quorum of Board of Managers. At all meetings of the Board of Managers, a majority of the Members thereof shall constitute a quorum for the transaction of business, and subject to the provisions of Section 2 of this Article II, the votes of a majority of the Members of the Board of Managers present at the meeting shall constitute the decision of the Board of Managers. If at any meeting of the Board of

Managers there shall be less than a quorum present, a majority of those present may adjourn the meeting from time to time. At any such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called, may be transacted without further notice. Any action required or permitted to be taken by the Board of Managers may be taken without a meeting if all Members of the Board consent in writing to the adoption of a resolution authorizing such action, and the writing or writings are filed with the proceedings of the Board.

Section 12. Fidelity Bonds. The Board of Managers shall obtain adequate fidelity bonds for all officers and employees of the Condominium and of the managing agent handling or responsible for Condominium funds. The premiums on such bonds shall constitute a Common Expense.

Section 13. Compensation. No member of the Board of Managers shall receive any compensation from the Condominium for acting as such.

Section 14. Liability of the Board of Managers. No Member of the Board of Managers or officer of the Condominium shall have any personal liability to the Condominium or to any Unit Owner for damages for any breach of duty in his or her capacity as Member of the Board or officer, provided that this provision does not eliminate or limit the liability of a Member of the Board or officer if a judgment or other final adjudication adverse to him or her establishes (a) that his or her acts or omissions were in bad faith or involved intentional misconduct or a knowing violation of law, or (b) that he or she personally gained in fact a financial profit or other advantage to which he or she was not legally entitled.

The Condominium, through the Unit Owners, shall indemnify to the fullest extent permitted by law any person made, or threatened to be made, a party to an action or proceeding, whether civil or criminal, including an action by or in the right of the Condominium to procure a judgment in its favor or an action other than one by or in the right of the Condominium and including an action by or in the right of any corporation of any type or kind, domestic or foreign, or any partnership, joint venture, trust, employee benefit plan or other enterprise, which any Member of the Board or officer of the Condominium served in any capacity at the request of the Condominium, by reason of the fact that he, his testator or intestate, was a Member of the Board or officer of the Condominium or served such other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise in any capacity; provided that no indemnification may be made to or on behalf of any Member of the Board or officer if a judgment establishes that his or her acts were committed in bad faith or were the result of active and deliberate dishonesty and were material to the cause of action so adjudicated, or that he or she personally gained in fact a financial profit or other advantage to which he or she was not legally entitled.

The Unit Owners shall indemnify and hold harmless each of the Members of the Board of Managers against all contractual liability to others arising out of contracts made by the Board of Managers on behalf of the Condominium unless any such contract shall have been made in bad faith or contrary to the provisions of the Declaration or of these By-Laws. It is intended that the Members of the Board of Managers shall have no personal liability with respect to any contract made by them on behalf of the Condominium (except as Unit Owners). It is understood and permissible for the original Board of Managers, who may be members of or be employed by the Sponsor, to contract with the Sponsor and affiliated corporations and entities without incurring any liability for self-dealing, provided that (i) the connection is disclosed to, or known by, the Board or a

majority of Members thereof or noted in the minutes thereof and the Board shall authorize, approve or ratify such contract or transaction in good faith by a vote of a majority of the Board, excluding such Member, and (ii) the contract or transaction is commercially reasonable to the Condominium Board at the time that the same is authorized, approved, ratified, executed or otherwise consummated. It is also intended that the liability of any Unit Owner arising out of any contract made by the Board of Managers or out of the aforesaid indemnity in favor of the Members of the Board of Managers shall be limited to such proportion of the total liability thereunder as his or her interest in the Common Elements bears to the interests of all the Unit Owners in the Common Elements. Every agreement made by the Board of Managers or by the managing agent or by the manager on behalf of the Condominium shall provide that the Members of the Board of Managers, or the managing agent, or the manager, as the case may be, are acting only as agent for the Unit Owners and shall have no personal liability thereunder (except as Unit Owners).

Each Unit Owner's liability pursuant to this Section 14 shall be limited to such proportion of the total liability thereunder as his or her interest in the Common Elements bears to the interest of all Unit Owners in the Common Elements.

Section 15. Committees. The Board of Managers may, by resolution duly adopted, create such committees as it shall deem appropriate and such committees shall have such powers and authority as the Condominium Board of Managers shall vest therein. The members of any such committee, at least one of whom shall be designated by Sponsor so long as Sponsor has the right to designate a Member of the Board of Managers, and at least one of whom shall be designated by non-Sponsor Members, shall be appointed by the President of the Condominium.

ARTICLE III

UNIT OWNERS

Section 1. Annual Meetings. Within eight (8) days after the first anniversary of the first closing of title to a Unit, or at such earlier time as the Sponsor deems in the best interests of the parties, the Sponsor shall call the first annual Unit Owners' meeting. At such meeting, the Board of Managers shall resign and a new Board shall be elected by the Unit Owners, or the Sponsor shall continue to control the Board, as hereinbefore provided in Article II, Section 4 of these By-Laws. Thereafter, annual meetings shall be held on or about the anniversary of such date each succeeding year. At such meetings there shall be elected by ballot of the Unit Owners a Board of Managers in accordance with the requirements of Article II of these By-Laws. The Unit Owners may also transact such other business of the Condominium as may properly come before them.

Prior to the actual meeting at which the Unit Owners elect the Board of Managers as herein provided, the Sponsor may call, at its discretion, meetings of the Unit Owners so that the Board of Managers designated by the Sponsor can report to the Unit Owners, or for such other purpose as the Board determines.

Section 2. Place of Meetings. Meetings of the Unit Owners shall be held at the principal office of the Condominium or at such other suitable place convenient to the Unit Owners as may be designated by the Board of Managers.

Section 3. Special Meetings. It shall be the duty of the President to call a special meeting of the Unit Owners if so directed by resolution of the Board of Managers or upon a petition signed by Unit Owners representing a majority of the common interest,

upon at least five (5) days notice. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

Section 4. Notice of Meetings. It shall be the duty of the Secretary to mail a notice of each annual or special meeting, stating the purpose thereof as well as the time and place where it is to be held, to each Unit Owner of record at the Property or at such other address as such Unit Owner shall have designated by notice in writing to the Secretary, at least ten (10) but not more than forty (40) days prior to such meeting. If the purpose of any meeting shall be to act upon a proposed amendment to the Declaration or these By-Laws, the notice of meeting shall be mailed at least twenty (20) days prior to such meeting. The mailing of a notice in the manner provided in these By-Laws shall be considered notice served.

Section 5. Adjournment of Meetings. If any meeting of Unit Owners cannot be held because a quorum has not attended, a majority of the Unit Owners who are 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 the original meeting was called. Proxies remain in effect for any such adjourned meeting.

Section 6. Order of Business. The order of business at all meetings of the Unit Owners shall be as follows:

(a) Roll call.
(b) Proof of notice of meeting.
(c) Reading of minutes of preceding meeting.
(d) Reports of officers.
(e) Report of Board of Managers.
(f) Reports of committees.
(g) Election of inspectors of election (when so required).
(h) Election of Members of the Board of Managers (when so required).
(i) Unfinished business.
(j) New business.

Section 7. Title to Units. Title to Units may be taken in the name of an individual, or in the names of two (2) or more persons, as tenants in common, joint tenants or tenants by the entirety.

Section 8. Voting. The Owner or Owners of each Unit (including Sponsor and its designee(s)), or some person designated by such Owner or Owners to act as proxy on his, her or their behalf and who need not be an Owner, shall be entitled to cast one (1) vote for each .01% of interest in the Common Elements attributable to the Unit or Units owned by him or her in all matters put to a vote at all meetings of Unit Owners. The designation of any such proxy shall be made in writing to the Secretary, and shall be revocable at any time by written notice to the Secretary by the Owner or Owners so designating. Any or all of such Owners may be present at any meeting of the Unit Owners and (those constituting a group acting unanimously), may vote or take any other action as a Unit Owner either in person or by proxy. Any Unit or Units owned by the Board of Managers or its designee shall not be entitled to a vote.

Section 9. Quorum. Except as otherwise provided in these By-Laws, the presence in person or by proxy of a majority of Unit Owners shall constitute a quorum at all meetings of the Unit Owners.

Section 10. Majority of Unit Owners. As used in these By-Laws, the term "majority of Unit Owners" shall mean those Unit Owners having greater than 50% of the total authorized votes of all Unit Owners present in person or by proxy and voting at any meeting of the Unit Owners at which a quorum is present, determined in accordance with the provisions of Section 8 of this Article III.

Section 11. Action by Unit Owners. Subject to the provisions contained in the last two paragraphs of Article II Section 2 of these By-Laws regarding authorization by Sponsor for certain actions of the Board of Directors, the vote of a majority of Unit Owners shall be required to take any action at any meeting of Unit Owners, except where in the Declaration or these By-Laws or by law, a higher percentage vote is required. Notwithstanding the foregoing, any action which restricts the use of any Unit or any portion of the Common Elements, or materially and adversely affects any Unit Owner, must be authorized by the affected Unit Owner unless the By-laws specifically permit the taking of such action.

Section 12. Action Without Meeting. Any action required or permitted to be taken by the Unit Owners may be taken without a meeting if Unit Owners sufficient in number and in Common Interest to approve such an action at a duly constituted meeting of the Unit Owners pursuant to the Declaration or these By-laws consent in writing to the adoption of a resolution authorizing such action and writing is filed with the records of the Condominium.

ARTICLE IV

OFFICERS

Section 1. Designation. The principal officers of the Condominium shall be the President, the Vice President, the Secretary and the Treasurer, all of whom shall be elected by the Board of Managers. The Board of Managers may appoint an assistant treasurer, an assistant secretary, and such other officers as in its judgment may be necessary. The President and Vice President, but no other officers, must be Members of the Board of Managers. Except for Members of the Board of Managers appointed by the Sponsor or its designee, all officers must be Unit Owners or spouses of Unit Owners.

Section 2. Election of Officers. The officers of the Condominium shall be elected annually by vote of the Board of Managers at the organization meeting of each new Board of Managers and shall hold office at the pleasure of the Board of Managers.

Section 3. Removal of Officers. Upon the affirmative vote of the Members of the Board of Managers, any officer may be removed, either with or without cause, and his successor may be elected at any regular meeting of the Board of Managers, or at any special meeting of the Board of Managers called for such purpose, provided notice of the proposed removal was given to the officer and the proposed removal was recited in the notice of the meeting. Any officer whose removal has been proposed shall be given an opportunity to be heard at the meeting.

Section 4. President. The President shall be the chief executive officer of the Condominium. He shall preside at all meetings of the Unit Owners and of the Board

of Managers. He shall have all of the general powers and duties which are incident to the office of president of a stock corporation organized under the Business Corporation Law of the State of New York, including but not limited to the power to appoint committees from among the Unit Owners from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Condominium. The President shall be an ex-officio member of all committees of the Board of Managers.

Section 5. Vice President. The Vice President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board of Managers shall appoint some other Member of the Board of Managers to act in the place of the President, on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him by the Board of Managers or by the President, and shall have such other powers and duties as are usually vested in the office of vice president of a stock corporation organized under the Business Corporation Law of the State of New York.

Section 6. Secretary. The Secretary shall keep the minutes of all meetings of the Unit Owners and of the Board of Managers; he shall have charge of such books and papers as the Board of Managers may direct; and he shall in general perform all the duties incident to the office of secretary of a stock corporation organized under the Business Corporation Law of the State of New York.

