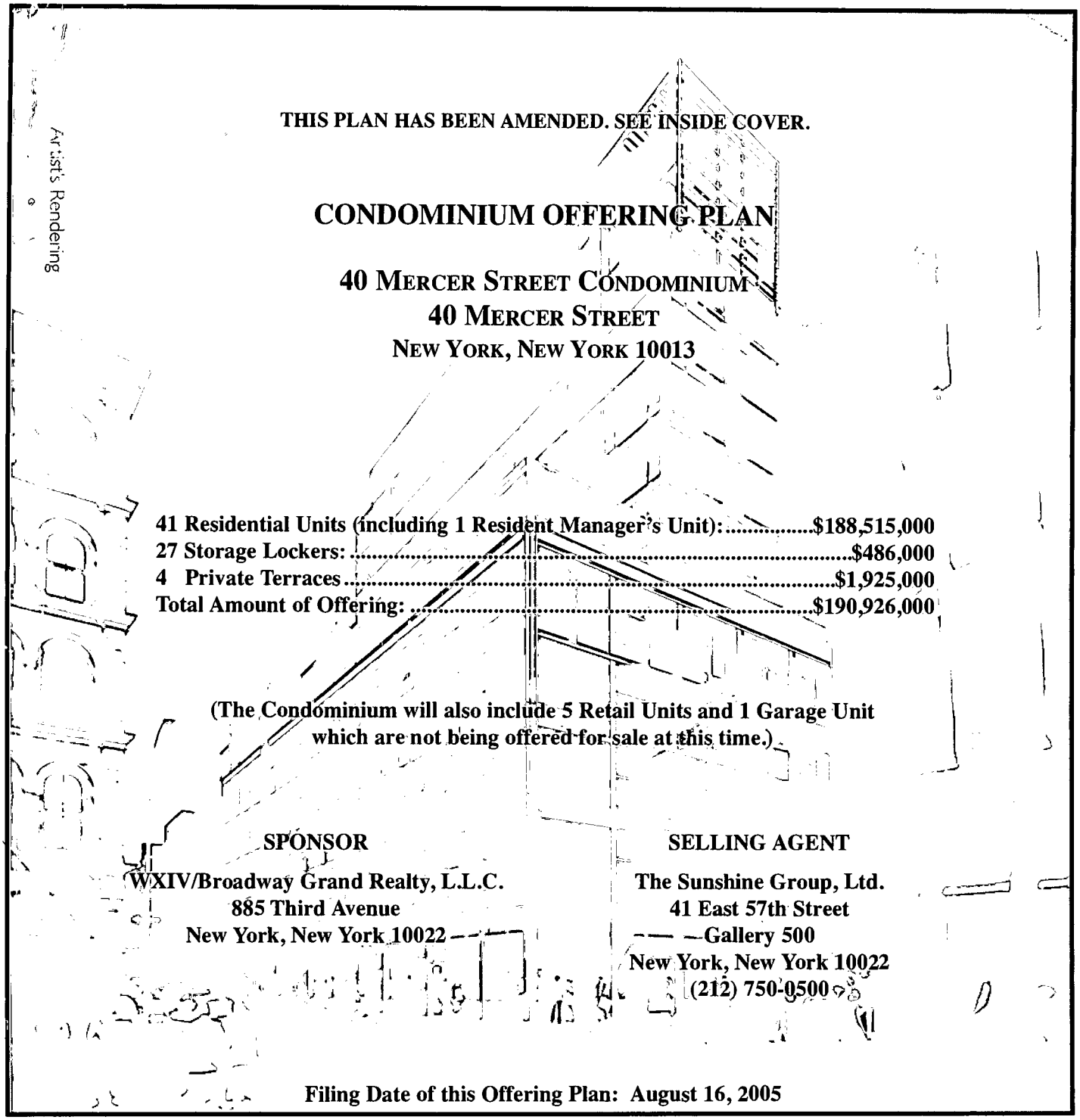

THIS PLAN HAS BEEN AMENDED. SEE INSIDE COVER.

CONDOMINIUM OFFERING PLAN

40 MERCER STREET CONDOMINIUM
40 MERCER STREET
NEW YORK, NEW YORK 10013

41 Residential Units (including 1 Resident Manager's Unit):	$188,515,000
27 Storage Lockers:	$486,000
4 Private Terraces	$1,925,000
Total Amount of Offering:	$190,926,000

(The Condominium will also include 5 Retail Units and 1 Garage Unit which are not being offered for sale at this time.)

SPONSOR

WXIV/Broadway Grand Realty, L.L.C.
885 Third Avenue
New York, New York 10022

SELLING AGENT

The Sunshine Group, Ltd.
41 East 57th Street
Gallery 500
New York, New York 10022
(212) 750-0500

Filing Date of this Offering Plan: August 16, 2005

This Offering Plan may not be used after August 15, 2006, unless this Offering Plan is extended by amendment.

This Offering Plan contains Special Risks to Purchasers. See Page 1.

BECAUSE SPONSOR IS RETAINING THE UNCONDITIONAL RIGHT TO RENT RATHER THAN SELL UNITS, THIS OFFERING PLAN MAY NOT RESULT IN THE CREATION OF A CONDOMINIUM IN WHICH A MAJORITY OF THE UNITS ARE OWNED BY OWNER-OCCUPANTS OR INVESTORS UNRELATED TO SPONSOR. PURCHASERS FOR THEIR OWN OCCUPANCY MAY NEVER GAIN CONTROL OF THE CONDOMINIUM BOARD UNDER THE TERMS OF THIS OFFERING PLAN. (SEE THE SPECIAL RISKS SECTION OF THIS OFFERING PLAN).

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

TWELFTH AMENDMENT

TO

CONDOMINIUM OFFERING PLAN

40 MERCER STREET CONDOMINIUM

40 MERCER STREET
NEW YORK, NEW YORK 10013

SPONSOR

WXIV/Broadway Grand Realty, L.L.C.
885 Third Avenue
New York, New York 10022

SELLING AGENT

The Sunshine Group, Ltd.
41 East 57th Street
Gallery 500
New York, New York 10022
(212) 750-0500

DATED: JANUARY 18, 2006

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2.	DEFINITIONS	1
3.	NO MATERIAL CHANGES	1
4.	INCORPORATION OF PLAN	1
5.	NO EXTENSION OF PLAN	1

Exhibit

A - Schedule of Purchase Prices and Related Information

TWELFTH AMENDMENT

TO

CONDOMINIUM OFFERING PLAN

INTRODUCTION

This Twelfth Amendment modifies and supplements the terms of the Condominium Offering Plan for the premises known as 40 Mercer Street Condominium ("Condominium") located at 40 Mercer Street, New York, New York dated August 16, 2005, ("Plan"), as previously amended by the First Amendment through the Eleventh Amendment thereto, and should be read in conjunction with the Plan, as previously amended.

The terms of this Twelfth Amendment are as follows:

1. PRICE CHANGES

Annexed to this Amendment as Exhibit "A" is a revised Section of the Plan entitled "Schedule A – Purchase Prices and Related Information" which reflects the current purchase prices for the Units, Storage Bins and Private Terraces being offered for sale.

2. DEFINITIONS

Any term used in this Amendment not otherwise defined herein shall have the same meaning ascribed to it in the Plan.

3. NO MATERIAL CHANGES

Except as set forth in this Amendment, there have been no material changes of facts or circumstances affecting the Property or the offering.

4. INCORPORATION OF PLAN

The Plan, as modified and supplemented by this Amendment, is incorporated herein by reference with the same effect as if set forth at length.

5. NO EXTENSION OF PLAN

Since this Amendment is limited solely to price changes, this Amendment does not extend the Plan.

SPONSOR:

WXIV/BROADWAY GRAND REALTY, LLC

TWELFTH AMENDMENT

TO

CONDOMINIUM OFFERING PLAN

INTRODUCTION

This Twelfth Amendment modifies and supplements the terms of the Condominium Offering Plan for the premises known as 40 Mercer Street Condominium ("Condominium") located at 40 Mercer Street, New York, New York dated August 16, 2005, ("Plan"), as previously amended by the First Amendment through the Eleventh Amendment thereto, and should be read in conjunction with the Plan, as previously amended.

The terms of this Twelfth Amendment are as follows:

1. PRICE CHANGES

Annexed to this Amendment as Exhibit "A" is a revised Section of the Plan entitled "Schedule A – Purchase Prices and Related Information" which reflects the current purchase prices for the Units, Storage Bins and Private Terraces being offered for sale.

2. DEFINITIONS

Any term used in this Amendment not otherwise defined herein shall have the same meaning ascribed to it in the Plan.

3. NO MATERIAL CHANGES

Except as set forth in this Amendment, there have been no material changes of facts or circumstances affecting the Property or the offering.

4. INCORPORATION OF PLAN

The Plan, as modified and supplemented by this Amendment, is incorporated herein by reference with the same effect as if set forth at length.

5. NO EXTENSION OF PLAN

Since this Amendment is limited solely to price changes, this Amendment does not extend the Plan.

SPONSOR:

WXIV/BROADWAY GRAND REALTY, LLC

EXHIBIT 'A'

SCHEDULE OF PURCHASE PRICES OF UNITS AND RELATED INFORMATION

SCHEDULE A

40 MERCER STREET CONDOMINIUM
40 MERCER STREET
NEW YORK, NY

OFFERING PRICES AND RELATED INFORMATION

PROJECTED COMMON CHARGES AND REAL ESTATE TAXES ARE FOR
THE FIRST YEAR OF CONDOMINIUM OPERATION - SEPTEMBER 1, 2006 - AUGUST 31, 2007

(1) UNIT	(1) ALTERNATE UNIT DESIGNATION	(1) FLOOR DESIGNATION	(1) BEDROOMS/ BATHS	(2) APPROX UNIT SQUARE FOOTAGE	(2) APPROX TERRACE SQUARE FOOTAGE	(3) OFFERING PRICE	(4) RESIDENTIAL COMMON INTEREST	(4) COMMON INTEREST	(5) PROJECTED MONTHLY COMMON CHARGES	(6) PROJECTED MONTHLY RE TAXES ASSUMING PARTIAL EXEMPTION UNDER 421-a	(6) PROJECTED MONTHLY RE TAXES ASSUMING NO PARTIAL EXEMPTION UNDER 421-a	(7) PROJECTED MONTHLY TOTAL CARRYING CHARGES WITH PARTIAL EXEMPTION UNDER 421-a	(7) PROJECTED MONTHLY TOTAL CARRYING CHARGES WITH NO PARTIAL EXEMPTION UNDER 421-a
1	3A	3	2/2	1649		$3,500,000	1.9169%	1.4015%	$ 1,799.25	$ 221.22	$ 438.71	$ 2,020.47	$ 2,237.96
2	3B	3	3/3.5	2476		$4,650,000	2.8783%	2.1044%	$ 2,701.60	$ 332.16	$ 658.73	$ 3,033.77	$ 3,360.33
3	3C	3	1/1.5	1222		$2,600,000	1.4206%	1.0386%	$ 1,333.34	$ 163.93	$ 325.11	$ 1,497.28	$ 1,658.45
4	3D	3	2/2.5	1843		$3,775,000	2.1425%	1.5664%	$ 2,010.93	$ 247.24	$ 490.32	$ 2,258.17	$ 2,501.25
5	3E	3	3/3.5	2370		$4,400,000	2.7551%	2.0143%	$ 2,585.95	$ 317.94	$ 630.53	$ 2,903.89	$ 3,216.48
6	3F	3	2/2	1415	100	$3,050,000	1.6682%	1.2196%	$ 1,543.93	$ 192.51	$ 381.78	$ 1,736.44	$ 1,925.71
7	4A	4	2/2	1649		$3,600,000	1.9169%	1.4015%	$ 1,799.25	$ 221.22	$ 438.71	$ 2,020.47	$ 2,237.96
8	4B	4	3/3.5	2476		$4,800,000	2.8783%	2.1044%	$ 2,701.60	$ 332.16	$ 658.73	$ 3,033.77	$ 3,360.33
9	4C	4	1/1.5	1222		$2,700,000	1.4206%	1.0386%	$ 1,333.34	$ 163.93	$ 325.11	$ 1,497.28	$ 1,658.45
10	4D	4	2/2.5	1843		$3,900,000	2.1425%	1.5664%	$ 2,010.93	$ 247.24	$ 490.32	$ 2,258.17	$ 2,501.25
11	4E	4	3/3.5	2370		$4,600,000	2.7551%	2.0143%	$ 2,585.95	$ 317.94	$ 630.53	$ 2,903.89	$ 3,216.48
12	4F	4	2/2	1415		$2,975,000	1.6449%	1.2026%	$ 1,543.93	$ 189.83	$ 376.46	$ 1,733.76	$ 1,920.39
14 (RM)	4G	4	2/1	817		$850,000	0.9497%	0.6944%	$ -	$ 109.60	$ 217.36	$ 109.60	$ 217.36
15	5A	5	2/2	1649		$3,800,000	1.9169%	1.4015%	$ 1,799.25	$ 221.22	$ 438.71	$ 2,020.47	$ 2,237.96
16	5B	5	3/3.5	2476		$4,950,000	2.8783%	2.1044%	$ 2,701.60	$ 332.16	$ 658.73	$ 3,033.77	$ 3,360.33
17	5C	5	1/1.5	1222		$2,800,000	1.4206%	1.0386%	$ 1,333.34	$ 163.93	$ 325.11	$ 1,497.28	$ 1,658.45
18	5D	5	2/2.5	1843		$4,050,000	2.1425%	1.5664%	$ 2,010.93	$ 247.24	$ 490.32	$ 2,258.17	$ 2,501.25
19	5E	5	3/3.5	2370		$4,800,000	2.7551%	2.0143%	$ 2,585.95	$ 317.94	$ 630.53	$ 2,903.89	$ 3,216.48
20	5F	5	2/2	1415		$3,100,000	1.6449%	1.2026%	$ 1,543.93	$ 189.83	$ 376.46	$ 1,733.76	$ 1,920.39
21	5G	5	2/2.5	1635		$2,595,000	1.9007%	1.3896%	$ 1,783.98	$ 219.34	$ 434.99	$ 2,003.31	$ 2,218.96
22	6A	6	2/2	1649		$3,925,000	1.9169%	1.4015%	$ 1,799.25	$ 221.22	$ 438.71	$ 2,020.47	$ 2,237.96
23	6B	6	3/3.5	2476		$5,200,000	2.8783%	2.1044%	$ 2,701.60	$ 332.16	$ 658.73	$ 3,033.77	$ 3,360.33
24	6C	6	1/1.5	1222		$3,000,000	1.4206%	1.0386%	$ 1,333.34	$ 163.93	$ 325.11	$ 1,497.28	$ 1,658.45
25	6D	6	2/2.5	1843		$4,350,000	2.1425%	1.5664%	$ 2,010.93	$ 247.24	$ 490.32	$ 2,258.17	$ 2,501.25
26	6E	6	3/3.5	2370		$5,100,000	2.7551%	2.0143%	$ 2,585.95	$ 317.94	$ 630.53	$ 2,903.89	$ 3,216.48

The accompanying notes should be read in conjunction with this Schedule

SCHEDULE A

40 MERCER STREET CONDOMINIUM
40 MERCER STREET
NEW YORK, NY

OFFERING PRICES AND RELATED INFORMATION

PROJECTED COMMON CHARGES AND REAL ESTATE TAXES ARE FOR
THE FIRST YEAR OF CONDOMINIUM OPERATION - SEPTEMBER 1, 2006 - AUGUST 31, 2007

(1) UNIT	(1) ALTERNATE UNIT DESIGNATION	(1) FLOOR DESIGNATION	(1) BEDROOMS/ BATHS	(2) APPROX UNIT SQUARE FOOTAGE	(2) APPROX TERRACE SQUARE FOOTAGE	(3) OFFERING PRICE	(4) RESIDENTIAL COMMON INTEREST	(4) COMMON INTEREST	(5) PROJECTED MONTHLY COMMON CHARGES	(6) PROJECTED MONTHLY RE TAXES ASSUMING PARTIAL EXEMPTION UNDER 421-a	(6) PROJECTED MONTHLY RE TAXES ASSUMING NO PARTIAL EXEMPTION UNDER 421-a	(7) PROJECTED MONTHLY TOTAL CARRYING CHARGES WITH PARTIAL EXEMPTION UNDER 421-a	(7) PROJECTED MONTHLY TOTAL CARRYING CHARGES WITH NO PARTIAL EXEMPTION UNDER 421-a
27	6F	6	2/2	1415		$3,300,000	1.6449%	1.2026%	$ 1,543.93	$ 189.83	$ 376.46	$ 1,733.76	$ 1,920.39
28	6G	6	2/2.5	1635		$2,745,000	1.9007%	1.3896%	$ 1,783.98	$ 219.34	$ 434.99	$ 2,003.31	$ 2,218.96
29 (D)(T)	7W	7	4/4.5	4139	1227	$12,950,000	5.0968%	3.7264%	$ 4,516.13	$ 588.18	$ 1,166.45	$ 5,104.31	$ 5,682.58
30 (T)	7E	7	3/3.5	3006	1598	$10,000,000	3.8659%	2.8265%	$ 3,279.90	$ 446.14	$ 884.76	$ 3,726.03	$ 4,164.66
31	8E	8	2/2.5	2206		$5,400,000	2.5644%	1.8749%	$ 2,407.00	$ 295.94	$ 586.90	$ 2,702.94	$ 2,993.90
32	9W	9	3/3.5	2706		$6,800,000	3.1457%	2.2999%	$ 2,952.56	$ 363.02	$ 719.92	$ 3,315.58	$ 3,672.48
33	9E	9	2/2.5	2206		$5,500,000	2.5644%	1.8749%	$ 2,407.00	$ 295.94	$ 586.90	$ 2,702.94	$ 2,993.90
34	10W	10	3/3.5	2706		$6,900,000	3.1457%	2.2999%	$ 2,952.56	$ 363.02	$ 719.92	$ 3,315.58	$ 3,672.48
35	10E	10	2/2.5	2206		$5,600,000	2.5644%	1.8749%	$ 2,407.00	$ 295.94	$ 586.90	$ 2,702.94	$ 2,993.90
36	11W	11	3/3.5	2706		$7,000,000	3.1457%	2.2999%	$ 2,952.56	$ 363.02	$ 719.92	$ 3,315.58	$ 3,672.48
37	11E	11	2/2.5	2206		$5,700,000	2.5644%	1.8749%	$ 2,407.00	$ 295.94	$ 586.90	$ 2,702.94	$ 2,993.90
38	12W	12	3/3.5	2706		$7,100,000	3.1457%	2.2999%	$ 2,952.56	$ 363.02	$ 719.92	$ 3,315.58	$ 3,672.48
39	12E	12	2/2.5	2206		$5,850,000	2.5644%	1.8749%	$ 2,407.00	$ 295.94	$ 586.90	$ 2,702.94	$ 2,993.90
40	14W	14	3/3.5	2706		$7,200,000	3.1457%	2.2999%	$ 2,952.56	$ 363.02	$ 719.92	$ 3,315.58	$ 3,672.48
PH1(D)(T)	PH1	14	4/4.5	3515	100	$12,500,000	4.1094%	3.0044%	$ 3,835.27	$ 474.23	$ 940.47	$ 4,309.50	$ 4,775.75
PH2 (T)	PH2	15	2/2.5	2114	485	$7,900,000	2.5702%	1.8792%	$ 2,306.62	$ 296.61	$ 588.23	$ 2,603.23	$ 2,894.85
RESIDENTIAL TOTAL				**85321**	**3510**	**$ 205,515,000**	**100%**	**73.1121%**	**$ 92,203.72**	**$ 11,540.17**	**$ 22,886.08**	**$ 103,743.88**	**$ 115,089.80**
A				2167		N/A	N/A	1.8470%	$ 230.77	N/A	N/A	N/A	N/A
B				1805		N/A	N/A	1.5385%	$ 192.22	N/A	N/A	N/A	N/A
C				1492		N/A	N/A	1.2717%	$ 158.88	N/A	N/A	N/A	N/A
D				2395		N/A	N/A	2.0413%	$ 255.05	N/A	N/A	N/A	N/A
E				1641		N/A	N/A	1.3987%	$ 174.75	N/A	N/A	N/A	N/A
RETAIL TOTAL				**9500**		**N/A**	**N/A**	**8.0972%**	**$ 1,011.67**	**N/A**	**N/A**	**N/A**	**N/A**
GARAGE				**22046**		**N/A**	**N/A**	**18.7907%**	**$ 1,011.67**	**N/A**	**N/A**	**N/A**	**N/A**
GRAND TOTAL				**116867**	**3510**	**$ 205,515,000**	**100%**	**100%**	**$ 94,227.05**	**$ 11,540.17**	**$ 22,886.08**	**$ 103,743.88**	**$ 115,089.80**

The Symbols used in the Schedule A have the following meaning:

RM denotes Resident Manager's Unit

D denotes Duplex

T denotes Terrace

The accompanying notes should be read in conjunction with this Schedule

Notes to Schedule A

(1) Purchasers should refer to the Floor Plans included in Part II of the Plan for an approximation of the dimensions and typical layouts of the Residential Units. The number of bedrooms and bathrooms for each Residential Unit was determined by Sponsor's architect in accordance with industry practice for new construction condominiums and does not necessarily conform to the zoning room count or the method utilized by the Real Estate Board of New York. Each Residential Unit should be inspected to determine its actual dimensions, layout and physical condition prior to Closing.

(2) The square foot area and dimensions of the Residential Units listed in Schedule A or in the Declaration are approximate and may change due to field conditions, construction variances and tolerances and were obtained by using the method customarily used in New York City to measure condominium apartments. No such variation will affect a Purchaser's obligations under the Purchase Agreement or the Plan unless the square foot area of the Residential Unit is increased or decreased (excluding interior partitions) by more than 5%, thereby affording Purchaser a 15 day right to rescind. Sponsor's sole obligation if the net square foot area of the Residential Unit is so diminished shall be to refund the Deposit made under the Purchase Agreement and any interest earned thereon, except for funds expended by or reimbursed to Sponsor for upgrades or extras. Each Unit consists of the area measured horizontally from the exterior side of the exterior walls (columns, mechanical pipes, shafts, shaftways, chases, chaseways and conduits are not deducted from measurement of each Unit) to the centerline of the partitions separating one Unit from another Unit, or separating one Unit from corridors, stairs, elevators and other mechanical equipment spaces or any Common Elements not within a Unit or to the exterior side of the opposite exterior walls. Each Unit consists of the area measured vertically from the top of the floor (located under the finished flooring and sub-flooring materials) to the underside of the ceiling. As is customary in New York, these square foot areas exceed the usable floor area of each Residential Unit. The method of measurement is applicable to all Residential Units. Any Common Elements located within or appurtenant to any Residential Unit shall not be considered as part of that Residential Unit.

(3) The purchase prices and other terms of sale (as more fully set forth in the Section of the Plan entitled "Changes in Prices and Units") of Residential Units may be negotiated by Sponsor and, therefore, may be changed. Accordingly, Purchasers may pay different purchase prices for similar Residential Units. The effect of this, as well as the right of Sponsor to change purchase prices, is more particularly discussed in the Section entitled "Changes in Prices and Units." In addition to the payment of the purchase price, each Purchaser will be responsible for the payment of certain closing costs and expenses at the time of Closing, as explained in the Section entitled "Closing Costs and Adjustments." If Purchaser obtains a mortgage loan, Purchaser will be responsible for the payment of additional closing costs and expenses relating to such loan. There will be an apportionment of certain charges relating to the Residential Unit at the Closing. THESE PRICES HAVE BEEN SET BY SPONSOR AND ARE NOT SUBJECT TO REVIEW OR APPROVAL BY THE DEPARTMENT OF LAW OR ANY OTHER GOVERNMENT AGENCY.

(4) (a) The percentage interest of each Unit in the Common Elements is 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 the Units, but such proportion reflecting the substantially exclusive advantages enjoyed by one or more but not all Units in a part or parts of the Common Elements in accordance with subsection (ii) of the Real Property Law Section 339-i(1).

(b) The percentage interest of each Residential Unit in the Residential Common Elements is apportioned in the same proportion that the Residential Unit bears to the aggregate Common Interests of all the Residential Units in the Condominium.

(5) The estimated monthly Common Charges for each Unit are based on the Schedule B - First Year's Budget prepared by Sponsor's Condominium Budget Expert on the assumption that the first year of Condominium operation will be the year from September 1, 2006 through August 31, 2007. The actual first year of Condominium operation may be earlier or later than such year. In addition to these estimated payments, each Unit Owner will be responsible for real estate taxes on the Unit, mortgage payments under a loan, if any, obtained to finance the purchase of the Unit, the cost of electricity supplied to the Unit which will be separately metered and payable either directly to the utility company or to the Condominium Board for payment to the utility company, the cost of any insurance which the Unit Owner may wish to obtain for the Unit (and which Sponsor strongly urges each Unit Owner to obtain) and the cost of interior repairs and decorations to the Unit. See the Section of the Plan entitled "Schedule B-1 - Budget for Individual Energy Costs" concerning estimates of certain electric costs for the Units. All Unit Owners from and after the Closing, including Sponsor with respect to all Unsold Units, shall be responsible for payment of all Common Charge with respect to their Units.

It is presently anticipated that an application will be made to the New York State Public Service Commission in order to permit the Condominium Board to purchase electricity from Con Edison at a "bulk rate" (which may result in a savings to Unit Owners). In the event that such application is made, and subsequently granted, the Condominium Board will assess the cost of electricity provided to the Unit Owners. Each Unit will be billed by the Condominium Board for actual consumption on the basis of its submeter and the Condominium Board will, in turn, pay Con Edison. Alternatively, the cost of electricity supplied to each Unit will be separately metered and payable by the Unit Owner directly to Con Edison.

As discussed in the Section of the Plan entitled "Description of Property and Improvements" subsection "Services and Facilities," the full range of services and facilities described in the Plan including the courtyard, 7th floor common terrace and spa facility may not be provided until such time the Condominium is occupied by 75% of the Residential Unit Owners.

(6) Sponsor intends to apply for partial exemption from real estate taxes with respect to the Building pursuant to Section 421-a of the New York Real Property Tax Law. Under the Section 421-a program, the real estate tax estimate for the first year of Condominium operation will be based upon the taxable assessed valuation of the Property in the tax year prior to commencement of construction, which is commonly referred to as the "mini-tax." As construction shall commence subsequent to July 1, 2004, but prior to June 30, 2005, the "mini-tax" will be based upon the assessed valuation of the Property in the 2003/2004 fiscal year. The 2003/2004 actual assessed valuation of the Property was $1,755,000.00 and the transitional assessed valuation of the Property was $1,399,500.00. Therefore, for the period of construction as defined under Section 421-a, not to exceed 3 years, and for 2 years following completion, or 3 years of construction, which ever occurs first, the real estate taxes for the Property will be based upon the transitional assessed valuation of $1,399,500.00, payable at the tax rate then in effect in the year it is due. Purchasers should refer to the 421-a Real Estate Tax Exemption Benefits Opinion prepared by D'Agostino, Levine & Landesman, L.L.P., set forth in Part II of the Plan for further discussion regarding the 421-a program and the availability of such program to this project. The estimated tax is based on the assumption that the partial exemption will be in effect for the first year of Condominium operation, and that there will not be any change in the taxable status of the Property. No warranty or guarantee is made as to the amount of any tax exemption that will actually be received. In addition, no warranty or guarantee is made that the actual assessed valuation

or the assessed valuation for the Property if Section 421-a benefits are granted will be as projected above, that the projected tax rate will be in effect for all or any portion of the Property during the first year of Condominium operation or that the real estate taxes will be allocated among Units in proportion to their Common Interests or Schedule A purchase prices. In no event will Sponsor, Sponsor's counsel, the Selling Agent or any offeror be liable to any Purchaser, nor will any Purchaser have the right to rescind the Purchase Agreement, in the event Section 421-a benefits are not granted or, if granted, in the event the amount of such exemption and the resulting taxes differ from those projected.

If for any reason the Section 421-a partial real estate tax exemption is not granted, it is estimated that the aggregate real estate taxes payable with respect to all Residential Units for the first year of Condominium operation will total approximately $274,633.00, assuming (a) a transitional assessed valuation for the Property of $1,399,500.00 for the first 11 months of the first year of Condominium operation reflecting the land assessment for a partially constructed property and an assessed valuation for the Property of $11,763,761 for the last month of the first year of operation reflecting a partially constructed property based on the real estate tax projection opinion prepared by William Block P.C. dated December 17, 2004 set forth in Part II of the Plan, and (b) a tax rate of 11.79 per $100 of assessed valuation for the 2006/2007 tax year and a tax rate of 12.586 per $100 of assessed valuation for the 2007/2008 tax year. Purchasers should note that once the Building is assessed as being fully constructed, it is estimated that the real estate taxes will total approximately $1,480,579. This tax projection does not take into account any Section 421-a benefits that may be applicable to the Property at such time.

In arriving at the assessed valuation for each Unit in the Condominium, the Building is first assessed as an entity. This overall assessment is then apportioned among the respective Units, each of which will be assigned a tax lot designation once the Declaration has been recorded and the Floor Plans are filed with the Registers Office. For purposes of Schedule A, the projected real estate taxes for the Units were apportioned based in part upon the proportion the projected selling price presented in the Plan for each Unit bears to the gross sellout price for all Units available for purchase in the Condominium and in part upon extrinsic indicia of value, including location, square footage, amenities, income producing potential and existing leases on particular Units. There is no assurance that the City of New York tax assessor will allocate taxes among Units based on Schedule A purchase prices. It is possible that the apportionment will be based on Common Interest percentages. Although the estimate of New York City real estate taxes is a good faith estimate, it is not possible to estimate same with any degree of certainty. Assessed valuations, apportionment or taxes among the Units and tax rates, when actually established by the City of New York, may be lesser or greater. Accordingly, these estimates are to be considered opinions and are not intended, and should not be construed as, warranties as to future assessed valuations, tax rates or the actual real estate taxes to be assessed. In no event will Sponsor, its principals, sales agents, Sponsor's counsel or any other person be liable if the assessed valuations, tax rates or taxes, when actually established, are lesser or greater than that predicted herein or if the Administrative Code and the applicable rules and regulations of the City of New York are changed in the future.

In the opinion of Olshan Grundman Frome Rosenzweig & Wolosky LLP, a copy of which is set forth in Part II of the Plan, a Residential Unit Owner who uses the Residential Unit as a personal residence will, under present Law, for Federal, New York State and New York City income tax purposes, be entitled to a deduction for mortgage interest and real estate taxes in the year paid in the case of cash basis taxpayers or accrued in the case of other taxpayers, subject to certain exceptions and limitations which are more particularly discussed in the Attorney's Income Tax Opinion. Purchasers should note that deductions, if applicable, may vary in future years due to changes in the interest rate or the Residential Unit Owner's mortgage or from changes in the allocation of the constant debt service payments to interest and principal, or due to changes in real property taxes resulting from the expiration of real estate tax benefits, or from

changes in the assessed value, the tax rate or the method of assessing real property. (See the Section of the Plan entitled "Income Tax Deductions to Residential Unit Owners and Tax Status of the Condominium" for further details.)

At such time as the Units have been separately assessed for real estate tax purposes, each Unit will be taxed as a separate tax lot for real estate tax purposes and a Unit Owner will not be responsible for the payment of, nor will the Unit be subjected to any lien arising from the non-payment of real estate taxes assessed against other Units.

(7) These figures represent the aggregate estimated monthly carrying charges which include estimated Common Charges and estimated real estate taxes. Reference should be made to note (5) of these Notes for certain other "home ownership" costs that may be incurred by Residential Unit Owners.

A Purchaser of a Residential Unit will be required to make a contribution at the Closing of Title to the Working Capital Fund in an amount equal to 2 months' Common Charges assessed against the Residential Unit. (See the Section of the Plan entitled "Working Capital Fund and Apportionments" for further details.)

(8) Purchasers should note that deductions, if applicable, may vary in future years due to changes in the interest rate or the Residential Unit Owner's mortgage or from changes in the allocation of the constant debt service payments to interest and principal, or due to changes in real property taxes resulting from the expiration of real estate tax benefits, or from changes in the assessed value, the tax rate or the method of assessing real property. Sponsor makes no guaranty or warranty concerning the availability of any tax deductions.