Section 7. Treasurer. The Treasurer shall have the responsibility for Condominium funds and securities and shall be responsible for keeping or supervising the keeping of full and accurate financial records and books of account showing all receipts and disbursements necessary for the preparation of all required financial data. He shall be responsible for the deposit of all funds and other securities in the name of the Board of Managers, or the managing agent, in such depositories as may from time to time be designated by the Board of Managers, and he shall, in general, perform all the duties incident to the office of treasurer of a stock corporation organized under the Business Corporation Law of the State of New York. He shall disburse Condominium funds in the manner directed by the Board of Managers, making proper vouchers for all disbursements. He shall submit to the President and Board of Managers, at regular meetings of the Board of Managers or whenever they may require it, an account of all of his transactions as Treasurer, as well as the financial condition of the Condominium.

Section 8. Agreements, Contracts, Deeds, Checks, etc. All agreements, contracts, deeds, leases, checks and other instruments of the Condominium shall be executed by any one (1) officer of the Condominium or by such other person or persons as may be designated by the Board of Managers.

Section 9. Compensation of Officers. No officer shall receive any compensation from the Condominium for acting as such.

ARTICLE V

NOTICES

Section 1. Notices. All notices required or desired to be given hereunder (except notices of regular, annual or special meetings of the Unit Owners and notices of all meetings of the Condominium Board) shall be sent by registered or certified mail (return receipt requested), postage prepaid, addressed: (i) if to the Board of Managers, in care of

the managing agent, or if there be no managing agent, to the principal office of the Board of Managers or to such other address as the Board of Managers may hereafter designate from time to time; (ii) if to a Unit Owner, to the Property address of such Unit Owner or to such other address as may have been designated by him from time to time, in writing, to the Board of Managers; (iii) if to the Sponsor, at 193-04 Horace Harding Expressway, Fresh Meadows, New York 11365. All notices to mortgagees of Units shall be sent by registered or certified mail (return receipt requested) to their respective addresses, as designated by them from time to time, in writing to the Board of Managers. All notices shall be deemed to have been given when mailed in a postage prepaid sealed wrapper, except notices of change of address which shall be deemed to have been given when received.

Section 2. Waiver of Service of Notice. Whenever any notice is required to be given by Law, or under the provisions of the Declaration, or of these By-Laws, a waiver thereof, in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed the equivalent thereof.

ARTICLE VI

OPERATION OF THE PROPERTY

Section 1. Determination of Common Expenses and Fixing of Common Charges. The Board of Managers shall from time to time, at least annually, prepare a budget for the Condominium in order to determine the amount of the Common Charges payable by the Unit Owners to meet the Common Expenses of the Condominium, and allocate and assess such Common Charges and Common Expenses among the Unit Owners according to their respective common interest or such different method of allocation as is set forth in the "Budget for the First Year of Condominium Operation", Schedule B to the Offering Plan (the "Condominium Budget") or as determined by the Board of Managers to reflect exclusive use or the availability or control of particular Common Elements or services provided by the Condominium. The Common Expenses shall include, without limitation, the cost of all insurance premiums on all policies of insurance required to be or which have been obtained by the Board of Managers pursuant to the provisions of Section 2 of this Article VI, and the fees and disbursements of the Insurance Trustee, if any. The Common Expenses may also include such amounts as the Board of Managers may deem proper for the operation and maintenance of the Property, including, without limitation, electric costs for lighting and heating the common areas, water and sewer charges for service to the Units and the Common Elements, an amount for working capital of the Condominium, for a general operating reserve, for a reserve fund for replacements, and to make up any deficit in the Common Expenses for any prior year. The Common Expenses may also include such amounts as the Board of Managers may deem necessary for customary or extraordinary legal expenses incurred with respect to the Condominium Property. Finally, the Common Expenses may also include such amounts as may be required for the purchase by the Board of Managers or its designee, on behalf of all Unit Owners, of any Unit whose Owner has elected to sell such Unit or of any Unit which is to be sold at foreclosure or other judicial sale. Until construction is completed and title thereto has been conveyed, the Board of Managers may reduce the amount of Common Charges allocated to the Units and payable by Unit Owners (including the Owner or the Sponsor as owner of unsold Units), provided that all Units will be allocated full assessments no later than sixty (60) days following the first conveyance of a Unit. Any such reduction shall be in proportion to each Unit Owner's percentage of interest in the Common Elements.

The Board of Managers shall advise all Unit Owners promptly, in writing, of the amount of Common Charges payable by each of them as determined by the Board of Managers as aforesaid and shall furnish copies of such budget on which such Common Charges are based, to all Unit Owners. All costs and expenses which are allocable solely to the repair, maintenance and operation of a particular Unit or Units, as the case may be, shall be borne solely by the owner(s) of such Unit(s). Notwithstanding this section, the power of the Board is subject to the restrictions contained in Section 2 of Article II.

Section 2. Insurance. The Board of Managers shall be required to obtain and maintain, to the extent obtainable, the following insurance: (1) fire insurance with extended coverage normal for a condominium of this type, vandalism and malicious mischief endorsements insuring the Buildings, including each Unit and the equipment installed therein on the date of recordation of the Declaration or installed thereafter by the Sponsor, or replacements thereof, partitions, floors, and ceilings within the Units, together with all service and other machinery contained therein (but not including wall, ceiling or floor decorations or coverings or fixtures, appliances, furniture, furnishings or other personal property supplied or installed by Unit Owners) covering the interests of the Condominium, the Board of Managers and all Unit Owners and their mortgagees, as their respective interests may appear, in an amount equal to the agreed upon replacement value of the Buildings or such other amount as shall be adequate to prevent the Condominium from becoming a co-insurer in the event of casualty loss (exclusive of the costs of excavation and foundations), without deduction for depreciation, as determined by the Board of Managers. Each of said policies shall contain a Condominium Property Endorsement and a New York standard mortgagee clause in favor of each mortgagee of a Unit which shall provide that the loss, if any, thereunder shall be payable to such mortgagee as its interest may appear, subject however, to the loss payment provisions in favor of the Board of Managers or the Insurance Trustee, if any, as herein provided; (2) boiler and machinery insurance; (3) a fidelity bond or bonds in sufficient amounts to fully protect the interest of the Condominium, to be carried on each Member of the Board of Managers, officers of the Condominium, managing agent and managers, and any other employees who handle or are responsible for funds of the Condominium; (4) Officers and Directors liability insurance covering officers and members of the Board of Managers; (5) comprehensive general liability insurance covering each Member and officer of the Board of Managers, the managing agent, each Unit Owner, in such limits as the Board of Managers may deem proper, covering all claims for bodily injury or property damage arising out of an occurrence in the Common Elements and covering cross liability claims of one insured against another (but not covering the liability of a Unit Owner arising from occurrences within his own Unit); (6) workers' compensation insurance for any employees; and (7) such other insurance as the Board of Managers may determine. The premiums for such insurance shall be a Common Expense.

All such policies shall provide that adjustments shall be made by the Board of Managers and that the net proceeds thereof, if $100,000.00 or less, shall be payable to the Board of Managers and if more than $100,000.00 shall be payable to the Insurance Trustee, if any, to be applied for the purpose of repairing, restoring or rebuilding the Building unless otherwise determined by the Unit Owners.

During such time as the building loan mortgage remains of record, JPMorgan Chase Bank will be the Insurance Trustee. In accordance with the terms of the building loan mortgage, insurance proceeds received if the Property is damaged or destroyed, in whole or in part, by fire or other casualty, will not be used to reduce the principal of the loan but will instead be made available for the purpose of repairing, restoring or rebuilding the Condominium, provided that (i) no default shall then exist under the building loan mortgage

beyond the expiration of any applicable notice and/or grace period, (ii) not more than fifty (50%) percent of the Property is damaged or destroyed, as determined by the construction lender in its sole discretion, (iii) the proceeds of insurance are received by the construction lender at least six (6) months prior to the maturity date of the loan and (iv) the Sponsor notifies the construction lender in writing within twenty (20) days of the date of such damage or destruction that it elects to repair the damaged portion of the Property substantially to its value, condition and character immediately prior to such damage or destruction. At such time as the building loan mortgage has been fully satisfied, the Insurance Trustee may be changed by vote of the Board of Managers.

All policies of physical damage insurance shall contain waivers (a) of subrogation, (b) of any defense based on co-insurance, (c) of any reduction of pro-rata liability of the insurer as a result of any insurance carried by Unit Owners, and (d) of invalidity arising from any acts of the insured or any Unit Owners, and shall provide that such policies may not be cancelled or substantially modified without at least ten (10) days prior written notice to all of the insureds, including all mortgagees of Units. The standard mortgagee loss payable clause shall be attached to all policies. Duplicate originals or certificates of all policies of physical damage insurance and of all renewals thereof, together with proof of payment of premiums, shall be delivered to all mortgagees of Units who have requested same in writing, at least ten (10) days prior to expiration of the then current policies. Prior to obtaining any policy of fire insurance or any renewal thereof, the Board of Managers may obtain an appraisal from a fire insurance company or otherwise of the full replacement value of the Buildings (exclusive of the cost of excavation and foundations) including all of the Units and all of the Common Elements therein, without deduction for depreciation, for the purpose of determining the amount of fire insurance to be effected pursuant to this Section 2.

Unit Owners are advised to carry other insurance for their own benefit, provided that all such policies shall contain waivers of subrogation against the Condominium and the Board of Managers and further provide that the liability of the carriers issuing insurance obtained by the Board of Managers shall not be affected or diminished by reason of any such additional insurance carried by any Unit Owner. Such policies shall be so endorsed as to state that they will in no way conflict with any insurance carried by the Board of Managers.

Section 3. Repair or Reconstruction After Fire or Other Casualty. In the event of damage to or destruction of the Building as a result of fire or other casualty, unless seventy-five (75%) percent or more of either Building is destroyed or substantially damaged and seventy-five (75%) percent or more in number and common interest of the Unit Owners do not duly and promptly resolve to proceed with repair or restoration, the Board of Managers shall arrange for the prompt repair and restoration of the Building or Buildings (including any damaged Units, but not including any wall, ceiling or floor decorations or coverings or other furniture, furnishings, fixtures or other personal property or equipment of the Unit Owners or a tenant of a Unit Owner), and the Board of Managers or the Insurance Trustee shall disburse the proceeds of all insurance policies in appropriate progress payments to the contractors engaged in such repairs and restoration. Any cost of such repair and restoration in excess of the net insurance proceeds shall constitute a Common Expense and the Board of Managers shall assess all the Unit Owners for such deficit as part of the Common Charges.

In the event of a repair or restoration pursuant to the first paragraph of this Section 3 and in the event that the net proceeds of insurance received by or payable to the Board of Managers shall exceed the cost of such repair or restoration, then the excess of such

insurance proceeds shall be paid by the Board of Managers to the Unit Owners in proportion to their respective interests in the Common Elements after first paying out of the share due each Unit Owner such amounts as may be required to reduce unpaid liens on any Unit in the order of priority of such liens.

If seventy-five (75%) percent or more of either Building is destroyed or substantially damaged and seventy-five (75%) percent or more in number and in common interest of the Unit Owners do not duly and promptly resolve to proceed with repair or restoration, the Property will not be repaired and shall be subject to an action for partition at the suit of any Unit Owner or lienor, as if owned in common, in which event the net proceeds of sale, together with the net proceeds of insurance policies shall be divided by the Board of Managers among the Unit Owners in proportion to their respective common interest, after first paying out of the share of each Unit Owner the amount of any unpaid liens on his Unit, in the order of the priority of such liens. Notwithstanding the foregoing, any decision not to repair the Property shall also require the vote of at least 51% of Eligible Mortgage Holders, as hereinafter defined in Article VII Section 5.

The provisions of this Section 3 are subject and subordinate to the provisions of the building loan mortgage held by JP Morgan Chase Bank, for so long as the building loan mortgage remains in effect.

Whenever in this Section 3 the words "promptly repair" are used it shall mean repairs are to begin not more than sixty (60) days from the date the Insurance Trustee notifies the Board of Managers and the Unit Owner or Unit Owners that it holds proceeds of insurance on account of such damage or destruction, whether or not sufficient to pay the estimated costs of such work, or, in the event the proceeds of insurance are payable to the Board of Managers, not more than sixty (60) days from the date of receipt by the Board of Managers of proceeds of insurance on account of such damage or destruction, whether or not sufficient to pay the estimated costs of such work. Whenever the words "promptly resolve" are used it shall also mean not more than sixty (60) days from the date the Board of Managers notifies the Unit Owners that it holds proceeds of insurance on account of such damage or destruction and that such proceeds are or are not sufficient to pay the estimated costs of the work (as the case may be).

Section 4. Payment of Common Charges. Each Unit Owner shall be obligated to pay the Common Charges assessed by the Board of Managers pursuant to the provisions of Section 1 of this Article VI at such time or times as the Board of Managers shall determine. The Board of Managers may also impose a reasonable late charge for late payment of Common Charges, which shall be added to the Unit Owner's Common Charges due on the first day of the following month, and which shall be a lien upon the Unit Owner's Unit if not paid. Assessments for Common Charges are the personal obligation of the person owning the Unit at the time the assessment becomes due.

No Unit Owner shall be liable for the payment of any part of the Common Charges assessed against its Unit subsequent to a sale, transfer or other conveyance (made in accordance with the provisions of Section 1 of Article VIII of these By-laws) of such Unit, together with the "Appurtenant Interests", as defined in Section 1 of Article VIII hereof. A purchaser of a Unit shall be liable for the payment of Common Charges assessed and unpaid against such Unit prior to the acquisition of such Unit, except that, to the extent permitted by law, a mortgagee or other purchaser of a Unit at a foreclosure sale of such Unit shall not be liable for, and such Unit shall not be subject to a lien for, the payment of Common Charges assessed prior to the foreclosure sale. In the event of a foreclosure

sale of a Unit by a mortgagee, the owner of such Unit prior to the foreclosure sale shall remain liable for the payment of all unpaid Common Charges accrued prior to such sale.

In addition, any Unit Owner may, subject to the terms and conditions specified in these By-Laws, provided that its Unit is free and clear of liens and encumbrances other than a permissible mortgage and the statutory lien for unpaid Common Charges, convey his or her Unit, together with the Appurtenant Interests, to the Condominium Board of Managers, or its designee, corporate or otherwise, on behalf of all Unit Owners, and in such event be exempt from Common Charges thereafter accruing.

Section 5. Assessment Roll and Collection of Assessments. The Board of Managers shall assess Common Charges against the Unit Owners from time to time and at least annually. An assessment roll relating to Common Charges and other assessments shall be maintained in a set of accounting books duly approved by a certified public accountant in which there shall be an account for each Unit.

The Board of Managers shall take prompt action to collect any Common Charges due from any Unit Owner which remains unpaid for more than eight (8) days after the due date for payment thereof.

Section 6. Default in Payment of Common Charges. In the event any Unit Owner shall fail to make prompt payment of its Common Charges or any assessment as determined by the Board of Managers, such Unit Owner shall be obligated to pay interest at the highest legal rate on such unpaid Common Charges computed from the due date thereof, in addition to any late charge which may have been imposed pursuant to Section 4 of this Article VI, together with all expenses, including attorneys' fees, paid or incurred by the Board of Managers or the Managing Agent in any proceeding brought to collect such unpaid Common Charges or assessments or in an action to foreclose the lien on such Unit arising from said unpaid Common Charges or assessments. The Board of Managers shall have the right and obligation to attempt to recover such Common Charges or assessments, together with interest thereon, and the expenses of the proceeding, including attorneys' fees, in an action to recover the same brought against such Unit Owner, or by foreclosure of the lien on such Unit granted by Section 339-z of the Real Property Law of the State of New York, in the manner provided in Section 339-aa thereof. While the Sponsor or its designee is in control of the Board of Managers, it will cause the Board to file a lien as provided for in Section 339-aa of the Real Property Law against Units with respect to which the Sponsor or such designee is in arrears of Common Charges by more than eight (8) days.

A lien for non-payment of Common Charges granted pursuant to Section 339-z has priority over all other liens except (i) liens for taxes on the Unit in favor of any assessing unit, school district, special district, county or other taxing unit, and (ii) all sums unpaid on a first mortgage of record or on a subordinate mortgage of record held by the New York Job Development Authority.

Section 7. Foreclosure of Liens for Unpaid Common Charges. In any action brought by the Board of Managers to foreclose a lien on a Unit because of unpaid Common Charges, the Unit Owner shall be required to pay a reasonable rental for the use of its Unit and the plaintiff in such foreclosure action shall be entitled to the appointment of a receiver to collect the same. The Board of Managers, acting on behalf of all Unit Owners, shall have power to purchase such Unit at the foreclosure sale and to acquire, hold, lease, mortgage, cast the votes appurtenant to (other than for the election of Members to the Board of Managers), convey or otherwise deal with the same. A suit to

recover a money judgment for unpaid Common Charges shall be maintainable without foreclosing or waiving the lien securing the same.

In the event the net proceeds received on such foreclosure (after deduction of all legal fees, advertising costs, brokerage commissions and other costs and expenses incurred in connection therewith) shall be insufficient to satisfy the defaulting Unit Owner's obligation to the Condominium, then such Unit Owner shall remain liable for the deficit.

Section 8. Statement of Common Charges. The Board of Managers (or managing agent on its behalf) shall promptly provide any Unit Owner so requesting the same in writing, with a written statement of all unpaid Common Charges due from such Unit Owner.

Section 9. Maintenance and Repairs.

(a) All maintenance, repairs and replacements in and to a Unit, ordinary or extraordinary (but not to Unit entrance doors and windows), to individual thermostats for heat and heating baseboards within the Unit, to kitchen appliances, and to electrical and plumbing installations and fixtures within a Unit or belonging to the Unit Owner shall be at the Unit Owner's expense, except as otherwise specifically provided herein. The Board of Managers is responsible for electrical and plumbing pipes, wires and lines to the extent they are located in Common Elements and serve one or more Units.

Each Unit Owner shall perform promptly all maintenance and repair work to his own Unit, which if omitted would affect the Condominium in its entirety or any part belonging to other Unit Owners (including the Owner or the Sponsor as its designee), such Unit Owner being expressly responsible for any damages and liabilities which may result from his failure to do so. Each Unit Owner shall, at his sole expense, maintain the interior of the Unit, its furniture, furnishings, appliances, and appurtenances in good order and condition, and shall do all redecorating and other work which may at any time be necessary to maintain the good condition of the Unit.

(b) All maintenance, repairs and replacements to the Common Elements as defined in the Declaration, including but not limited to exterior walls, stairways (other than internal stairways in first floor Units), sidewalks adjacent to the Buildings' entrances (including removal of snow and ice therefrom), roof and roof members, common water and sewer connections, and skylights (which are Limited Common Elements for the exclusive use of top floor Units) and individual boilers and hot water heaters in the cellar (which are Limited Common Elements for the exclusive use of each of the Units), as well as all maintenance, repairs and replacements of Unit entrance doors and windows, of any pipes, wires, conduits and public utility lines, any portion of which is located in one Unit and serves another Unit or more than one Unit or so much of any pipes, wires, conduits and public utility lines as are located in the Common Elements but serve one or more Units, shall be made by the Board of Managers and be charged to all the Unit Owners as a Common Expense, except to the extent that the same are necessitated by the negligence, misuse or neglect of a Unit Owner or his invitees, licensees or agents, in which case such expense shall be charged to such Unit Owner. The painting and decorating of the exterior side of Unit entrance doors and windows shall also be made by the Board of Managers and charged as a Common Expense.

(c) The Board of Managers shall maintain the common water and sewer connections on the Property at all times while the Condominium shall exist. The Board of Managers shall be responsible for the abatement of any nuisance due to the use of said

common water and sewer connections that would have an adverse effect on the health, safety and welfare of the City and State of New York.

(d) Notwithstanding subsection (b), concrete and grass patios adjacent to first floor Units, which are Limited Common Elements, shall be kept free and clear of snow, ice and other accumulation by the Owners of the Units to which they are appurtenant, at their expense. The Unit Owner shall also make all repairs thereto caused or permitted by said Unit Owner's negligence, misuse or neglect. All other repairs in, to or with respect to such patios shall be made by the Board of Managers, as a Common Expense.

Section 10. Restrictions on Use of Units. In order to provide for congenial occupancy of the Property and for the protection of the values of the Units, the use of the Property shall be restricted to and shall be in accordance with the following provisions:

(a) The Units shall be used only for primary residency, with not more than two (2) adults or one (1) family occupying a Unit at one time, except that any Unit may, in addition, be used for any lawful home occupation (as such term is defined in the New York City Zoning Resolution), provided (i) that such use does not violate zoning regulations or the Certificate of Occupancy for the Building in which the Unit is located, and (ii) the prior consent of the Board of Managers is obtained or, in the case of initial Purchasers, written notice of such use is given to the managing agent.

Notwithstanding the foregoing or anything else contained in the Plan, the Sponsor may, without the permission of the Board of Managers or anyone else, use one (1) or more Units as models, or sales or administration offices, and may place signage of any size and in any location on the Property as it may determine in its sole discretion in connection with the sale or rental of Units in the Condominium.

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

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

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

(e) No portion of a Unit (other than the entire Unit) may be rented, and no transient tenants may be accommodated therein. Any rental of a Unit must comply with policies set by the Board of Managers, and may not violate the primary residency requirements of the LDA and SDA.

(f) As set forth in the deed, the Unit Owner and his or her successors and assigns will comply with all applicable Federal, State and local laws in effect from time to

time, prohibiting discrimination by reason of age, creed, color, disability, marital status, national origin, race, sex or sexual orientation in the sale or occupancy of the Unit.

(g) As set forth in the deed, the Unit Owner and his or her successors and assigns will devote the Unit to residential use as specified in the Urban Development Action Area Project Summary ("UDAAP") which is set forth as Exhibit B-1 to the Land Disposition Agreement relating to the Property.

(h) Dogs, cats or other common household pets, not to exceed two (2) per Unit, may be kept in Units, subject to the rules and regulations adopted by the Board of Managers, including any which may pertain to the size of a pet and the permitted level of noise. In no event will any dog be permitted in any portion of the Common Elements unless carried or on a leash.

Section 11. Additions, Alterations or Improvements by Board of Managers. (a) All alterations, additions or improvements in or to any Common Element shall be made either by the Board of Managers or Unit Owner required to maintain such Common Element and the cost and expense thereof shall be charged either to all Unit Owners as a Common Expense or to the Unit Owner responsible therefor, as the case may be. Whenever in the judgment of the Board of Managers the Common Elements shall require additions, alterations or improvements costing in excess of $5,000.00 in the aggregate in any calendar year, and the making of such additions, alterations or improvements shall have been approved by a majority of the Unit Owners present and voting at a meeting at which a quorum is present (including Sponsor as owner of Unsold Units), the Board of Managers shall proceed with such additions, alterations or improvements and shall assess all Unit Owners for the cost thereof as a Common Charge. Any additions, alterations or improvements costing in the aggregate $5,000.00 or less in any calendar year may be made by the Board of Managers without approval of the Unit Owners, and the cost thereof shall constitute part of the Common Expenses.