ELEVENTH AMENDMENT

TO

CONDOMINIUM OFFERING PLAN

40 MERCER STREET CONDOMINIUM

40 MERCER STREET
NEW YORK, NEW YORK 10013

SPONSOR

WXIV/Broadway Grand Realty, L.L.C.
885 Third Avenue
New York, New York 10022

SELLING AGENT

The Sunshine Group, Ltd.
41 East 57th Street
Gallery 500
New York, New York 10022
(212) 750-0500

DATED: DECEMBER 15, 2005

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Exhibit

A - Schedule A Purchase Prices of Storage Bins

ELEVENTH AMENDMENT

TO

CONDOMINIUM OFFERING PLAN

INTRODUCTION

This Eleventh Amendment modifies and supplements the terms of the Condominium Offering Plan for the premises known as 40 Mercer Street Condominium ("Condominium") located at 40 Mercer Street, New York, New York dated August 16, 2005, ("Plan"), as previously amended by the First Amendment through the Tenth Amendment thereto, and should be read in conjunction with the Plan, as previously amended.

The terms of this Eleventh Amendment are as follows:

1. PRICE CHANGES

Annexed to this Amendment as Exhibit "A" is an updated "Schedule A – Purchase Prices of Storage Bins" which reflects the current purchase prices for the Storage Bins only. The information for the Units and Private Terraces are as set forth on the Schedule A annexed to the Tenth Amendment.

2. DEFINITIONS

Any term used in this Amendment not otherwise defined herein shall have the same meaning ascribed to it in the Plan.

3. NO MATERIAL CHANGES

Except as set forth in this Amendment, there have been no material changes of facts or circumstances affecting the Property or the offering.

4. INCORPORATION OF PLAN

The Plan, as modified and supplemented by this Amendment, is incorporated herein by reference with the same effect as if set forth at length.

5. NO EXTENSION OF PLAN

Since this Amendment is limited solely to price changes, this Amendment does not extend the Plan.

SPONSOR:

WXIV/BROADWAY GRAND REALTY, LLC

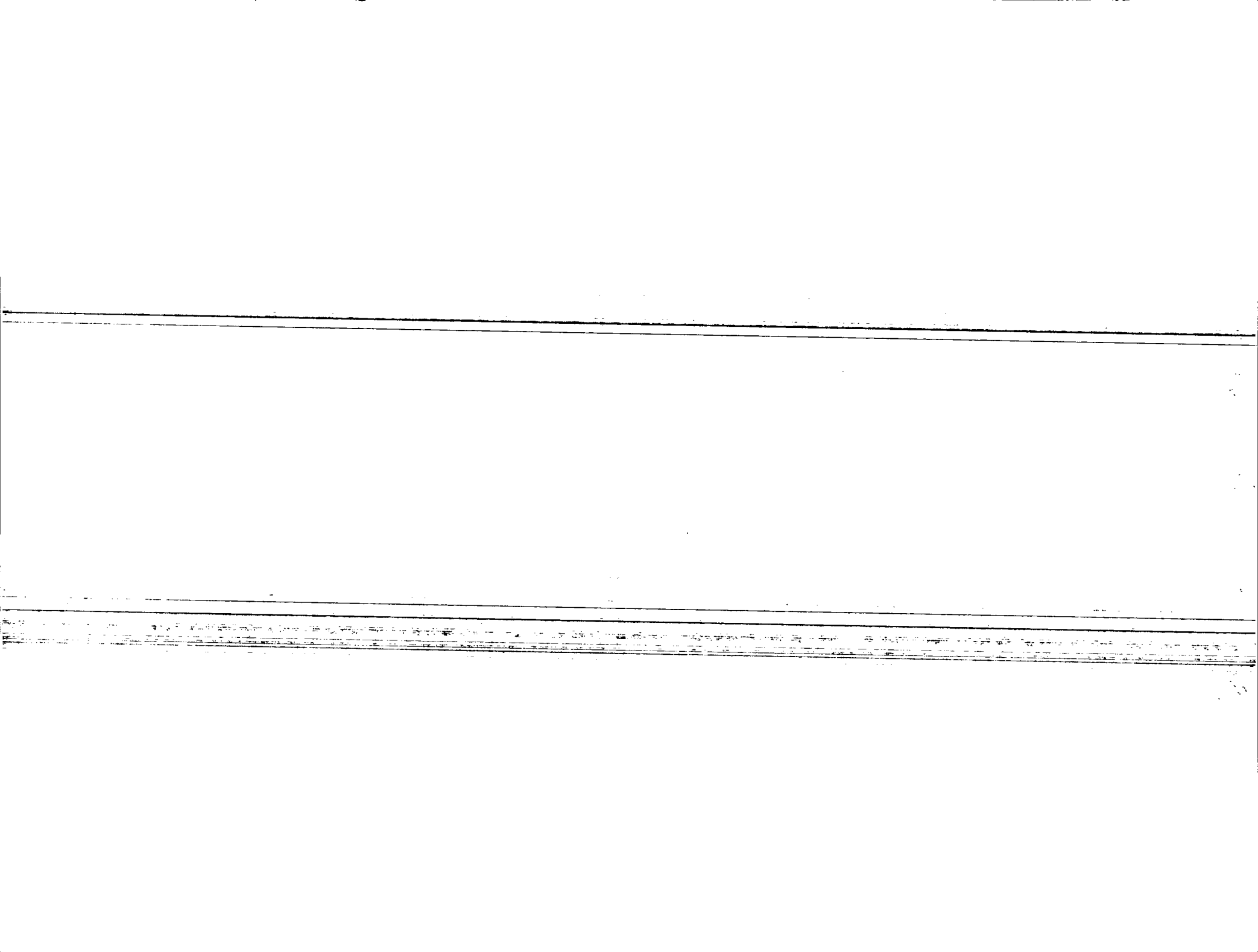

EXHIBIT 'A'

SCHEDULE A – PURCHASE PRICES OF STORAGE BINS

SCHEDULE A

40 MERCER STREET CONDOMINIUM
40 MERCER STREET
NEW YORK, NY

OFFERING PRICES AND RELATED INFORMATION

STORAGE BIN LICENSES:

UNIT NUMBER	SQ. FOOTAGE	AMOUNT
1	78	$ 40,000
2	83	$ 40,000
3	41	$ 25,000
4	32	$ 20,000
5	99	$ 45,000
6	32	$ 20,000
7	39	$ 25,000
8	89	$ 40,000
9	31	$ 20,000
10	31	$ 20,000
11	32	$ 20,000
12	41	$ 25,000
13	41	$ 25,000
14	32	$ 20,000
15	31	$ 20,000
16	31	$ 20,000
17	32	$ 20,000
18	32	$ 20,000
19	32	$ 20,000
20	32	$ 20,000
21	32	$ 20,000
22	32	$ 20,000
23	32	$ 20,000
24	38	$ 25,000
25	46	$ 25,000
26	96	$ 45,000
27	49	$ 25,000
28	96	$ 45,000
TOTAL	1312	$ 730,000

The accompanying notes should be readi in conjunction with this schedule.

TENTH AMENDMENT

TO

CONDOMINIUM OFFERING PLAN

40 MERCER STREET CONDOMINIUM

40 MERCER STREET
NEW YORK, NEW YORK 10013

SPONSOR

WXIV/Broadway Grand Realty, L.L.C.
885 Third Avenue
New York, New York 10022

SELLING AGENT

The Sunshine Group, Ltd.
41 East 57th Street
Gallery 500
New York, New York 10022
(212) 750-0500

DATED: DECEMBER 6, 2005

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Exhibit

A - Schedule of Purchase Prices and Related Information

TENTH AMENDMENT

TO

CONDOMINIUM OFFERING PLAN

INTRODUCTION

This Tenth Amendment modifies and supplements the terms of the Condominium Offering Plan for the premises known as 40 Mercer Street Condominium ("Condominium") located at 40 Mercer Street, New York, New York dated August 16, 2005, ("Plan"), as previously amended by the First Amendment through the Ninth Amendment thereto, and should be read in conjunction with the Plan, as previously amended.

The terms of this Tenth Amendment are as follows:

1. PRICE CHANGES

Annexed to this Amendment as Exhibit "A" is a revised Section of the Plan entitled "Schedule A – Purchase Prices and Related Information" which reflects the current purchase prices for the Units, Storage Bins and Private Terraces being offered for sale.

2. DEFINITIONS

Any term used in this Amendment not otherwise defined herein shall have the same meaning ascribed to it in the Plan.

3. NO MATERIAL CHANGES

Except as set forth in this Amendment, there have been no material changes of facts or circumstances affecting the Property or the offering.

4. INCORPORATION OF PLAN

The Plan, as modified and supplemented by this Amendment, is incorporated herein by reference with the same effect as if set forth at length.

5. NO EXTENSION OF PLAN

Since this Amendment is limited solely to price changes, this Amendment does not extend the Plan.

SPONSOR:

WXIV/BROADWAY GRAND REALTY, LLC

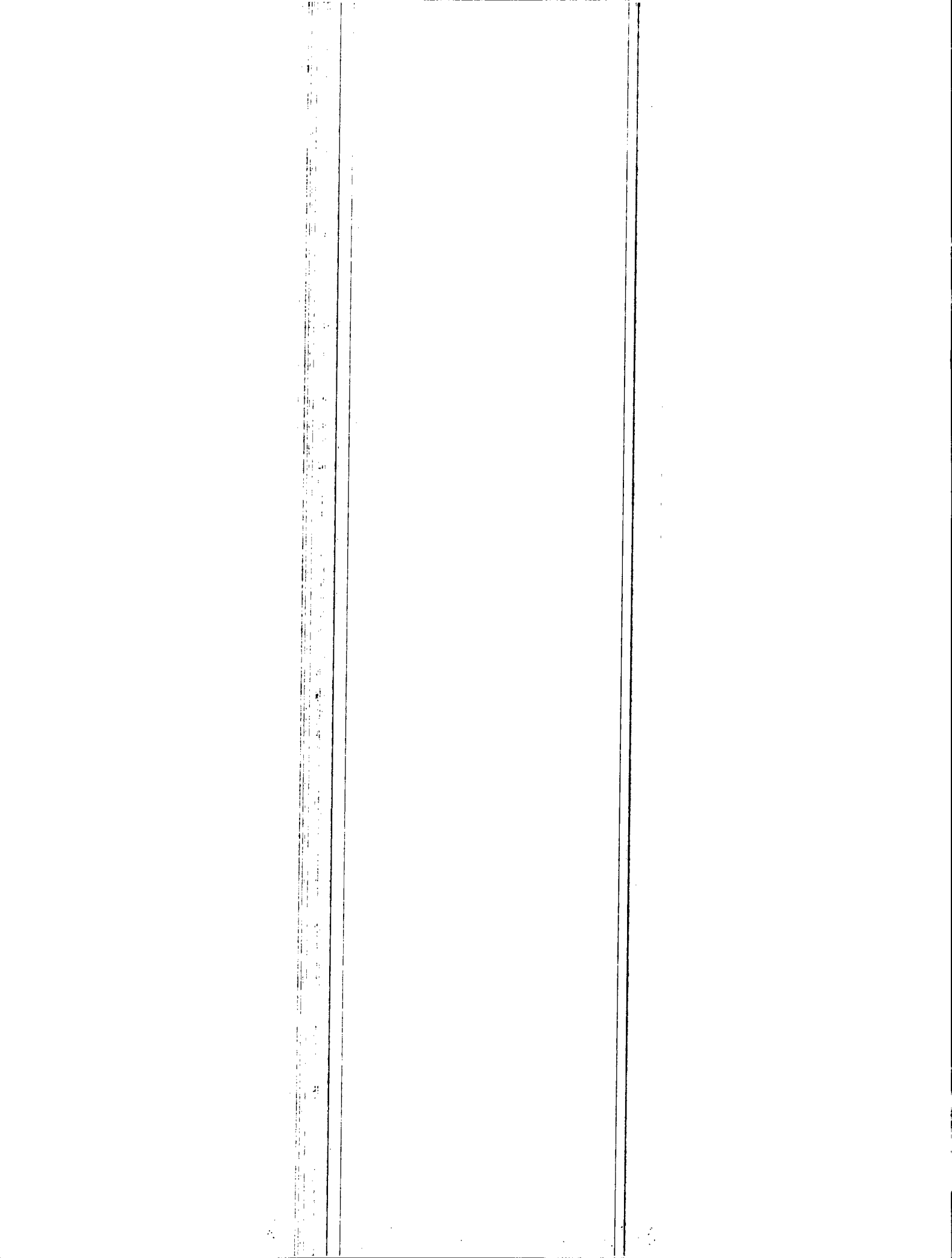

EXHIBIT 'A'

SCHEDULE OF PURCHASE PRICES OF UNITS AND RELATED INFORMATION

SCHEDULE A

40 MERCER STREET CONDOMINIUM
40 MERCER STREET
NEW YORK, NY

OFFERING PRICES AND RELATED INFORMATION

PROJECTED COMMON CHARGES AND REAL ESTATE TAXES ARE FOR
THE FIRST YEAR OF CONDOMINIUM OPERATION - SEPTEMBER 1, 2006 - AUGUST 31, 2007

(1) UNIT	(1) ALTERNATE UNIT DESIGNATION	(1) FLOOR DESIGNATION	(1) BEDROOMS/ BATHS	(2) APPROX UNIT SQUARE FOOTAGE	(2) APPROX TERRACE SQUARE FOOTAGE	(3) OFFERING PRICE	(4) RESIDENTIAL COMMON INTEREST	(4) COMMON INTEREST	(5) PROJECTED MONTHLY COMMON CHARGES	(6) PROJECTED MONTHLY RE TAXES ASSUMING PARTIAL EXEMPTION UNDER 421-a	(6) PROJECTED MONTHLY RE TAXES ASSUMING NO PARTIAL EXEMPTION UNDER 421-a	(7) PROJECTED MONTHLY TOTAL CARRYING CHARGES WITH PARTIAL EXEMPTION UNDER 421-a	(7) PROJECTED MONTHLY TOTAL CARRYING CHARGES WITH NO PARTIAL EXEMPTION UNDER 421-a
1	3A	3	2/2	1649		$3,500,000	1.9169%	1.4015%	$ 1,799.25	$ 221.22	$ 438.71	$ 2,020.47	$ 2,237.96
2	3B	3	3/3.5	2476		$4,500,000	2.8783%	2.1044%	$ 2,701.60	$ 332.16	$ 658.73	$ 3,033.77	$ 3,360.33
3	3C	3	1/1.5	1222		$2,250,000	1.4206%	1.0386%	$ 1,333.34	$ 163.93	$ 325.11	$ 1,497.28	$ 1,658.45
4	3D	3	2/2.5	1843		$3,775,000	2.1425%	1.5664%	$ 2,010.93	$ 247.24	$ 490.32	$ 2,258.17	$ 2,501.25
5	3E	3	3/3.5	2370		$4,350,000	2.7551%	2.0143%	$ 2,585.95	$ 317.94	$ 630.53	$ 2,903.89	$ 3,216.48
6	3F	3	2/2	1415	100	$3,050,000	1.6682%	1.2196%	$ 1,543.93	$ 192.51	$ 381.78	$ 1,736.44	$ 1,925.71
7	4A	4	2/2	1649		$3,600,000	1.9169%	1.4015%	$ 1,799.25	$ 221.22	$ 438.71	$ 2,020.47	$ 2,237.96
8	4B	4	3/3.5	2476		$4,700,000	2.8783%	2.1044%	$ 2,701.60	$ 332.16	$ 658.73	$ 3,033.77	$ 3,360.33
9	4C	4	1/1.5	1222		$2,350,000	1.4206%	1.0386%	$ 1,333.34	$ 163.93	$ 325.11	$ 1,497.28	$ 1,658.45
10	4D	4	2/2.5	1843		$3,900,000	2.1425%	1.5664%	$ 2,010.93	$ 247.24	$ 490.32	$ 2,258.17	$ 2,501.25
11	4E	4	3/3.5	2370		$4,500,000	2.7551%	2.0143%	$ 2,585.95	$ 317.94	$ 630.53	$ 2,903.89	$ 3,216.48
12	4F	4	2/2	1415		$2,975,000	1.6449%	1.2026%	$ 1,543.93	$ 189.83	$ 376.46	$ 1,733.76	$ 1,920.39
14 (RM)	4G	4	2/1	817		$850,000	0.9497%	0.6944%	$ -	$ 109.60	$ 217.36	$ 109.60	$ 217.36
15	5A	5	2/2	1649		$3,800,000	1.9169%	1.4015%	$ 1,799.25	$ 221.22	$ 438.71	$ 2,020.47	$ 2,237.96
16	5B	5	3/3.5	2476		$4,950,000	2.8783%	2.1044%	$ 2,701.60	$ 332.16	$ 658.73	$ 3,033.77	$ 3,360.33
17	5C	5	1/1.5	1222		$2,500,000	1.4206%	1.0386%	$ 1,333.34	$ 163.93	$ 325.11	$ 1,497.28	$ 1,658.45
18	5D	5	2/2.5	1843		$4,050,000	2.1425%	1.5664%	$ 2,010.93	$ 247.24	$ 490.32	$ 2,258.17	$ 2,501.25
19	5E	5	3/3.5	2370		$4,700,000	2.7551%	2.0143%	$ 2,585.95	$ 317.94	$ 630.53	$ 2,903.89	$ 3,216.48
20	5F	5	2/2	1415		$3,100,000	1.6449%	1.2026%	$ 1,543.93	$ 189.83	$ 376.46	$ 1,733.76	$ 1,920.39
21	5G	5	2/2.5	1635		$2,595,000	1.9007%	1.3896%	$ 1,783.98	$ 219.34	$ 434.99	$ 2,003.31	$ 2,218.96
22	6A	6	2/2	1649		$3,925,000	1.9169%	1.4015%	$ 1,799.25	$ 221.22	$ 438.71	$ 2,020.47	$ 2,237.96
23	6B	6	3/3.5	2476		$5,200,000	2.8783%	2.1044%	$ 2,701.60	$ 332.16	$ 658.73	$ 3,033.77	$ 3,360.33
24	6C	6	1/1.5	1222		$2,700,000	1.4206%	1.0386%	$ 1,333.34	$ 163.93	$ 325.11	$ 1,497.28	$ 1,658.45
25	6D	6	2/2.5	1843		$4,350,000	2.1425%	1.5664%	$ 2,010.93	$ 247.24	$ 490.32	$ 2,258.17	$ 2,501.25
26	6E	6	3/3.5	2370		$5,000,000	2.7551%	2.0143%	$ 2,585.95	$ 317.94	$ 630.53	$ 2,903.89	$ 3,216.48

The accompanying notes should be read in conjunction with this Schedule

SCHEDULE A

40 MERCER STREET CONDOMINIUM
40 MERCER STREET
NEW YORK, NY

OFFERING PRICES AND RELATED INFORMATION

PROJECTED COMMON CHARGES AND REAL ESTATE TAXES ARE FOR
THE FIRST YEAR OF CONDOMINIUM OPERATION - SEPTEMBER 1, 2008 - AUGUST 31, 2007

(1) UNIT	(1) ALTERNATE UNIT DESIGNATION	(1) FLOOR DESIGNATION	(1) BEDROOMS/ BATHS	(2) APPROX UNIT SQUARE FOOTAGE	(2) APPROX TERRACE SQUARE FOOTAGE	(3) OFFERING PRICE	(4) RESIDENTIAL COMMON INTEREST	(4) COMMON INTEREST	(5) PROJECTED MONTHLY COMMON CHARGES	(6) PROJECTED MONTHLY RE TAXES ASSUMING PARTIAL EXEMPTION UNDER 421-a	(6) PROJECTED MONTHLY RE TAXES ASSUMING NO PARTIAL EXEMPTION UNDER 421-a	(7) PROJECTED MONTHLY TOTAL CARRYING CHARGES WITH PARTIAL EXEMPTION UNDER 421-a	(7) PROJECTED MONTHLY TOTAL CARRYING CHARGES WITH NO PARTIAL EXEMPTION UNDER 421-a
27	6F	8	2/2	1415		$3,300,000	1.6449%	1.2026%	$ 1,543.93	$ 189.83	$ 376.46	$ 1,733.76	$ 1,920.39
28	6G	6	2/2.5	1635		$2,745,000	1.9007%	1.3896%	$ 1,783.98	$ 219.34	$ 434.99	$ 2,003.31	$ 2,218.96
29 (D)(T)	7W	7	4/4.5	4139	1227	$12,500,000	5.0968%	3.7264%	$ 4,516.13	$ 588.18	$ 1,166.45	$ 5,104.31	$ 5,682.58
30 (T)	7E	7	3/3.5	3006	1598	$9,750,000	3.8659%	2.8265%	$ 3,279.90	$ 446.14	$ 884.76	$ 3,726.03	$ 4,164.66
31	8E	8	2/2.5	2206		$5,300,000	2.5644%	1.8749%	$ 2,407.00	$ 295.94	$ 586.90	$ 2,702.94	$ 2,993.90
32	9W	9	3/3.5	2706		$6,700,000	3.1457%	2.2999%	$ 2,952.56	$ 363.02	$ 719.92	$ 3,315.58	$ 3,672.48
33	9E	9	2/2.5	2206		$5,400,000	2.5644%	1.8749%	$ 2,407.00	$ 295.94	$ 586.90	$ 2,702.94	$ 2,993.90
34	10W	10	3/3.5	2706		$6,800,000	3.1457%	2.2999%	$ 2,952.56	$ 363.02	$ 719.92	$ 3,315.58	$ 3,672.48
35	10E	10	2/2.5	2206		$5,500,000	2.5644%	1.8749%	$ 2,407.00	$ 295.94	$ 586.90	$ 2,702.94	$ 2,993.90
36	11W	11	3/3.5	2706		$6,900,000	3.1457%	2.2999%	$ 2,952.56	$ 363.02	$ 719.92	$ 3,315.58	$ 3,672.48
37	11E	11	2/2.5	2206		$5,600,000	2.5644%	1.8749%	$ 2,407.00	$ 295.94	$ 586.90	$ 2,702.94	$ 2,993.90
38	12W	12	3/3.5	2706		$7,000,000	3.1457%	2.2999%	$ 2,952.56	$ 363.02	$ 719.92	$ 3,315.58	$ 3,672.48
39	12E	12	2/2.5	2206		$5,775,000	2.5644%	1.8749%	$ 2,407.00	$ 295.94	$ 586.90	$ 2,702.94	$ 2,993.90
40	14W	14	3/3.5	2706		$7,100,000	3.1457%	2.2999%	$ 2,952.56	$ 363.02	$ 719.92	$ 3,315.58	$ 3,672.48
PH1(D)(T)	PH1	14	4/4.5	3515	100	$12,250,000	4.1094%	3.0044%	$ 3,835.27	$ 474.23	$ 940.47	$ 4,309.50	$ 4,775.75
PH2 (T)	PH2	15	2/2.5	2114	485	$7,900,000	2.5702%	1.8792%	$ 2,308.82	$ 296.61	$ 588.23	$ 2,603.23	$ 2,894.85
RESIDENTIAL TOTAL				85321	3510	$ 201,690,000	100%	73.1121%	$ 92,203.72	$ 11,540.17	$ 22,886.08	$ 103,743.88	$ 115,089.80
A				2167		N/A	N/A	1.8470%	$ 230.77	N/A	N/A	N/A	N/A
B				1805		N/A	N/A	1.5385%	$ 192.22	N/A	N/A	N/A	N/A
C				1492		N/A	N/A	1.2717%	$ 158.88	N/A	N/A	N/A	N/A
D				2395		N/A	N/A	2.0413%	$ 255.05	N/A	N/A	N/A	N/A
E				1641		N/A	N/A	1.3987%	$ 174.75	N/A	N/A	N/A	N/A
RETAIL TOTAL				9500		N/A	N/A	8.0972%	$ 1,011.67	N/A	N/A	N/A	N/A
GARAGE				22046		N/A	N/A	18.7907%	$ 1,011.67	N/A	N/A	N/A	N/A
GRAND TOTAL				116867	3510	$ 201,690,000	100%	100%	$ 94,227.05	$ 11,540.17	$ 22,886.08	$ 103,743.88	$ 115,089.80

The Symbols used in the Schedule A have the following meaning:

RM denotes Resident Manager's Unit

D denotes Duplex

T denotes Terrace

The accompanying notes should be read in conjunction with this Schedule

SCHEDULE A

40 MERCER STREET CONDOMINIUM
40 MERCER STREET
NEW YORK, NY

OFFERING PRICES AND RELATED INFORMATION

STORAGE BIN LICENSES:

UNIT NUMBER	SQ..FOOTAGE	AMOUNT
1	78	$ 35,000
2	83	$ 35,000
3	41	$ 20,000
4	32	$ 15,000
5	99	$ 40,000
6	32	$ 15,000
7	39	$ 20,000
8	89	$ 35,000
9	31	$ 15,000
10	31	$ 15,000
11	32	$ 15,000
12	41	$ 20,000
13	41	$ 20,000
14	32	$ 15,000
15	31	$ 15,000
16	31	$ 15,000
17	32	$ 15,000
18	32	$ 15,000
19	32	$ 15,000
20	32	$ 15,000
21	32	$ 15,000
22	32	$ 15,000
23	32	$ 15,000
24	38	$ 20,000

The accompanying notes should be readi in conjunction with this schedule.

SCHEDULE A

40 MERCER STREET CONDOMINIUM
40 MERCER STREET
NEW YORK, NY

OFFERING PRICES AND RELATED INFORMATION

STORAGE BIN LICENSES:

UNIT NUMBER	SQ. FOOTAGE	AMOUNT
25	46	$ 20,000
26	96	$ 40,000
27	49	$ 20,000
28	96	$ 40,000
TOTAL	1312	$ 590,000

PRIVATE TERRACE LICENSES:

UNIT	SQ. FOOTAGE	AMOUNT
TERRACE 1	558	$ 600,000
TERRACE 2	391	$ 400,000
TERRACE 3	374	$ 375,000
TERRACE 4	482	$ 550,000
TOTAL	1805	$ 1,925,000

The accompanying notes should be readi in conjunction with this schedule.

Notes to Schedule A

(1) Purchasers should refer to the Floor Plans included in Part II of the Plan for an approximation of the dimensions and typical layouts of the Residential Units. The number of bedrooms and bathrooms for each Residential Unit was determined by Sponsor's architect in accordance with industry practice for new construction condominiums and does not necessarily conform to the zoning room count or the method utilized by the Real Estate Board of New York. Each Residential Unit should be inspected to determine its actual dimensions, layout and physical condition prior to Closing.

(2) The square foot area and dimensions of the Residential Units listed in Schedule A or in the Declaration are approximate and may change due to field conditions, construction variances and tolerances and were obtained by using the method customarily used in New York City to measure condominium apartments. No such variation will affect a Purchaser's obligations under the Purchase Agreement or the Plan unless the square foot area of the Residential Unit is increased or decreased (excluding interior partitions) by more than 5%, thereby affording Purchaser a 15 day right to rescind. Sponsor's sole obligation if the net square foot area of the Residential Unit is so diminished shall be to refund the Deposit made under the Purchase Agreement and any interest earned thereon, except for funds expended by or reimbursed to Sponsor for upgrades or extras. Each Unit consists of the area measured horizontally from the exterior side of the exterior walls (columns, mechanical pipes, shafts, shaftways, chases, chaseways and conduits are not deducted from measurement of each Unit) to the centerline of the partitions separating one Unit from another Unit, or separating one Unit from corridors, stairs, elevators and other mechanical equipment spaces or any Common Elements not within a Unit or to the exterior side of the opposite exterior walls. Each Unit consists of the area measured vertically from the top of the floor (located under the finished flooring and sub-flooring materials) to the underside of the ceiling. As is customary in New York, these square foot areas exceed the usable floor area of each Residential Unit. The method of measurement is applicable to all Residential Units. Any Common Elements located within or appurtenant to any Residential Unit shall not be considered as part of that Residential Unit.

(3) The purchase prices and other terms of sale (as more fully set forth in the Section of the Plan entitled "Changes in Prices and Units") of Residential Units may be negotiated by Sponsor and, therefore, may be changed. Accordingly, Purchasers may pay different purchase prices for similar Residential Units. The effect of this, as well as the right of Sponsor to change purchase prices, is more particularly discussed in the Section entitled "Changes in Prices and Units." In addition to the payment of the purchase price, each Purchaser will be responsible for the payment of certain closing costs and expenses at the time of Closing, as explained in the Section entitled "Closing Costs and Adjustments." If Purchaser obtains a mortgage loan, Purchaser will be responsible for the payment of additional closing costs and expenses relating to such loan. There will be an apportionment of certain charges relating to the Residential Unit at the Closing. THESE PRICES HAVE BEEN SET BY SPONSOR AND ARE NOT SUBJECT TO REVIEW OR APPROVAL BY THE DEPARTMENT OF LAW OR ANY OTHER GOVERNMENT AGENCY.

(4) (a) The percentage interest of each Unit in the Common Elements is 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 the Units, but such proportion reflecting the substantially exclusive advantages enjoyed by one or more but not all Units in a part or parts of the Common Elements in accordance with subsection (ii) of the Real Property Law Section 339-i(1).

(b) The percentage interest of each Residential Unit in the Residential Common Elements is apportioned in the same proportion that the Residential Unit bears to the aggregate Common Interests of all the Residential Units in the Condominium.

(5) The estimated monthly Common Charges for each Unit are based on the Schedule B - First Year's Budget prepared by Sponsor's Condominium Budget Expert on the assumption that the first year of Condominium operation will be the year from September 1, 2006 through August 31, 2007. The actual first year of Condominium operation may be earlier or later than such year. In addition to these estimated payments, each Unit Owner will be responsible for real estate taxes on the Unit, mortgage payments under a loan, if any, obtained to finance the purchase of the Unit, the cost of electricity supplied to the Unit which will be separately metered and payable either directly to the utility company or to the Condominium Board for payment to the utility company, the cost of any insurance which the Unit Owner may wish to obtain for the Unit (and which Sponsor strongly urges each Unit Owner to obtain) and the cost of interior repairs and decorations to the Unit. See the Section of the Plan entitled "Schedule B-1 - Budget for Individual Energy Costs" concerning estimates of certain electric costs for the Units. All Unit Owners from and after the Closing, including Sponsor with respect to all Unsold Units, shall be responsible for payment of all Common Charge with respect to their Units.

It is presently anticipated that an application will be made to the New York State Public Service Commission in order to permit the Condominium Board to purchase electricity from Con Edison at a "bulk rate" (which may result in a savings to Unit Owners). In the event that such application is made, and subsequently granted, the Condominium Board will assess the cost of electricity provided to the Unit Owners. Each Unit will be billed by the Condominium Board for actual consumption on the basis of its submeter and the Condominium Board will, in turn, pay Con Edison. Alternatively, the cost of electricity supplied to each Unit will be separately metered and payable by the Unit Owner directly to Con Edison.

As discussed in the Section of the Plan entitled "Description of Property and Improvements" subsection "Services and Facilities," the full range of services and facilities described in the Plan including the courtyard, 7th floor common terrace and spa facility may not be provided until such time the Condominium is occupied by 75% of the Residential Unit Owners.

(6) Sponsor intends to apply for partial exemption from real estate taxes with respect to the Building pursuant to Section 421-a of the New York Real Property Tax Law. Under the Section 421-a program, the real estate tax estimate for the first year of Condominium operation will be based upon the taxable assessed valuation of the Property in the tax year prior to commencement of construction, which is commonly referred to as the "mini-tax." As construction shall commence subsequent to July 1, 2004, but prior to June 30, 2005, the "mini-tax" will be based upon the assessed valuation of the Property in the 2003/2004 fiscal year. The 2003/2004 actual assessed valuation of the Property was $1,755,000.00 and the transitional assessed valuation of the Property was $1,399,500.00. Therefore, for the period of construction as defined under Section 421-a, not to exceed 3 years, and for 2 years following completion, or 3 years of construction, which ever occurs first, the real estate taxes for the Property will be based upon the transitional assessed valuation of $1,399,500.00, payable at the tax rate then in effect in the year it is due. Purchasers should refer to the 421-a Real Estate Tax Exemption Benefits Opinion prepared by D'Agostino, Levine & Landesman, L.L.P., set forth in Part II of the Plan for further discussion regarding the 421-a program and the availability of such program to this project. The estimated tax is based on the assumption that the partial exemption will be in effect for the first year of Condominium operation, and that there will not be any change in the taxable status of the Property. No warranty or guarantee is made as to the amount of any tax exemption that will actually be received. In addition, no warranty or guarantee is made that the actual assessed valuation

or the assessed valuation for the Property if Section 421-a benefits are granted will be as projected above, that the projected tax rate will be in effect for all or any portion of the Property during the first year of Condominium operation or that the real estate taxes will be allocated among Units in proportion to their Common Interests or Schedule A purchase prices. In no event will Sponsor, Sponsor's counsel, the Selling Agent or any offeror be liable to any Purchaser, nor will any Purchaser have the right to rescind the Purchase Agreement, in the event Section 421-a benefits are not granted or, if granted, in the event the amount of such exemption and the resulting taxes differ from those projected.