Notwithstanding the foregoing, for so long as the Owner shall own Units representing at least twenty-five (25%) percent of the common interest, but not more than five (5) years from the date of the first closing of title to a Unit, no additions, alterations or improvements shall be made to the Common Elements, regardless of the cost thereof, unless the consent of Sponsor is first obtained pursuant to Article II Section 2 of these By-Laws, unless such action is required by law.

Section 12. Additions, Alterations or Improvements by Unit Owners. No Unit Owner shall make any structural addition, alteration or improvement in or to his or her Unit, or any Limited Common Element appurtenant thereto, without the prior written approval of the Board of Managers. The Board of Managers is required to answer any written request by a Unit Owner for approval of a proposed structural addition, alteration or improvement in such Unit Owner's Unit within thirty (30) days after receipt of a complete set of documents and information as to the proposed addition, alteration or improvement, and independent architectural review, if necessary, and failure to do so within the stipulated time shall constitute a denial by the Board of Managers to the proposed addition, alteration or improvement. The Unit Owner can make any non-structural alterations or improvements to the Unit he desires without obtaining the consent of the Board of Managers, so long as the alterations or improvements do not affect the Building in which the Unit is located or any Common Element, jeopardize the soundness or safety of the Property, reduce the value thereof or impair any easement therein.

No Unit Owner shall make any addition, alteration or improvement in or to a Unit or Limited Common Element without first (1) obtaining and maintaining during the course of such work such insurance as the Board of Managers may reasonably prescribe, and (2) executing and delivering to the Board of Managers an agreement, in form and substance reasonably satisfactory to the Board, setting forth the reasonable terms and conditions under which such alteration, addition or improvement may be made, including, without limitation, the days and hours during which any such work may be done, and (3) executing and delivering to the Board of Managers an agreement indemnifying and holding harmless the Board, its Members and officers, and all Unit Owners from and against any liability, cost or expense arising out of or connected to such work.

In the event the Board of Managers chooses to have the proposed addition, alteration or improvement reviewed by an independent architect or engineer, the Unit Owner shall pay the charges of such architect or engineer. The Unit Owner shall also bear the cost of any increased taxes or insurance premiums resulting from his or her alterations, additions or improvements. Unit Owners shall be responsible for paying to the managing agent a reasonable fee, as established by the Board of Managers, for the processing of applications for consent to alterations.

Any application to any department of the City of New York or to any other governmental authority for a permit to make an addition, alteration or improvement in or to any Unit or Limited Common Element will be completed by the Unit Owner and executed by the Board of Managers without, however, incurring any liability on the part of the Board of Managers or any of them to any contractor, subcontractor or materialman on account of such addition, alteration or improvement, or to any person having any claim for injury to person or damage to property arising therefrom. All responsibility with respect to any such addition, alteration or improvement shall remain with the Unit Owner until conveyance of the Unit, at which time such responsibility shall pass to and be assumed by the transferee and the successors and assigns of such transferee.

The provisions of this Section 12 shall not apply to Units owned by the Owner or the Sponsor as its designee until such Units shall have been initially sold and conveyed; structural as well as non-structural additions, alterations or improvements may be made in and to any such Units without the consent of the Board of Managers or any other Unit Owners.

Section 13. Use of Common Elements. No furniture, packages or objects of any kind shall be placed on the grounds, walks, service corridor or other public areas, or any other part of the Common Elements, other than areas which may be designated as storage areas. The lobbies, service corridors and other public areas shall be used only for the purposes established by the Board of Managers from time to time. The provisions of this Section 13 shall not apply to the Sponsor until such time as all Units have been initially sold and conveyed by the Owner. However, the Sponsor shall not use the Common Elements in such a manner as will unreasonably interfere with the use of the other Units for their permitted purposes.

Section 14. Right of Access. Each Unit Owner shall grant a right of access to his or her Unit to the Board of Managers, the manager and/or the managing agent and/or any other person authorized by the Board of Managers, for the purpose of making inspections to determine if there exist conditions threatening another Unit or a Common Element, or violations of the By-Laws or Rules and Regulations of the Condominium or any State or Municipal ordinances, or for the purpose of correcting any conditions originating in the Unit and threatening another Unit or a Common Element, or for the purpose of

performing installations, alterations or repairs to the mechanical or electrical services or other Common Elements in his or her Unit or elsewhere in the Building, or to correct any condition which violates the provisions of any mortgage covering another Unit, provided that requests for such entry are made in advance and that any such entry is at a time reasonably convenient to the Unit Owner, and further provided that such right shall be exercised in such manner as will not unreasonably interfere with the use of the Unit. In case of an emergency, such right of entry shall be immediate, whether the Unit Owner is present at the time or not. In the event of the exercise of the right of access provided in this Section 14, any costs for repairs shall be borne in accordance with the provisions of Section 9 of this Article VI.

Section 15. Rules and Regulations. Rules and regulations concerning the use of the Units and the Common Elements may be promulgated and amended by the Board of Managers. Copies of such rules and regulations shall be furnished by the Board of Managers to each Unit Owner prior to time when the same shall become effective. Initial rules and regulations, which shall be effective until amended by the Board of Managers, are annexed hereto and made a part hereof as Schedule A.

Section 16. Electricity. Electricity for lighting, bathroom exhaust fans, air conditioning and appliances within Units shall be supplied by the public utility company and metered directly to the individual Units. Electricity charges for lighting of public areas and vestibule heating shall be billed to the Board of Managers, and the cost shall be included in the Common Charges.

Section 17. Gas for Cooking, Heat and Hot Water. Gas for cooking in Units, for hot water and for hot water baseboard heating of Units shall be metered to the individual Units, each of which has its own boiler in the basement.

Section 18. Water Charges and Sewer Rents. The Condominium Board shall pay, as Common Expenses, all water charges for the Units and the Common Elements and facilities, together with all related sewer rents arising therefrom promptly after the bills for the same shall have been rendered.

Section 19. Abatement and Enjoinment of Violations by Unit Owners. (a) The violation of any rule or regulation adopted by the Board of Managers, or the breach of any By-Law contained herein, or the breach of any provision of the Declaration, shall give the Board of Managers the right, in addition to any other rights set forth in these By-Laws: (i) upon reasonable notice to the Unit Owner to enter the Unit in which, or as to which, such violation or breach exists, and to summarily abate and remove at the expense of the defaulting Unit Owner, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provision hereof or thereof (provided, however, that judicial proceedings must be instituted before any item of construction can be altered or diminished, and provided further that no prior notice shall be required in the event that the Board of Managers shall determine that action is immediately necessary for the preservation or safety of the Property or for the safety of the residents of the Condominium or other persons or required to avoid the suspension of any necessary service to the Condominium), and/or (ii) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach, and/or (iii) to impose against such Unit Owner a one-time fine of one hundred ($100.00) dollars for any such violation.

(b) The violation or breach of any of the provisions of these By-Laws, the Rules and Regulations, or the Declaration with respect to any rights, easements, privileges or licenses granted to the Owner or the Sponsor shall give to the Sponsor, the right, in

addition to any other rights set forth in these By-Laws or the Declaration, to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such violation or breach.

(c) the violation or breach of any of the provisions of these By-Laws, the Rules and Regulations or the Declaration with respect to any rights, easements, privileges or licenses granted to any Unit Owner shall give to the aggrieved Unit Owner a right of action for damages or the right to enjoin, abate or remedy by appropriate legal proceedings, either in law or in equity, the continuance of any such violation or breach.

(d) The expenses of any proceeding brought under this Section 19 and all other costs and expenses, including reasonable attorneys' fees, incurred hereunder by the Board, the Sponsor or a Unit Owner, as the case may be, together with interest thereon at the highest legal rate from the date of expenditure, shall immediately be payable by the defaulting Unit Owner to (i) the Board in the event set forth in subsection (a) above, (ii) the Sponsor in the event set forth in subsection (b) above and (iii) the aggrieved Unit Owner in the event set forth in subsection (c) above. All sums payable under this Section 19 shall constitute Common Charges payable by the Unit Owner.

(e) Unit Owners shall have similar rights of action against the Board of Managers for failure to comply with the terms of the Condominium Documents, subject to the limitations on liability of Board Members contained in these By-Laws.

Section 20. No Right of Partition. As provided in Section 339-i(3) of the Real Property Law, the Common Elements shall remain undivided and no right shall exist to partition or divide any thereof, except as otherwise specifically provided therein (and described in this Article VI or in Article IX), as in the event of condemnation, destruction of more than seventy-five (75%) percent of either Building or termination of the Condominium.

ARTICLE VII

MORTGAGES

Section 1. Notice to Board of Managers. A Unit Owner who mortgages his or her Unit shall notify the Board of Managers of the name and address of his or her mortgagee and shall file a conformed copy of the note and mortgage with the Board of Managers. A conformed copy of the Satisfaction of any such mortgage shall also be filed with the Board of Managers. The Board of Managers shall maintain such information in a book entitled "Mortgages of Units."

Section 2. Notice of Unpaid Common Charges. The Board of Managers, when so requested in writing by a mortgagee of a Unit, shall promptly notify any mortgagee of a Unit of such Unit Owner's non-payment of Common Charges, or other default in the obligations of such Unit Owner under the Declaration, By-Laws, Rules and Regulations, as the same are amended from time to time, or in any order of the Board of Managers issued with respect thereto.

Section 3. Notice of Default. The Board of Managers, when giving notice to a Unit Owner of a default in paying Common Charges or other default, shall send a copy of such notice to each holder of a mortgage covering such Unit whose name and address has previously been furnished to the Board of Managers.

Section 4. Examination of Books. Each Unit Owner and each mortgagee of a Unit shall be permitted to examine the books of account of the Condominium at reasonable times, on business days, on three (3) days prior written notice, but not more often than once a month.

Section 5. Notices to all Eligible Mortgage Holders. In addition to the notices provided for in Sections 2 and 3 above, the Board of Managers shall send to each holder of a mortgage covering a Unit whose name and address has previously been furnished to the Board of Managers and who has requested such information, timely written notice of the following:

(i) any condemnation or casualty loss that affects either a material portion of the Condominium or the Unit securing the mortgage of the mortgagee;

(ii) a lapse, cancellation or material modification of any insurance policy maintained by the Condominium; and

(iii) any proposed action that requires the consent of a specified percentage of Eligible Mortgage Holders.

For purposes of the Declaration and these By-Laws, an Eligible Mortgage Holder is the holder of a first mortgage on a Unit who has submitted a written request to receive notice from the Condominium of proposed actions requiring the consent of a specified percentage of Eligible Mortgage Holders.

ARTICLE VIII

SALES, LEASES AND MORTGAGES OF UNITS

Section 1. Sales. Subject to the right of first refusal hereinafter described, each Unit Owner is free to sell his or her Unit to anyone, without restriction or limitation, provided that the subsequent purchaser must also occupy the Unit as his or her primary residence until the date which is twenty-five (25) years from the date of transfer to the original Unit Owner. No Unit Owner, other than the Owner or the Sponsor as its designee, may sell a Unit or any interest therein except by complying with the following provisions:

Any Unit Owner who receives a bona fide offer for the sale of his or her Unit together with: (i) the undivided interest in the Common Elements appurtenant thereto; (ii) the interest of such Unit Owner in any Units theretofore acquired by the Board of Managers, or its designee, on behalf of all Unit Owners, or the proceeds of the sale thereof, if any; and (iii) the interest of such Unit Owner in any other assets of the Condominium, (hereinafter collectively called the "Appurtenant Interests"),(hereinafter called an "Outside Offer"), which he or she intends to accept, shall give notice by certified or registered mail to the Board of Managers of such offer and of such intention, the name and address of the proposed purchaser, the terms of the proposed transaction and such other information as the Board of Managers may reasonably require, and shall offer to sell such Unit, together with the Appurtenant Interests, to the Board of Managers or its designee, corporate or otherwise, on behalf of the Owners of all other Units, on the same terms and conditions as contained in such Outside Offer. The giving of such notice shall constitute a warranty and representation by the Unit Owner who has received such offer,

to the Board of Managers on behalf of the other Unit Owners, that such Unit Owner believes the Outside Offer to be bona fide in all respects. The Board of Managers will have the right to request information from and interview the proposed purchaser. The Unit Owner shall be responsible for paying to the managing agent a reasonable fee, as established by the Board of Managers, for processing a sale application.

Upon receipt of the notice from the Unit Owner, the Board will initially request an application and accompanying information from the proposed purchaser. Within twenty (20) days after receipt of a completed application information package, the Board may request an interview and/or further information. Any interview will be scheduled within fifteen (15) days of the request therefor. Within ten (10) days after the date of interview or receipt of additional information requested, whichever is later, or, if the Board waives its right to such interview, within twenty (20) days after the date of receipt of the initial completed application and information package, the Board of Managers may elect, by notice to such Unit Owner, by certified or registered mail, to purchase such Unit, together with the Appurtenant Interests (or to cause the same to be purchased by its designee, corporate or otherwise), on behalf of all other Unit Owners, on the same terms and conditions as contained in the Outside Offer and as stated in the notice from the offering Unit Owner. In the event the Board of Managers shall elect to purchase such Unit, together with the Appurtenant Interests, or to cause the same to be purchased by its designee, corporate or otherwise, title shall close at the office of the attorneys for the Condominium, in accordance with the terms of such offer, within forty-five (45) days after the giving of notice by the Board of Managers of its election to accept such offer. If the selling Unit Owner's existing mortgage is not satisfied, the Board of Managers may purchase the Unit and assume or take subject to said existing mortgage, if possible. At the closing, the Unit Owner shall convey the Unit together with the Appurtenant Interests to the Board of Managers, or to its designee, on behalf of all other Unit Owners, by deed in the form required by Section 339-o of the Real Property Law of the State of New York, with all transfer stamps affixed, and shall pay all other taxes arising out of such sale.

In the event the Board of Managers or its designee shall (i) waive the right of first refusal, or (ii) fail to accept such offer within ten (10) days after the interview or receipt of additional information requested, whichever is later, or (iii) fail to take any action within twenty (20) days after receipt of the initial completed application and information package, the offering Unit Owner shall be free to contract to sell such Unit, together with the Appurtenant Interests, within sixty (60) days after the expiration of the period in which the Board of Managers or its designee might have accepted such offer, to the Outside Offeror, on the terms and conditions set forth in the notice from the offering Unit Owner to the Board of Managers of such Outside Offer. Any such deed to an Outside Offeror shall provide that the acceptance thereof by the grantee shall constitute an assumption of the provisions of the Declaration, the By-Laws and the Rules and Regulations, as the same may be amended from time to time. In the event the offering Unit Owner shall not, within such sixty (60) day period, contract to sell such Unit together with the Appurtenant Interests, to the Outside Offeror on the terms and conditions contained in the Outside Offer, or if the Unit Owner shall so contract to sell his Unit within such sixty (60) day period, but such sale shall not be consummated pursuant to the terms of such contract, then should such offering Unit Owner thereafter elect to sell such Unit, together with the Appurtenant Interests, to the same or another Outside Offeror on the same or other terms and conditions, the offering Unit Owner shall be required to again comply with all of the terms and provisions of this Section 1 of this Article VIII.

The time limits contained in the above two paragraphs with respect to Board action may be extended in the sole discretion of the Board of Managers.

Any purported sale of a Unit in violation of this section shall be voidable at the election of the Board of Managers. The restrictions of Section 1 of this Article VIII shall not apply to Units owned by the Owner or the Sponsor as its designee.

Section 2. Consent of Unit Owners to Purchase of Units by Board of Managers. The Board of Managers shall not exercise any option hereinabove set forth to purchase any Unit without the prior approval of a majority of the Unit Owners.

Section 3. No Severance of Ownership. No Unit Owner shall execute any deed, mortgage, or other instrument conveying or mortgaging title to his Unit without including therein the Appurtenant Interests, it being the intention to prevent any severance of such combined ownership. Any such deed, mortgage, or other instrument purporting to affect one or more of such interests, without including all such interests, shall be deemed and taken to include the interest or interests so omitted, even though the latter shall not be expressly mentioned or described therein. No part of the Appurtenant Interests of any Unit may be sold, transferred or otherwise disposed of, except as part of a sale, transfer or other disposition of the Unit to which such interest or interests are appurtenant, or as part of a sale, transfer or other disposition of such part of the Appurtenant Interests of all Units.

Section 4. Release by Board of Managers of Right of First Refusal. The right of first refusal contained in Section I of this Article VIII may be released or waived by the Board of Managers, in which event the Unit, together with the Appurtenant Interests, may be sold, conveyed, or leased, free and clear of the provisions of such section.

Section 5. Certificate of Termination of Right of First Refusal. A certificate, executed and acknowledged by the Secretary of the Condominium, stating that the provisions of Section 1 of this Article VIII have been met by a Unit Owner, or have been duly waived by the Board of Managers, and the rights of the Board of Managers thereunder have terminated, shall be conclusive upon the Board of Managers and the Unit Owners in favor of all persons who rely thereon in good faith. Such certificate shall be furnished to any Unit Owner who has in fact complied with the provisions of Section 1 of this Article VIII or in respect to whom the provisions of such section have been waived, upon request, at a reasonable fee payable to the managing agent which is currently one hundred ($100.00) dollars.

Section 6. Financing of Purchase of Units by Board of Managers. Acquisition of Units by the Board of Managers, or its designee, on behalf of all Unit Owners, may be made from the working capital and Common Charges in the hands of the Board of Managers, or if such funds are insufficient, the Board of Managers may levy an assessment against each Unit Owner in proportion to his or her interest in the Common Elements, as a Common Charge, which assessment shall be enforceable in the same manner as provided in Section 6 and 7 of Article VI, and/or the Board of Managers, in its discretion, may borrow money to finance the acquisition of such Unit, provided, however, that no financing may be secured by an encumbrance or hypothecation of any property other than the Unit, together with the Appurtenant Interests, so to be acquired by the Board of Managers.

Section 7. Exceptions. The provisions of Section 1 of this Article VIII shall not apply with respect to any lease, sale or conveyance of any Residential Unit together with the Appurtenant Interests, by (a) the Unit Owner thereof to his spouse or to any of his children or to his parent or parents or to his brothers or sisters, or any one or more of them, (b) the Owner or the Sponsor as its designee, (c) the Board of Managers, (d) a party

conveying a Unit in connection with the foreclosure of a mortgage or other lien covering the Unit or delivering a deed in lieu of foreclosure, or (e) a mortgagee authorized herein who shall acquire title to such Unit by foreclosure of a mortgage or by a deed in lieu of such foreclosure; provided, however, that any purchaser of such Unit from such mortgagee shall be bound by, and his Unit subject to, the provisions of this Article.

Section 8. Gifts and Devises, etc. Any Unit Owner shall be free to convey or transfer his Unit by gift or to devise his Unit by will, or to pass the same 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.

Section 9. Waiver of Right of Partition with Respect to such Units as Are Acquired by the Board of Managers or Its Designee, on Behalf of All Unit Owners as Tenants in Common. In the event that any Unit shall be acquired by the Board of Managers, or its designee, on behalf of all Unit Owners as tenants in common, all such Unit Owners shall be deemed to have waived all rights of partition with respect to such Unit.

Section 10. Leasing of Units. The Board of Managers may elect to permit leasing of Units by Unit Owners, provided that any such lease does not violate the primary residency requirements of the LDA and SDA. Any such lease shall be consistent with these By-Laws and shall provide that it may not be modified, amended, extended or assigned without the prior consent in writing of the Board of Managers, that the tenant shall not further sublet the Unit or any part thereof, and that the Board of Managers shall have 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 default by the tenant in the performance of such lease. Except as hereinbefore set forth, the form of any such lease shall be the then current form of lease recommended by the Real Estate Board of New York, Inc., with such modifications as shall be approved in writing or required by the Board of Managers.

Any purported lease of a Unit in violation of this section shall be voidable at the election of the Board of Managers. The foregoing restrictions shall not apply to the Sponsor or its designee, who shall have the right to freely lease Units.

Section 11. Transfer Fees and Other Charges Imposed on Sale or Lease of Units. The Board of Managers shall have authority to fix by resolution the amount of, and to collect before the conveyance of any Unit, a transfer fee or flip tax in connection with such proposed transfer.

The Board of Managers shall also have the right and authority to fix by resolution and collect an application fee payable to the managing agent in connection with any proposed sale of a Unit, and any fee due an attorney retained by the Board with respect to any such sale or lease.

No such transfer fee, flip tax or other fee shall be applicable to sales by the Sponsor or its designee, or to gifts and devises as described in Section 8 of this Article VIII.

Section 12. Payment of Assessments. No Unit Owner shall be permitted to convey, mortgage, pledge, hypothecate, sell or lease his Unit unless and until he shall have paid in full to the Board of Managers all unpaid Common Charges theretofore assessed by the Board of Managers against his Unit, and until he shall have satisfied all unpaid liens against such Unit, except permitted mortgages. Notwithstanding the

foregoing, the foreclosure of a first mortgage on a Unit shall extinguish the lien for any assessments that were payable before the foreclosure sale, but shall not relieve any subsequent Unit Owner from paying further assessments.

Section 13. Mortgaging of Units. Subject to the preceding Section 11, each Unit Owner shall have the right to mortgage his Unit without restriction, provided that any such mortgage shall be substantially in the form of the New York statutory form of mortgage, except for such changes or additions 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.

ARTICLE IX

CONDEMNATION

Section 1. Condemnation. In the event of a taking in condemnation or by eminent domain of part or all of the Common Elements, the award for such taking shall be payable to the Board of Managers if the award does not exceed $100,000.00, and shall be payable to the Insurance Trustee if it exceeds $100,000.00. If seventy-five (75%) percent or more in number and in common interest of the Unit Owners duly and promptly approve the repair and restoration of such Common Elements, the Board of Managers shall arrange for the repair and restoration of such Common Elements, and the Board of Managers or the Insurance Trustee, as the case may be, shall disburse the proceeds of such award to the contractors engaged in such repair and restoration in appropriate progress payments. In the event that seventy-five (75%) percent or more in number and in common interest of Unit Owners do not duly and promptly approve the repair and restoration of such Common Elements, the Board of Managers or the Insurance Trustee, as the case may be, shall disburse the net proceeds of such award in the same manner as they are required to distribute insurance proceeds where there is no repair or restoration of the damage, as provided in Section 3 of Article VI of these By-Laws. As used in this Section, the words "promptly approve" shall mean not more than sixty (60) days from the date of such taking.