If for any reason the Section 421-a partial real estate tax exemption is not granted, it is estimated that the aggregate real estate taxes payable with respect to all Residential Units for the first year of Condominium operation will total approximately $274,633.00, assuming (a) a transitional assessed valuation for the Property of $1,399,500.00 for the first 11 months of the first year of Condominium operation reflecting the land assessment for a partially constructed property and an assessed valuation for the Property of $11,763,761 for the last month of the first year of operation reflecting a partially constructed property based on the real estate tax projection opinion prepared by William Block P.C. dated December 17, 2004 set forth in Part II of the Plan, and (b) a tax rate of 11.79 per $100 of assessed valuation for the 2006/2007 tax year and a tax rate of 12.586 per $100 of assessed valuation for the 2007/2008 tax year. Purchasers should note that once the Building is assessed as being fully constructed, it is estimated that the real estate taxes will total approximately $1,480,579. This tax projection does not take into account any Section 421-a benefits that may be applicable to the Property at such time.

In arriving at the assessed valuation for each Unit in the Condominium, the Building is first assessed as an entity. This overall assessment is then apportioned among the respective Units, each of which will be assigned a tax lot designation once the Declaration has been recorded and the Floor Plans are filed with the Registers Office. For purposes of Schedule A, the projected real estate taxes for the Units were apportioned based in part upon the proportion the projected selling price presented in the Plan for each Unit bears to the gross sellout price for all Units available for purchase in the Condominium and in part upon extrinsic indicia of value, including location, square footage, amenities, income producing potential and existing leases on particular Units. There is no assurance that the City of New York tax assessor will allocate taxes among Units based on Schedule A purchase prices. It is possible that the apportionment will be based on Common Interest percentages. Although the estimate of New York City real estate taxes is a good faith estimate, it is not possible to estimate same with any degree of certainty. Assessed valuations, apportionment or taxes among the Units and tax rates, when actually established by the City of New York, may be lesser or greater. Accordingly, these estimates are to be considered opinions and are not intended, and should not be construed as, warranties as to future assessed valuations, tax rates or the actual real estate taxes to be assessed. In no event will Sponsor, its principals, sales agents, Sponsor's counsel or any other person be liable if the assessed valuations, tax rates or taxes, when actually established, are lesser or greater than that predicted herein or if the Administrative Code and the applicable rules and regulations of the City of New York are changed in the future.

In the opinion of Olshan Grundman Frome Rosenzweig & Wolosky LLP, a copy of which is set forth in Part II of the Plan, a Residential Unit Owner who uses the Residential Unit as a personal residence will, under present Law, for Federal, New York State and New York City income tax purposes, be entitled to a deduction for mortgage interest and real estate taxes in the year paid in the case of cash basis taxpayers or accrued in the case of other taxpayers, subject to certain exceptions and limitations which are more particularly discussed in the Attorney's Income Tax Opinion. Purchasers should note that deductions, if applicable, may vary in future years due to changes in the interest rate or the Residential Unit Owner's mortgage or from changes in the allocation of the constant debt service payments to interest and principal, or due to changes in real property taxes resulting from the expiration of real estate tax benefits, or from

changes in the assessed value, the tax rate or the method of assessing real property. (See the Section of the Plan entitled "Income Tax Deductions to Residential Unit Owners and Tax Status of the Condominium" for further details.)

At such time as the Units have been separately assessed for real estate tax purposes, each Unit will be taxed as a separate tax lot for real estate tax purposes and a Unit Owner will not be responsible for the payment of, nor will the Unit be subjected to any lien arising from the non-payment of real estate taxes assessed against other Units.

(7) These figures represent the aggregate estimated monthly carrying charges which include estimated Common Charges and estimated real estate taxes. Reference should be made to note (5) of these Notes for certain other "home ownership" costs that may be incurred by Residential Unit Owners.

A Purchaser of a Residential Unit will be required to make a contribution at the Closing of Title to the Working Capital Fund in an amount equal to 2 months' Common Charges assessed against the Residential Unit. (See the Section of the Plan entitled "Working Capital Fund and Apportionments" for further details.)

(8) Purchasers should note that deductions, if applicable, may vary in future years due to changes in the interest rate or the Residential Unit Owner's mortgage or from changes in the allocation of the constant debt service payments to interest and principal, or due to changes in real property taxes resulting from the expiration of real estate tax benefits, or from changes in the assessed value, the tax rate or the method of assessing real property. Sponsor makes no guaranty or warranty concerning the availability of any tax deductions.

NINTH AMENDMENT

TO

CONDOMINIUM OFFERING PLAN

40 MERCER STREET CONDOMINIUM

40 MERCER STREET
NEW YORK, NEW YORK 10013

SPONSOR

WXIV/Broadway Grand Realty, L.L.C.
885 Third Avenue
New York, New York 10022

SELLING AGENT

The Sunshine Group, Ltd.
41 East 57th Street
Gallery 500
New York, New York 10022
(212) 750-0500

DATED: OCTOBER 25, 2005

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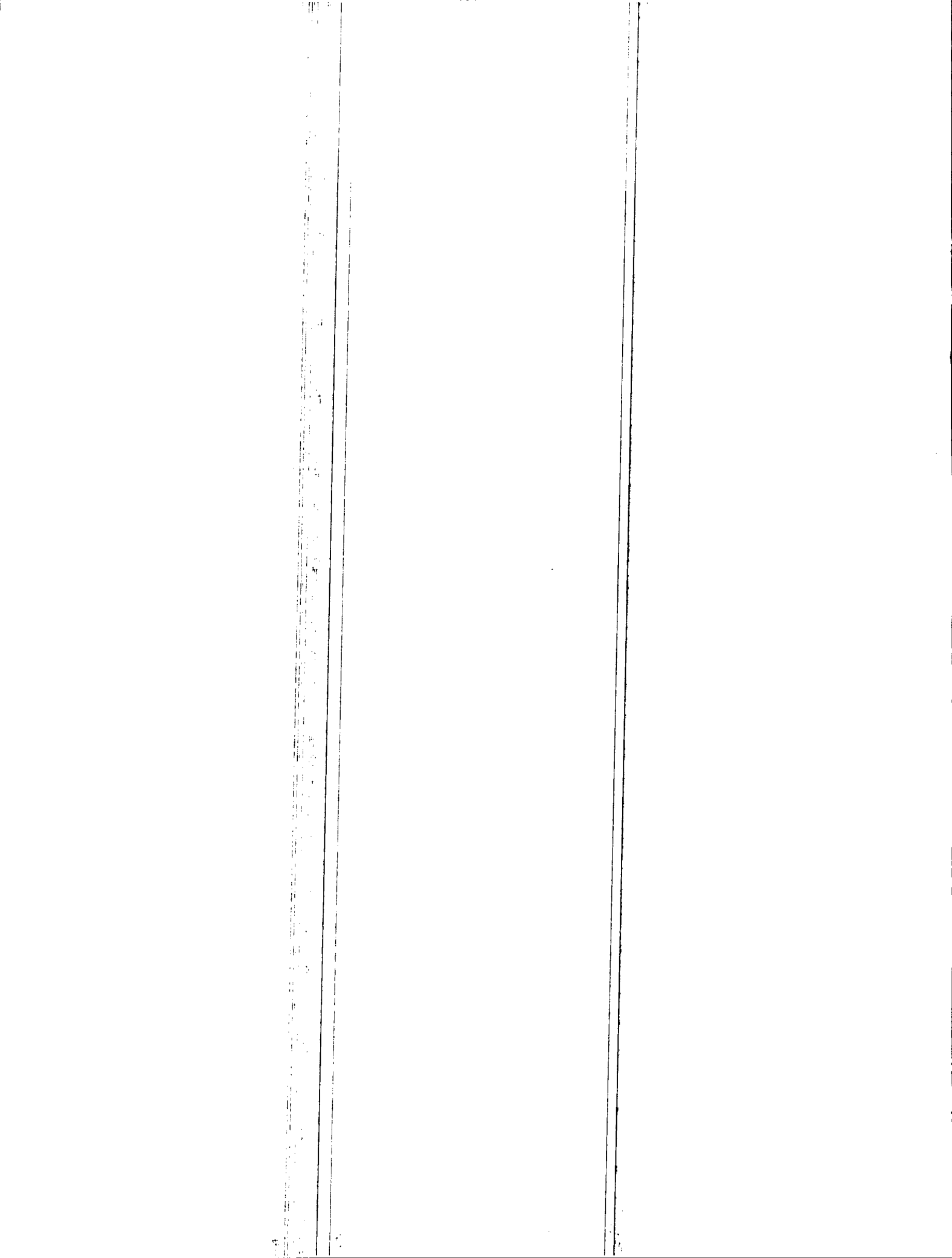
5.	NO EXTENSION OF PLAN	1

Exhibit

A - Schedule of Purchase Prices and Related Information



NINTH AMENDMENT

TO

CONDOMINIUM OFFERING PLAN

INTRODUCTION

This Ninth Amendment modifies and supplements the terms of the Condominium Offering Plan for the premises known as 40 Mercer Street Condominium ("Condominium") located at 40 Mercer Street, New York, New York dated August 16, 2005, ("Plan"), as previously amended by the First Amendment through the Eighth Amendment thereto, and should be read in conjunction with the Plan, as previously amended.

The terms of this Ninth Amendment are as follows:

1. PRICE CHANGES

Annexed to this Amendment as Exhibit "A" is a revised Section of the Plan entitled "Schedule A – Purchase Prices and Related Information" which reflects the current purchase prices for the Units, Storage Bins and Private Terraces being offered for sale.

2. DEFINITIONS

Any term used in this Amendment not otherwise defined herein shall have the same meaning ascribed to it in the Plan.

3. NO MATERIAL CHANGES

Except as set forth in this Amendment, there have been no material changes of facts or circumstances affecting the Property or the offering.

4. INCORPORATION OF PLAN

The Plan, as modified and supplemented by this Amendment, is incorporated herein by reference with the same effect as if set forth at length.

5. NO EXTENSION OF PLAN

Since this Amendment is limited solely to price changes, this Amendment does not extend the Plan.

SPONSOR:
WXIV/BROADWAY GRAND REALTY, LLC

EXHIBIT 'A'

SCHEDULE OF PURCHASE PRICES OF UNITS AND RELATED INFORMATION

SCHEDULE A

40 MERCER STREET CONDOMINIUM
40 MERCER STREET
NEW YORK, NY

OFFERING PRICES AND RELATED INFORMATION

PROJECTED COMMON CHARGES AND REAL ESTATE TAXES ARE FOR
THE FIRST YEAR OF CONDOMINIUM OPERATION - SEPTEMBER 1, 2006 - AUGUST 31, 2007

(1) UNIT	(1) FLOOR DESIGNATION	(1) BEDROOMS/ BATHS	(2) APPROX UNIT SQUARE FOOTAGE	(2) APPROX TERRACE SQUARE FOOTAGE	(3) OFFERING PRICE	(4) RESIDENTIAL COMMON INTEREST	(4) COMMON INTEREST	(5) PROJECTED MONTHLY COMMON CHARGES	(6) PROJECTED MONTHLY RE TAXES ASSUMING PARTIAL EXEMPTION UNDER 421-a	(6) PROJECTED MONTHLY RE TAXES ASSUMING NO PARTIAL EXEMPTION UNDER 421-a	(7) PROJECTED MONTHLY TOTAL CARRYING CHARGES WITH PARTIAL EXEMPTION UNDER 421-a	(7) PROJECTED MONTHLY TOTAL CARRYING CHARGES WITH NO PARTIAL EXEMPTION UNDER 421-a
1	3	2/2	1649		$3,500,000	1.9169%	1.4015%	$ 1,799.25	$ 221.22	$ 438.71	$ 2,020.47	$ 2,237.96
2	3	3/3.5	2476		$4,500,000	2.8783%	2.1044%	$ 2,701.60	$ 332.16	$ 658.73	$ 3,033.77	$ 3,360.33
3	3	1/1.5	1222		$2,250,000	1.4206%	1.0386%	$ 1,333.34	$ 163.93	$ 325.11	$ 1,497.28	$ 1,658.45
4	3	2/2.5	1843		$3,775,000	2.1425%	1.5664%	$ 2,010.93	$ 247.24	$ 490.32	$ 2,258.17	$ 2,501.25
5	3	3/3.5	2370		$4,350,000	2.7551%	2.0143%	$ 2,585.95	$ 317.94	$ 630.53	$ 2,903.89	$ 3,216.48
6	3	2/2	1415	100	$3,050,000	1.6682%	1.2196%	$ 1,543.93	$ 192.51	$ 381.78	$ 1,736.44	$ 1,925.71
7	4	2/2	1649		$3,600,000	1.9169%	1.4015%	$ 1,799.25	$ 221.22	$ 438.71	$ 2,020.47	$ 2,237.96
8	4	3/3.5	2476		$4,700,000	2.8783%	2.1044%	$ 2,701.60	$ 332.16	$ 658.73	$ 3,033.77	$ 3,360.33
9	4	1/1.5	1222		$2,350,000	1.4206%	1.0386%	$ 1,333.34	$ 163.93	$ 325.11	$ 1,497.28	$ 1,658.45
10	4	2/2.5	1843		$3,900,000	2.1425%	1.5664%	$ 2,010.93	$ 247.24	$ 490.32	$ 2,258.17	$ 2,501.25
11	4	3/3.5	2370		$4,500,000	2.7551%	2.0143%	$ 2,585.95	$ 317.94	$ 630.53	$ 2,903.89	$ 3,216.48
12	4	2/2	1415		$2,775,000	1.6449%	1.2026%	$ 1,543.93	$ 189.83	$ 376.46	$ 1,733.76	$ 1,920.39
14 (RM)	4	2/1	817		$850,000	0.9497%	0.6944%	$ -	$ 109.60	$ 217.36	$ 109.60	$ 217.36
15	5	2/2	1649		$3,800,000	1.9169%	1.4015%	$ 1,799.25	$ 221.22	$ 438.71	$ 2,020.47	$ 2,237.96
16	5	3/3.5	2476		$4,950,000	2.8783%	2.1044%	$ 2,701.60	$ 332.16	$ 658.73	$ 3,033.77	$ 3,360.33
17	5	1/1.5	1222		$2,500,000	1.4206%	1.0386%	$ 1,333.34	$ 163.93	$ 325.11	$ 1,497.28	$ 1,658.45
18	5	2/2.5	1843		$4,050,000	2.1425%	1.5664%	$ 2,010.93	$ 247.24	$ 490.32	$ 2,258.17	$ 2,501.25
19	5	3/3.5	2370		$4,700,000	2.7551%	2.0143%	$ 2,585.95	$ 317.94	$ 630.53	$ 2,903.89	$ 3,216.48
20	5	2/2	1415		$2,900,000	1.6449%	1.2026%	$ 1,543.93	$ 189.83	$ 376.46	$ 1,733.76	$ 1,920.39
21	5	2/2.5	1635		$2,595,000	1.9007%	1.3896%	$ 1,783.98	$ 219.34	$ 434.99	$ 2,003.31	$ 2,218.96
22	6	2/2	1649		$3,925,000	1.9169%	1.4015%	$ 1,799.25	$ 221.22	$ 438.71	$ 2,020.47	$ 2,237.96
23	6	3/3.5	2476		$5,200,000	2.8783%	2.1044%	$ 2,701.60	$ 332.16	$ 658.73	$ 3,033.77	$ 3,360.33
24	6	1/1.5	1222		$2,700,000	1.4206%	1.0386%	$ 1,333.34	$ 163.93	$ 325.11	$ 1,497.28	$ 1,658.45
25	6	2/2.5	1843		$4,350,000	2.1425%	1.5664%	$ 2,010.93	$ 247.24	$ 490.32	$ 2,258.17	$ 2,501.25
26	6	3/3.5	2370		$5,000,000	2.7551%	2.0143%	$ 2,585.95	$ 317.94	$ 630.53	$ 2,903.89	$ 3,216.48

The accompanying notes should be read in conjunction with this Schedule

SCHEDULE A

40 MERCER STREET CONDOMINIUM
40 MERCER STREET
NEW YORK, NY

OFFERING PRICES AND RELATED INFORMATION

PROJECTED COMMON CHARGES AND REAL ESTATE TAXES ARE FOR
THE FIRST YEAR OF CONDOMINIUM OPERATION - SEPTEMBER 1, 2006 - AUGUST 31, 2007

(1) UNIT	(1) FLOOR DESIGNATION	(1) BEDROOMS/ BATHS	(2) APPRDX UNIT SQUARE FOOTAGE	(2) APPROX TERRACE SQUARE FOOTAGE	(3) OFFERING PRICE	(4) RESIDENTIAL COMMON INTEREST	(4) COMMON INTEREST	(5) PROJECTED MONTHLY COMMON CHARGES	(6) PROJECTED MONTHLY RE TAXES ASSUMING PARTIAL EXEMPTION UNDER 421-a	(6) PROJECTED MONTHLY RE TAXES ASSUMING NO PARTIAL EXEMPTION UNDER 421-a	(7) PROJECTED MONTHLY TOTAL CARRYING CHARGES WITH PARTIAL EXEMPTION UNDER 421-a	(7) PROJECTED MONTHLY TOTAL CARRYING CHARGES WITH NO PARTIAL EXEMPTION UNDER 421-a
27	6	2/2	1415		$3,100,000	1.6449%	1.2026%	$ 1,543.93	$ 189.83	$ 376.46	$ 1,733.76	$ 1,920.39
28	6	2/2.5	1635		$2,745,000	1.9007%	1.3896%	$ 1,783.98	$ 219.34	$ 434.99	$ 2,003.31	$ 2,218.96
29 (D)(T)	7	4/4.5	4139	1227	$12,500,000	5.0968%	3.7264%	$ 4,516.13	$ 588.18	$ 1,166.45	$ 5,104.31	$ 5,682.58
30 (T)	7	3/3.5	3006	1598	$9,750,000	3.8659%	2.8265%	$ 3,279.90	$ 446.14	$ 884.76	$ 3,726.03	$ 4,164.66
31	8	2/2.5	2206		$5,150,000	2.5644%	1.8749%	$ 2,407.00	$ 295.94	$ 586.90	$ 2,702.94	$ 2,993.90
32	9	3/3.5	2706		$6,700,000	3.1457%	2.2999%	$ 2,952.56	$ 363.02	$ 719.92	$ 3,315.58	$ 3,672.48
33	9	2/2.5	2206		$5,200,000	2.5644%	1.8749%	$ 2,407.00	$ 295.94	$ 586.90	$ 2,702.94	$ 2,993.90
34	10	3/3.5	2706		$6,800,000	3.1457%	2.2999%	$ 2,952.56	$ 363.02	$ 719.92	$ 3,315.58	$ 3,672.48
35	10	2/2.5	2206		$5,300,000	2.5644%	1.8749%	$ 2,407.00	$ 295.94	$ 586.90	$ 2,702.94	$ 2,993.90
36	11	3/3.5	2706		$6,900,000	3.1457%	2.2999%	$ 2,952.56	$ 363.02	$ 719.92	$ 3,315.58	$ 3,672.48
37	11	2/2.5	2206		$5,500,000	2.5644%	1.8749%	$ 2,407.00	$ 295.94	$ 586.90	$ 2,702.94	$ 2,993.90
38	12	3/3.5	2706		$7,000,000	3.1457%	2.2999%	$ 2,952.56	$ 363.02	$ 719.92	$ 3,315.58	$ 3,672.48
39	12	2/2.5	2206		$5,675,000	2.5644%	1.8749%	$ 2,407.00	$ 295.94	$ 586.90	$ 2,702.94	$ 2,993.90
40	14	3/3.5	2706		$7,100,000	3.1457%	2.2999%	$ 2,952.56	$ 363.02	$ 719.92	$ 3,315.58	$ 3,672.48
PH1(D)(T)	14	4/4.5	3515	100	$12,250,000	4.1094%	3.0044%	$ 3,835.27	$ 474.23	$ 940.47	$ 4,309.50	$ 4,775.75
PH2 (T)	15	2/2.5	2114	485	$7,900,000	2.5702%	1.8792%	$ 2,306.62	$ 296.61	$ 588.23	$ 2,603.23	$ 2,894.85
RESIDENTIAL TOTAL			85321	3510	$ 200,340,000	100%	73.1121%	$ 92,203.72	$ 11,540.17	$ 22,886.08	$ 103,743.88	$ 115,089.80
A			2167		N/A	N/A	1.8470%	$ 230.77	N/A	N/A	N/A	N/A
B			1805		N/A	N/A	1.5385%	$ 192.22	N/A	N/A	N/A	N/A
C			1492		N/A	N/A	1.2717%	$ 158.88	N/A	N/A	N/A	N/A
D			2395		N/A	N/A	2.0413%	$ 255.05	N/A	N/A	N/A	N/A
E			1641		N/A	N/A	1.3987%	$ 174.75	N/A	N/A	N/A	N/A
RETAIL TOTAL			9500		N/A	N/A	8.0972%	$ 1,011.67	N/A	N/A	N/A	N/A
GARAGE			22046		N/A	N/A	18.7907%	$ 1,011.67	N/A	N/A	N/A	N/A
GRAND TOTAL			116867	3510	$ 200,340,000	100%	100%	$ 94,227.05	$ 11,540.17	$ 22,886.08	$ 103,743.88	$ 115,089.80

The Symbols used in the Schedule A have the following meaning:

RM denotes Resident Manager's Unit

D denotes Duplex

T denotes Terrace

The accompanying notes should be read in conjunction with this Schedule

SCHEDULE A

40 MERCER STREET CONDOMINIUM
40 MERCER STREET
NEW YORK, NY

OFFERING PRICES AND RELATED INFORMATION

STORAGE BIN LICENSES:

UNIT NUMBER	SQ. FOOTAGE	AMOUNT
1	78	$ 35,000
2	83	$ 35,000
3	41	$ 20,000
4	32	$ 15,000
5	99	$ 40,000
6	32	$ 15,000
7	39	$ 20,000
8	89	$ 35,000
9	31	$ 15,000
10	31	$ 15,000
11	32	$ 15,000
12	41	$ 20,000
13	41	$ 20,000
14	32	$ 15,000
15	31	$ 15,000
16	31	$ 15,000
17	32	$ 15,000
18	32	$ 15,000
19	32	$ 15,000
20	32	$ 15,000
21	32	$ 15,000
22	32	$ 15,000
23	32	$ 15,000
24	38	$ 20,000

The accompanying notes should be readi in conjunction with this schedule.

SCHEDULE A

40 MERCER STREET CONDOMINIUM
40 MERCER STREET
NEW YORK, NY

OFFERING PRICES AND RELATED INFORMATION

STORAGE BIN LICENSES:

UNIT NUMBER	SQ. FOOTAGE	AMOUNT
25	46	$ 20,000
26	96	$ 40,000
27	49	$ 20,000
28	96	$ 40,000
TOTAL	1312	$ 590,000

PRIVATE TERRACE LICENSES:

UNIT	SQ. FOOTAGE	AMOUNT
TERRACE 1	558	$ 600,000
TERRACE 2	391	$ 400,000
TERRACE 3	374	$ 375,000
TERRACE 4	482	$ 550,000
TOTAL	1805	$ 1,925,000

The accompanying notes should be readi in conjunction with this schedule.

Notes to Schedule A

(1) Purchasers should refer to the Floor Plans included in Part II of the Plan for an approximation of the dimensions and typical layouts of the Residential Units. The number of bedrooms and bathrooms for each Residential Unit was determined by Sponsor's architect in accordance with industry practice for new construction condominiums and does not necessarily conform to the zoning room count or the method utilized by the Real Estate Board of New York. Each Residential Unit should be inspected to determine its actual dimensions, layout and physical condition prior to Closing.

(2) The square foot area and dimensions of the Residential Units listed in Schedule A or in the Declaration are approximate and may change due to field conditions, construction variances and tolerances and were obtained by using the method customarily used in New York City to measure condominium apartments. No such variation will affect a Purchaser's obligations under the Purchase Agreement or the Plan unless the square foot area of the Residential Unit is increased or decreased (excluding interior partitions) by more than 5%, thereby affording Purchaser a 15 day right to rescind. Sponsor's sole obligation if the net square foot area of the Residential Unit is so diminished shall be to refund the Deposit made under the Purchase Agreement and any interest earned thereon, except for funds expended by or reimbursed to Sponsor for upgrades or extras. Each Unit consists of the area measured horizontally from the exterior side of the exterior walls (columns, mechanical pipes, shafts, shaftways, chases, chaseways and conduits are not deducted from measurement of each Unit) to the centerline of the partitions separating one Unit from another Unit, or separating one Unit from corridors, stairs, elevators and other mechanical equipment spaces or any Common Elements not within a Unit or to the exterior side of the opposite exterior walls. Each Unit consists of the area measured vertically from the top of the floor (located under the finished flooring and sub-flooring materials) to the underside of the ceiling. As is customary in New York, these square foot areas exceed the usable floor area of each Residential Unit. The method of measurement is applicable to all Residential Units. Any Common Elements located within or appurtenant to any Residential Unit shall not be considered as part of that Residential Unit.

(3) The purchase prices and other terms of sale (as more fully set forth in the Section of the Plan entitled "Changes in Prices and Units") of Residential Units may be negotiated by Sponsor and, therefore, may be changed. Accordingly, Purchasers may pay different purchase prices for similar Residential Units. The effect of this, as well as the right of Sponsor to change purchase prices, is more particularly discussed in the Section entitled "Changes in Prices and Units." In addition to the payment of the purchase price, each Purchaser will be responsible for the payment of certain closing costs and expenses at the time of Closing, as explained in the Section entitled "Closing Costs and Adjustments." If Purchaser obtains a mortgage loan, Purchaser will be responsible for the payment of additional closing costs and expenses relating to such loan. There will be an apportionment of certain charges relating to the Residential Unit at the Closing. THESE PRICES HAVE BEEN SET BY SPONSOR AND ARE NOT SUBJECT TO REVIEW OR APPROVAL BY THE DEPARTMENT OF LAW OR ANY OTHER GOVERNMENT AGENCY.

(4) (a) The percentage interest of each Unit in the Common Elements is 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 the Units, but such proportion reflecting the substantially exclusive advantages enjoyed by one or more but not all Units in a part or parts of the Common Elements in accordance with subsection (ii) of the Real Property Law Section 339-i(1).

(b) The percentage interest of each Residential Unit in the Residential Common Elements is apportioned in the same proportion that the Residential Unit bears to the aggregate Common Interests of all the Residential Units in the Condominium.

(5) The estimated monthly Common Charges for each Unit are based on the Schedule B - First Year's Budget prepared by Sponsor's Condominium Budget Expert on the assumption that the first year of Condominium operation will be the year from September 1, 2006 through August 31, 2007. The actual first year of Condominium operation may be earlier or later than such year. In addition to these estimated payments, each Unit Owner will be responsible for real estate taxes on the Unit, mortgage payments under a loan, if any, obtained to finance the purchase of the Unit, the cost of electricity supplied to the Unit which will be separately metered and payable either directly to the utility company or to the Condominium Board for payment to the utility company, the cost of any insurance which the Unit Owner may wish to obtain for the Unit (and which Sponsor strongly urges each Unit Owner to obtain) and the cost of interior repairs and decorations to the Unit. See the Section of the Plan entitled "Schedule B-1 - Budget for Individual Energy Costs" concerning estimates of certain electric costs for the Units. All Unit Owners from and after the Closing, including Sponsor with respect to all Unsold Units, shall be responsible for payment of all Common Charge with respect to their Units.

It is presently anticipated that an application will be made to the New York State Public Service Commission in order to permit the Condominium Board to purchase electricity from Con Edison at a "bulk rate" (which may result in a savings to Unit Owners). In the event that such application is made, and subsequently granted, the Condominium Board will assess the cost of electricity provided to the Unit Owners. Each Unit will be billed by the Condominium Board for actual consumption on the basis of its submeter and the Condominium Board will, in turn, pay Con Edison. Alternatively, the cost of electricity supplied to each Unit will be separately metered and payable by the Unit Owner directly to Con Edison.

As discussed in the Section of the Plan entitled "Description of Property and Improvements" subsection "Services and Facilities," the full range of services and facilities described in the Plan including the courtyard, 7th floor common terrace and spa facility may not be provided until such time the Condominium is occupied by 75% of the Residential Unit Owners.

(6) Sponsor intends to apply for partial exemption from real estate taxes with respect to the Building pursuant to Section 421-a of the New York Real Property Tax Law. Under the Section 421-a program, the real estate tax estimate for the first year of Condominium operation will be based upon the taxable assessed valuation of the Property in the tax year prior to commencement of construction, which is commonly referred to as the "mini-tax." As construction shall commence subsequent to July 1, 2004, but prior to June 30, 2005, the "mini-tax" will be based upon the assessed valuation of the Property in the 2003/2004 fiscal year. The 2003/2004 actual assessed valuation of the Property was $1,755,000.00 and the transitional assessed valuation of the Property was $1,399,500.00. Therefore, for the period of construction as defined under Section 421-a, not to exceed 3 years, and for 2 years following completion, or 3 years of construction, which ever occurs first, the real estate taxes for the Property will be based upon the transitional assessed valuation of $1,399,500.00, payable at the tax rate then in effect in the year it is due. Purchasers should refer to the 421-a Real Estate Tax Exemption Benefits Opinion prepared by D'Agostino, Levine & Landesman, L.L.P., set forth in Part II of the Plan for further discussion regarding the 421-a program and the availability of such program to this project. The estimated tax is based on the assumption that the partial exemption will be in effect for the first year of Condominium operation, and that there will not be any change in the taxable status of the Property. No warranty or guarantee is made as to the amount of any tax exemption that will actually be received. In addition, no warranty or guarantee is made that the actual assessed valuation or the

or the assessed valuation for the Property if Section 421-a benefits are granted will be as projected above, that the projected tax rate will be in effect for all or any portion of the Property during the first year of Condominium operation or that the real estate taxes will be allocated among Units in proportion to their Common Interests or Schedule A purchase prices. In no event will Sponsor, Sponsor's counsel, the Selling Agent or any offeror be liable to any Purchaser, nor will any Purchaser have the right to rescind the Purchase Agreement, in the event Section 421-a benefits are not granted or, if granted, in the event the amount of such exemption and the resulting taxes differ from those projected.

If for any reason the Section 421-a partial real estate tax exemption is not granted, it is estimated that the aggregate real estate taxes payable with respect to all Residential Units for the first year of Condominium operation will total approximately $274,633.00, assuming (a) a transitional assessed valuation for the Property of $1,399,500.00 for the first 11 months of the first year of Condominium operation reflecting the land assessment for a partially constructed property and an assessed valuation for the Property of $11,763,761 for the last month of the first year of operation reflecting a partially constructed property based on the real estate tax projection opinion prepared by William Block P.C. dated December 17, 2004 set forth in Part II of the Plan, and (b) a tax rate of 11.79 per $100 of assessed valuation for the 2006/2007 tax year and a tax rate of 12.586 per $100 of assessed valuation for the 2007/2008 tax year. Purchasers should note that once the Building is assessed as being fully constructed, it is estimated that the real estate taxes will total approximately $1,480,579. This tax projection does not take into account any Section 421-a benefits that may be applicable to the Property at such time.

In arriving at the assessed valuation for each Unit in the Condominium, the Building is first assessed as an entity. This overall assessment is then apportioned among the respective Units, each of which will be assigned a tax lot designation once the Declaration has been recorded and the Floor Plans are filed with the Registers Office. For purposes of Schedule A, the projected real estate taxes for the Units were apportioned based in part upon the proportion the projected selling price presented in the Plan for each Unit bears to the gross sellout price for all Units available for purchase in the Condominium and in part upon extrinsic indicia of value, including location, square footage, amenities, income producing potential and existing leases on particular Units. There is no assurance that the City of New York tax assessor will allocate taxes among Units based on Schedule A purchase prices. It is possible that the apportionment will be based on Common Interest percentages. Although the estimate of New York City real estate taxes is a good faith estimate, it is not possible to estimate same with any degree of certainty. Assessed valuations, apportionment or taxes among the Units and tax rates, when actually established by the City of New York, may be lesser or greater. Accordingly, these estimates are to be considered opinions and are not intended, and should not be construed as, warranties as to future assessed valuations, tax rates or the actual real estate taxes to be assessed. In no event will Sponsor, its principals, sales agents, Sponsor's counsel or any other person be liable if the assessed valuations, tax rates or taxes, when actually established, are lesser or greater than that predicted herein or if the Administrative Code and the applicable rules and regulations of the City of New York are changed in the future.