In the event of a taking in condemnation or by eminent domain of part or all of the Common Elements and the loss to the Common Elements is in excess of $100,000.00, then the Board of Managers shall promptly notify all mortgagees of Units of such taking and loss.

Notwithstanding the foregoing paragraphs, any decision not to repair and restore the Common Elements shall also require the vote of at least fifty-one (51%) percent of Eligible Mortgage Holders.

ARTICLE X

RECORDS AND AUDITS

Section 1. Records and Audits. The Board of Managers or the managing agent shall keep detailed records of the actions of the Board of Managers and the managing agent, minutes of the meetings of the Board of Managers, minutes of the meetings of the Unit Owners, and financial records and books of account of the Condominium, including a chronological listing of receipts and expenditures, as well as a separate account for each Unit which, among other things, shall contain the amount of

each assessment of Common Charges against each Unit, the date when due, the amounts paid thereon, and the balance, if any, remaining unpaid. A copy of each proposed annual budget of the Condominium shall be submitted by the Board of Managers to all Unit Owners, to be received not less than ten (10) days prior to the date set for adoption thereof by the Board. While the Sponsor controls the Board, such budgets will be certified in accordance with Section 20.4(d) of the Department of Law of the State of New York.

An annual financial statement of the receipts and expenditures of the Condominium, certified by an independent certified public accountant, shall be submitted by the Board of Managers to all Unit Owners within four (4) months after the end of each fiscal year. The cost of such report shall be paid by the Board of Managers as a Common Expense.

The books and records of the Condominium, including the financial statements and copies of the Declaration and these By-Laws, shall be subject to inspection by Unit Owners and by mortgagees of Units at reasonable times, during business hours, upon three (3) days prior written notice.

ARTICLE XI

AMENDMENTS TO BY-LAWS

Section 1. Amendments to By-Laws. Except as otherwise provided herein and in the Declaration, these By-Laws may be modified or amended by the vote of at least 66-2/3% of all Unit Owners in number and in common interest, cast in person or by proxy at a meeting duly held in accordance with the provisions of the By-Laws, or, in lieu of a meeting, by written amendment as provided in the By-Laws.

For so long as the Owner or the Sponsor as its designee remains the Owner of one (1) or more Units, these By-Laws, the Rules and Regulations and the Declaration may not be modified, added to or amended so as to eliminate, change, or impair any rights, privileges, easements, licenses or exemptions granted therein or herein to the Owner or the Sponsor or otherwise adversely affect the Owner or the Sponsor without the Sponsor's prior written consent.

No amendment which adversely affects the lien of any mortgage encumbering a Unit may be made without the written consent of the affected mortgagee.

Finally, no provision of these By-Laws, the Rules and Regulations or the Declaration relating to the use of the Units or the percentage interest of a Unit in the Common Elements may be amended without the consent of each Unit Owner affected by such amendment.

Section 2. Consent of Eligible Mortgage Holders. No material change may be made to any provision of these By-Laws without the vote of at least fifty-one (51%) percent of Eligible Mortgage Holders. A change to any of the provisions governing the following would be considered as material: voting rights; increases of more than 25% in assessments or assessment liens; the priority of assessment liens; reductions in reserves for maintenance, repair and replacement of Common Elements; responsibility for maintenance and repairs; reallocation of interests in General or Limited Common Elements or rights to their use; redefinition of any Unit boundaries; convertibility of Units into Common Elements or vice versa; changes in hazard or fidelity insurance requirements; imposition of any restrictions on the leasing of Units (beyond those currently contained in the Condominium Documents);imposition of restrictions on a Unit Owner's right to sell his

or her Unit (beyond those currently contained in the Condominium Documents); restoration or repair of the Condominium (after damage or partial condemnation) in a manner other than that specified in the Condominium Documents, or changes in any provisions that expressly benefit mortgage holders, insurers or guarantors. Implied approval will be assumed when an Eligible Mortgage Holder fails to submit a response to any written proposal for an amendment within thirty (30) days after it receives proper notice of the proposal, delivered by certified or registered mail, return receipt requested.

ARTICLE XII

MISCELLANEOUS

Section 1. Invalidity. The invalidity of any part of these By-Laws shall not impair or affect in any manner the validity, enforceability or effect of the balance of these By-Laws.

Section 2. Captions. The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of these By-Laws, or the intent of any provision hereof.

Section 3. Gender. The use of the masculine gender in these By-Laws shall be deemed to include the feminine gender and the use of the singular shall be deemed to include the plural, whenever the context so requires.

Section 4. Waiver. No restriction, condition, obligation, or provision contained in these By-Laws, shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches thereof which may occur.

ARTICLE XIII

CONFLICTS

Section 1. Conflicts. These By-Laws and the Rules and Regulations are intended to comply with the requirements of Article 9-B of the Real Property Law of the State of New York and all other applicable laws. In case any of these By-Laws or any provision of the Rules and Regulations conflict with the provisions of said statute, the Declaration or any other applicable law, the provisions of said statute, the Declaration, or such other applicable law, as the case may be, shall control.

SCHEDULE A

RULES AND REGULATIONS FOR

SHABAZZ GARDENS CONDOMINIUM

1. The Units shall be used for primary residency only, with not more than two (2) adults or one family occupying a Unit at one time, except that any Unit may, in addition, be used for any lawful home occupation (as such term is defined in the New York City Zoning Resolution), provided (i) that such use does not violate zoning regulations or the Certificate of Occupancy for the Building, and (ii) the prior consent of the Board of Managers is obtained or, in the case of initial Purchasers, written notice of such use is given to the managing agent.

Notwithstanding the foregoing, the Sponsor may, without the permission of the Board of Managers or anyone else, retain the use of one (1) or more Units for use as models, sales or administration offices and may place signage of any size in any location on the Property, as determined in the sole discretion of the Sponsor, in connection with the sale of Units in the Condominium.

2. Nothing shall be done or kept in any Unit or the Common Elements which will increase the rate of insurance on the Building, or contents thereof, without the prior written consent of the Board of Managers. No Unit Owner shall permit anything to be done or kept in his or her Unit or in the Common Elements which will result in the cancellation of insurance on the Building in which the Unit is located, or contents thereof, or which would be in violation of any law. No Unit Owner or occupant or any of its agents, servants, employees, licensees or visitors shall at any time bring into or keep in its Unit or in the Common Elements any flammable, combustible or explosive fluid, material, chemical or substance. No waste shall be committed in the Common Elements.

3. All radio, television or other electrical equipment of any kind or nature installed or used in each Unit shall fully comply with all rules, regulations, requirements or recommendations of the New York Board of Fire Underwriters and the public authorities having jurisdiction, and the Unit Owner alone shall be liable for any damage or injury caused by any radio, television or other electrical equipment in such Unit.

No radio or television aerial or other similar device shall be erected on the roof, patios or exterior walls of either Building without obtaining in each instance the written consent of the Board of Managers. Any aerial so installed without such required consent shall be subject to removal without notice at any time.

4. Nothing shall be done in any Unit or in, on or to the Common Elements which will impair the structural integrity of either Building or which would structurally change either Building without the prior written consent of the Board of Managers. Nothing shall be altered or constructed in or removed from the Common Elements, except upon the written consent of the Board of Managers.

5. No nuisances shall be allowed on the Property, nor shall anything be done therein, either willfully or negligently, which may be or become an annoyance or nuisance to the other Unit Owners or occupants.

6. No immoral, improper offensive or unlawful use shall be made of the Property or any part thereof, and all valid laws, zoning ordinances and regulations of all

governmental bodies having jurisdiction thereof shall be observed. Violations of laws, orders, rules, regulations or requirements of any governmental agency having jurisdiction thereof, relating to any portion of the Property, shall be complied with by and at the sole expense of the Unit Owners or the Board of Managers, whichever shall have the obligation to maintain or repair such portion of the Property.

7. No portion of a Unit (other than the entire Unit) may be rented, and no transient tenants may be accommodated therein. Any rental of a Unit must comply with policies set by the Board of Managers, and may not violate the primary residency requirements of the LDA and SDA.

8. The Common Elements shall be used only for the furnishing of the services and facilities for which they are reasonably suited and which are incident to the use and occupancy of Units. There shall be no obstruction of the Common Elements. The entrances, passages, public halls, vestibules, corridors, stairways and other areas within the Common Elements shall not be used for any other purpose than that for which they are intended. Nothing shall be stored in the Common Elements without the prior consent of the Board of Managers, except as hereinafter expressly provided.

9. Except in storage areas, if any, designated as such by the Board of Managers, there shall be no parking of baby carriages or playpens, bicycles, wagons, toys, vehicles, benches or chairs on any part of the Common Elements. Storage by Unit Owners in areas designated by the Board of Managers shall be at the Unit Owner's risk.

10. No clothes, sheets, blankets, laundry of any kind or other articles shall be hung out of a Unit or exposed on any part of the Common Elements or Limited Common Elements. The Common Elements and Limited Common Elements shall be kept free and clear of rubbish, debris and other unsightly materials. No rugs or mops shall be shaken or hung from or on any of the windows or doors. No Unit Owner shall sweep or throw or permit to be swept or thrown therefrom any dirt or other substance.

11. Each Unit Owner shall keep his or her Unit in a good state of preservation and cleanliness and each Unit Owner shall be obligated to maintain and keep in good order and repair the Unit in accordance with the provisions of the By-Laws.

12. The agents of the Board of Managers or the managing agent, and any contractor or worker authorized by the Board of Managers or the managing agent, may enter any Unit at any reasonable hour of the day for the purpose of inspecting such Unit for the presence of any vermin, insects or other pests and for the purpose of taking such measures as may be necessary to control or exterminate any such vermin, insects or other pests, provided that such right will be exercised in such a manner as will not unreasonably interfere with the residential use of the Units.

13. If any key or keys are entrusted by a Unit Owner or occupant or by his or her agent, servant, employees, licensee or visitor to any employee of the Board of Managers, whether for such Unit or other item of personal property, the acceptance of the key shall be at the sole risk of such Unit Owner or occupant, and the Board of Managers shall not be liable for injury, loss or damage of any nature whatsoever directly or indirectly resulting therefrom or connected therewith.

14. No sign, notice, advertisement or illumination shall be inscribed or exposed on or at any window or other part of any Unit, except such as shall have been approved in writing by the Board of Managers. However, the Sponsor shall have the right to place,

"For Sale", signs on the Condominium Property and on any unsold or unoccupied Units, and to maintain such free-standing and other selling and informational signs as are deemed necessary to sell or rent Units.

15. Dogs, cats or other common household pets, not to exceed two (2) per Unit, may be kept in Residential Units, subject to the rules and regulations adopted by the Board of Managers, including those pertaining to the size of a pet and the permitted level of noise. In no event will any dog be permitted in any portion of the Common Elements unless carried or on a leash.

16. The Board of Managers or the Managing Agent may retain a pass-key to each Unit. The Unit Owner shall not alter any lock on any door leading to his or her Unit without the written consent of the Board of Managers or the Managing Agent. If such consent is given, the Board of Managers or the Managing Agent shall be provided with a key.

17. All floors of a Unit having a Unit below it shall always be covered with carpet or rugs or equally effective noise-reducting material to the extent of 80% of the floor space (except baths, closets, kitchens and hallways) to reduce transmission of impact sound.

18. Residents shall not make or permit any disturbing noises in the Building that unreasonably interfere with the rights, comfort or convenience of other residents. In particular, but without limiting the general force of the preceding sentence, no musical instrument, stereo, television, or exercise equipment shall be used, nor shall a resident vocalize, between the hours of 11:00 PM and 8:00 AM at a level that might reasonably be expected to annoy other residents. No construction or repair work or other installation involving noise shall be conducted in any Unit except on weekdays (other than holidays) between the hours of 8:30 AM and 5:00 PM.