In the opinion of Olshan Grundman Frome Rosenzweig & Wolosky LLP, a copy of which is set forth in Part II of the Plan, a Residential Unit Owner who uses the Residential Unit as a personal residence will, under present Law, for Federal, New York State and New York City income tax purposes, be entitled to a deduction for mortgage interest and real estate taxes in the year paid in the case of cash basis taxpayers or accrued in the case of other taxpayers, subject to certain exceptions and limitations which are more particularly discussed in the Attorney's Income Tax Opinion. Purchasers should note that deductions, if applicable, may vary in future years due to changes in the interest rate or the Residential Unit Owner's mortgage or from changes in the allocation of the constant debt service payments to interest and principal, or due to changes in real property taxes resulting from the expiration of real estate tax benefits, or from

changes in the assessed value, the tax rate or the method of assessing real property. (See the Section of the Plan entitled "Income Tax Deductions to Residential Unit Owners and Tax Status of the Condominium" for further details.)

At such time as the Units have been separately assessed for real estate tax purposes, each Unit will be taxed as a separate tax lot for real estate tax purposes and a Unit Owner will not be responsible for the payment of, nor will the Unit be subjected to any lien arising from the non-payment of real estate taxes assessed against other Units.

(7) These figures represent the aggregate estimated monthly carrying charges which include estimated Common Charges and estimated real estate taxes. Reference should be made to note (5) of these Notes for certain other "home ownership" costs that may be incurred by Residential Unit Owners.

A Purchaser of a Residential Unit will be required to make a contribution at the Closing of Title to the Working Capital Fund in an amount equal to 2 months' Common Charges assessed against the Residential Unit. (See the Section of the Plan entitled "Working Capital Fund and Apportionments" for further details.)

(8) Purchasers should note that deductions, if applicable, may vary in future years due to changes in the interest rate or the Residential Unit Owner's mortgage or from changes in the allocation of the constant debt service payments to interest and principal, or due to changes in real property taxes resulting from the expiration of real estate tax benefits, or from changes in the assessed value, the tax rate or the method of assessing real property. Sponsor makes no guaranty or warranty concerning the availability of any tax deductions.

EIGHTH AMENDMENT

TO

CONDOMINIUM OFFERING PLAN

40 MERCER STREET CONDOMINIUM

40 MERCER STREET
NEW YORK, NEW YORK 10013

SPONSOR

WXIV/Broadway Grand Realty, L.L.C.
885 Third Avenue
New York, New York 10022

SELLING AGENT

The Sunshine Group, Ltd.
41 East 57th Street
Gallery 500
New York, New York 10022
(212) 750-0500

Dated: October 24, 2005

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5. **INCORPORATION OF PLAN** 3
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7. **NO MATERIAL CHANGES** 3
8. **EXTENSION OF PLAN** 3

Exhibit

A - Updated Floor Plans

B - Schedule A – Purchase Prices and Related Information

C - Guaranty

D - Proposed Letter of Credit

EIGHTH AMENDMENT

TO

CONDOMINIUM OFFERING PLAN

INTRODUCTION

This Eighth Amendment modifies and supplements the terms of the Condominium Offering Plan for the premises known as the 40 Mercer Street Condominium ("Condominium") located at 40 Mercer Street, New York, New York ("Building"), dated August 16, 2005 ("Plan"), as amended by the First Amendment through the Seventh Amendment, and should be read in conjunction with the Plan, as previously amended.

The terms of this Eighth Amendment are as follows:

1. FLOOR PLANS

Sponsor has modified the configuration of the cellar floor of the Building, including, increasing the number of Storage Lockers offered for sale from 27 to 28 and adjusting the square footages of the Storage Lockers. In addition, the floor plans for the lower level of Unit 29 were inadvertently omitted from the Plan and the floor plans for Units 30, 32, 34, 36, 38 and 40 have been modified. Annexed hereto as Exhibit "A" is a copy of the updated cellar floor plan, the floor plan for the lower level of Unit 29 and the floor plan for Units 30, 32, 34, 36, 38 and 40.

2. UPDATED SCHEDULE A

Annexed hereto as Exhibit "B" is an updated section of the Plan entitled "Schedule A – Purchase Prices and Related Information".

3. BUSINESS ENTITY OR TRUST PURCHASERS

The section of the Plan entitled "Procedure to Purchase" is hereby amended by adding the following text:

> "Notwithstanding anything contained in the Plan or the Purchase Agreement to the contrary, if Purchaser is a business organization or trust, including, but not limited to, a corporation, partnership, limited liability company, or revocable or irrevocable trust, at the time of execution of a Purchase Agreement, Purchaser will be required to (a) make the full Deposit in an amount equal to 20% of the

Purchase Price, and (b) deliver a personal guaranty, executed by a principal or trustee of Purchaser, in a form to be provide by Sponsor."

Annexed hereto as Exhibit "C" is the form of Guaranty.

4. LETTER OF CREDIT SECURING DEPOSITS

Sponsor has elected to withdraw certain Deposits from the Escrow Account and secure such Deposits by delivering to Starr Associates LLP ("Escrow Agent") an irrevocable letter of credit ("Letter of Credit"), the anticipated terms of which are set forth below and a form of which is annexed hereto as Exhibit "D":

Amount of Letter of Credit:	$25,000,000.00
Maximum Amount of Deposits Available for Withdrawal	$20,000,000.00
Beneficiary:	Starr Associates LLP
Issuing Bank:	Union Bank of California
Expiration Date:	One (1) year after Date of Issuance

No Deposit will be withdrawn from the Escrow Account until the Letter of Credit is actually delivered to Escrow Agent. Sponsor reserves the right at any time and from time to time to increase or decrease the amount of the Letter of Credit, by a duly filed amendment to the Plan, provided, however, the Letter of Credit shall at no time be less than 125% of the aggregate of all Deposits, if any, withdrawn by Sponsor for use in construction, less any sums returned to Purchasers or otherwise disbursed in accordance with the Plan. Deposits will cease to earn interest upon withdrawal from the Escrow Account.

Sponsor shall renew the Letter of Credit in the event the closing of title to all Units for which Deposits have been released to Sponsor for use in construction has not occurred by the Expiration Date.

Escrow Agent, as the beneficiary of the Letter of Credit, acting as fiduciary for the benefit of Purchasers under the Plan whose funds were released from escrow, shall have the duty and the right to draw upon and collect the proceeds of the Letter of Credit, 10 business days after notice to Sponsor and Sponsor's failure or refusal to restore such funds to Escrow Agent, without the consent or despite the objection of Sponsor or the issuing bank, upon the following events or circumstances:

(a) timely rescission of a Purchase Agreement by a Purchaser pursuant to an offer of rescission contained in the Plan or an amendment to the Plan;

(b) acceptance for filing by the Department of Law of an amendment abandoning the Plan;

(c) a determination of the Attorney General or a order or judgment of a court of competent jurisdiction;

(d) failure by Sponsor to obtain a renewal or replacement Letter of Credit no later than 30 days prior to the expiration of the existing Letter of Credit;

(e) direction by Sponsor upon request of Purchaser; or

(f) notice of impending cancellation of the Letter of Credit has been given or received, or the issuing bank has filed a bankruptcy or insolvency petition or has been taken over by a federal or state authority, and no proper replacement of the Letter of Credit has been furnished.

PURCHASERS WILL EARN NO INTEREST ON DEPOSITS WHICH ARE DEPOSITED IN SPONSOR'S CONSTRUCTION FUND ACCOUNT (EXCEPT DURING SUCH PERIODS AS THE DEPOSITS ARE PLACED IN THE INTEREST BEARING PORTION OF THE MASTER ESCROW ACCOUNT).

5. INCORPORATION OF PLAN

The Plan, as modified and supplemented by this Amendment, is incorporated herein by reference with the same effect as if set forth at length.

6. DEFINITIONS

Any term used in this Amendment not otherwise defined herein shall have the same meaning ascribed to it in the Plan.

7. NO MATERIAL CHANGES

Except as set forth in this Amendment, there have been no material changes of facts or circumstances affecting the Property or the offering.

8. EXTENSION OF PLAN

This Amendment does not extend the Plan.

SPONSOR:

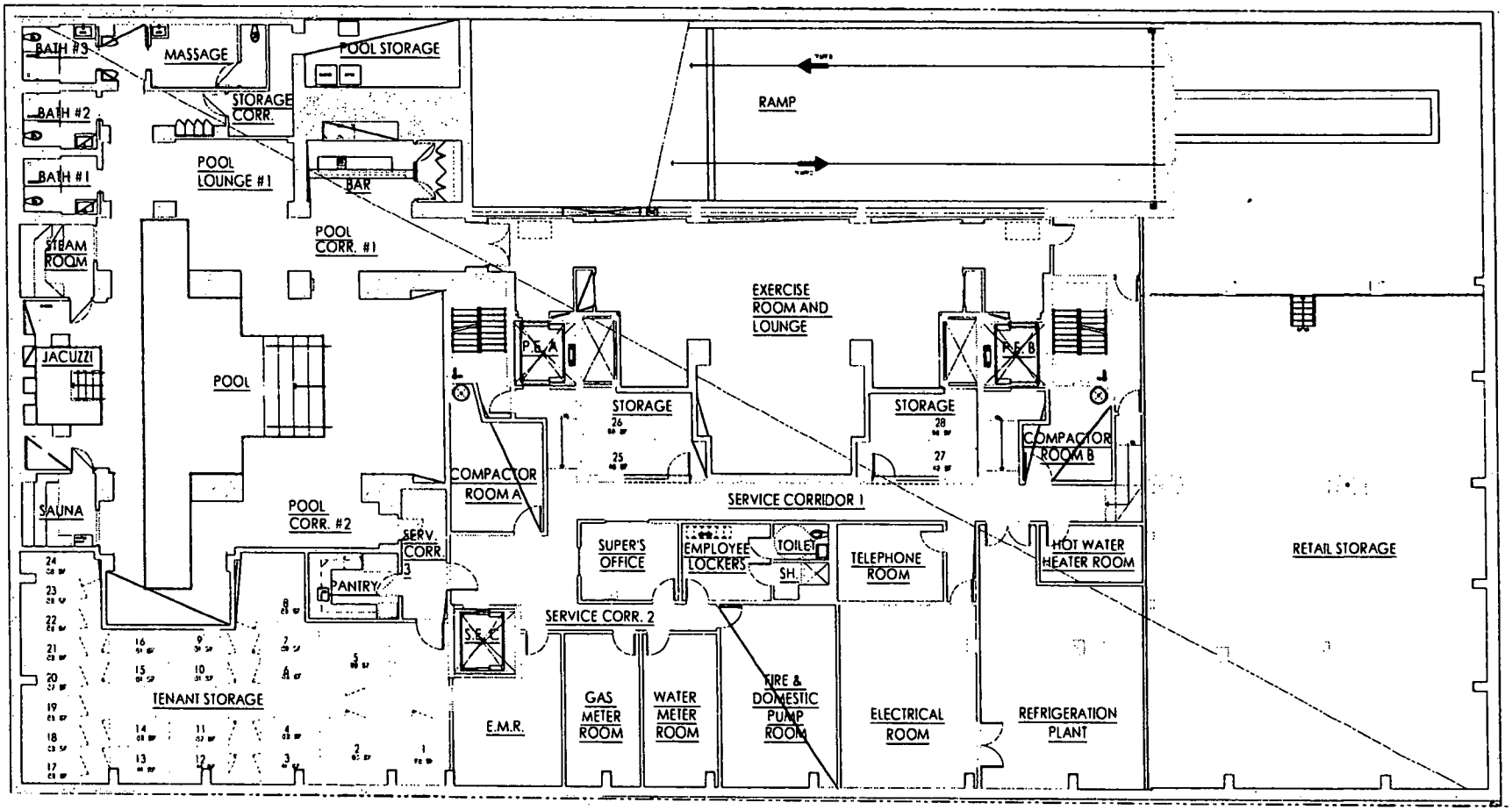
WXIV/BROADWAY GRAND REALTY, L.L.C.

EXHIBIT "A"

UPDATED FLOOR PLANS

Cellar Plan

40 Mercer Street
New York, NY



N

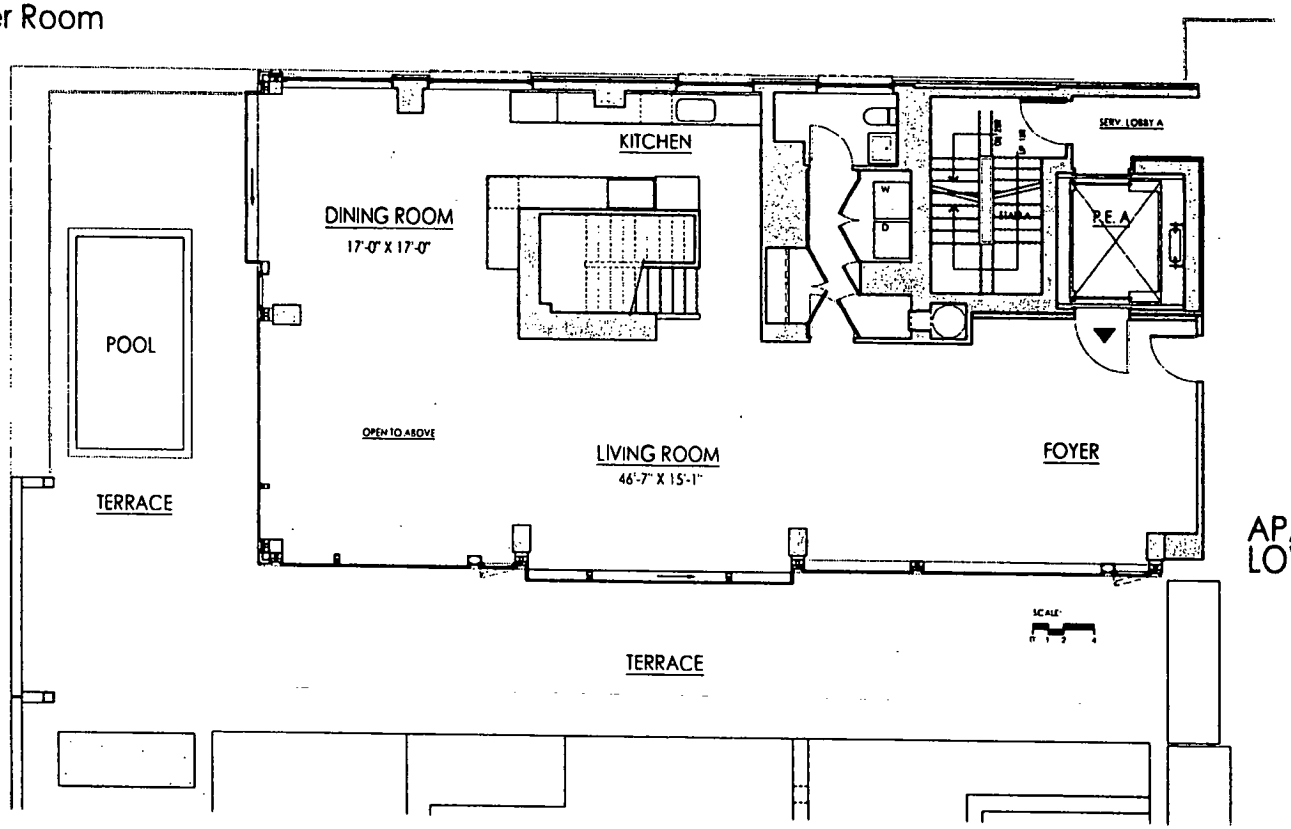
09-09-05

NOTE:
ALL DIMENSIONS ARE APPROXIMATE AND SUBJECT TO CONSTRUCTION VARIANCES.
PLANS AND DIMENSIONS MAY CONTAIN MINOR VARIATIONS FROM FLOOR TO FLOOR.

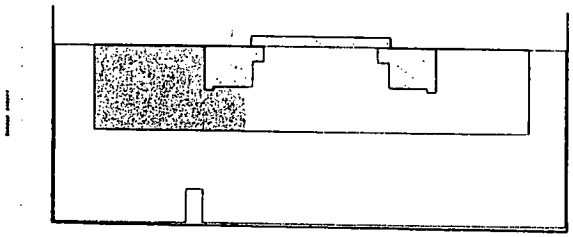
APARTMENT 29
FLOOR 7 & 8

DUPLEX APARTMENT
4 Bedrooms
4 Baths and Powder Room
Terrace
Family Room

40 Mercer Street
New York, NY



APARTMENT 29
LOWER LEVEL



KEY PLAN

N

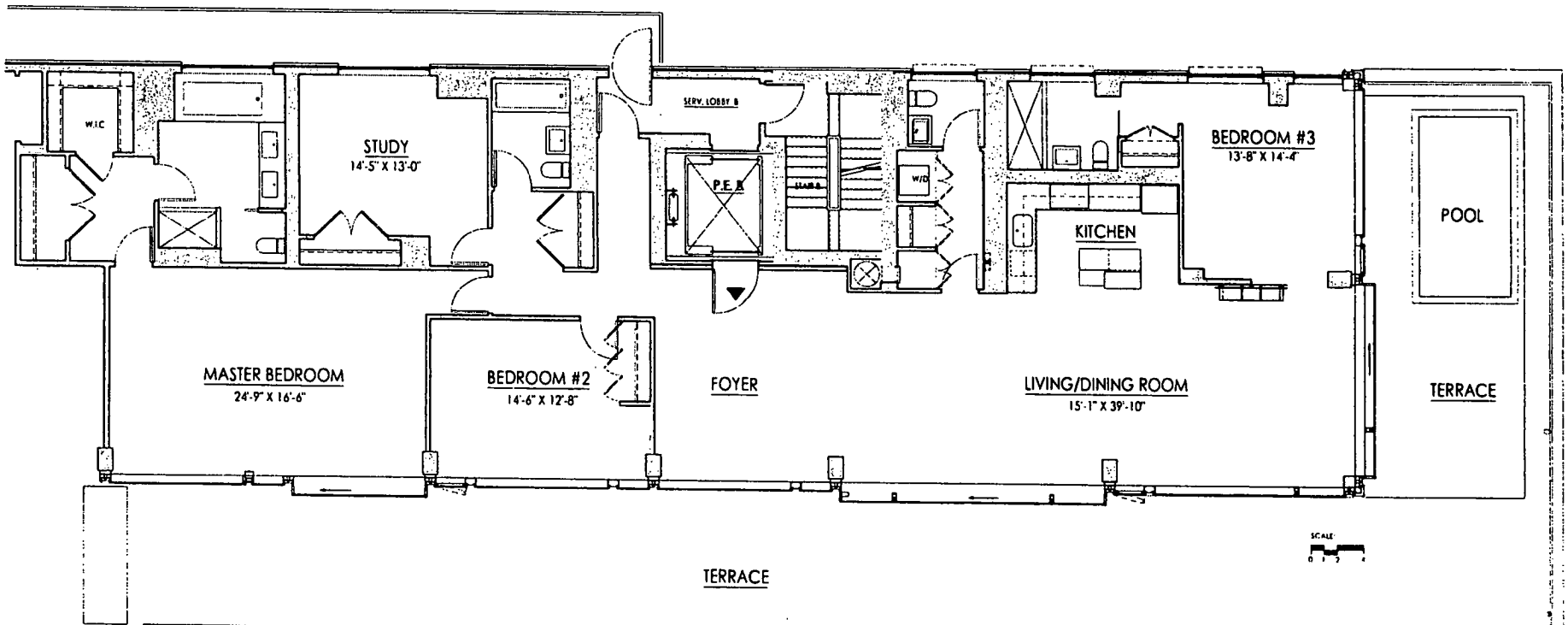
02-28-05

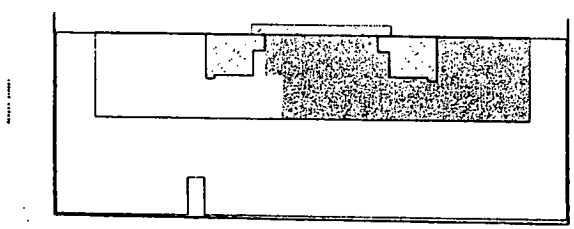
NOTE:
ALL DIMENSIONS ARE APPROXIMATE AND SUBJECT TO CONSTRUCTION VARIANCES.
PLANS AND DIMENSIONS MAY CONTAIN MINOR VARIATIONS FROM FLOOR TO FLOOR.

APARTMENT 30
FLOOR 7

40 Mercer Street
New York, NY

3 Bedrooms, Study
3 Baths and Powder Room
Terrace





KEY PLAN

N

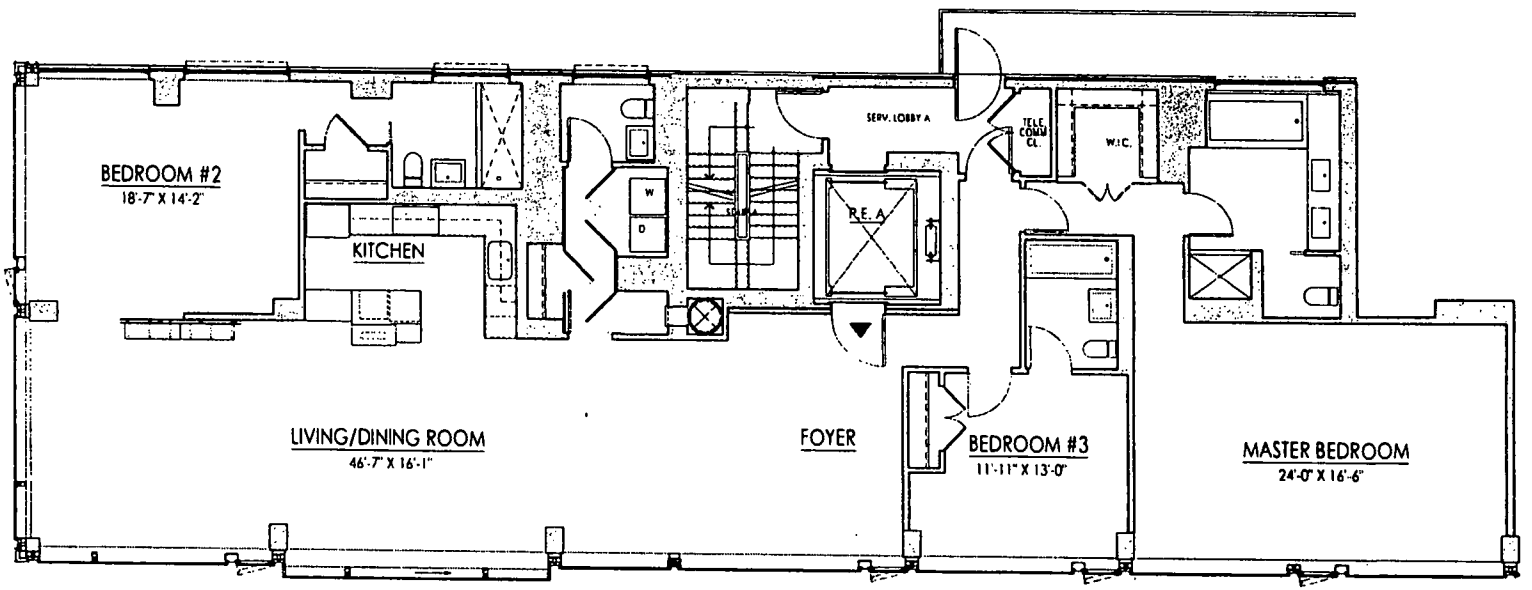
02-28-05

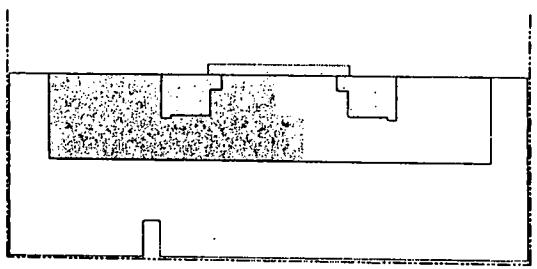
NOTE:
ALL DIMENSIONS ARE APPROXIMATE AND SUBJECT TO CONSTRUCTION VARIANCES.
PLANS AND DIMENSIONS MAY CONTAIN MINOR VARIATIONS FROM FLOOR TO FLOOR.

APARTMENTS 32, 34, 36, 38, 40
FLOORS 9,10,11, 12 &14

3 Bedrooms
3 Baths and Powder Room

40 Mercer Street
New York, NY





KEY PLAN

N

02-28-05

NOTE:
ALL DIMENSIONS ARE APPROXIMATE AND SUBJECT TO CONSTRUCTION VARIANCES.
PLANS AND DIMENSIONS MAY CONTAIN MINOR VARIATIONS FROM FLOOR TO FLOOR.

EXHIBIT "B"

SCHEDULE A – PURCHASE PRICES AND RELATED INFORMATION

SCHEDULE A

40 MERCER STREET CONDOMINIUM
40 MERCER STREET
NEW YORK, NY

OFFERING PRICES AND RELATED INFORMATION

PROJECTED COMMON CHARGES AND REAL ESTATE TAXES ARE FOR THE FIRST YEAR OF CONDOMINIUM OPERATION - SEPTEMBER 1, 2006 - AUGUST 31, 2007

(1) UNIT	(1) FLOOR DESIGNATION	(1) BEDROOMS/ BATHS	(2) APPROX UNIT SQUARE FOOTAGE	(2) APPROX TERRACE SQUARE FOOTAGE	(3) OFFERING PRICE	(4) RESIDENTIAL COMMON INTEREST	(4) COMMON INTEREST	(5) PROJECTED MONTHLY COMMON CHARGES	(6) PROJECTED MONTHLY RE TAXES ASSUMING PARTIAL EXEMPTION UNDER 421-a	(6) PROJECTED MONTHLY RE TAXES ASSUMING NO PARTIAL EXEMPTION UNDER 421-a	(7) PROJECTED MONTHLY TOTAL CARRYING CHARGES WITH PARTIAL EXEMPTION UNDER 421-a	(7) PROJECTED MONTHLY TOTAL CARRYING CHARGES WITH NO PARTIAL EXEMPTION UNDER 421-a
1	3	2/2	1649		$3,500,000	1.9169%	1.4015%	$ 1,799.25	$ 221.22	$ 438.71	$ 2,020.47	$ 2,237.96
2	3	3/3.5	2476		$4,500,000	2.8783%	2.1044%	$ 2,701.60	$ 332.16	$ 658.73	$ 3,033.77	$ 3,360.33
3	3	1/1.5	1222		$2,250,000	1.4206%	1.0386%	$ 1,333.34	$ 163.93	$ 325.11	$ 1,497.28	$ 1,658.45
4	3	2/2.5	1843		$3,775,000	2.1425%	1.5664%	$ 2,010.93	$ 247.24	$ 490.32	$ 2,258.17	$ 2,501.25
5	3	3/3.5	2370		$4,350,000	2.7551%	2.0143%	$ 2,585.95	$ 317.94	$ 630.53	$ 2,903.89	$ 3,216.48
6	3	2/2	1415	100	$3,050,000	1.6682%	1.2196%	$ 1,543.93	$ 192.51	$ 381.78	$ 1,736.44	$ 1,925.71
7	4	2/2	1649		$3,600,000	1.9169%	1.4015%	$ 1,799.25	$ 221.22	$ 438.71	$ 2,020.47	$ 2,237.96
8	4	3/3.5	2476		$4,700,000	2.8783%	2.1044%	$ 2,701.60	$ 332.16	$ 658.73	$ 3,033.77	$ 3,360.33
9	4	1/1.5	1222		$2,350,000	1.4206%	1.0386%	$ 1,333.34	$ 163.93	$ 325.11	$ 1,497.28	$ 1,658.45
10	4	2/2.5	1843		$3,900,000	2.1425%	1.5664%	$ 2,010.93	$ 247.24	$ 490.32	$ 2,258.17	$ 2,501.25
11	4	3/3.5	2370		$4,500,000	2.7551%	2.0143%	$ 2,585.95	$ 317.94	$ 630.53	$ 2,903.89	$ 3,216.48
12	4	2/2	1415		$2,775,000	1.6449%	1.2026%	$ 1,543.93	$ 189.83	$ 376.46	$ 1,733.76	$ 1,920.39
14 (RM)	4	2/1	817		$850,000	0.9497%	0.6944%	$ -	$ 109.60	$ 217.36	$ 109.60	$ 217.36
15	5	2/2	1649		$3,800,000	1.9169%	1.4015%	$ 1,799.25	$ 221.22	$ 438.71	$ 2,020.47	$ 2,237.96
16	5	3/3.5	2476		$4,950,000	2.8783%	2.1044%	$ 2,701.60	$ 332.16	$ 658.73	$ 3,033.77	$ 3,360.33
17	5	1/1.5	1222		$2,500,000	1.4206%	1.0386%	$ 1,333.34	$ 163.93	$ 325.11	$ 1,497.28	$ 1,658.45
18	5	2/2.5	1843		$4,050,000	2.1425%	1.5664%	$ 2,010.93	$ 247.24	$ 490.32	$ 2,258.17	$ 2,501.25
19	5	3/3.5	2370		$4,700,000	2.7551%	2.0143%	$ 2,585.95	$ 317.94	$ 630.53	$ 2,903.89	$ 3,216.48
20	5	2/2	1415		$2,900,000	1.6449%	1.2026%	$ 1,543.93	$ 189.83	$ 376.46	$ 1,733.76	$ 1,920.39
21	5	2/2.5	1635		$2,595,000	1.9007%	1.3896%	$ 1,783.98	$ 219.34	$ 434.99	$ 2,003.31	$ 2,218.96
22	6	2/2	1649		$3,925,000	1.9169%	1.4015%	$ 1,799.25	$ 221.22	$ 438.71	$ 2,020.47	$ 2,237.96
23	6	3/3.5	2476		$5,200,000	2.8783%	2.1044%	$ 2,701.60	$ 332.16	$ 658.73	$ 3,033.77	$ 3,360.33
24	6	1/1.5	1222		$2,700,000	1.4206%	1.0386%	$ 1,333.34	$ 163.93	$ 325.11	$ 1,497.28	$ 1,658.45
25	6	2/2.5	1843		$4,350,000	2.1425%	1.5664%	$ 2,010.93	$ 247.24	$ 490.32	$ 2,258.17	$ 2,501.25
26	6	3/3.5	2370		$5,000,000	2.7551%	2.0143%	$ 2,585.95	$ 317.94	$ 630.53	$ 2,903.89	$ 3,216.48

The accompanying notes should be read in conjunction with this Schedule

SCHEDULE A

40 MERCER STREET CONDOMINIUM
40 MERCER STREET
NEW YORK, NY

OFFERING PRICES AND RELATED INFORMATION

PROJECTED COMMON CHARGES AND REAL ESTATE TAXES ARE FOR THE FIRST YEAR OF CONDOMINIUM OPERATION - SEPTEMBER 1, 2006 - AUGUST 31, 2007

(1) UNIT	(1) FLOOR DESIGNATION	(1) BEDROOMS/ BATHS	(2) APPROX UNIT SQUARE FOOTAGE	(2) APPROX TERRACE SQUARE FOOTAGE	(3) OFFERING PRICE	(4) RESIDENTIAL COMMON INTEREST	(4) COMMON INTEREST	(5) PROJECTED MONTHLY COMMDN CHARGES	(6) PROJECTED MONTHLY RE TAXES ASSUMING PARTIAL EXEMPTIDN UNDER 421-a	(6) PROJECTED MONTHLY RE TAXES ASSUMING NO PARTIAL EXEMPTION UNDER 421-a	(7) PROJECTED MONTHLY TOTAL CARRYING CHARGES WITH PARTIAL EXEMPTION UNDER 421-a	(7) PROJECTED MONTHLY TOTAL CARRYING CHARGES WITH ND PARTIAL EXEMPTION UNDER 421-a
27	6	2/2	1415		$3,100,000	1.6449%	1.2026%	$ 1,543.93	$ 189.83	$ 376.46	$ 1,733.76	$ 1,920.39
28	6	2/2.5	1635		$2,745,000	1.9007%	1.3896%	$ 1,783.98	$ 219.34	$ 434.99	$ 2,003.31	$ 2,218.96
29 (D)(T)	7	4/4.5	4139	1227	$12,500,000	5.0968%	3.7264%	$ 4,516.13	$ 588.18	$ 1,166.45	$ 5,104.31	$ 5,682.58
30 (T)	7	3/3.5	3006	1598	$9,750,000	3.8659%	2.8265%	$ 3,279.90	$ 446.14	$ 884.76	$ 3,726.03	$ 4,164.66
31	8	2/2.5	2206		$5,000,000	2.5644%	1.8749%	$ 2,407.00	$ 295.94	$ 586.90	$ 2,702.94	$ 2,993.90
32	9	3/3.5	2706		$6,700,000	3.1457%	2.2999%	$ 2,952.56	$ 363.02	$ 719.92	$ 3,315.58	$ 3,672.48
33	9	2/2.5	2206		$5,050,000	2.5644%	1.8749%	$ 2,407.00	$ 295.94	$ 586.90	$ 2,702.94	$ 2,993.90
34	10	3/3.5	2706		$6,800,000	3.1457%	2.2999%	$ 2,952.56	$ 363.02	$ 719.92	$ 3,315.58	$ 3,672.48
35	10	2/2.5	2206		$5,150,000	2.5644%	1.8749%	$ 2,407.00	$ 295.94	$ 586.90	$ 2,702.94	$ 2,993.90
36	11	3/3.5	2706		$6,900,000	3.1457%	2.2999%	$ 2,952.56	$ 363.02	$ 719.92	$ 3,315.58	$ 3,672.48
37	11	2/2.5	2206		$5,350,000	2.5644%	1.8749%	$ 2,407.00	$ 295.94	$ 586.90	$ 2,702.94	$ 2,993.90
38	12	3/3.5	2706		$7,000,000	3.1457%	2.2999%	$ 2,952.56	$ 363.02	$ 719.92	$ 3,315.58	$ 3,672.48
39	12	2/2.5	2206		$5,525,000	2.5644%	1.8749%	$ 2,407.00	$ 295.94	$ 586.90	$ 2,702.94	$ 2,993.90
40	14	3/3.5	2706		$7,100,000	3.1457%	2.2999%	$ 2,952.56	$ 363.02	$ 719.92	$ 3,315.58	$ 3,672.48
PH1(D)(T)	14	4/4.5	3515	100	$12,250,000	4.1094%	3.0044%	$ 3,835.27	$ 474.23	$ 940.47	$ 4,309.50	$ 4,775.75
PH2 (T)	15	2/2.5	2114	485	$7,900,000	2.5702%	1.8792%	$ 2,306.62	$ 296.61	$ 588.23	$ 2,603.23	$ 2,894.85
RESIDENTIAL TOTAL			85321	3510	$ 189,840,000	100%	73.1121%	$ 92,203.72	$ 11,540.17	$ 22,886.08	$ 103,743.88	$ 115,089.80
A			2167		N/A	N/A	1.8470%	$ 230.77	N/A	N/A	N/A	N/A
B			1805		N/A	N/A	1.5385%	$ 192.22	N/A	N/A	N/A	N/A
C			1492		N/A	N/A	1.2717%	$ 158.88	N/A	N/A	N/A	N/A
D			2395		N/A	N/A	2.0413%	$ 255.05	N/A	N/A	N/A	N/A
E			1641		N/A	N/A	1.3987%	$ 174.75	N/A	N/A	N/A	N/A
RETAIL TOTAL			9500		N/A	N/A	8.0972%	$ 1,011.67	N/A	N/A	N/A	N/A
GARAGE			22046		N/A	N/A	18.7907%	$ 1,011.67	N/A	N/A	N/A	N/A
GRAND TOTAL			116867	3510	$ 189,840,000	100%	100%	$ 94,227.05	$ 11,540.17	$ 22,886.08	$ 103,743.88	$ 115,089.80

The Symbols used in the Schedule A have the following meaning:

RM denotes Resident Manager's Unit

D denotes Duplex

T denotes Terrace

The accompanying notes should be read in conjunction with this Schedule

SCHEDULE A

40 MERCER STREET CONDOMINIUM
40 MERCER STREET
NEW YORK, NY

OFFERING PRICES AND RELATED INFORMATION

STORAGE BIN LICENSES:

UNIT NUMBER	SQ. FOOTAGE	AMOUNT
1	78	$ 35,000
2	83	$ 35,000
3	41	$ 20,000
4	32	$ 15,000
5	99	$ 40,000
6	32	$ 15,000
7	39	$ 20,000
8	89	$ 35,000
9	31	$ 15,000
10	31	$ 15,000
11	32	$ 15,000
12	41	$ 20,000
13	41	$ 20,000
14	32	$ 15,000
15	31	$ 15,000
16	31	$ 15,000
17	32	$ 15,000
18	32	$ 15,000
19	32	$ 15,000
20	32	$ 15,000
21	32	$ 15,000
22	32	$ 15,000
23	32	$ 15,000
24	38	$ 20,000

The accompanying notes should be readi in conjunction with this schedule.

SCHEDULE A

40 MERCER STREET CONDOMINIUM
40 MERCER STREET
NEW YORK, NY

OFFERING PRICES AND RELATED INFORMATION

STORAGE BIN
LICENSES:

UNIT NUMBER	SQ. FOOTAGE	AMOUNT
25	46	$ 20,000
26	96	$ 40,000
27	49	$ 20,000
28	96	$ 40,000
TOTAL	1312	$ 590,000

PRIVATE TERRACE
LICENSES:

UNIT	SQ. FOOTAGE	AMOUNT
TERRACE 1	558	$ 600,000
TERRACE 2	391	$ 400,000
TERRACE 3	374	$ 375,000
TERRACE 4	482	$ 550,000
TOTAL	1805	$ 1,925,000

The accompanying notes should be readi in conjunction with this schedule.

Notes to Schedule A

(1) Purchasers should refer to the Floor Plans included in Part II of the Plan for an approximation of the dimensions and typical layouts of the Residential Units. The number of bedrooms and bathrooms for each Residential Unit was determined by Sponsor's architect in accordance with industry practice for new construction condominiums and does not necessarily conform to the zoning room count or the method utilized by the Real Estate Board of New York. Each Residential Unit should be inspected to determine its actual dimensions, layout and physical condition prior to Closing.

(2) The square foot area and dimensions of the Residential Units listed in Schedule A or in the Declaration are approximate and may change due to field conditions, construction variances and tolerances and were obtained by using the method customarily used in New York City to measure condominium apartments. No such variation will affect a Purchaser's obligations under the Purchase Agreement or the Plan unless the square foot area of the Residential Unit is increased or decreased (excluding interior partitions) by more than 5%, thereby affording Purchaser a 15 day right to rescind. Sponsor's sole obligation if the net square foot area of the Residential Unit is so diminished shall be to refund the Deposit made under the Purchase Agreement and any interest earned thereon, except for funds expended by or reimbursed to Sponsor for upgrades or extras. Each Unit consists of the area measured horizontally from the exterior side of the exterior walls (columns, mechanical pipes, shafts, shaftways, chases, chaseways and conduits are not deducted from measurement of each Unit) to the centerline of the partitions separating one Unit from another Unit, or separating one Unit from corridors, stairs, elevators and other mechanical equipment spaces or any Common Elements not within a Unit or to the exterior side of the opposite exterior walls. Each Unit consists of the area measured vertically from the top of the floor (located under the finished flooring and sub-flooring materials) to the underside of the ceiling. As is customary in New York, these square foot areas exceed the usable floor area of each Residential Unit. The method of measurement is applicable to all Residential Units. Any Common Elements located within or appurtenant to any Residential Unit shall not be considered as part of that Residential Unit.

(3) The purchase prices and other terms of sale (as more fully set forth in the Section of the Plan entitled "Changes in Prices and Units") of Residential Units may be negotiated by Sponsor and, therefore, may be changed. Accordingly, Purchasers may pay different purchase prices for similar Residential Units. The effect of this, as well as the right of Sponsor to change purchase prices, is more particularly discussed in the Section entitled "Changes in Prices and Units." In addition to the payment of the purchase price, each Purchaser will be responsible for the payment of certain closing costs and expenses at the time of Closing, as explained in the Section entitled "Closing Costs and Adjustments." If Purchaser obtains a mortgage loan, Purchaser will be responsible for the payment of additional closing costs and expenses relating to such loan. There will be an apportionment of certain charges relating to the Residential Unit at the Closing. THESE PRICES HAVE BEEN SET BY SPONSOR AND ARE NOT SUBJECT TO REVIEW OR APPROVAL BY THE DEPARTMENT OF LAW OR ANY OTHER GOVERNMENT AGENCY.

(4) (a) The percentage interest of each Unit in the Common Elements is 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 the Units, but such proportion reflecting the substantially exclusive advantages enjoyed by one or more but not all Units in a part or parts of the Common Elements in accordance with subsection (ii) of the Real Property Law Section 339-i(1).

(b) The percentage interest of each Residential Unit in the Residential Common Elements is apportioned in the same proportion that the Residential Unit bears to the aggregate Common Interests of all the Residential Units in the Condominium.

(5) The estimated monthly Common Charges for each Unit are based on the Schedule B - First Year's Budget prepared by Sponsor's Condominium Budget Expert on the assumption that the first year of Condominium operation will be the year from September 1, 2006 through August 31, 2007. The actual first year of Condominium operation may be earlier or later than such year. In addition to these estimated payments, each Unit Owner will be responsible for real estate taxes on the Unit, mortgage payments under a loan, if any, obtained to finance the purchase of the Unit, the cost of electricity supplied to the Unit which will be separately metered and payable either directly to the utility company or to the Condominium Board for payment to the utility company, the cost of any insurance which the Unit Owner may wish to obtain for the Unit (and which Sponsor strongly urges each Unit Owner to obtain) and the cost of interior repairs and decorations to the Unit. See the Section of the Plan entitled "Schedule B-1 - Budget for Individual Energy Costs" concerning estimates of certain electric costs for the Units. All Unit Owners from and after the Closing, including Sponsor with respect to all Unsold Units, shall be responsible for payment of all Common Charge with respect to their Units.

It is presently anticipated that an application will be made to the New York State Public Service Commission in order to permit the Condominium Board to purchase electricity from Con Edison at a "bulk rate" (which may result in a savings to Unit Owners). In the event that such application is made, and subsequently granted, the Condominium Board will assess the cost of electricity provided to the Unit Owners. Each Unit will be billed by the Condominium Board for actual consumption on the basis of its submeter and the Condominium Board will, in turn, pay Con Edison. Alternatively, the cost of electricity supplied to each Unit will be separately metered and payable by the Unit Owner directly to Con Edison.

As discussed in the Section of the Plan entitled "Description of Property and Improvements" subsection "Services and Facilities," the full range of services and facilities described in the Plan including the courtyard, 7th floor common terrace and spa facility may not be provided until such time the Condominium is occupied by 75% of the Residential Unit Owners.

(6) Sponsor intends to apply for partial exemption from real estate taxes with respect to the Building pursuant to Section 421-a of the New York Real Property Tax Law. Under the Section 421-a program, the real estate tax estimate for the first year of Condominium operation will be based upon the taxable assessed valuation of the Property in the tax year prior to commencement of construction, which is commonly referred to as the "mini-tax." As construction shall commence subsequent to July 1, 2004, but prior to June 30, 2005, the "mini-tax" will be based upon the assessed valuation of the Property in the 2003/2004 fiscal year. The 2003/2004 actual assessed valuation of the Property was $1,755,000.00 and the transitional assessed valuation of the Property was $1,399,500.00. Therefore, for the period of construction as defined under Section 421-a, not to exceed 3 years, and for 2 years following completion, or 3 years of construction, which ever occurs first, the real estate taxes for the Property will be based upon the transitional assessed valuation of $1,399,500.00, payable at the tax rate then in effect in the year it is due. Purchasers should refer to the 421-a Real Estate Tax Exemption Benefits Opinion prepared by D'Agostino, Levine & Landesman, L.L.P., set forth in Part II of the Plan for further discussion regarding the 421-a program and the availability of such program to this project. The estimated tax is based on the assumption that the partial exemption will be in effect for the first year of Condominium operation, and that there will not be any change in the taxable status of the Property. No warranty or guarantee is made as to the amount of any tax exemption that will actually be received. In

addition, no warranty or guarantee is made that the actual assessed valuation or the assessed valuation for the Property if Section 421-a benefits are granted will be as projected above, that the projected tax rate will be in effect for all or any portion of the Property during the first year of Condominium operation or that the real estate taxes will be allocated among Units in proportion to their Common Interests or Schedule A purchase prices. In no event will Sponsor, Sponsor's counsel, the Selling Agent or any offeror be liable to any Purchaser, nor will any Purchaser have the right to rescind the Purchase Agreement, in the event Section 421-a benefits are not granted or, if granted, in the event the amount of such exemption and the resulting taxes differ from those projected.

If for any reason the Section 421-a partial real estate tax exemption is not granted, it is estimated that the aggregate real estate taxes payable with respect to all Residential Units for the first year of Condominium operation will total approximately $274,633.00, assuming (a) a transitional assessed valuation for the Property of $1,399,500.00 for the first 11 months of the first year of Condominium operation reflecting the land assessment for a partially constructed property and an assessed valuation for the Property of $11,763,761 for the last month of the first year of operation reflecting a partially constructed property based on the real estate tax projection opinion prepared by William Block P.C. dated December 17, 2004 set forth in Part II of the Plan, and (b) a tax rate of 11.79 per $100 of assessed valuation for the 2006/2007 tax year and a tax rate of 12.586 per $100 of assessed valuation for the 2007/2008 tax year. Purchasers should note that once the Building is assessed as being fully constructed, it is estimated that the real estate taxes will total approximately $1,480,579. This tax projection does not take into account any Section 421-a benefits that may be applicable to the Property at such time.

In arriving at the assessed valuation for each Unit in the Condominium, the Building is first assessed as an entity. This overall assessment is then apportioned among the respective Units, each of which will be assigned a tax lot designation once the Declaration has been recorded and the Floor Plans are filed with the Registers Office. For purposes of Schedule A, the projected real estate taxes for the Units were apportioned based in part upon the proportion the projected selling price presented in the Plan for each Unit bears to the gross sellout price for all Units available for purchase in the Condominium and in part upon extrinsic indicia of value, including location, square footage, amenities, income producing potential and existing leases on particular Units. There is no assurance that the City of New York tax assessor will allocate taxes among Units based on Schedule A purchase prices. It is possible that the apportionment will be based on Common Interest percentages. Although the estimate of New York City real estate taxes is a good faith estimate, it is not possible to estimate same with any degree of certainty. Assessed valuations, apportionment or taxes among the Units and tax rates, when actually established by the City of New York, may be lesser or greater. Accordingly, these estimates are to be considered opinions and are not intended, and should not be construed as, warranties as to future assessed valuations, tax rates or the actual real estate taxes to be assessed. In no event will Sponsor, its principals, sales agents, Sponsor's counsel or any other person be liable if the assessed valuations, tax rates or taxes, when actually established, are lesser or greater than that predicted herein or if the Administrative Code and the applicable rules and regulations of the City of New York are changed in the future.

In the opinion of Olshan Grundman Frome Rosenzweig & Wolosky LLP, a copy of which is set forth in Part II of the Plan, a Residential Unit Owner who uses the Residential Unit as a personal residence will, under present Law, for Federal, New York State and New York City income tax purposes, be entitled to a deduction for mortgage interest and real estate taxes in the year paid in the case of cash basis taxpayers or accrued in the case of other taxpayers, subject to certain exceptions and limitations which are more particularly discussed in the Attorney's Income Tax Opinion. Purchasers should note that deductions, if applicable, may vary in future years due to changes in the

interest rate or the Residential Unit Owner's mortgage or from changes in the allocation of the constant debt service payments to interest and principal, or due to changes in real property taxes resulting from the expiration of real estate tax benefits, or from changes in the assessed value, the tax rate or the method of assessing real property. (See the Section of the Plan entitled "Income Tax Deductions to Residential Unit Owners and Tax Status of the Condominium" for further details.)

At such time as the Units have been separately assessed for real estate tax purposes, each Unit will be taxed as a separate tax lot for real estate tax purposes and a Unit Owner will not be responsible for the payment of, nor will the Unit be subjected to any lien arising from the non-payment of real estate taxes assessed against other Units.

(7) These figures represent the aggregate estimated monthly carrying charges which include estimated Common Charges and estimated real estate taxes. Reference should be made to note (5) of these Notes for certain other "home ownership" costs that may be incurred by Residential Unit Owners.

A Purchaser of a Residential Unit will be required to make a contribution at the Closing of Title to the Working Capital Fund in an amount equal to 2 months' Common Charges assessed against the Residential Unit. (See the Section of the Plan entitled "Working Capital Fund and Apportionments" for further details.)

(8) Purchasers should note that deductions, if applicable, may vary in future years due to changes in the interest rate or the Residential Unit Owner's mortgage or from changes in the allocation of the constant debt service payments to interest and principal, or due to changes in real property taxes resulting from the expiration of real estate tax benefits, or from changes in the assessed value, the tax rate or the method of assessing real property. Sponsor makes no guaranty or warranty concerning the availability of any tax deductions.

EXHIBIT "C"

GUARANTY

In order to induce WXIV/BROADWAY GRAND REALTY, L.L.C. ("Sponsor") to enter into a Purchase Agreement ("Purchase Agreement") with _____ ("Purchaser") for the sale of Unit ___ ("Unit") at 40 Mercer Street, New York, New York, _____ ("Guarantor") having an address at _____, _____, _____, _____, hereby unconditionally and irrevocably guarantees, all of the representations made by Purchaser in the Purchase Agreement and, in the event of an uncured default by Purchaser under the Purchase Agreement: (i) the full and punctual payment of all monetary obligations of Purchaser under the Purchase Agreement, including, without limitation, the payment of the Additional Premium Payment and the Balance of the Purchase Price, and (ii) the performance of all other obligations of Purchaser under the Purchase Agreement.

Sponsor agrees that in the event of a default by Purchaser under the terms of the Purchase Agreement, Sponsor shall, simultaneously upon delivery of the notice of default ("Notice of Default") to Purchaser, deliver a copy of such Notice of Default to Guarantor.

This is a guaranty of payment, and not of collection. Therefore, Sponsor, in its sole discretion, may exercise any right or remedy which it may have under the Purchase Agreement against Guarantor without pursuing or exhausting any right or remedy it may have against Purchaser.

The obligations of Guarantor shall be absolute and unconditional irrespective of the fact that such obligations may not then be enforceable against Purchaser owing to a bankruptcy or other disability of Purchaser, it being agreed that the obligations of Guarantor hereunder shall not be discharged except by payment or performance.

Guarantor hereby represents and agrees that this is a continuing Guaranty which shall remain in full force and effect until the Closing of Title to the Unit and shall continue subsequent to Closing for all matters which survive the Closing as set forth in the Purchase Agreement. In any action commenced by Sponsor on this Guaranty, Guarantor agrees that Guarantor shall not assert any counterclaims, offsets or claims which Guarantor may have against Sponsor. Furthermore, Guarantor waives, to the fullest extent permitted by law, all defenses that would otherwise be available to Guarantor, other than the defense of full payment.

Without limiting the foregoing, Guarantor hereby waives any rights of set-off against, defense to, or reduction of, the obligations guaranteed hereunder based upon any claim such Guarantor may have against Purchaser or any other person.

It shall not be necessary for Sponsor (and Guarantor hereby waives any rights which Guarantor may have to require Sponsor), in order to enforce the obligations of Guarantor hereunder, first to (i) institute suit or exhaust its remedies against Purchaser or others liable on the obligations guaranteed hereunder or any other person, (iii) join Purchaser or any others liable on the obligations guaranteed hereunder in any action seeking to enforce this Guaranty or the Purchase Agreement, (iv) exhaust

any remedies available to Sponsor against any collateral which shall ever have been given to secure the obligations hereunder, or (v) resort to any other means of obtaining payment of the obligations hereunder. Sponsor shall not be required to take any action to reduce, collect or enforce the obligations guaranteed hereunder.

Guarantor hereby waives notice of (i) acceptance of the Purchase Agreement, (ii) any amendment or modification of the Purchase Agreement, (iii) protest, proof of non-payment or default by Purchaser, or (iv) any other action at any time taken or omitted by Sponsor or any other person, and, generally, all demands and notices of every kind.

Guarantor hereby consents and agrees to each of the following, and agrees that Guarantor's obligations under this Guaranty shall not be released, diminished, impaired, reduced or adversely affected by any of the following, and waives any common law, equitable, statutory or other rights (including without limitation rights to notice) which Guarantor might otherwise have as a result of or in connection with (i) any renewal, extension, increase, modification, alteration or rearrangement of all or any part of the obligations guaranteed hereunder, (ii) any insolvency, bankruptcy, arrangement, adjustment, composition, liquidation, disability, dissolution, asset sale or transfer or change of structure or organization, (iii) the invalidity, illegality or unenforceability of all or any part of the obligations guaranteed hereunder, (iv) any full or partial release of the liability of Purchaser, or of any co-guarantors, or any other person or entity now or hereafter liable, whether directly or indirectly, jointly, severally, or jointly and severally, to pay, perform, guarantee or assure the payment of the obligations guaranteed hereunder, or any part thereof or (v) any other action taken or omitted to be taken with respect to the Purchase Agreement or this Guaranty or the security and collateral therefor (if any), whether or not such action or omission prejudices Guarantor or increases the likelihood that Guarantor will be required to pay the obligations guaranteed hereunder pursuant to the terms hereof. It is the unambiguous and unequivocal intention of Guarantor that it shall be obligated to pay the obligations guaranteed hereunder when due, notwithstanding any occurrence, circumstance, event, action, or omission whatsoever, whether contemplated or uncontemplated, and whether or not otherwise or particularly described herein, which obligation shall be deemed satisfied only upon the full and final payment and satisfaction of the obligations guaranteed hereunder.

Guarantor shall be obligated to reimburse Sponsor for any reasonable attorneys fees and disbursements incurred by Sponsor in exercising Sponsor's rights or enforcing Guarantor's obligations hereunder. Guarantor hereby subjects Guarantor to the jurisdiction of the courts of the State of New York for the enforcement of any provision of this Guaranty or the resolution of any dispute hereunder.

Guarantor hereby designates the Secretary of State of the State of New York to receive service of process in any action which may be brought by Sponsor against Guarantor.

GUARANTOR:

_____

Social Security No: _____

CONSENTED TO:

PURCHASER:

_____

By:_____
Name:
Title:

SPONSOR:

WXIV/Broadway Grand Realty, L.L.C.

By: Whitehall Street Real Estate Limited Partnership XIII,
its managing member

By: WH Advisors, L.L.C. XIII, managing partner

By:_____
Name: Jerome S. Karr
Title: Vice President

EXHIBIT "D"

PROPOSED LETTER OF CREDIT

EXHIBIT FOR STANDBY LETTER OF CREDIT APPLICATION:
THIS EXHIBIT, IN THIS FINAL FORM, IS AN INTEGRAL PART OF AND MUST BE ATTACHED TO
UNION BANK OF CALIFORNIA APPLICATION AND AGREEMENT FOR
IRREVOCABLE STANDBY LETTER OF CREDIT DATED _____ __, __
APPLICANT: WXIV/BROADWAY GRAND REALTY, L.L.C.

Irrevocable Standby Letter of Credit No. [*Bank Use Only*]

SOUTHERN CALIFORNIA
TRADE SERVICE OPERATIONS
1980 Saturn Street, V01-519
Monterey Park, California 91755-7417
Attention: Standby Letter of Credit Section

Date: [*Bank Use Only*]

BENEFICIARY
Starr Associates LLP
245 Fifth Avenue,
New York, NY 10016

APPLICANT
WXIV/Broadway Grand Realty, L.L.C.
85 Broad Street,
New York, NY 10004

Currency Amount	USD _____ [*PLEASE PROVIDE*] (_____ and __/100 U.S. Dollars)
Available by	Payment at this office.
Expiry Date	_____ [*PLEASE PROVIDE*] or any automatically extended date as herein set forth at the close of business of this office in Monterey Park, California.

Ladies/Gentlemen:
We hereby issue our Irrevocable Standby Letter of Credit No. _____ [*Bank Use Only*] ("Letter of Credit") in your favor. This Letter of Credit is available by sight payment with ourselves only against presentation at this office of the following documentation:

1. Your sight draft drawn on us marked: "Drawn under Union Bank of California, N.A., Irrevocable Standby Letter of Credit No. [*Bank Use Only*], dated [*Bank Use Only*]."

2. A dated statement purportedly signed by an authorized representative or officer of the Beneficiary stating:

"The undersigned being a duly authorized representative or attorney of Starr Associates LLP ("Starr") hereby represents and warrants that the amount of the accompanying draft is due and payable to us as a result of one of the following having occurred: (i) timely rescission of a purchase agreement by a purchaser pursuant to an offer of rescission contained in the Condominium Offering Plan in effect on the date hereof for premises located at 40 Mercer Street, New York, New York (the "Plan") or an amendment to the Plan; (ii) acceptance for filing by the New York Department of Law of an amendment abandoning the Plan; (iii) a written agreement of WXIV/Broadway Grand Realty, L.L.C., a Delaware limited liability company ("Sponsor") and purchaser or a determination of the Department of Law or an order or judgement of a court of competent jurisdiction directing payment of the downpayment; (iv) failure by Sponsor to obtain a renewal or replacement letter of credit not later than 60 days prior to the expiration date of this letter of credit; (v) direction by Sponsor upon request of purchaser; or (vi) notice of impending cancellation of this letter of credit has been given or received, or Union Bank of California, N.A. has filed a bankruptcy or insolvency petition or has been taken over by a federal or state authority, and no proper replacement of this letter of credit has been furnished."

_____
APPLICANT'S SIGNATURE

DATE OF APPLICATION_____

_____
APPLICANT'S SIGNATURE

DATE OF APPLICATION_____

EXHIBIT FOR STANDBY LETTER OF CREDIT APPLICATION:
THIS EXHIBIT, IN THIS FINAL FORM, IS AN INTEGRAL PART OF AND MUST BE ATTACHED TO
UNION BANK OF CALIFORNIA APPLICATION AND AGREEMENT FOR
IRREVOCABLE STANDBY LETTER OF CREDIT DATED _____ __, __]
APPLICANT: WXIV/BROADWAY GRAND REALTY, L.L.C.

Partial Drawings are permitted.

This Letter of Credit sets forth in full the terms of our undertaking, and such terms shall not be modified, amended or amplified by any document, instrument or agreement referred to in this Letter of Credit, in which this Letter of Credit is referred to or to which this Letter of Credit relates.
This Letter of Credit shall be deemed automatically extended without an amendment for a one year period beginning on the present expiration date hereof _____ [*PLEASE PROVIDE*][1] and upon each anniversary of such date, unless at least ____ (__) days [*PLEASE PROVIDE*] prior to any such expiration date we have sent you written notice by courier service or overnight mail that we elect not to permit this Letter of Credit to be so extended beyond, and will expire on its then current expiry date. Notwithstanding the foregoing, this Letter of Credit shall expire on October [__], 2008, if not previously expired.[2] No presentation made under this Letter of Credit after such expiry date will be honored.

Except as stated herein, this letter of credit is not subject to any condition or qualification and is our individual obligation which is in no way contingent upon reimbursement or any right of subrogation. We irrevocably waive any and all rights of subrogation, whether as provided by statute or otherwise, now or hereafter that might, but for such waiver, exist, in respect to this letter of credit or any payment we make under it, as to the applicant, you, or the transaction between you and the applicant. We further give irrevocable notice that we are not now and will not be the secondary obligor or co-obligor of applicant's obligations and liabilities to you for any purpose. Our obligations to you under this letter of credit are our primary obligations and are strictly as stated herein.

SPECIAL INSTRUCTIONS:
The original of this Letter of Credit must be presented together with the above documents in order to endorse the amount of the drawing on the reverse side and will be returned to the Beneficiary unless is fully utilized

All banking charges under this Letter of Credit are for the account of the Applicant.

We hereby agree with you that drafts drawn under and in compliance with the terms of this credit will be duly honored upon presentation and delivery to Union Bank of California, N.A., at the address above. Documents are to be sent in one lot by courier service, overnight mail or hand delivery.

This Letter of Credit is subject to "Uniform Customs and Practice for Documentary Credits (1993 Revision)", International Chamber of Commerce Publication No. 500.

[1] Per Section 2.12(b)(i) of the Loan Agreement, the initial expiration date may not extend beyond one year of the date of original issuance.

[2] Per Section 2.12(b)(i) of the Loan Agreement, this date can be extended to October [__], 2009 if the Letter of Credit is issued after the maturity date of the Loan has been extended.

_____ _____

APPLICANT'S SIGNATURE APPLICANT'S SIGNATURE

DATE OF APPLICATION_____ DATE OF APPLICATION_____

EXHIBIT FOR STANDBY LETTER OF CREDIT APPLICATION:
THIS EXHIBIT, IN THIS FINAL FORM, IS AN INTEGRAL PART OF AND MUST BE ATTACHED TO
UNION BANK OF CALIFORNIA APPLICATION AND AGREEMENT FOR
IRREVOCABLE STANDBY LETTER OF CREDIT DATED _____ __, __|
APPLICANT: WXIV/BROADWAY GRAND REALTY, L.L.C.

SF 1195459 v3
10/7/05 5:33 PM (20866.0158)

_____
APPLICANT'S SIGNATURE

DATE OF APPLICATION_____

_____
APPLICANT'S SIGNATURE

DATE OF APPLICATION_____

SEVENTH AMENDMENT

TO

CONDOMINIUM OFFERING PLAN

40 MERCER STREET CONDOMINIUM

40 MERCER STREET
NEW YORK, NEW YORK 10013

SPONSOR

WXIV/Broadway Grand Realty, L.L.C.
885 Third Avenue
New York, New York 10022

SELLING AGENT

The Sunshine Group, Ltd.
41 East 57th Street
Gallery 500
New York, New York 10022
(212) 750-0500

DATED: OCTOBER 6, 2005

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5.	NO EXTENSION OF PLAN	1

SEVENTH AMENDMENT

TO

CONDOMINIUM OFFERING PLAN

INTRODUCTION

This Seventh Amendment modifies and supplements the terms of the Condominium Offering Plan for the premises known as 40 Mercer Street Condominium ("Condominium") located at 40 Mercer Street, New York, New York dated August 16, 2005, ("Plan"), as previously amended by the First Amendment through the Sixth Amendment thereto, and should be read in conjunction with the Plan, as previously amended.

The terms of this Seventh Amendment are as follows:

1. PRICE CHANGES

The purchase prices for the following units have increased as follows:

Unit:	Purchase Price:
7E	$9,750,000.00
PH-2	$7,900,000.00

All other information relating to these Units remain as set forth on " Schedule A – Purchase Prices and Related Information" as set forth in the Plan.

2. DEFINITIONS

Any term used in this Amendment not otherwise defined herein shall have the same meaning ascribed to it in the Plan.

3. NO MATERIAL CHANGES

Except as set forth in this Amendment, there have been no material changes of facts or circumstances affecting the Property or the offering.

4. INCORPORATION OF PLAN

The Plan, as modified and supplemented by this Amendment, is incorporated herein by reference with the same effect as if set forth at length.

5. NO EXTENSION OF PLAN

Since this Amendment is limited solely to price changes, this Amendment does not extend the Plan.

SPONSOR:
WXIV/BROADWAY GRAND REALTY, LLC

SIXTH AMENDMENT

TO

CONDOMINIUM OFFERING PLAN

40 MERCER STREET CONDOMINIUM

40 MERCER STREET
NEW YORK, NEW YORK 10013

SPONSOR

WXIV/Broadway Grand Realty, L.L.C.
885 Third Avenue
New York, New York 10022

SELLING AGENT

The Sunshine Group, Ltd.
41 East 57th Street
Gallery 500
New York, New York 10022
(212) 750-0500

DATED: OCTOBER 3, 2005

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SIXTH AMENDMENT

TO

CONDOMINIUM OFFERING PLAN

INTRODUCTION

This Sixth Amendment modifies and supplements the terms of the Condominium Offering Plan for the premises known as 40 Mercer Street Condominium ("Condominium") located at 40 Mercer Street, New York, New York dated August 16, 2005, ("Plan"), as previously amended by the First Amendment through the Fifth Amendment thereto, and should be read in conjunction with the Plan, as previously amended.