19. Unit Owners shall, at their sole cost and expense, comply with all present and future laws, orders and regulations of all state, federal, municipal and local governments, departments, commissions and boards regarding the collection, sorting, separation, recycling and disposal of waste products, garbage, refuse and trash (including, without limitation, medical, regulated or other hazardous waste). Unit Owners shall sort and separate such waste products, garbage, refuse and trash into such categories as provided by law, and in accordance with the rules and regulations adopted by the Board of Managers of the Condominium for the sorting and separating of such designated recyclable materials. Unit Owners shall comply with the requirement to rinse recyclable bottles and containers before placing them in the designated receptacles, in accordance with all applicable law and regulations. The Board reserves the right, where permitted by law, to refuse to collect or accept from Unit Owners any waste products, garbage, refuse or trash which is not separated and sorted as required by law. Unit Owners shall pay all costs, expenses, fines, penalties or damages which may be imposed on the Board of Managers, the Sponsor or any Unit Owner by reason of the Unit Owner's failure to comply with these provisions and, at the Unit Owner's sole cost and expense, the Unit Owner shall indemnify, defend and hold harmless the Board of Managers, the Sponsor and the other Unit Owners (including legal fees and disbursements) from and against any actions, claims and suits arising from the Unit Owner's non-compliance, utilizing counsel reasonably satisfactory to the Board or the Sponsor, as the case may be, if said party so elects. The Unit Owner sh all be liable to the Board of Managers for any costs, expenses or disbursements, including legal fees, which may be incurred by the Board in the commencement and/or prosecution of any action or proceedings by the Board against the Unit Owner, predicated upon the Unit Owner's breach of this paragraph. Unit Owners are

advised that local regulations governing recycling make Unit Owners liable for non-compliance.

20. Unit Owners will faithfully observe the procedures established from time to time by the Board of Managers or the managing agent with respect to services provided and management of the Buildings.

21. Any consent or approval given under these Rules and Regulations may be added to, amended or repealed at any time by resolution of the Board of Managers.

Intentionally left blank

APPLICATION TO THE ATTORNEY GENERAL FOR A DETERMINATION ON THE DISPOSITION OF DOWNPAYMENTS

[Send this application to the reviewing attorney assigned to the subject plan.]

Re: _____
Address of Building or Name of Project

File Number: _____

Application is made to the Attorney General to consider and determine the disposition of down payments held pursuant to GBL Sections 352-e(2-b) and 352-h. The following information is submitted in support of this application:

1. Name of Applicant _____

2. Address of Applicant _____

3. Name, Address, and Telephone Number of Applicant's Attorney (if any) _____

_____

4. This is an application for
   - [ ] return of downpayment.
   - [ ] forfeiture of downpayment.
   - [ ] other: _____

5. The project is
   - [ ] a conversion of occupied premises.
   - [ ] newly constructed or rehabilitated.
   - [ ] vacant (as is).

6. The project is structured as
   - [ ] a cooperative.
   - [ ] a condominium.
   - [ ] a homeowners association.
   - [ ] a timeshare.
   - [ ] other: _____

2/6/92

7. Name and Address of Sponsor: _____

_____

8. Name and Address of Escrow Agent: _____

_____

9. If downpayments are maintained in an escrow account:

   (a) Name of account _____

   (b) Name and address of bank _____

   (c) Account number (if known) _____

   (d) Initial interest rate (if known) _____

10. If downpayments have been secured by bonds:

   (a) Name and address of bond issuer or surety: _____

   _____

   (b) Copy of bond included in this application. (DO NOT SEND ORIGINAL BOND). If not included, explain:

   _____

   _____

11. If downpayments have been secured by a letter of credit:

   (a) Name and address of bank which issued the letter of credit: _____

   _____

   (b) Date of expiration of the letter of credit, if known:

   _____

12. Plan information:

   (a) Date of filing of plan: _____

(b) Plan

[ ] has been declared effective. Approximate date: _____

[ ] has not been declared effective.

(c) If effective, the plan

[ ] has closed or the first unit has closed. Approximate date: _____

[ ] has not closed.

[ ] don't know.

(d) Downpayments are secured by

[ ] escrow account.

[ ] bonds.

[ ] letter of credit.

13. Contract information:

(a) Copy of contract and of all riders or modification letters are attached. (DO NOT SEND ORIGINALS.)

(b) Date on which subscription or purchase agreement was signed: _____

(c) Date(s) of downpayment(s): _____

(d) Total amount of downpayment(s): _____

(e) Names and addresses of subscribers or purchasers affected by this application:

_____

_____

_____

_____

14. State the basis for your claim. Please be as specific as possible. You may add additional sheets. Attach copies of any relevant documents.

_____

_____

_____

15. I am contemporaneously sending a copy of this application to the following persons:

Note: You are required to mail a copy of this Application to all other affected parties.

In filing this application, I understand that the Attorney General is not my private attorney, but represents the public in enforcing laws designed to protect the public from unlawful business practices. I also understand that if I have any questions concerning my legal rights or responsibilities I may contact a private attorney. The above application is true and accurate to the best of my knowledge. False statements made herein are punishable as a Class A Misdemeanor under Section 175.30 and/or Section 210.45 of the Penal Law.

Signature: _____ Date: _____

Name (Printed): _____

Telephone: (Home) _____ (Business) _____

Mailing Address: _____

_____

2/6/92

EXHIBIT M

ESCROW AGREEMENT

SHABAZZ GARDENS CONDOMINIUM

AGREEMENT made this 16th day of February, 2005, between LENOX GARDENS HOMES CORP. ("SPONSOR") as Sponsor of the condominium offering plan (the "Plan") and/or the Holder of Unsold Units for the premises located at 105 and 109 West 117th Street, New York, New York 10026, which premises are known as SHABAZZ GARDENS CONDOMINIUM, and ANDREW S. HODES, P.C., having an office at 80 Cutter Mill Road, Suite 404, Great Neck, New York 11021 ("ESCROW AGENT") as Escrow Agent.

WHEREAS, ANDREW S. HODES, P.C. is authorized to act as an ESCROW AGENT hereunder in accordance with General Business Law ("GBL") Section 352-e(2-b) and the Attorney General's regulations promulgated thereunder; and

WHEREAS, SPONSOR desires that ESCROW AGENT act as escrow agent for deposits and payments by purchasers, pursuant to the terms of this Agreement.

NOW, THEREFORE, in consideration of the covenants and conditions contained herein and other good and valuable consideration, the parties hereby agree as follows:

1. **ESTABLISHMENT OF THE ESCROW ACCOUNT.**

1.1 SPONSOR and ESCROW AGENT hereby establish an escrow account with ESCROW AGENT for the purpose of holding deposits or payments made by purchasers under the Plan. The escrow account has been opened with JPMorgan Chase Bank, at Great Neck Plaza Branch #862, 22 Grace Avenue, Great Neck, New York 11021. The account number is [redacted]

1.2 The name of the account is "Andrew S. Hodes P.C. Escrow Account."

1.3 The signatories on the account are Andrew S. Hodes, Esq. and Leonard Rodney, Esq.

1.4 The escrow account shall be an interest-bearing account as disclosed in the Plan or in an amendment thereto.

1.5 The escrow account is not an IOLA established pursuant to Judiciary Law Section 497.

2. **DEPOSITS INTO THE ESCROW ACCOUNT.**

2.1 All funds received from prospective purchasers prior to closing, whether in the form of checks, drafts, money orders, wire transfers, or other instruments which identify the payor, shall be deposited in the escrow account within five (5) business days after the purchase agreement is signed by all necessary parties. All instruments to be deposited into the escrow account shall be made payable to, or endorsed by the purchaser to the order of "Andrew S. Hodes P.C. Escrow Account". 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, but in no event more than five (5) business days following receipt of such instrument by ESCROW AGENT. In the event of such return of funds, the instrument shall be deemed not to have been delivered to ESCROW AGENT pursuant to the terms of this Agreement.

2.2 Within ten (10) business days after tender of the deposit submitted with the purchase agreement, ESCROW AGENT shall notify the purchaser of the deposit of such funds in the bank indicated in the Plan, provide the account number, and disclose the initial interest rate. If the purchaser does not receive notification of such deposit within fifteen (15) business days after tender of the deposit, the purchaser may cancel the purchase and rescind the purchase agreement within ninety (90) days after tender of the deposit, or may apply to the Attorney General for relief. Rescission may not be afforded where proof satisfactory to the Attorney General is submitted establishing that the escrowed funds were timely deposited in accordance with the Attorney General's regulations and requisite notice was timely mailed to the purchaser.

3. **RELEASE OF FUNDS.**

3.1 ESCROW AGENT shall not release the escrowed funds of a defaulting purchaser under the Plan until after consummation of the Plan as defined in the Attorney General's regulations. Consummation of the Plan shall not relieve SPONSOR of its fiduciary obligations pursuant to GBL Section 352-h.

3.2 ESCROW AGENT shall continue to hold the funds in escrow until closing under the purchase agreement, at which time the down payment shall be paid over to SPONSOR or as otherwise directed by SPONSOR, or unless otherwise directed in (a) a writing signed by both SPONSOR and purchaser, or (b) a determination of the Attorney General, or (c) a judgment or order of a court of competent jurisdiction or (d) until released pursuant to the regulations of the Attorney General pertaining to the release of escrowed funds.

3.3 SPONSOR shall not object to the release of the escrowed funds to (a) a purchaser who timely rescinds in accordance with an offer of rescission contained in the Plan or an amendment to the Plan or (b) all purchasers after an amendment abandoning the Plan is accepted for filing by the Department of Law.

3.4 If funds are to be released from escrow not in connection with the closing and if there is no written agreement between the parties to release the escrowed funds, ESCROW AGENT shall not pay the funds to SPONSOR until ESCROW AGENT has given the purchaser written notice of not fewer than ten (10) business

days. Thereafter, the funds may be paid to SPONSOR unless the purchaser has made application to the Department of Law pursuant to the dispute resolution provisions contained in the Attorney General's regulations and has so notified ESCROW AGENT in accordance with such provisions.

4. **RECORDKEEPING.**

4.1 ESCROW AGENT shall maintain all records concerning the escrow account for seven (7) years after release of the funds.

4.2 Upon the dissolution of a law firm which was ESCROW AGENT, the former partners, shareholders or members of the firm shall make appropriate arrangements for the maintenance of these records by one of the partners or members of the firm or by the successor firm, and shall notify the Department of Law of such transfer.

4.3 ESCROW AGENT shall make available to the Attorney General, upon his request, all books and records of ESCROW AGENT relating to the funds deposited and disbursed hereunder.

5. **GENERAL OBLIGATIONS OF ESCROW AGENT.**

5.1 ESCROW AGENT shall maintain the accounts called for in this Agreement under the direct supervision and control of ESCROW AGENT.

5.2 A fiduciary relationship shall exist between ESCROW AGENT and purchasers, and ESCROW AGENT acknowledges its fiduciary obligations.

6. **RESPONSIBILITIES OF SPONSOR.**

6.1 SPONSOR agrees that SPONSOR and its agents, including any selling agents, shall immediately deliver all deposits and payments received by them prior to closing of an individual transaction to ESCROW AGENT.

6.2 SPONSOR agrees that it shall not interfere with ESCROW AGENT'S performance of its fiduciary duties and compliance with the Attorney General's regulations.