The terms of this Sixth Amendment are as follows:

1. PRICE CHANGES

The purchase prices for the following units have increased as follows:

Unit:	Purchase Price:
3A	$3,500,000.00
4A	$3,600,000.00
5A	$3,800,000.00
6A	$3,925,000.00
9W	$6,700,000.00
10W	$6,800,000.00
11W	$6,900,000.00
PH-2	$7,750,000.00

All other information relating to these Units remain as set forth on " Schedule A – Purchase Prices and Related Information" as set forth in the Plan.

2. DEFINITIONS

Any term used in this Amendment not otherwise defined herein shall have the same meaning ascribed to it in the Plan.

3. NO MATERIAL CHANGES

Except as set forth in this Amendment, there have been no material changes of facts or circumstances affecting the Property or the offering.

4. INCORPORATION OF PLAN

The Plan, as modified and supplemented by this Amendment, is incorporated herein by reference with the same effect as if set forth at length.

5. NO EXTENSION OF PLAN

Since this Amendment is limited solely to price changes, this Amendment does not extend the Plan.

SPONSOR:
WXIV/BROADWAY GRAND REALTY, LLC

FIFTH AMENDMENT

TO

CONDOMINIUM OFFERING PLAN

40 MERCER STREET CONDOMINIUM

40 MERCER STREET
NEW YORK, NEW YORK 10013

SPONSOR

WXIV/Broadway Grand Realty, L.L.C.
885 Third Avenue
New York, New York 10022

SELLING AGENT

The Sunshine Group, Ltd.
41 East 57th Street
Gallery 500
New York, New York 10022
(212) 750-0500

DATED: SEPTEMBER 28, 2005

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Exhibit

A - Schedule of Purchase Prices of Units and Related Information

FIFTH AMENDMENT

TO

CONDOMINIUM OFFERING PLAN

INTRODUCTION

This Fifth Amendment modifies and supplements the terms of the Condominium Offering Plan for the premises known as 40 Mercer Street Condominium ("Condominium") located at 40 Mercer Street, New York, New York dated August 16, 2005, ("Plan"), as previously amended by the First Amendment through the Fourth Amendment thereto, and should be read in conjunction with the Plan, as previously amended.

The terms of this Fifth Amendment are as follows:

1. **PRICE CHANGES**

Annexed to this Amendment as Exhibit "A" is a revised Section of the Plan entitled "Schedule A – Purchase Prices of Units and Related Information" which reflects the current purchase prices for the Residential Units, Storage Bins and Private Terraces being offered for sale.

2. **DEFINITIONS**

Any term used in this Amendment not otherwise defined herein shall have the same meaning ascribed to it in the Plan.

3. **NO MATERIAL CHANGES**

Except as set forth in this Amendment, there have been no material changes of facts or circumstances affecting the Property or the offering.

4. **INCORPORATION OF PLAN**

The Plan, as modified and supplemented by this Amendment, is incorporated herein by reference with the same effect as if set forth at length.

5. **NO EXTENSION OF PLAN**

Since this Amendment is limited solely to price changes, this Amendment does not extend the Plan.

SPONSOR:

WXIV/BROADWAY GRAND REALTY, LLC

EXHIBIT "A"

SCHEDULE A – PURCHASE PRICES OF UNITS AND RELATED INFORMATION

SCHEDULE A

40 MERCER STREET CONDOMINIUM
40 MERCER STREET
NEW YORK, NY

OFFERING PRICES AND RELATED INFORMATION

PROJECTED COMMON CHARGES AND REAL ESTATE TAXES ARE FOR
THE FIRST YEAR OF CONDOMINIUM OPERATION - SEPTEMBER 1, 2006 - AUGUST 31, 2007

(1) UNIT	(1) FLOOR DESIGNATION	(1) BEDROOMS/ BATHS	(2) APPROX UNIT SQUARE FOOTAGE	(2) APPROX TERRACE SQUARE FOOTAGE	(3) OFFERING PRICE	(4) RESIDENTIAL COMMON INTEREST	(4) COMMON INTEREST	(5) PROJECTED MONTHLY COMMON CHARGES	(6) PROJECTED MONTHLY RE TAXES ASSUMING PARTIAL EXEMPTION UNDER 421-a	(6) PROJECTED MONTHLY RE TAXES ASSUMING NO PARTIAL EXEMPTION UNDER 421-a	(7) PROJECTED MONTHLY TOTAL CARRYING CHARGES WITH PARTIAL EXEMPTION UNDER 421-a	(7) PROJECTED MONTHLY TOTAL CARRYING CHARGES WITH NO PARTIAL EXEMPTION UNDER 421-a
1	3	2/2	1649		$ 3,150,000	1.9169%	1.4015%	$ 1,799.25	$ 221.22	$ 438.71	$ 2,020.47	$ 2,237.96
2	3	3/3.5	2476		$ 4,500,000	2.8783%	2.1044%	$ 2,701.60	$ 332.16	$ 658.73	$ 3,033.77	$ 3,360.33
3	3	1/1.5	1222		$ 2,250,000	1.4206%	1.0386%	$ 1,333.34	$ 163.93	$ 325.11	$ 1,497.28	$ 1,658.45
4	3	2/2.5	1843		$ 3,775,000	2.1425%	1.5664%	$ 2,010.93	$ 247.24	$ 490.32	$ 2,258.17	$ 2,501.25
5	3	3/3.5	2370		$ 4,350,000	2.7551%	2.0143%	$ 2,585.95	$ 317.94	$ 630.53	$ 2,903.89	$ 3,216.48
6	3	2/2	1415	100	$ 3,050,000	1.6682%	1.2196%	$ 1,543.93	$ 192.51	$ 381.78	$ 1,736.44	$ 1,925.71
7	4	2/2	1649		$ 3,250,000	1.9169%	1.4015%	$ 1,799.25	$ 221.22	$ 438.71	$ 2,020.47	$ 2,237.96
8	4	3/3.5	2476		$ 4,700,000	2.8783%	2.1044%	$ 2,701.60	$ 332.16	$ 658.73	$ 3,033.77	$ 3,360.33
9	4	1/1.5	1222		$ 2,350,000	1.4206%	1.0386%	$ 1,333.34	$ 163.93	$ 325.11	$ 1,497.28	$ 1,658.45
10	4	2/2.5	1843		$ 3,900,000	2.1425%	1.5664%	$ 2,010.93	$ 247.24	$ 490.32	$ 2,258.17	$ 2,501.25
11	4	3/3.5	2370		$ 4,500,000	2.7551%	2.0143%	$ 2,585.95	$ 317.94	$ 630.53	$ 2,903.89	$ 3,216.48
12	4	2/2	1415		$ 2,775,000	1.6449%	1.2026%	$ 1,543.93	$ 189.83	$ 376.46	$ 1,733.76	$ 1,920.39
14 (RM)	4	2/1	817		$ 850,000	0.9497%	0.6944%	$ -	$ 109.60	$ 217.36	$ 109.60	$ 217.36
15	5	2/2	1649		$ 3,450,000	1.9169%	1.4015%	$ 1,799.25	$ 221.22	$ 438.71	$ 2,020.47	$ 2,237.96
16	5	3/3.5	2476		$ 4,950,000	2.8783%	2.1044%	$ 2,701.60	$ 332.16	$ 658.73	$ 3,033.77	$ 3,360.33
17	5	1/1.5	1222		$ 2,500,000	1.4206%	1.0386%	$ 1,333.34	$ 163.93	$ 325.11	$ 1,497.28	$ 1,658.45
18	5	2/2.5	1843		$ 4,050,000	2.1425%	1.5664%	$ 2,010.93	$ 247.24	$ 490.32	$ 2,258.17	$ 2,501.25
19	5	3/3.5	2370		$ 4,700,000	2.7551%	2.0143%	$ 2,585.95	$ 317.94	$ 630.53	$ 2,903.89	$ 3,216.48
20	5	2/2	1415		$ 2,900,000	1.6449%	1.2026%	$ 1,543.93	$ 189.83	$ 376.46	$ 1,733.76	$ 1,920.39
21	5	2/2.5	1635		$ 2,595,000	1.9007%	1.3896%	$ 1,783.98	$ 219.34	$ 434.99	$ 2,003.31	$ 2,218.96
22	6	2/2	1649		$ 3,575,000	1.9169%	1.4015%	$ 1,799.25	$ 221.22	$ 438.71	$ 2,020.47	$ 2,237.96
23	6	3/3.5	2476		$ 5,200,000	2.8783%	2.1044%	$ 2,701.60	$ 332.16	$ 658.73	$ 3,033.77	$ 3,360.33
24	6	1/1.5	1222		$ 2,700,000	1.4206%	1.0386%	$ 1,333.34	$ 163.93	$ 325.11	$ 1,497.28	$ 1,658.45
25	6	2/2.5	1843		$ 4,350,000	2.1425%	1.5664%	$ 2,010.93	$ 247.24	$ 490.32	$ 2,258.17	$ 2,501.25
26	6	3/3.5	2370		$ 5,000,000	2.7551%	2.0143%	$ 2,585.95	$ 317.94	$ 630.53	$ 2,903.89	$ 3,216.48

The accompanying notes should be read in conjunction with this Schedule

SCHEDULE A

40 MERCER STREET CONDOMINIUM
40 MERCER STREET
NEW YORK, NY

OFFERING PRICES AND RELATED INFORMATION

PROJECTED COMMON CHARGES AND REAL ESTATE TAXES ARE FOR THE FIRST YEAR OF CONDOMINIUM OPERATION - SEPTEMBER 1, 2006 - AUGUST 31, 2007

(1) UNIT	(1) FLOOR DESIGNATION	(1) BEDROOMS/ BATHS	(2) APPROX UNIT SQUARE FOOTAGE	(2) APPROX TERRACE SQUARE FOOTAGE	(3) OFFERING PRICE	(4) RESIDENTIAL COMMON INTEREST	(4) COMMON INTEREST	(5) PROJECTED MONTHLY COMMON CHARGES	(6) PROJECTED MONTHLY RE TAXES ASSUMING PARTIAL EXEMPTION UNDER 421-a	(6) PROJECTED MONTHLY RE TAXES ASSUMING NO PARTIAL EXEMPTION UNDER 421-a	(7) PROJECTED MONTHLY TOTAL CARRYING CHARGES WITH PARTIAL EXEMPTION UNDER 421-a	(7) PROJECTED MONTHLY TOTAL CARRYING CHARGES WITH NO PARTIAL EXEMPTION UNDER 421-a
27	6	2/2	1415		$ 3,100,000	1.6449%	1.2026%	$ 1,543.93	$ 189.83	$ 376.46	$ 1,733.76	$ 1,920.39
28	6	2/2.5	1635		$ 2,745,000	1.9007%	1.3896%	$ 1,783.98	$ 219.34	$ 434.99	$ 2,003.31	$ 2,218.96
29 (D)(T)	7	4/4.5	4139	1227	$ 12,500,000	5.0968%	3.7264%	$ 4,516.13	$ 588.18	$ 1,166.45	$ 5,104.31	$ 5,682.58
30 (T)	7	3/3.5	3006	1598	$ 9,500,000	3.8659%	2.8265%	$ 3,279.90	$ 446.14	$ 884.76	$ 3,726.03	$ 4,164.66
31	8	2/2.5	2206		$ 5,000,000	2.5644%	1.8749%	$ 2,407.00	$ 295.94	$ 586.90	$ 2,702.94	$ 2,993.90
32	9	3/3.5	2706		$ 6,325,000	3.1457%	2.2999%	$ 2,952.56	$ 363.02	$ 719.92	$ 3,315.58	$ 3,672.48
33	9	2/2.5	2206		$ 5,050,000	2.5644%	1.8749%	$ 2,407.00	$ 295.94	$ 586.90	$ 2,702.94	$ 2,993.90
34	10	3/3.5	2706		$ 6,500,000	3.1457%	2.2999%	$ 2,952.56	$ 363.02	$ 719.92	$ 3,315.58	$ 3,672.48
35	10	2/2.5	2206		$ 5,150,000	2.5644%	1.8749%	$ 2,407.00	$ 295.94	$ 586.90	$ 2,702.94	$ 2,993.90
36	11	3/3.5	2706		$ 6,700,000	3.1457%	2.2999%	$ 2,952.56	$ 363.02	$ 719.92	$ 3,315.58	$ 3,672.48
37	11	2/2.5	2206		$ 5,350,000	2.5644%	1.8749%	$ 2,407.00	$ 295.94	$ 586.90	$ 2,702.94	$ 2,993.90
38	12	3/3.5	2706		$ 7,000,000	3.1457%	2.2999%	$ 2,952.56	$ 363.02	$ 719.92	$ 3,315.58	$ 3,672.48
39	12	2/2.5	2206		$ 5,525,000	2.5644%	1.8749%	$ 2,407.00	$ 295.94	$ 586.90	$ 2,702.94	$ 2,993.90
40	14	3/3.5	2706		$ 7,100,000	3.1457%	2.2999%	$ 2,952.56	$ 363.02	$ 719.92	$ 3,315.58	$ 3,672.48
PH1(D)(T)	14	4/4.5	3515	100	$ 12,250,000	4.1094%	3.0044%	$ 3,835.27	$ 474.23	$ 940.47	$ 4,309.50	$ 4,775.75
PH2 (T)	15	2/2.5	2114	485	$ 7,400,000	2.5702%	1.8792%	$ 2,306.62	$ 296.61	$ 588.23	$ 2,603.23	$ 2,894.85
RESIDENTIAL TOTAL			85321	3510	$ 196,565,000	100%	73.1121%	$ 92,203.72	$ 11,540.17	$ 22,886.08	$ 103,743.88	$ 115,089.80
A			2167		N/A	N/A	1.8470%	$ 230.77	N/A	N/A	N/A	N/A
B			1805		N/A	N/A	1.5385%	$ 192.22	N/A	N/A	N/A	N/A
C			1492		N/A	N/A	1.2717%	$ 158.88	N/A	N/A	N/A	N/A
D			2395		N/A	N/A	2.0413%	$ 255.05	N/A	N/A	N/A	N/A
E			1641		N/A	N/A	1.3987%	$ 174.75	N/A	N/A	N/A	N/A
RETAIL TOTAL			9500		N/A	N/A	8.0972%	$ 1,011.67	N/A	N/A	N/A	N/A
GARAGE			22048		N/A	N/A	18.7907%	$ 1,011.67	N/A	N/A	N/A	N/A
GRAND TOTAL			116867	3510	$ 196,565,000	100%	100%	$ 94,227.05	$ 11,540.17	$ 22,886.08	$ 103,743.88	$ 115,089.80

The Symbols used in the Schedule A have the following meaning:

RM denotes Resident Manager's Unit

D denotes Duplex

T denotes Terrace

The accompanying notes should be read in conjunction with this Schedule

SCHEDULE A

40 MERCER STREET CONDOMINIUM
40 MERCER STREET
NEW YORK, NY

OFFERING PRICES AND RELATED INFORMATION

STORAGE BIN LICENSES:

UNIT NUMBER	SQ. FOOTAGE	AMOUNT
1	33	$ 15,000
2	34	$ 15,000
3	34	$ 15,000
4	34	$ 15,000
5	34	$ 15,000
6	34	$ 15,000
7	34	$ 15,000
8	34	$ 15,000
9	34	$ 15,000
10	34	$ 15,000
11	34	$ 15,000
12	50	$ 25,000
13	34	$ 15,000
14	34	$ 15,000
15	34	$ 15,000
16	34	$ 15,000
17	49	$ 25,000
18	49	$ 25,000
19	36	$ 16,000
20	78	$ 35,000
21	43	$ 20,000
22	34	$ 15,000
23	34	$ 15,000
24	42	$ 20,000

The accompanying notes should be readi in conjunction with this schedule.

SCHEDULE A

40 MERCER STREET CONDOMINIUM
40 MERCER STREET
NEW YORK, NY

OFFERING PRICES AND RELATED INFORMATION

STORAGE BIN

LICENSES:

UNIT NUMBER	SQ. FOOTAGE	AMOUNT
25	42	$ 20,000
26	42	$ 20,000
27	51	$ 25,000
TOTAL		$ 486,000

PRIVATE TERRACE

LICENSES:

UNIT	SQ. FOOTAGE	AMOUNT
TERRACE 1	629	$ 600,000
TERRACE 2	401	$ 400,000
TERRACE 3	360	$ 375,000
TERRACE 4	558	$ 550,000
TOTAL		$ 1,925,000

The accompanying notes should be readi in conjunction with this schedule.

Notes to Schedule A

(1) Purchasers should refer to the Floor Plans included in Part II of the Plan for an approximation of the dimensions and typical layouts of the Residential Units. The number of bedrooms and bathrooms for each Residential Unit was determined by Sponsor's architect in accordance with industry practice for new construction condominiums and does not necessarily conform to the zoning room count or the method utilized by the Real Estate Board of New York. Each Residential Unit should be inspected to determine its actual dimensions, layout and physical condition prior to Closing.

(2) The square foot area and dimensions of the Residential Units listed in Schedule A or in the Declaration are approximate and may change due to field conditions, construction variances and tolerances and were obtained by using the method customarily used in New York City to measure condominium apartments. No such variation will affect a Purchaser's obligations under the Purchase Agreement or the Plan unless the square foot area of the Residential Unit is increased or decreased (excluding interior partitions) by more than 5%, thereby affording Purchaser a 15 day right to rescind. Sponsor's sole obligation if the net square foot area of the Residential Unit is so diminished shall be to refund the Deposit made under the Purchase Agreement and any interest earned thereon, except for funds expended by or reimbursed to Sponsor for upgrades or extras. Each Unit consists of the area measured horizontally from the exterior side of the exterior walls (columns, mechanical pipes, shafts, shaftways, chases, chaseways and conduits are not deducted from measurement of each Unit) to the centerline of the partitions separating one Unit from another Unit, or separating one Unit from corridors, stairs, elevators and other mechanical equipment spaces or any Common Elements not within a Unit or to the exterior side of the opposite exterior walls. Each Unit consists of the area measured vertically from the top of the floor (located under the finished flooring and sub-flooring materials) to the underside of the ceiling. As is customary in New York, these square foot areas exceed the usable floor area of each Residential Unit. The method of measurement is applicable to all Residential Units. Any Common Elements located within or appurtenant to any Residential Unit shall not be considered as part of that Residential Unit.

(3) The purchase prices and other terms of sale (as more fully set forth in the Section of the Plan entitled "Changes in Prices and Units") of Residential Units may be negotiated by Sponsor and, therefore, may be changed. Accordingly, Purchasers may pay different purchase prices for similar Residential Units. The effect of this, as well as the right of Sponsor to change purchase prices, is more particularly discussed in the Section entitled "Changes in Prices and Units." In addition to the payment of the purchase price, each Purchaser will be responsible for the payment of certain closing costs and expenses at the time of Closing, as explained in the Section entitled "Closing Costs and Adjustments." If Purchaser obtains a mortgage loan, Purchaser will be responsible for the payment of additional closing costs and expenses relating to such loan. There will be an apportionment of certain charges relating to the Residential Unit at the Closing. THESE PRICES HAVE BEEN SET BY SPONSOR AND ARE NOT SUBJECT TO REVIEW OR APPROVAL BY THE DEPARTMENT OF LAW OR ANY OTHER GOVERNMENT AGENCY.

(4) (a) The percentage interest of each Unit in the Common Elements is 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 the Units, but such proportion reflecting the substantially exclusive advantages enjoyed by one or more but not all Units in a part or parts of the Common Elements in accordance with subsection (ii) of the Real Property Law Section 339-i(1).

(b) The percentage interest of each Residential Unit in the Residential Common Elements is apportioned in the same proportion that the Residential Unit bears to the aggregate Common Interests of all the Residential Units in the Condominium.

(5) The estimated monthly Common Charges for each Unit are based on the Schedule B - First Year's Budget prepared by Sponsor's Condominium Budget Expert on the assumption that the first year of Condominium operation will be the year from September 1, 2006 through July 31, 2007. The actual first year of Condominium operation may be earlier or later than such year. In addition to these estimated payments, each Unit Owner will be responsible for real estate taxes on the Unit, mortgage payments under a loan, if any, obtained to finance the purchase of the Unit, the cost of electricity supplied to the Unit which will be separately metered and payable either directly to the utility company or to the Condominium Board for payment to the utility company, the cost of any insurance which the Unit Owner may wish to obtain for the Unit (and which Sponsor strongly urges each Unit Owner to obtain) and the cost of interior repairs and decorations to the Unit. See the Section of the Plan entitled "Schedule B-1 - Budget for Individual Energy Costs" concerning estimates of certain electric costs for the Units. All Unit Owners from and after the Closing, including Sponsor with respect to all Unsold Units, shall be responsible for payment of all Common Charge with respect to their Units.

It is presently anticipated that an application will be made to the New York State Public Service Commission in order to permit the Condominium Board to purchase electricity from Con Edison at a "bulk rate" (which may result in a savings to Unit Owners). In the event that such application is made, and subsequently granted, the Condominium Board will assess the cost of electricity provided to the Unit Owners. Each Unit will be billed by the Condominium Board for actual consumption on the basis of its submeter and the Condominium Board will, in turn, pay Con Edison. Alternatively, the cost of electricity supplied to each Unit will be separately metered and payable by the Unit Owner directly to Con Edison.

As discussed in the Section of the Plan entitled "Description of Property and Improvements" subsection "Services and Facilities," the full range of services and facilities described in the Plan including the courtyard, 7th floor common terrace and spa facility may not be provided until such time the Condominium is occupied by 75% of the Residential Unit Owners.

(6) Sponsor intends to apply for partial exemption from real estate taxes with respect to the Building pursuant to Section 421-a of the New York Real Property Tax Law. Under the Section 421-a program, the real estate tax estimate for the first year of Condominium operation will be based upon the taxable assessed valuation of the Property in the tax year prior to commencement of construction, which is commonly referred to as the "mini-tax." As construction shall commence subsequent to July 1, 2004, but prior to June 30, 2005, the "mini-tax" will be based upon the assessed valuation of the Property in the 2003/2004 fiscal year. The 2003/2004 actual assessed valuation of the Property was $1,755,000.00 and the transitional assessed valuation of the Property was $1,399,500.00. Therefore, for the period of construction as defined under Section 421-a, not to exceed 3 years, and for 2 years following completion, or 3 years of construction, which ever occurs first, the real estate taxes for the Property will be based upon the transitional assessed valuation of $1,399,500.00, payable at the tax rate then in effect in the year it is due. Purchasers should refer to the 421-a Real Estate Tax Exemption Benefits Opinion prepared by D'Agostino, Levine & Landesman, L.L.P., set forth in Part II of the Plan for further discussion regarding the 421-a program and the availability of such program to this project. The estimated tax is based on the assumption that the partial exemption will be in effect for the first year of Condominium operation, and that there will not be any change in the taxable status of the Property. No warranty or guarantee is made as to the amount of any tax exemption that will actually be received. In addition, no warranty or guarantee is made that the actual assessed valuation

or the assessed valuation for the Property if Section 421-a benefits are granted will be as projected above, that the projected tax rate will be in effect for all or any portion of the Property during the first year of Condominium operation or that the real estate taxes will be allocated among Units in proportion to their Common Interests or Schedule A purchase prices. In no event will Sponsor, Sponsor's counsel, the Selling Agent or any offeror be liable to any Purchaser, nor will any Purchaser have the right to rescind the Purchase Agreement, in the event Section 421-a benefits are not granted or, if granted, in the event the amount of such exemption and the resulting taxes differ from those projected.

If for any reason the Section 421-a partial real estate tax exemption is not granted, it is estimated that the aggregate real estate taxes payable with respect to all Residential Units for the first year of Condominium operation will total approximately $274,633.00, assuming (a) a transitional assessed valuation for the Property of $1,399,500.00 for the first 11 months of the first year of Condominium operation reflecting the land assessment for a partially constructed property and an assessed valuation for the Property of $11,763,761 for the last month of the first year of operation reflecting a partially constructed property based on the real estate tax projection opinion prepared by William Block P.C. dated December 17, 2004 set forth in Part II of the Plan, and (b) a tax rate of 11.79 per $100 of assessed valuation for the 2006/2007 tax year and a tax rate of 12.586 per $100 of assessed valuation for the 2007/2008 tax year. Purchasers should note that once the Building is assessed as being fully constructed, it is estimated that the real estate taxes will total approximately $1,480,579. This tax projection does not take into account any Section 421-a benefits that may be applicable to the Property at such time.

In arriving at the assessed valuation for each Unit in the Condominium, the Building is first assessed as an entity. This overall assessment is then apportioned among the respective Units, each of which will be assigned a tax lot designation once the Declaration has been recorded and the Floor Plans are filed with the Registers Office. For purposes of Schedule A, the projected real estate taxes for the Units were apportioned based in part upon the proportion the projected selling price presented in the Plan for each Unit bears to the gross sellout price for all Units available for purchase in the Condominium and in part upon extrinsic indicia of value, including location, square footage, amenities, income producing potential and existing leases on particular Units. There is no assurance that the City of New York tax assessor will allocate taxes among Units based on Schedule A purchase prices. It is possible that the apportionment will be based on Common Interest percentages. Although the estimate of New York City real estate taxes is a good faith estimate, it is not possible to estimate same with any degree of certainty. Assessed valuations, apportionment or taxes among the Units and tax rates, when actually established by the City of New York, may be lesser or greater. Accordingly, these estimates are to be considered opinions and are not intended, and should not be construed as, warranties as to future assessed valuations, tax rates or the actual real estate taxes to be assessed. In no event will Sponsor, its principals, sales agents, Sponsor's counsel or any other person be liable if the assessed valuations, tax rates or taxes, when actually established, are lesser or greater than that predicted herein or if the Administrative Code and the applicable rules and regulations of the City of New York are changed in the future.

In the opinion of Olshan Grundman Frome Rosenzweig & Wolosky LLP, a copy of which is set forth in Part II of the Plan, a Residential Unit Owner who uses the Residential Unit as a personal residence will, under present Law, for Federal, New York State and New York City income tax purposes, be entitled to a deduction for mortgage interest and real estate taxes in the year paid in the case of cash basis taxpayers or accrued in the case of other taxpayers, subject to certain exceptions and limitations which are more particularly discussed in the Attorney's Income Tax Opinion. Purchasers should note that deductions, if applicable, may vary in future years due to changes in the interest rate or the Residential Unit Owner's mortgage or from changes in the allocation of the constant debt service payments to interest and principal, or due to changes in real property taxes resulting from the expiration of real estate tax benefits, or from

changes in the assessed value, the tax rate or the method of assessing real property. (See the Section of the Plan entitled "Income Tax Deductions to Residential Unit Owners and Tax Status of the Condominium" for further details.)

At such time as the Units have been separately assessed for real estate tax purposes, each Unit will be taxed as a separate tax lot for real estate tax purposes and a Unit Owner will not be responsible for the payment of, nor will the Unit be subjected to any lien arising from the non-payment of real estate taxes assessed against other Units.

(7) These figures represent the aggregate estimated monthly carrying charges which include estimated Common Charges and estimated real estate taxes. Reference should be made to note (5) of these Notes for certain other "home ownership" costs that may be incurred by Residential Unit Owners.

A Purchaser of a Residential Unit will be required to make a contribution at the Closing of Title to the Working Capital Fund in an amount equal to 2 months' Common Charges assessed against the Residential Unit. (See the Section of the Plan entitled "Working Capital Fund and Apportionments" for further details.)

Purchasers should note that deductions, if applicable, may vary in future years due to changes in the interest rate or the Residential Unit Owner's mortgage or from changes in the allocation of the constant debt service payments to interest and principal, or due to changes in real property taxes resulting from the expiration of real estate tax benefits, or from changes in the assessed value, the tax rate or the method of assessing real property. Sponsor makes no guaranty or warranty concerning the availability of any tax deductions.

FOURTH AMENDMENT

TO

CONDOMINIUM OFFERING PLAN

40 MERCER STREET CONDOMINIUM

40 MERCER STREET
NEW YORK, NEW YORK 10013

SPONSOR

WXIV/Broadway Grand Realty, L.L.C.
885 Third Avenue
New York, New York 10022

SELLING AGENT

The Sunshine Group, Ltd.
41 East 57th Street
Gallery 500
New York, New York 10022
(212) 750-0500

DATED: SEPTEMBER 21, 2005

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Exhibit

A - Schedule of Purchase Prices of Units and Related Information

FOURTH AMENDMENT

TO

CONDOMINIUM OFFERING PLAN

INTRODUCTION

This Fourth Amendment modifies and supplements the terms of the Condominium Offering Plan for the premises known as 40 Mercer Street Condominium ("Condominium") located at 40 Mercer Street, New York, New York dated August 16, 2005, ("Plan"), as previously amended by the First through Third Amendments thereto, and should be read in conjunction with the Plan, as previously amended.

The terms of this Fourth Amendment are as follows:

1. PRICE CHANGES

Annexed to this Amendment as Exhibit "A" is a revised Section of the Plan entitled "Schedule A – Purchase Prices of Units and Related Information" which reflects the current purchase prices for the Residential Units, Storage Bins and Private Terraces being offered for sale.

2. DEFINITIONS

Any term used in this Amendment not otherwise defined herein shall have the same meaning ascribed to it in the Plan.

3. NO MATERIAL CHANGES

Except as set forth in this Amendment, there have been no material changes of facts or circumstances affecting the Property or the offering.

4. INCORPORATION OF PLAN

The Plan, as modified and supplemented by this Amendment, is incorporated herein by reference with the same effect as if set forth at length.

5. NO EXTENSION OF PLAN

Since this Amendment is limited solely to price changes, this Amendment does not extend the Plan.

SPONSOR:

WXIV/BROADWAY GRAND REALTY, LLC

EXHIBIT "A"

SCHEDULE A – PURCHASE PRICES OF UNITS AND RELATED INFORMATION

SCHEDULE A

40 MERCER STREET CONDOMINIUM
40 MERCER STREET
NEW YORK, NY

OFFERING PRICES AND RELATED INFORMATION

PROJECTED COMMON CHARGES AND REAL ESTATE TAXES ARE FOR
THE FIRST YEAR OF CONDOMINIUM OPERATION - SEPTEMBER 1, 2006 - AUGUST 31, 2007

(1) UNIT	(1) FLOOR DESIGNATION	(1) BEDROOMS/ BATHS	(2) APPROX UNIT SQUARE FOOTAGE	(2) APPROX TERRACE SQUARE FOOTAGE	(3) OFFERING PRICE	(4) RESIDENTIAL COMMON INTEREST	(4) COMMON INTEREST	(5) PROJECTED MONTHLY COMMON CHARGES	(6) PROJECTED MONTHLY RE TAXES ASSUMING PARTIAL EXEMPTIDN UNDER 421-a	(6) PROJECTED MONTHLY RE TAXES ASSUMING NO PARTIAL EXEMPTION UNDER 421-a	(7) PROJECTED MONTHLY TOTAL CARRYING CHARGES WITH PARTIAL EXEMPTION UNDER 421-a	(7) PROJECTED MONTHLY TOTAL CARRYING CHARGES WITH NO PARTIAL EXEMPTION UNDER 421-a
1	3	2/2	1649		$ 3,150,000	1.9163%	1.4010%	$ 1,799.25	$ 221.14	$ 438.57	$ 2,020.40	$ 2,237.82
2	3	3/3.5	2476		$ 4,500,000	2.8774%	2.1037%	$ 2,701.60	$ 332.05	$ 658.51	$ 3,033.66	$ 3,360.12
3	3	1/1.5	1222		$ 2,250,000	1.4201%	1.0383%	$ 1,333.34	$ 163.88	$ 325.00	$ 1,497.22	$ 1,658.35
4	3	2/2.5	1843		$ 3,775,000	2.1417%	1.5659%	$ 2,010.93	$ 247.16	$ 490.16	$ 2,258.09	$ 2,501.09
5	3	3/3.5	2370		$ 4,100,000	2.7542%	2.0136%	$ 2,585.95	$ 317.84	$ 630.32	$ 2,903.78	$ 3,216.27
6	3	2/2	1415	103	$ 3,050,000	1.6683%	1.2197%	$ 1,543.93	$ 192.53	$ 381.81	$ 1,736.46	$ 1,925.74
7	4	2/2	1649		$ 3,250,000	1.9163%	1.4010%	$ 1,799.25	$ 221.14	$ 438.57	$ 2,020.40	$ 2,237.82
8	4	3/3.5	2476		$ 4,700,000	2.8774%	2.1037%	$ 2,701.60	$ 332.05	$ 658.51	$ 3,033.66	$ 3,360.12
9	4	1/1.5	1222		$ 2,350,000	1.4201%	1.0383%	$ 1,333.34	$ 163.88	$ 325.00	$ 1,497.22	$ 1,658.35
10	4	2/2.5	1843		$ 3,900,000	2.1417%	1.5659%	$ 2,010.93	$ 247.16	$ 490.16	$ 2,258.09	$ 2,501.09
11	4	3/3.5	2370		$ 4,250,000	2.7542%	2.0136%	$ 2,585.95	$ 317.84	$ 630.32	$ 2,903.78	$ 3,216.27
12	4	2/2	1415		$ 2,775,000	1.6444%	1.2022%	$ 1,543.93	$ 189.76	$ 376.33	$ 1,733.69	$ 1,920.26
14 (RM)	4	2/1	817		$ 850,000	0.9494%	0.6942%	$ -	$ 109.57	$ 217.29	$ 109.57	$ 217.29
15	5	2/2	1649		$ 3,450,000	1.9163%	1.4010%	$ 1,799.25	$ 221.14	$ 438.57	$ 2,020.40	$ 2,237.82
16	5	3/3.5	2476		$ 4,950,000	2.8774%	2.1037%	$ 2,701.60	$ 332.05	$ 658.51	$ 3,033.66	$ 3,360.12
17	5	1/1.5	1222		$ 2,500,000	1.4201%	1.0383%	$ 1,333.34	$ 163.88	$ 325.00	$ 1,497.22	$ 1,658.35
18	5	2/2.5	1843		$ 4,050,000	2.1417%	1.5659%	$ 2,010.93	$ 247.16	$ 490.16	$ 2,258.09	$ 2,501.09
19	5	3/3.5	2370		$ 4,400,000	2.7542%	2.0136%	$ 2,585.95	$ 317.84	$ 630.32	$ 2,903.78	$ 3,216.27
20	5	2/2	1415		$ 2,900,000	1.6444%	1.2022%	$ 1,543.93	$ 189.76	$ 376.33	$ 1,733.69	$ 1,920.26
21	5	2/2.5	1635		$ 2,595,000	1.9000%	1.3891%	$ 1,783.98	$ 219.27	$ 434.84	$ 2,003.24	$ 2,218.82
22	6	2/2	1649		$ 3,575,000	1.9163%	1.4010%	$ 1,799.25	$ 221.14	$ 438.57	$ 2,020.40	$ 2,237.82
23	6	3/3.5	2476		$ 5,200,000	2.8774%	2.1037%	$ 2,701.60	$ 332.05	$ 658.51	$ 3,033.66	$ 3,360.12
24	6	1/1.5	1222		$ 2,700,000	1.4201%	1.0383%	$ 1,333.34	$ 163.88	$ 325.00	$ 1,497.22	$ 1,658.35
25	6	2/2.5	1843		$ 4,350,000	2.1417%	1.5659%	$ 2,010.93	$ 247.16	$ 490.16	$ 2,258.09	$ 2,501.09
26	6	3/3.5	2370		$ 4,800,000	2.7542%	2.0136%	$ 2,585.95	$ 317.84	$ 630.32	$ 2,903.78	$ 3,216.27

The accompanying notes should be read in conjunction with this Schedule

SCHEDULE A

40 MERCER STREET CONDOMINIUM
40 MERCER STREET
NEW YORK, NY

OFFERING PRICES AND RELATED INFORMATION

PROJECTED COMMON CHARGES AND REAL ESTATE TAXES ARE FOR
THE FIRST YEAR OF CONDOMINIUM OPERATION - SEPTEMBER 1, 2006 - AUGUST 31, 2007

(1) UNIT	(1) FLOOR DESIGNATION	(1) BEDROOMS/ BATHS	(2) APPROX UNIT SQUARE FOOTAGE	(2) APPROX TERRACE SQUARE FOOTAGE	(3) OFFERING PRICE	(4) RESIDENTIAL COMMON INTEREST	(4) COMMON INTEREST	(5) PROJECTED MONTHLY COMMON CHARGES	(6) PROJECTED MONTHLY RE TAXES ASSUMING PARTIAL EXEMPTION UNDER 421-a	(6) PROJECTED MONTHLY RE TAXES ASSUMING ND PARTIAL EXEMPTION UNDER 421-a	(7) PROJECTED MONTHLY TOTAL CARRYING CHARGES WITH PARTIAL EXEMPTION UNDER 421-a	(7) PROJECTED MONTHLY TOTAL CARRYING CHARGES WITH NO PARTIAL EXEMPTION UNDER 421-a
27	6	2/2	1415		$ 3,100,000	1.6444%	1.2022%	$ 1,543.93	$ 189.76	$ 376.33	$ 1,733.69	$ 1,920.26
28	6	2/2.5	1635		$ 2,745,000	1.9000%	1.3891%	$ 1,783.98	$ 219.27	$ 434.84	$ 2,003.24	$ 2,218.82
29 (D)(T)	7	4/4.5	4139	1247	$ 12,500,000	5.0997%	3.7285%	$ 4,516.13	$ 588.52	$ 1,167.13	$ 5,104.65	$ 5,683.26
30 (T)	7	3/3.5	3006	1582	$ 9,500,000	3.8609%	2.8228%	$ 3,279.90	$ 445.56	$ 883.62	$ 3,725.46	$ 4,163.52
31	8	2/2.5	2206		$ 5,000,000	2.5636%	1.8743%	$ 2,407.00	$ 295.84	$ 586.70	$ 2,702.85	$ 2,993.71
32	9	3/3.5	2706		$ 5,825,000	3.1446%	2.2991%	$ 2,952.56	$ 362.90	$ 719.68	$ 3,315.46	$ 3,672.24
33	9	2/2.5	2206		$ 5,050,000	2.5636%	1.8743%	$ 2,407.00	$ 295.84	$ 586.70	$ 2,702.85	$ 2,993.71
34	10	3/3.5	2706		$ 6,000,000	3.1446%	2.2991%	$ 2,952.56	$ 362.90	$ 719.68	$ 3,315.46	$ 3,672.24
35	10	2/2.5	2206		$ 5,150,000	2.5636%	1.8743%	$ 2,407.00	$ 295.84	$ 586.70	$ 2,702.85	$ 2,993.71
36	11	3/3.5	2706		$ 6,250,000	3.1446%	2.2991%	$ 2,952.56	$ 362.90	$ 719.68	$ 3,315.46	$ 3,672.24
37	11	2/2.5	2206		$ 5,350,000	2.5636%	1.8743%	$ 2,407.00	$ 295.84	$ 586.70	$ 2,702.85	$ 2,993.71
38	12	3/3.5	2706		$ 6,450,000	3.1446%	2.2991%	$ 2,952.56	$ 362.90	$ 719.68	$ 3,315.46	$ 3,672.24
39	12	2/2.5	2206		$ 5,525,000	2.5636%	1.8743%	$ 2,407.00	$ 295.84	$ 586.70	$ 2,702.85	$ 2,993.71
40	14	3/3.5	2706		$ 6,750,000	3.1446%	2.2991%	$ 2,952.56	$ 362.90	$ 719.68	$ 3,315.46	$ 3,672.24
PH1(D)(T)	14	4/4.5	3515	145	$ 12,250,000	4.1185%	3.0111%	$ 3,835.27	$ 475.28	$ 942.56	$ 4,310.55	$ 4,777.83
PH2 (T)	15	2/2.5	2114	575	$ 7,400,000	2.5903%	1.8938%	$ 2,306.62	$ 298.93	$ 592.82	$ 2,605.55	$ 2,899.44
RESIDENTIAL TOTAL			**85321**	**3652**	**$ 193,215,000**	**100%**	**73.1121%**	**$ 92,203.72**	**$ 11,540.17**	**$ 22,886.08**	**$ 103,743.88**	**$ 115,089.80**
A			2167		N/A	N/A	1.8470%	$ 230.77	N/A	N/A	N/A	N/A
B			1805		N/A	N/A	1.5385%	$ 192.22	N/A	N/A	N/A	N/A
C			1492		N/A	N/A	1.2717%	$ 158.88	N/A	N/A	N/A	N/A
D			2395		N/A	N/A	2.0413%	$ 255.05	N/A	N/A	N/A	N/A
E			1641		N/A	N/A	1.3987%	$ 174.75	N/A	N/A	N/A	N/A
RETAIL TOTAL			**9500**		**N/A**	**N/A**	**8.0972%**	**$ 1,011.67**	**N/A**	**N/A**	**N/A**	**N/A**
GARAGE			**22046**		**N/A**	**N/A**	**18.7907%**	**$ 1,011.67**	**N/A**	**N/A**	**N/A**	**N/A**
GRAND TOTAL			**116867**	**3652**	**$ 193,215,000**	**100%**	**100%**	**$ 94,227.05**	**$ 11,540.17**	**$ 22,886.08**	**$ 103,743.88**	**$ 115,089.80**

The Symbols used in the Schedule A have the following meaning:

RM denotes Resident Manager's Unit

D denotes Duplex

T denotes Terrace

The accompanying notes should be read in conjunction with this Schedule

SCHEDULE A

40 MERCER STREET CONDOMINIUM
40 MERCER STREET
NEW YORK, NY

OFFERING PRICES AND RELATED INFORMATION

STORAGE BIN LICENSES:

UNIT NUMBER	SQ. FOOTAGE	AMOUNT
1	33	$ 15,000
2	34	$ 15,000
3	34	$ 15,000
4	34	$ 15,000
5	34	$ 15,000
6	34	$ 15,000
7	34	$ 15,000
8	34	$ 15,000
9	34	$ 15,000
10	34	$ 15,000
11	34	$ 15,000
12	50	$ 25,000
13	34	$ 15,000
14	34	$ 15,000
15	34	$ 15,000
16	34	$ 15,000
17	49	$ 25,000
18	49	$ 25,000
19	36	$ 16,000
20	78	$ 35,000
21	43	$ 20,000
22	34	$ 15,000
23	34	$ 15,000
24	42	$ 20,000

The accompanying notes should be readi in conjunction with this schedule.

SCHEDULE A

40 MERCER STREET CONDOMINIUM
40 MERCER STREET
NEW YORK, NY

OFFERING PRICES AND RELATED INFORMATION

STORAGE BIN LICENSES:

UNIT NUMBER	SQ. FOOTAGE	AMOUNT
25	42	$ 20,000
26	42	$ 20,000
27	51	$ 25,000
TOTAL		$ 486,000

PRIVATE TERRACE LICENSES:

UNIT	SQ. FOOTAGE	AMOUNT
TERRACE 1	629	$ 600,000
TERRACE 2	401	$ 400,000
TERRACE 3	360	$ 375,000
TERRACE 4	558	$ 550,000
TOTAL		$ 1,925,000

The accompanying notes should be readi in conjunction with this schedule.

Notes to Schedule A

(1) Purchasers should refer to the Floor Plans included in Part II of the Plan for an approximation of the dimensions and typical layouts of the Residential Units. The number of bedrooms and bathrooms for each Residential Unit was determined by Sponsor's architect in accordance with industry practice for new construction condominiums and does not necessarily conform to the zoning room count or the method utilized by the Real Estate Board of New York. Each Residential Unit should be inspected to determine its actual dimensions, layout and physical condition prior to Closing.

(2) The square foot area and dimensions of the Residential Units listed in Schedule A or in the Declaration are approximate and may change due to field conditions, construction variances and tolerances and were obtained by using the method customarily used in New York City to measure condominium apartments. No such variation will affect a Purchaser's obligations under the Purchase Agreement or the Plan unless the square foot area of the Residential Unit is increased or decreased (excluding interior partitions) by more than 5%, thereby affording Purchaser a 15 day right to rescind. Sponsor's sole obligation if the net square foot area of the Residential Unit is so diminished shall be to refund the Deposit made under the Purchase Agreement and any interest earned thereon, except for funds expended by or reimbursed to Sponsor for upgrades or extras. Each Unit consists of the area measured horizontally from the exterior side of the exterior walls (columns, mechanical pipes, shafts, shaftways, chases, chaseways and conduits are not deducted from measurement of each Unit) to the centerline of the partitions separating one Unit from another Unit, or separating one Unit from corridors, stairs, elevators and other mechanical equipment spaces or any Common Elements not within a Unit or to the exterior side of the opposite exterior walls. Each Unit consists of the area measured vertically from the top of the floor (located under the finished flooring and sub-flooring materials) to the underside of the ceiling. As is customary in New York, these square foot areas exceed the usable floor area of each Residential Unit. The method of measurement is applicable to all Residential Units. Any Common Elements located within or appurtenant to any Residential Unit shall not be considered as part of that Residential Unit.

(3) The purchase prices and other terms of sale (as more fully set forth in the Section of the Plan entitled "Changes in Prices and Units") of Residential Units may be negotiated by Sponsor and, therefore, may be changed. Accordingly, Purchasers may pay different purchase prices for similar Residential Units. The effect of this, as well as the right of Sponsor to change purchase prices, is more particularly discussed in the Section entitled "Changes in Prices and Units." In addition to the payment of the purchase price, each Purchaser will be responsible for the payment of certain closing costs and expenses at the time of Closing, as explained in the Section entitled "Closing Costs and Adjustments." If Purchaser obtains a mortgage loan, Purchaser will be responsible for the payment of additional closing costs and expenses relating to such loan. There will be an apportionment of certain charges relating to the Residential Unit at the Closing. THESE PRICES HAVE BEEN SET BY SPONSOR AND ARE NOT SUBJECT TO REVIEW OR APPROVAL BY THE DEPARTMENT OF LAW OR ANY OTHER GOVERNMENT AGENCY.

(4) (a) The percentage interest of each Unit in the Common Elements is 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 the Units, but such proportion reflecting the substantially exclusive advantages enjoyed by one or more but not all Units in a part or parts of the Common Elements in accordance with subsection (ii) of the Real Property Law Section 339-i(1).

(b) The percentage interest of each Residential Unit in the Residential Common Elements is apportioned in the same proportion that the Residential Unit bears to the aggregate Common Interests of all the Residential Units in the Condominium.

(5) The estimated monthly Common Charges for each Unit are based on the Schedule B - First Year's Budget prepared by Sponsor's Condominium Budget Expert on the assumption that the first year of Condominium operation will be the year from September 1, 2006 through July 31, 2007. The actual first year of Condominium operation may be earlier or later than such year. In addition to these estimated payments, each Unit Owner will be responsible for real estate taxes on the Unit, mortgage payments under a loan, if any, obtained to finance the purchase of the Unit, the cost of electricity supplied to the Unit which will be separately metered and payable either directly to the utility company or to the Condominium Board for payment to the utility company, the cost of any insurance which the Unit Owner may wish to obtain for the Unit (and which Sponsor strongly urges each Unit Owner to obtain) and the cost of interior repairs and decorations to the Unit. See the Section of the Plan entitled "Schedule B-1 - Budget for Individual Energy Costs" concerning estimates of certain electric costs for the Units. All Unit Owners from and after the Closing, including Sponsor with respect to all Unsold Units, shall be responsible for payment of all Common Charge with respect to their Units.

It is presently anticipated that an application will be made to the New York State Public Service Commission in order to permit the Condominium Board to purchase electricity from Con Edison at a "bulk rate" (which may result in a savings to Unit Owners). In the event that such application is made, and subsequently granted, the Condominium Board will assess the cost of electricity provided to the Unit Owners. Each Unit will be billed by the Condominium Board for actual consumption on the basis of its submeter and the Condominium Board will, in turn, pay Con Edison. Alternatively, the cost of electricity supplied to each Unit will be separately metered and payable by the Unit Owner directly to Con Edison.

As discussed in the Section of the Plan entitled "Description of Property and Improvements" subsection "Services and Facilities," the full range of services and facilities described in the Plan including the courtyard, 7th floor common terrace and spa facility may not be provided until such time the Condominium is occupied by 75% of the Residential Unit Owners.

(6) Sponsor intends to apply for partial exemption from real estate taxes with respect to the Building pursuant to Section 421-a of the New York Real Property Tax Law. Under the Section 421-a program, the real estate tax estimate for the first year of Condominium operation will be based upon the taxable assessed valuation of the Property in the tax year prior to commencement of construction, which is commonly referred to as the "mini-tax." As construction shall commence subsequent to July 1, 2004, but prior to June 30, 2005, the "mini-tax" will be based upon the assessed valuation of the Property in the 2003/2004 fiscal year. The 2003/2004 actual assessed valuation of the Property was $1,755,000.00 and the transitional assessed valuation of the Property was $1,399,500.00. Therefore, for the period of construction as defined under Section 421-a, not to exceed 3 years, and for 2 years following completion, or 3 years of construction, which ever occurs first, the real estate taxes for the Property will be based upon the transitional assessed valuation of $1,399,500.00, payable at the tax rate then in effect in the year it is due. Purchasers should refer to the 421-a Real Estate Tax Exemption Benefits Opinion prepared by D'Agostino, Levine & Landesman, L.L.P., set forth in Part II of the Plan for further discussion regarding the 421-a program and the availability of such program to this project. The estimated tax is based on the assumption that the partial exemption will be in effect for the first year of Condominium operation, and that there will not be any change in the taxable status of the Property. No warranty or guarantee is made as to the amount of any tax exemption that will actually be received. In addition, no warranty or guarantee is made that the actual assessed valuation or the

or the assessed valuation for the Property if Section 421-a benefits are granted will be as projected above, that the projected tax rate will be in effect for all or any portion of the Property during the first year of Condominium operation or that the real estate taxes will be allocated among Units in proportion to their Common Interests or Schedule A purchase prices. In no event will Sponsor, Sponsor's counsel, the Selling Agent or any offeror be liable to any Purchaser, nor will any Purchaser have the right to rescind the Purchase Agreement, in the event Section 421-a benefits are not granted or, if granted, in the event the amount of such exemption and the resulting taxes differ from those projected.

If for any reason the Section 421-a partial real estate tax exemption is not granted, it is estimated that the aggregate real estate taxes payable with respect to all Residential Units for the first year of Condominium operation will total approximately $274,633.00, assuming (a) a transitional assessed valuation for the Property of $1,399,500.00 for the first 11 months of the first year of Condominium operation reflecting the land assessment for a partially constructed property and an assessed valuation for the Property of $11,763,761 for the last month of the first year of operation reflecting a partially constructed property based on the real estate tax projection opinion prepared by William Block P.C. dated December 17, 2004 set forth in Part II of the Plan, and (b) a tax rate of 11.79 per $100 of assessed valuation for the 2006/2007 tax year and a tax rate of 12.586 per $100 of assessed valuation for the 2007/2008 tax year. Purchasers should note that once the Building is assessed as being fully constructed, it is estimated that the real estate taxes will total approximately $1,480,579. This tax projection does not take into account any Section 421-a benefits that may be applicable to the Property at such time.

In arriving at the assessed valuation for each Unit in the Condominium, the Building is first assessed as an entity. This overall assessment is then apportioned among the respective Units, each of which will be assigned a tax lot designation once the Declaration has been recorded and the Floor Plans are filed with the Registers Office. For purposes of Schedule A, the projected real estate taxes for the Units were apportioned based in part upon the proportion the projected selling price presented in the Plan for each Unit bears to the gross sellout price for all Units available for purchase in the Condominium and in part upon extrinsic indicia of value, including location, square footage, amenities, income producing potential and existing leases on particular Units. There is no assurance that the City of New York tax assessor will allocate taxes among Units based on Schedule A purchase prices. It is possible that the apportionment will be based on Common Interest percentages. Although the estimate of New York City real estate taxes is a good faith estimate, it is not possible to estimate same with any degree of certainty. Assessed valuations, apportionment or taxes among the Units and tax rates, when actually established by the City of New York, may be lesser or greater. Accordingly, these estimates are to be considered opinions and are not intended, and should not be construed as, warranties as to future assessed valuations, tax rates or the actual real estate taxes to be assessed. In no event will Sponsor, its principals, sales agents, Sponsor's counsel or any other person be liable if the assessed valuations, tax rates or taxes, when actually established, are lesser or greater than that predicted herein or if the Administrative Code and the applicable rules and regulations of the City of New York are changed in the future.

In the opinion of Olshan Grundman Frome Rosenzweig & Wolosky LLP, a copy of which is set forth in Part II of the Plan, a Residential Unit Owner who uses the Residential Unit as a personal residence will, under present Law, for Federal, New York State and New York City income tax purposes, be entitled to a deduction for mortgage interest and real estate taxes in the year paid in the case of cash basis taxpayers or accrued in the case of other taxpayers, subject to certain exceptions and limitations which are more particularly discussed in the Attorney's Income Tax Opinion. Purchasers should note that deductions, if applicable, may vary in future years due to changes in the interest rate or the Residential Unit Owner's mortgage or from changes in the allocation of the constant debt service payments to interest and principal, or due to changes in real property taxes resulting from the expiration of real estate tax benefits, or from

changes in the assessed value, the tax rate or the method of assessing real property. (See the Section of the Plan entitled "Income Tax Deductions to Residential Unit Owners and Tax Status of the Condominium" for further details.)

At such time as the Units have been separately assessed for real estate tax purposes, each Unit will be taxed as a separate tax lot for real estate tax purposes and a Unit Owner will not be responsible for the payment of, nor will the Unit be subjected to any lien arising from the non-payment of real estate taxes assessed against other Units.

(7) These figures represent the aggregate estimated monthly carrying charges which include estimated Common Charges and estimated real estate taxes. Reference should be made to note (5) of these Notes for certain other "home ownership" costs that may be incurred by Residential Unit Owners.

A Purchaser of a Residential Unit will be required to make a contribution at the Closing of Title to the Working Capital Fund in an amount equal to 2 months' Common Charges assessed against the Residential Unit. (See the Section of the Plan entitled "Working Capital Fund and Apportionments" for further details.)

Purchasers should note that deductions, if applicable, may vary in future years due to changes in the interest rate or the Residential Unit Owner's mortgage or from changes in the allocation of the constant debt service payments to interest and principal, or due to changes in real property taxes resulting from the expiration of real estate tax benefits, or from changes in the assessed value, the tax rate or the method of assessing real property. Sponsor makes no guaranty or warranty concerning the availability of any tax deductions.

THIRD AMENDMENT

TO

CONDOMINIUM OFFERING PLAN

40 MERCER STREET CONDOMINIUM

40 MERCER STREET
NEW YORK, NEW YORK 10013

SPONSOR

WXIV/Broadway Grand Realty, L.L.C.
885 Third Avenue
New York, New York 10022

SELLING AGENT

The Sunshine Group, Ltd.
41 East 57th Street
Gallery 500
New York, New York 10022
(212) 750-0500

DATED: SEPTEMBER 16, 2005

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Exhibit

A - Schedule of Purchase Prices of Units and Related Information

THIRD AMENDMENT

TO

CONDOMINIUM OFFERING PLAN

INTRODUCTION

This Third Amendment modifies and supplements the terms of the Condominium Offering Plan for the premises known as 40 Mercer Street Condominium ("Condominium") located at 40 Mercer Street, New York, New York dated August 16, 2005, ("Plan"), as previously amended by the First and Second Amendments thereto, and should be read in conjunction with the Plan, as previously amended.

The terms of this Third Amendment are as follows:

1. PRICE CHANGES

Annexed to this Amendment as Exhibit "A" is a revised Section of the Plan entitled "Schedule A – Purchase Prices of Units and Related Information" which reflects the current purchase prices for the Residential Units, Storage Bins and Private Terraces being offered for sale.

2. DEFINITIONS

Any term used in this Amendment not otherwise defined herein shall have the same meaning ascribed to it in the Plan.

3. NO MATERIAL CHANGES

Except as set forth in this Amendment, there have been no material changes of facts or circumstances affecting the Property or the offering.

4. INCORPORATION OF PLAN

The Plan, as modified and supplemented by this Amendment, is incorporated herein by reference with the same effect as if set forth at length.

5. NO EXTENSION OF PLAN

Since this Amendment is limited solely to price changes, this Amendment does not extend the Plan.

SPONSOR:

WXIV/BROADWAY GRAND REALTY, LLC

EXHIBIT "A"

SCHEDULE A – PURCHASE PRICES OF UNITS AND RELATED INFORMATION

SCHEDULE A

40 MERCER STREET CONDOMINIUM
40 MERCER STREET
NEW YORK, NY

OFFERING PRICES AND RELATED INFORMATION

PROJECTED COMMON CHARGES AND REAL ESTATE TAXES ARE FOR THE FIRST YEAR OF CONDOMINIUM OPERATION - SEPTEMBER 1, 2006 - AUGUST 31, 2007

(1) UNIT	(1) FLOOR DESIGNATION	(1) BEDROOMS/ BATHS	(2) APPROX UNIT SQUARE FOOTAGE	(2) APPROX TERRACE SQUARE FOOTAGE	(3) OFFERING PRICE	(4) RESIDENTIAL COMMON INTEREST	(4) COMMON INTEREST	(5) PROJECTED MONTHLY COMMON CHARGES	(6) PROJECTED MONTHLY RE TAXES ASSUMING PARTIAL EXEMPTION UNDER 421-a	(6) PROJECTED MONTHLY RE TAXES ASSUMING NO PARTIAL EXEMPTION UNDER 421-a	(7) PROJECTED MONTHLY TOTAL CARRYING CHARGES WITH PARTIAL EXEMPTION UNDER 421-a	(7) PROJECTED MONTHLY TOTAL CARRYING CHARGES WITH NO PARTIAL EXEMPTION UNDER 421-a
1	3	2/2	1649		$ 3,150,000	1.9163%	1.4010%	$ 1,799.25	$ 221.14	$ 438.57	$ 2,020.40	$ 2,237.82
2	3	3/3.5	2476		$ 4,500,000	2.8774%	2.1037%	$ 2,701.60	$ 332.05	$ 658.51	$ 3,033.66	$ 3,360.12
3	3	1/1.5	1222		$ 2,250,000	1.4201%	1.0383%	$ 1,333.34	$ 163.88	$ 325.00	$ 1,497.22	$ 1,658.35
4	3	2/2.5	1843		$ 3,775,000	2.1417%	1.5659%	$ 2,010.93	$ 247.16	$ 490.16	$ 2,258.09	$ 2,501.09
5	3	3/3.5	2370		$ 4,100,000	2.7542%	2.0136%	$ 2,585.95	$ 317.84	$ 630.32	$ 2,903.78	$ 3,216.27
6	3	2/2	1415	103	$ 3,050,000	1.6683%	1.2197%	$ 1,543.93	$ 192.53	$ 381.81	$ 1,736.46	$ 1,925.74
7	4	2/2	1649		$ 3,250,000	1.9163%	1.4010%	$ 1,799.25	$ 221.14	$ 438.57	$ 2,020.40	$ 2,237.82
8	4	3/3.5	2476		$ 4,700,000	2.8774%	2.1037%	$ 2,701.60	$ 332.05	$ 658.51	$ 3,033.66	$ 3,360.12
9	4	1/1.5	1222		$ 2,350,000	1.4201%	1.0383%	$ 1,333.34	$ 163.88	$ 325.00	$ 1,497.22	$ 1,658.35
10	4	2/2.5	1843		$ 3,900,000	2.1417%	1.5659%	$ 2,010.93	$ 247.16	$ 490.16	$ 2,258.09	$ 2,501.09
11	4	3/3.5	2370		$ 4,250,000	2.7542%	2.0136%	$ 2,585.95	$ 317.84	$ 630.32	$ 2,903.78	$ 3,216.27
12	4	2/2	1415		$ 2,775,000	1.6444%	1.2022%	$ 1,543.93	$ 189.76	$ 376.33	$ 1,733.69	$ 1,920.26
14 (RM)	4	2/1	817		$ 850,000	0.9494%	0.6942%	$ -	$ 109.57	$ 217.29	$ 109.57	$ 217.29
15	5	2/2	1649		$ 3,450,000	1.9163%	1.4010%	$ 1,799.25	$ 221.14	$ 438.57	$ 2,020.40	$ 2,237.82
16	5	3/3.5	2476		$ 4,950,000	2.8774%	2.1037%	$ 2,701.60	$ 332.05	$ 658.51	$ 3,033.66	$ 3,360.12
17	5	1/1.5	1222		$ 2,500,000	1.4201%	1.0383%	$ 1,333.34	$ 163.88	$ 325.00	$ 1,497.22	$ 1,658.35
18	5	2/2.5	1843		$ 4,050,000	2.1417%	1.5659%	$ 2,010.93	$ 247.16	$ 490.16	$ 2,258.09	$ 2,501.09
19	5	3/3.5	2370		$ 4,400,000	2.7542%	2.0136%	$ 2,585.95	$ 317.84	$ 630.32	$ 2,903.78	$ 3,216.27
20	5	2/2	1415		$ 2,900,000	1.6444%	1.2022%	$ 1,543.93	$ 189.76	$ 376.33	$ 1,733.69	$ 1,920.26
21	5	2/2.5	1635		$ 2,595,000	1.9000%	1.3891%	$ 1,783.98	$ 219.27	$ 434.84	$ 2,003.24	$ 2,218.82
22	6	2/2	1649		$ 3,575,000	1.9163%	1.4010%	$ 1,799.25	$ 221.14	$ 438.57	$ 2,020.40	$ 2,237.82
23	6	3/3.5	2476		$ 5,200,000	2.8774%	2.1037%	$ 2,701.60	$ 332.05	$ 658.51	$ 3,033.66	$ 3,360.12
24	6	1/1.5	1222		$ 2,700,000	1.4201%	1.0383%	$ 1,333.34	$ 163.88	$ 325.00	$ 1,497.22	$ 1,658.35
25	6	2/2.5	1843		$ 4,350,000	2.1417%	1.5659%	$ 2,010.93	$ 247.16	$ 490.16	$ 2,258.09	$ 2,501.09
26	6	3/3.5	2370		$ 4,800,000	2.7542%	2.0136%	$ 2,585.95	$ 317.84	$ 630.32	$ 2,903.78	$ 3,216.27

The accompanying notes should be read in conjunction with this Schedule

SCHEDULE A

40 MERCER STREET CONDOMINIUM
40 MERCER STREET
NEW YORK, NY

OFFERING PRICES AND RELATED INFORMATION

PROJECTED COMMON CHARGES AND REAL ESTATE TAXES ARE FOR
THE FIRST YEAR OF CONDOMINIUM OPERATION - SEPTEMBER 1, 2006 - AUGUST 31, 2007

(1) UNIT	(1) FLOOR DESIGNATION	(1) BEDROOMS/ BATHS	(2) APPROX UNIT SQUARE FOOTAGE	(2) APPROX TERRACE SQUARE FOOTAGE	(3) OFFERING PRICE	(4) RESIDENTIAL COMMON INTEREST	(4) COMMON INTEREST	(5) PROJECTED MONTHLY COMMON CHARGES	(6) PROJECTED MONTHLY RE TAXES ASSUMING PARTIAL EXEMPTION UNDER 421-a	(6) PROJECTED MONTHLY RE TAXES ASSUMING NO PARTIAL EXEMPTION UNDER 421-a	(7) PROJECTED MONTHLY TOTAL CARRYING CHARGES WITH PARTIAL EXEMPTION UNDER 421-a	(7) PROJECTED MONTHLY TOTAL CARRYING CHARGES WITH NO PARTIAL EXEMPTION UNDER 421-a
27	6	2/2	1415		$ 3,100,000	1.6444%	1.2022%	$ 1,543.93	$ 189.76	$ 376.33	$ 1,733.69	$ 1,920.26
28	6	2/2.5	1635		$ 2,745,000	1.9000%	1.3891%	$ 1,783.98	$ 219.27	$ 434.84	$ 2,003.24	$ 2,218.82
29 (D)(T)	7	4/4.5	4139	1247	$ 12,500,000	5.0997%	3.7285%	$ 4,516.13	$ 588.52	$ 1,167.13	$ 5,104.65	$ 5,683.26
30 (T)	7	3/3.5	3006	1582	$ 9,500,000	3.8609%	2.8228%	$ 3,279.90	$ 445.56	$ 883.62	$ 3,725.46	$ 4,163.52
31	8	2/2.5	2206		$ 4,650,000	2.5636%	1.8743%	$ 2,407.00	$ 295.84	$ 586.70	$ 2,702.85	$ 2,993.71
32	9	3/3.5	2706		$ 5,825,000	3.1446%	2.2991%	$ 2,952.56	$ 362.90	$ 719.68	$ 3,315.46	$ 3,672.24
33	9	2/2.5	2206		$ 5,000,000	2.5636%	1.8743%	$ 2,407.00	$ 295.84	$ 586.70	$ 2,702.85	$ 2,993.71
34	10	3/3.5	2706		$ 6,000,000	3.1446%	2.2991%	$ 2,952.56	$ 362.90	$ 719.68	$ 3,315.46	$ 3,672.24
35	10	2/2.5	2206		$ 4,900,000	2.5636%	1.8743%	$ 2,407.00	$ 295.84	$ 586.70	$ 2,702.85	$ 2,993.71
36	11	3/3.5	2706		$ 6,250,000	3.1446%	2.2991%	$ 2,952.56	$ 362.90	$ 719.68	$ 3,315.46	$ 3,672.24
37	11	2/2.5	2206		$ 5,100,000	2.5636%	1.8743%	$ 2,407.00	$ 295.84	$ 586.70	$ 2,702.85	$ 2,993.71
38	12	3/3.5	2706		$ 6,450,000	3.1446%	2.2991%	$ 2,952.56	$ 362.90	$ 719.68	$ 3,315.46	$ 3,672.24
39	12	2/2.5	2206		$ 5,275,000	2.5636%	1.8743%	$ 2,407.00	$ 295.84	$ 586.70	$ 2,702.85	$ 2,993.71
40	14	3/3.5	2706		$ 6,750,000	3.1446%	2.2991%	$ 2,952.56	$ 362.90	$ 719.68	$ 3,315.46	$ 3,672.24
PH1(D)(T)	14	4/4.5	3515	145	$ 12,250,000	4.1185%	3.0111%	$ 3,835.27	$ 475.28	$ 942.56	$ 4,310.55	$ 4,777.83
PH2 (T)	15	2/2.5	2114	575	$ 7,400,000	2.5903%	1.8938%	$ 2,306.62	$ 298.93	$ 592.82	$ 2,605.55	$ 2,899.44
RESIDENTIAL TOTAL			85321	3652	$ 192,065,000	100%	73.1121%	$ 92,203.72	$ 11,540.17	$ 22,886.08	$ 103,743.88	$ 115,089.80
A			2167		N/A	N/A	1.8470%	$ 230.77	N/A	N/A	N/A	N/A
B			1805		N/A	N/A	1.5385%	$ 192.22	N/A	N/A	N/A	N/A
C			1492		N/A	N/A	1.2717%	$ 158.88	N/A	N/A	N/A	N/A
D			2395		N/A	N/A	2.0413%	$ 255.05	N/A	N/A	N/A	N/A
E			1641		N/A	N/A	1.3987%	$ 174.75	N/A	N/A	N/A	N/A
RETAIL TOTAL			9500		N/A	N/A	8.0972%	$ 1,011.67	N/A	N/A	N/A	N/A
GARAGE			22046		N/A	N/A	18.7907%	$ 1,011.67	N/A	N/A	N/A	N/A
GRAND TOTAL			116867	3652	$ 192,065,000	100%	100%	$ 94,227.05	$ 11,540.17	$ 22,886.08	$ 103,743.88	$ 115,089.80

The Symbols used in the Schedule A have the following meaning:

RM denotes Resident Manager's Unit

D denotes Duplex

T denotes Terrace

The accompanying notes should be read in conjunction with this Schedule

SCHEDULE A

40 MERCER STREET CONDOMINIUM
40 MERCER STREET
NEW YORK, NY

OFFERING PRICES AND RELATED INFORMATION

STORAGE BIN
LICENSES:

UNIT NUMBER	SQ. FOOTAGE	AMOUNT
1	33	$ 15,000
2	34	$ 15,000
3	34	$ 15,000
4	34	$ 15,000
5	34	$ 15,000
6	34	$ 15,000
7	34	$ 15,000
8	34	$ 15,000
9	34	$ 15,000
10	34	$ 15,000
11	34	$ 15,000
12	50	$ 25,000
13	34	$ 15,000
14	34	$ 15,000
15	34	$ 15,000
16	34	$ 15,000
17	49	$ 25,000
18	49	$ 25,000
19	36	$ 16,000
20	78	$ 35,000
21	43	$ 20,000
22	34	$ 15,000
23	34	$ 15,000
24	42	$ 20,000

The accompanying notes should be readi in conjunction with this schedule.