7. **RESPONSIBILITIES OF ESCROW AGENT.**

7.1 ESCROW AGENT is acting as an accommodation to the SPONSOR, and shall not be liable for any action taken or omitted hereunder except for its negligence or willful misconduct. It shall incur no liability with respect to any action taken or suffered by it in reliance upon any notice, direction, instruction, consent, statement or other paper or document reasonably believed by it to be genuine.

7.2 ESCROW AGENT shall not be bound by any modification, cancellation or rescission of this Agreement unless in writing and signed by both parties and delivered to it.

7.3 The SPONSOR agrees to indemnify and hold ESCROW AGENT harmless from any liability, obligation, damage, claim, cost and expense (including reasonable attorneys' fees and disbursements) incurred by it by reason of this Agreement and the actions contemplated herein, except for Escrow Agent's negligence or willful misconduct.

7.4 ESCROW AGENT shall not be liable or responsible for the collection of any check deposited into an account under its supervision as ESCROW AGENT.

7.5 ESCROW AGENT may act only upon instructions from either party to this Agreement or their attorney, or in the event of a dispute, upon the instructions of the Attorney General.

7.6 Except for such obligations imposed by Section 352-e(2)(b) and 352(h) of the General Business Law of the State of New York, ESCROW AGENT is acting as a stakeholder only with respect to the escrowed funds. Upon payment of funds in accordance with the terms of this Agreement, the ESCROW AGENT will be discharged from liability by the SPONSOR and will be discharged by the purchaser as to compliance with requirements under the Attorney General's regulations.

7.7 In the event there is a dispute as to the disposition of the escrowed funds and in the event the application to the Attorney General seeking the release of funds is denied, the ESCROW AGENT may bring an appropriate action or proceeding for leave to deposit the escrowed funds into a court of competent jurisdiction. ESCROW AGENT shall be reimbursed by the SPONSOR for all costs and expenses of such action or proceeding including, without limitation, reasonable attorneys' fees and disbursements. ESCROW AGENT shall have no further liability to any party if the funds are delivered in the manner provided for in this paragraph.

7.8 ESCROW AGENT may represent the SPONSOR in the event of any dispute pertaining to the escrowed funds.

8. **TERMINATION OF AGREEMENT**.

8.1 This Agreement shall remain in effect unless and until it is cancelled, 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 Department of Law providing for a successor ESCROW AGENT; or

(b) The resignation of ESCROW AGENT upon giving notice to SPONSOR of its desire to so resign, which resignation shall take effect only upon the filing of an amendment to the Plan with the Department of Law providing for a successor ESCROW AGENT; or

(c) All units offered pursuant to the Plan have been sold and all sales transactions have been consummated.

8.2 Upon termination of the duties of ESCROW AGENT as described in paragraph 8.1 above, ESCROW AGENT shall deliver any and all funds held by it in escrow and any and all contracts or documents maintained by ESCROW AGENT to the new escrow agent.

9. **SUCCESSORS AND ASSIGNS**.

9.1 This Agreement shall be binding upon SPONSOR and ESCROW AGENT and their successors and assigns.

10. **GOVERNING LAW.**

10.1 This Agreement shall be construed in accordance with, and governed by the laws of the State of New York.

11. **ESCROW AGENT'S COMPENSATION.**

11.1 SPONSOR agrees that ESCROW AGENT's compensation shall not be paid from escrowed principal nor from any interest accruing thereon and that compensation to ESCROW AGENT, if any, shall not be deducted from escrowed funds by any financial institution under any circumstance.

12. **SEVERABILITY.**

12.1 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.

13. **ENTIRE AGREEMENT.**

13.1 This Agreement, read together with GBL Section 352-e(2-b) and the Attorney General's regulations, constitutes the entire agreement between the parties with respect to the subject matter hereof.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the day and year first written above.

ESCROW AGENT:

ANDREW S. HODES, P.C.

By: _____
Andrew S. Hodes

SPONSOR:

LENOX GARDENS HOMES CORP.

By: _____
Name: Ira Lichtiger
Title: Secretary

EXHIBIT N-1

CERTIFICATION OF SPONSOR AND SPONSOR'S PRINCIPALS PURSUANT TO PART 20 OF THE REGULATIONS ISSUED PURSUANT TO GENERAL BUSINESS LAW, ARTICLE 23-A, AS AMENDED.

May 27, 2005

New York State Department of Law
120 Broadway - 23rd Floor
New York, New York l0271

Att: Real Estate Financing Bureau

Re: Shabazz Gardens Condominium

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 New York Condominium Act, the regulations promulgated by the Attorney General in Part 20 and such other laws and regulations as may be applicable.

We have read the entire Offering Plan. We have investigated the facts set forth in the Offering Plan and the underlying facts. We have exercised due diligence to form a basis for making this certification. We jointly and severally certify that the Offering Plan does, and that all documents submitted hereafter by us which amend or supplement the Offering Plan will:

(l) set forth the detailed terms of the transaction and be complete, current and accurate;

(2) afford potential investors, purchasers and participants an adequate basis upon which to found their judgment;

(3) not omit any material fact;

(4) not contain any untrue statement of a material fact;

(5) not contain any fraud, deception, concealment, suppression, false pretense or fictitious or pretended purchase or sale;

(6) not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;

(7) not contain any representation or statement which is false, where we: (i) knew the truth; (ii) with reasonable effort could have known the truth; (iii) made no reasonable effort to ascertain the truth, or (iv) did not have knowledge concerning the representations or statement made.

This certification is made under penalty of perjury for the benefit of all persons to whom this offer is made. We understand that violations are subject to the civil and criminal penalties of the General Business Law and Penal Law.

SPONSOR:

LENOX GARDENS HOMES CORP.

By: _____
Steven Bluestone, President

SPONSOR'S PRINCIPALS:

_____
Steven Bluestone

_____
Eric Bluestone

_____
Ira Lichtiger

_____
Thomas Potvin

_____
Sara B. Herbstman

Sworn to before me this
27 day of, ~~200~~ MAY, 2005

_____
Notary Public

DIANA ROSA
Notary Public - State of New York
NO. 01RO6104814
Qualified in Queens County
My Commission Expires 2/2/08

{ 02298/004/01074294:1-ARG}

DANOIS
Architects, P.C.
259 West 30th Street, Suite #901
New York, NY 10001-2809
(917)339-0305 fax (917)339-0360

CERTIFICATION OF SPONSOR=S ARCHITECT PURSUANT TO SECTION 20.4 (C) OF THE REGULATIONS ISSUED PURSUANT TO GENERAL BUSINESS LAW, ARTICLE 23-A AS AMENDED

May 3, 2005

New York State Department of Law
Real Estate Financing Bureau
120 Broadway - 23rd Floor
New York, NY 10271

Re: Description of Property and Specifications
105 and 109 West 117th Street, New York, NY 10026
Manhattan Block 1902, Base Lot 26, Tentative Sublots 1101, 1102, 1103 and 1104; and Block 1902, Base Lot 27, Tentative Sublots 1105, 1106, 1107 and 1108

Dear Sir or Madam:

The undersigned, an architect licensed to practice in New York State, certifies as follows:

The Sponsor of the offering plan for condominium ownership of the captioned property retained our firm to design and prepare plans with specifications for the property identified above, and to prepare a report describing the property when constructed (the AReport@). I have examined the building plans with specifications dated October 8, 2004, and prepared the Report dated December 1, 2004, and the addendum dated May 2, 2005 ("Addendum"), copies of which are intended to be incorporated into the offering plan so that prospective purchasers may rely on them.

I am a registered architect in the State in which the property is located.

I understand that I am responsible for complying with Article 23-A of the General Business Law and the regulations promulgated by the Attorney General in Part 20 insofar as it is applicable to the Report and Addendum.

I have read the entire Report and Addendum and investigated the facts set forth in the Report and Addendum and the facts underlying them 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 and the Addendum:

(1) Sets forth in narrative form the physical condition of the entire property as it will exist upon completion of construction, provided that construction is in accordance with the plans with specifications that I prepared and examined;

(2) In my professional opinion, affords potential investors, purchasers and participants an adequate basis upon which to found their judgment concerning the description of the property as it will exist upon completion of construction provided that construction is in accordance with the plans with specifications that I prepared and examined;

(3) Does not omit any material fact;

(4) Does not contain any untrue statement of a material fact;

(5) Does not contain any fraud, deception, concealment or suppression;

(6) Does not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances; and

(7) Does not contain any representation or statement which is false, where I: (i) knew the truth; (ii) with reasonable effort could have known the truth; (iii) made no reasonable effort to ascertain the truth, or (iv) did not have knowledge concerning the representations or statements 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 the Report and Addendum is not contingent on the establishment of the property as 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.

By: _____
David Danois, AIA



Sworn to before me this

3 day of May, 2005

_____
Notary Public

MARILYN VAUGHN
Notary Public, State Of New York
No. 01VA5052781
Qualified In Nassau County
Commission Expires Dec. 4, 2005

HEC
REAL ESTATE GROUP

Property Management

CERTIFICATION OF ADEQUACY OF CONDOMINIUM BUDGET PURSUANT TO SECTION 20 OF THE REGULATIONS ISSUED PURSUANT TO GENERAL BUSINESS LAW, ARTICLE 23-A, AS AMENDED

November 23, 2004

New York State Department of Law
Real Estate Financing Bureau
120 Broadway, 23rd Floor
New York, NY 10271

Re: Shabazz Gardens Condominium
105 and 109 West 117th Street
New York, New York 10026

The Sponsor of the Condominium for the Property described above retained our firm to review Schedule B to the Condominium Offering Plan containing projections of income and expenses for the first year of Condominium operation, which is estimated to begin on or about January 1, 2006.

HEC Real Estate Group is a full service property management company that during the past three years has managed approximately 1,600 residential units in 28 buildings in the New York metropolitan area. The principal and managing member of HEC is Harold E. Cooke whose

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background includes the practice of law, investment banking and real estate experience as President and Chief Operating Officer of a publicly held real estate advisory firm.

We understand that we are responsible for complying with Article 23-A of the General Business Law and the regulations promulgated by the Attorney General in Part 20 insofar as they are applicable to Schedule B.

We have reviewed Schedule B and investigated the facts set forth in the Schedule and the facts underlying it with due diligence in order to form a basis for this certification. We also have relied on our experience in managing residential buildings.

We certify that the projections in Schedule B appear reasonable and adequate under existing circumstances, and the projected income appears to be sufficient to meet the anticipated operating expenses for the projected first year of Condominium operation.

We certify that the Schedule:

(i) sets forth in detail the projected income and expenses for the first year of Condominium operation;

(ii) affords potential investors, purchasers and participants an adequate basis upon which to found their judgment concerning the first year of Condominium operation;

(iii) does not omit any material fact;

(iv) does not contain any untrue statement of a material fact;

(v) does not contain any fraud, deception, concealment or suppression;

(vi) does not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;

(vii) does not contain any representation or statement which is false, where we:

(a) knew the truth;

(b) with reasonable effort could have known the truth;

(c) made no reasonable effort to ascertain the truth, or

(d) did not have knowledge concerning the representation or statement made.

We further certify that we are not owned or controlled by and have no beneficial interest in 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.

HEC Real Estate Group, LLC

By: _____

Harold E. Cooke, Member

Sworn to before me this
23rd day of November, 2004.

_____

Notary Public

ADRIENNE COLLIER
Notary Public, State of New York
No. 02006078369
Qualified in Westchester County
Commission Expires July 29, 2006