SCHEDULE A

40 MERCER STREET CONDOMINIUM
40 MERCER STREET
NEW YORK, NY

OFFERING PRICES AND RELATED INFORMATION

STORAGE BIN
LICENSES:

UNIT NUMBER	SQ. FOOTAGE	AMOUNT
25	42	$ 20,000
26	42	$ 20,000
27	51	$ 25,000
TOTAL		$ 486,000

PRIVATE TERRACE
LICENSES:

UNIT	SQ. FOOTAGE	AMOUNT
TERRACE 1	629	$ 600,000
TERRACE 2	401	$ 400,000
TERRACE 3	360	$ 375,000
TERRACE 4	558	$ 550,000
TOTAL		$ 1,925,000

The accompanying notes should be readi in conjunction with this schedule.

Notes to Schedule A

(1) Purchasers should refer to the Floor Plans included in Part II of the Plan for an approximation of the dimensions and typical layouts of the Residential Units. The number of bedrooms and bathrooms for each Residential Unit was determined by Sponsor's architect in accordance with industry practice for new construction condominiums and does not necessarily conform to the zoning room count or the method utilized by the Real Estate Board of New York. Each Residential Unit should be inspected to determine its actual dimensions, layout and physical condition prior to Closing.

(2) The square foot area and dimensions of the Residential Units listed in Schedule A or in the Declaration are approximate and may change due to field conditions, construction variances and tolerances and were obtained by using the method customarily used in New York City to measure condominium apartments. No such variation will affect a Purchaser's obligations under the Purchase Agreement or the Plan unless the square foot area of the Residential Unit is increased or decreased (excluding interior partitions) by more than 5%, thereby affording Purchaser a 15 day right to rescind. Sponsor's sole obligation if the net square foot area of the Residential Unit is so diminished shall be to refund the Deposit made under the Purchase Agreement and any interest earned thereon, except for funds expended by or reimbursed to Sponsor for upgrades or extras. Each Unit consists of the area measured horizontally from the exterior side of the exterior walls (columns, mechanical pipes, shafts, shaftways, chases, chaseways and conduits are not deducted from measurement of each Unit) to the centerline of the partitions separating one Unit from another Unit, or separating one Unit from corridors, stairs, elevators and other mechanical equipment spaces or any Common Elements not within a Unit or to the exterior side of the opposite exterior walls. Each Unit consists of the area measured vertically from the top of the floor (located under the finished flooring and sub-flooring materials) to the underside of the ceiling. As is customary in New York, these square foot areas exceed the usable floor area of each Residential Unit. The method of measurement is applicable to all Residential Units. Any Common Elements located within or appurtenant to any Residential Unit shall not be considered as part of that Residential Unit.

(3) The purchase prices and other terms of sale (as more fully set forth in the Section of the Plan entitled "Changes in Prices and Units") of Residential Units may be negotiated by Sponsor and, therefore, may be changed. Accordingly, Purchasers may pay different purchase prices for similar Residential Units. The effect of this, as well as the right of Sponsor to change purchase prices, is more particularly discussed in the Section entitled "Changes in Prices and Units." In addition to the payment of the purchase price, each Purchaser will be responsible for the payment of certain closing costs and expenses at the time of Closing, as explained in the Section entitled "Closing Costs and Adjustments." If Purchaser obtains a mortgage loan, Purchaser will be responsible for the payment of additional closing costs and expenses relating to such loan. There will be an apportionment of certain charges relating to the Residential Unit at the Closing. THESE PRICES HAVE BEEN SET BY SPONSOR AND ARE NOT SUBJECT TO REVIEW OR APPROVAL BY THE DEPARTMENT OF LAW OR ANY OTHER GOVERNMENT AGENCY.

(4) (a) The percentage interest of each Unit in the Common Elements is 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 the Units, but such proportion reflecting the substantially exclusive advantages enjoyed by one or more but not all Units in a part or parts of the Common Elements in accordance with subsection (ii) of the Real Property Law Section 339-i(1).

(b) The percentage interest of each Residential Unit in the Residential Common Elements is apportioned in the same proportion that the Residential Unit bears to the aggregate Common Interests of all the Residential Units in the Condominium.

(5) The estimated monthly Common Charges for each Unit are based on the Schedule B - First Year's Budget prepared by Sponsor's Condominium Budget Expert on the assumption that the first year of Condominium operation will be the year from September 1, 2006 through July 31, 2007. The actual first year of Condominium operation may be earlier or later than such year. In addition to these estimated payments, each Unit Owner will be responsible for real estate taxes on the Unit, mortgage payments under a loan, if any, obtained to finance the purchase of the Unit, the cost of electricity supplied to the Unit which will be separately metered and payable either directly to the utility company or to the Condominium Board for payment to the utility company, the cost of any insurance which the Unit Owner may wish to obtain for the Unit (and which Sponsor strongly urges each Unit Owner to obtain) and the cost of interior repairs and decorations to the Unit. See the Section of the Plan entitled "Schedule B-1 - Budget for Individual Energy Costs" concerning estimates of certain electric costs for the Units. All Unit Owners from and after the Closing, including Sponsor with respect to all Unsold Units, shall be responsible for payment of all Common Charge with respect to their Units.

It is presently anticipated that an application will be made to the New York State Public Service Commission in order to permit the Condominium Board to purchase electricity from Con Edison at a "bulk rate" (which may result in a savings to Unit Owners). In the event that such application is made, and subsequently granted, the Condominium Board will assess the cost of electricity provided to the Unit Owners. Each Unit will be billed by the Condominium Board for actual consumption on the basis of its submeter and the Condominium Board will, in turn, pay Con Edison. Alternatively, the cost of electricity supplied to each Unit will be separately metered and payable by the Unit Owner directly to Con Edison.

As discussed in the Section of the Plan entitled "Description of Property and Improvements" subsection "Services and Facilities," the full range of services and facilities described in the Plan including the courtyard, 7th floor common terrace and spa facility may not be provided until such time the Condominium is occupied by 75% of the Residential Unit Owners.

(6) Sponsor intends to apply for partial exemption from real estate taxes with respect to the Building pursuant to Section 421-a of the New York Real Property Tax Law. Under the Section 421-a program, the real estate tax estimate for the first year of Condominium operation will be based upon the taxable assessed valuation of the Property in the tax year prior to commencement of construction, which is commonly referred to as the "mini-tax." As construction shall commence subsequent to July 1, 2004, but prior to June 30, 2005, the "mini-tax" will be based upon the assessed valuation of the Property in the 2003/2004 fiscal year. The 2003/2004 actual assessed valuation of the Property was $1,755,000.00 and the transitional assessed valuation of the Property was $1,399,500.00. Therefore, for the period of construction as defined under Section 421-a, not to exceed 3 years, and for 2 years following completion, or 3 years of construction, which ever occurs first, the real estate taxes for the Property will be based upon the transitional assessed valuation of $1,399,500.00, payable at the tax rate then in effect in the year it is due. Purchasers should refer to the 421-a Real Estate Tax Exemption Benefits Opinion prepared by D'Agostino, Levine & Landesman, L.L.P., set forth in Part II of the Plan for further discussion regarding the 421-a program and the availability of such program to this project. The estimated tax is based on the assumption that the partial exemption will be in effect for the first year of Condominium operation, and that there will not be any change in the taxable status of the Property. No warranty or guarantee is made as to the amount of any tax exemption that will actually be received. In addition, no warranty or guarantee is made that the actual assessed valuation

or the assessed valuation for the Property if Section 421-a benefits are granted will be as projected above, that the projected tax rate will be in effect for all or any portion of the Property during the first year of Condominium operation or that the real estate taxes will be allocated among Units in proportion to their Common Interests or Schedule A purchase prices. In no event will Sponsor, Sponsor's counsel, the Selling Agent or any offeror be liable to any Purchaser, nor will any Purchaser have the right to rescind the Purchase Agreement, in the event Section 421-a benefits are not granted or, if granted, in the event the amount of such exemption and the resulting taxes differ from those projected.

If for any reason the Section 421-a partial real estate tax exemption is not granted, it is estimated that the aggregate real estate taxes payable with respect to all Residential Units for the first year of Condominium operation will total approximately $274,633.00, assuming (a) a transitional assessed valuation for the Property of $1,399,500.00 for the first 11 months of the first year of Condominium operation reflecting the land assessment for a partially constructed property and an assessed valuation for the Property of $11,763,761 for the last month of the first year of operation reflecting a partially constructed property based on the real estate tax projection opinion prepared by William Block P.C. dated December 17, 2004 set forth in Part II of the Plan, and (b) a tax rate of 11.79 per $100 of assessed valuation for the 2006/2007 tax year and a tax rate of 12.586 per $100 of assessed valuation for the 2007/2008 tax year. Purchasers should note that once the Building is assessed as being fully constructed, it is estimated that the real estate taxes will total approximately $1,480,579. This tax projection does not take into account any Section 421-a benefits that may be applicable to the Property at such time.

In arriving at the assessed valuation for each Unit in the Condominium, the Building is first assessed as an entity. This overall assessment is then apportioned among the respective Units, each of which will be assigned a tax lot designation once the Declaration has been recorded and the Floor Plans are filed with the Registers Office. For purposes of Schedule A, the projected real estate taxes for the Units were apportioned based in part upon the proportion the projected selling price presented in the Plan for each Unit bears to the gross sellout price for all Units available for purchase in the Condominium and in part upon extrinsic indicia of value, including location, square footage, amenities, income producing potential and existing leases on particular Units. There is no assurance that the City of New York tax assessor will allocate taxes among Units based on Schedule A purchase prices. It is possible that the apportionment will be based on Common Interest percentages. Although the estimate of New York City real estate taxes is a good faith estimate, it is not possible to estimate same with any degree of certainty. Assessed valuations, apportionment or taxes among the Units and tax rates, when actually established by the City of New York, may be lesser or greater. Accordingly, these estimates are to be considered opinions and are not intended, and should not be construed as, warranties as to future assessed valuations, tax rates or the actual real estate taxes to be assessed. In no event will Sponsor, its principals, sales agents, Sponsor's counsel or any other person be liable if the assessed valuations, tax rates or taxes, when actually established, are lesser or greater than that predicted herein or if the Administrative Code and the applicable rules and regulations of the City of New York are changed in the future.

In the opinion of Olshan Grundman Frome Rosenzweig & Wolosky LLP, a copy of which is set forth in Part II of the Plan, a Residential Unit Owner who uses the Residential Unit as a personal residence will, under present Law, for Federal, New York State and New York City income tax purposes, be entitled to a deduction for mortgage interest and real estate taxes in the year paid in the case of cash basis taxpayers or accrued in the case of other taxpayers, subject to certain exceptions and limitations which are more particularly discussed in the Attorney's Income Tax Opinion. Purchasers should note that deductions, if applicable, may vary in future years due to changes in the interest rate or the Residential Unit Owner's mortgage or from changes in the allocation of the constant debt service payments to interest and principal, or due to changes in real property taxes resulting from the expiration of real estate tax benefits, or from

changes in the assessed value, the tax rate or the method of assessing real property. (See the Section of the Plan entitled "Income Tax Deductions to Residential Unit Owners and Tax Status of the Condominium" for further details.)

At such time as the Units have been separately assessed for real estate tax purposes, each Unit will be taxed as a separate tax lot for real estate tax purposes and a Unit Owner will not be responsible for the payment of, nor will the Unit be subjected to any lien arising from the non-payment of real estate taxes assessed against other Units.

(7) These figures represent the aggregate estimated monthly carrying charges which include estimated Common Charges and estimated real estate taxes. Reference should be made to note (5) of these Notes for certain other "home ownership" costs that may be incurred by Residential Unit Owners.

A Purchaser of a Residential Unit will be required to make a contribution at the Closing of Title to the Working Capital Fund in an amount equal to 2 months' Common Charges assessed against the Residential Unit. (See the Section of the Plan entitled "Working Capital Fund and Apportionments" for further details.)

Purchasers should note that deductions, if applicable, may vary in future years due to changes in the interest rate or the Residential Unit Owner's mortgage or from changes in the allocation of the constant debt service payments to interest and principal, or due to changes in real property taxes resulting from the expiration of real estate tax benefits, or from changes in the assessed value, the tax rate or the method of assessing real property. Sponsor makes no guaranty or warranty concerning the availability of any tax deductions.

SECOND AMENDMENT

TO

CONDOMINIUM OFFERING PLAN

40 MERCER STREET CONDOMINIUM

40 MERCER STREET
NEW YORK, NEW YORK 10013

SPONSOR

WXIV/Broadway Grand Realty, L.L.C.
885 Third Avenue
New York, New York 10022

SELLING AGENT

The Sunshine Group, Ltd.
41 East 57th Street
Gallery 500
New York, New York 10022
(212) 750-0500

DATED: SEPTEMBER 6, 2005

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5.	NO EXTENSION OF PLAN	1

Exhibit

A - Schedule of Purchase Prices and Related Information

SECOND AMENDMENT

TO

CONDOMINIUM OFFERING PLAN

INTRODUCTION

This Second Amendment modifies and supplements the terms of the Condominium Offering Plan for the premises known as 40 Mercer Street Condominium ("Condominium") located at 40 Mercer Street, New York, New York dated August 16, 2005, ("Plan"), as previously amended by the First Amendment, and should be read in conjunction with the Plan.

The terms of this Second Amendment are as follows:

1. PRICE CHANGES

Annexed to this Amendment as Exhibit "A" is a revised Section of the Plan entitled "Schedule A – Purchase Prices and Related Information" which reflects the current purchase prices for the Units, Storage Bins and Private Terraces being offered for sale.

2. DEFINITIONS

Any term used in this Amendment not otherwise defined herein shall have the same meaning ascribed to it in the Plan.

3. NO MATERIAL CHANGES

Except as set forth in this Amendment, there have been no material changes of facts or circumstances affecting the Property or the offering.

4. INCORPORATION OF PLAN

The Plan, as modified and supplemented by this Amendment, is incorporated herein by reference with the same effect as if set forth at length.

5. NO EXTENSION OF PLAN

Since this Amendment is limited solely to price changes, this Amendment does not extend the Plan.

SPONSOR:

WXIV/BROADWAY GRAND REALTY, LLC

EXHIBIT "A"

SCHEDULE A – PURCHASE PRICES AND RELATED INFORMATION

SCHEDULE A

40 MERCER STREET CONDOMINIUM
40 MERCER STREET
NEW YORK, NY

OFFERING PRICES AND RELATED INFORMATION

PROJECTED COMMON CHARGES AND REAL ESTATE TAXES ARE FOR
THE FIRST YEAR OF CONDOMINIUM OPERATION - SEPTEMBER 1, 2006 - AUGUST 31, 2007

(1) UNIT	(1) FLOOR DESIGNATION	(1) BEDROOMS/ BATHS	(2) APPROX UNIT SQUARE FOOTAGE	(2) APPROX TERRACE SQUARE FOOTAGE	(3) OFFERING PRICE	(4) RESIDENTIAL COMMON INTEREST	(4) COMMON INTEREST	(5) PROJECTED MONTHLY COMMON CHARGES	(6) PROJECTED MONTHLY RE TAXES ASSUMING PARTIAL EXEMPTION UNDER 421-a	(6) PROJECTED MONTHLY RE TAXES ASSUMING NO PARTIAL EXEMPTION UNDER 421-a	(7) PROJECTED MONTHLY TOTAL CARRYING CHARGES WITH PARTIAL EXEMPTION UNDER 421-a	(7) PROJECTED MONTHLY TOTAL CARRYING CHARGES WITH NO PARTIAL EXEMPTION UNDER 421-a
1	3	2/2	1649		$ 3,150,000	1.9265%	1.4085%	$ 1,799.25	$ 222.32	$ 440.90	$ 2,021.57	$ 2,240.15
2	3	3/3.5	2476		$ 4,500,000	2.8927%	2.1149%	$ 2,701.60	$ 333.82	$ 662.02	$ 3,035.42	$ 3,363.63
3	3	1/1.5	1222		$ 2,250,000	1.4276%	1.0438%	$ 1,333.34	$ 164.75	$ 326.73	$ 1,498.10	$ 1,660.08
4	3	2/2.5	1843		$ 3,500,000	2.1532%	1.5742%	$ 2,010.93	$ 248.48	$ 492.77	$ 2,259.41	$ 2,503.70
5	3	3/3.5	2370		$ 4,100,000	2.7688%	2.0244%	$ 2,585.95	$ 319.53	$ 633.68	$ 2,905.48	$ 3,219.63
6	3	2/2	1415	103	$ 3,050,000	1.6772%	1.2262%	$ 1,543.93	$ 193.55	$ 383.84	$ 1,737.48	$ 1,927.77
7	4	2/2	1649		$ 3,250,000	1.9265%	1.4085%	$ 1,799.25	$ 222.32	$ 440.90	$ 2,021.57	$ 2,240.15
8	4	3/3.5	2476		$ 4,700,000	2.8927%	2.1149%	$ 2,701.60	$ 333.82	$ 662.02	$ 3,035.42	$ 3,363.63
9	4	1/1.5	1222		$ 2,350,000	1.4276%	1.0438%	$ 1,333.34	$ 164.75	$ 326.73	$ 1,498.10	$ 1,660.08
10	4	2/2.5	1843		$ 3,625,000	2.1532%	1.5742%	$ 2,010.93	$ 248.48	$ 492.77	$ 2,259.41	$ 2,503.70
11	4	3/3.5	2370		$ 4,250,000	2.7688%	2.0244%	$ 2,585.95	$ 319.53	$ 633.68	$ 2,905.48	$ 3,219.63
12	4	2/2	1415		$ 2,775,000	1.6531%	1.2086%	$ 1,543.93	$ 190.77	$ 378.34	$ 1,734.70	$ 1,922.27
14 (RM)	4	2/1	817		$ 850,000	0.9545%	0.6978%	$ -	$ 110.15	$ 218.45	$ 110.15	$ 218.45
15	5	2/2	1649		$ 3,450,000	1.9265%	1.4085%	$ 1,799.25	$ 222.32	$ 440.90	$ 2,021.57	$ 2,240.15
16	5	3/3.5	2476		$ 4,950,000	2.8927%	2.1149%	$ 2,701.60	$ 333.82	$ 662.02	$ 3,035.42	$ 3,363.63
17	5	1/1.5	1222		$ 2,500,000	1.4276%	1.0438%	$ 1,333.34	$ 164.75	$ 326.73	$ 1,498.10	$ 1,660.08
18	5	2/2.5	1843		$ 3,775,000	2.1532%	1.5742%	$ 2,010.93	$ 248.48	$ 492.77	$ 2,259.41	$ 2,503.70
19	5	3/3.5	2370		$ 4,400,000	2.7688%	2.0244%	$ 2,585.95	$ 319.53	$ 633.68	$ 2,905.48	$ 3,219.63
20	5	2/2	1415		$ 2,900,000	1.6531%	1.2086%	$ 1,543.93	$ 190.77	$ 378.34	$ 1,734.70	$ 1,922.27
21	5	2/2.5	1407		$ 2,595,000	1.6438%	1.2018%	$ 1,535.20	$ 189.69	$ 376.20	$ 1,724.90	$ 1,911.40
22	6	2/2	1649		$ 3,575,000	1.9265%	1.4085%	$ 1,799.25	$ 222.32	$ 440.90	$ 2,021.57	$ 2,240.15
23	6	3/3.5	2476		$ 5,200,000	2.8927%	2.1149%	$ 2,701.60	$ 333.82	$ 662.02	$ 3,035.42	$ 3,363.63
24	6	1/1.5	1222		$ 2,700,000	1.4276%	1.0438%	$ 1,333.34	$ 164.75	$ 326.73	$ 1,498.10	$ 1,660.08
25	6	2/2.5	1843		$ 4,075,000	2.1532%	1.5742%	$ 2,010.93	$ 248.48	$ 492.77	$ 2,259.41	$ 2,503.70
26	6	3/3.5	2370		$ 4,800,000	2.7688%	2.0244%	$ 2,585.95	$ 319.53	$ 633.68	$ 2,905.48	$ 3,219.63

The accompanying notes should be read in conjunction with this Schedule

SCHEDULE A

40 MERCER STREET CONDOMINIUM
40 MERCER STREET
NEW YORK, NY

OFFERING PRICES AND RELATED INFORMATION

PROJECTED COMMON CHARGES AND REAL ESTATE TAXES ARE FOR
THE FIRST YEAR OF CONDOMINIUM OPERATION - SEPTEMBER 1, 2006 - AUGUST 31, 2007

(1) UNIT	(1) FLOOR DESIGNATION	(1) BEDROOMS/ BATHS	(2) APPROX UNIT SQUARE FOOTAGE	(2) APPROX TERRACE SQUARE FOOTAGE	(3) OFFERING PRICE	(4) RESIDENTIAL COMMON INTEREST	(4) COMMON INTEREST	(5) PROJECTED MONTHLY COMMON CHARGES	(6) PROJECTED MONTHLY RE TAXES ASSUMING PARTIAL EXEMPTION UNDER 421-a	(6) PROJECTED MONTHLY RE TAXES ASSUMING NO PARTIAL EXEMPTION UNDER 421-a	(7) PROJECTED MONTHLY TOTAL CARRYING CHARGES WITH PARTIAL EXEMPTION UNDER 421-a	(7) PROJECTED MONTHLY TOTAL CARRYING CHARGES WITH NO PARTIAL EXEMPTION UNDER 421-a
27	6	2/2	1415		$ 3,100,000	1.6531%	1.2086%	$ 1,543.93	$ 190.77	$ 378.34	$ 1,734.70	$ 1,922.27
28	6	2/2.5	1407		$ 2,745,000	1.6438%	1.2018%	$ 1,535.20	$ 189.69	$ 376.20	$ 1,724.90	$ 1,911.40
29 (D)(T)	7	4/4.5	4139	1247	$ 12,500,000	5.1269%	3.7484%	$ 4,516.13	$ 591.65	$ 1,173.35	$ 5,107.79	$ 5,689.48
30 (T)	7	3/3.5	3006	1582	$ 9,500,000	3.8815%	2.8379%	$ 3,279.90	$ 447.93	$ 888.33	$ 3,727.83	$ 4,168.22
31	8	2/2.5	2206		$ 4,650,000	2.5772%	1.8843%	$ 2,407.00	$ 297.42	$ 589.83	$ 2,704.42	$ 2,996.83
32	9	3/3.5	2706		$ 5,825,000	3.1614%	2.3114%	$ 2,952.56	$ 364.83	$ 723.52	$ 3,317.39	$ 3,676.08
33	9	2/2.5	2206		$ 5,000,000	2.5772%	1.8843%	$ 2,407.00	$ 297.42	$ 589.83	$ 2,704.42	$ 2,996.83
34	10	3/3.5	2706		$ 6,000,000	3.1614%	2.3114%	$ 2,952.56	$ 364.83	$ 723.52	$ 3,317.39	$ 3,676.08
35	10	2/2.5	2206		$ 4,900,000	2.5772%	1.8843%	$ 2,407.00	$ 297.42	$ 589.83	$ 2,704.42	$ 2,996.83
36	11	3/3.5	2706		$ 6,250,000	3.1614%	2.3114%	$ 2,952.56	$ 364.83	$ 723.52	$ 3,317.39	$ 3,676.08
37	11	2/2.5	2206		$ 5,100,000	2.5772%	1.8843%	$ 2,407.00	$ 297.42	$ 589.83	$ 2,704.42	$ 2,996.83
38	12	3/3.5	2706		$ 6,450,000	3.1614%	2.3114%	$ 2,952.56	$ 364.83	$ 723.52	$ 3,317.39	$ 3,676.08
39	12	2/2.5	2206		$ 5,275,000	2.5772%	1.8843%	$ 2,407.00	$ 297.42	$ 589.83	$ 2,704.42	$ 2,996.83
40	14	3/3.5	2706		$ 6,750,000	3.1614%	2.3114%	$ 2,952.56	$ 364.83	$ 723.52	$ 3,317.39	$ 3,676.08
PH1(D)(T)	14	4/4.5	3515	145	$ 12,250,000	4.1404%	3.0271%	$ 3,835.27	$ 477.81	$ 947.58	$ 4,313.08	$ 4,782.85
PH2 (T)	15	2/2.5	2114	575	$ 7,400,000	2.6041%	1.9039%	$ 2,306.62	$ 300.52	$ 595.98	$ 2,607.14	$ 2,902.60
RESIDENTIAL TOTAL			**84865**	**3652**	**$ 190,965,000**	**100%**	**73.1121%**	**$ 91,706.17**	**$ 11,540.17**	**$ 22,886.08**	**$ 103,246.33**	**$ 114,592.25**
A			2167		N/A	N/A	1.8470%	$ 230.77	N/A	N/A	N/A	N/A
B			1805		N/A	N/A	1.5385%	$ 192.22	N/A	N/A	N/A	N/A
C			1492		N/A	N/A	1.2717%	$ 158.88	N/A	N/A	N/A	N/A
D			2395		N/A	N/A	2.0413%	$ 255.05	N/A	N/A	N/A	N/A
E			1641		N/A	N/A	1.3987%	$ 174.75	N/A	N/A	N/A	N/A
RETAIL TOTAL			**9500**		**N/A**	**N/A**	**8.0972%**	**$ 1,011.67**	**N/A**	**N/A**	**N/A**	**N/A**
GARAGE			**22046**		**N/A**	**N/A**	**18.7907%**	**$ 1,011.67**	**N/A**	**N/A**	**N/A**	**N/A**
GRAND TOTAL			**116411**	**3652**	**$ 190,965,000**	**100%**	**100%**	**$ 93,729.50**	**$ 11,540.17**	**$ 22,886.08**	**$ 103,246.33**	**$ 114,592.25**

The Symbols used in the Schedule A have the following meaning:

RM denotes Resident Manager's Unit

D denotes Duplex

T denotes Terrace

The accompanying notes should be read in conjunction with this Schedule

SCHEDULE A

40 MERCER STREET CONDOMINIUM
40 MERCER STREET
NEW YORK, NY

OFFERING PRICES AND RELATED INFORMATION

STORAGE BIN LICENSES:

UNIT NUMBER	SQ. FOOTAGE	AMOUNT
1	33	$ 15,000
2	34	$ 15,000
3	34	$ 15,000
4	34	$ 15,000
5	34	$ 15,000
6	34	$ 15,000
7	34	$ 15,000
8	34	$ 15,000
9	34	$ 15,000
10	34	$ 15,000
11	34	$ 15,000
12	50	$ 25,000
13	34	$ 15,000
14	34	$ 15,000
15	34	$ 15,000
16	34	$ 15,000
17	49	$ 25,000
18	49	$ 25,000
19	36	$ 16,000
20	78	$ 35,000
21	43	$ 20,000
22	34	$ 15,000
23	34	$ 15,000
24	42	$ 20,000

The accompanying notes should be readi in conjunction with this schedule.

SCHEDULE A

40 MERCER STREET CONDOMINIUM
40 MERCER STREET
NEW YORK, NY

OFFERING PRICES AND RELATED INFORMATION

STORAGE BIN
LICENSES:

UNIT NUMBER	SQ. FOOTAGE	AMOUNT
25	42	$ 20,000
26	42	$ 20,000
27	51	$ 25,000
TOTAL		$ 486,000

PRIVATE TERRACE
LICENSES:

UNIT	SQ. FOOTAGE	AMOUNT
TERRACE 1	629	$ 600,000
TERRACE 2	401	$ 400,000
TERRACE 3	360	$ 375,000
TERRACE 4	558	$ 550,000
TOTAL		$ 1,925,000

The accompanying notes should be readi in conjunction with this schedule.

Notes to Schedule A

(1) Purchasers should refer to the Floor Plans included in Part II of the Plan for an approximation of the dimensions and typical layouts of the Residential Units. The number of bedrooms and bathrooms for each Residential Unit was determined by Sponsor's architect in accordance with industry practice for new construction condominiums and does not necessarily conform to the zoning room count or the method utilized by the Real Estate Board of New York. Each Residential Unit should be inspected to determine its actual dimensions, layout and physical condition prior to Closing.

(2) The square foot area and dimensions of the Residential Units listed in Schedule A or in the Declaration are approximate and may change due to field conditions, construction variances and tolerances and were obtained by using the method customarily used in New York City to measure condominium apartments. No such variation will affect a Purchaser's obligations under the Purchase Agreement or the Plan unless the square foot area of the Residential Unit is increased or decreased (excluding interior partitions) by more than 5%, thereby affording Purchaser a 15 day right to rescind. Sponsor's sole obligation if the net square foot area of the Residential Unit is so diminished shall be to refund the Deposit made under the Purchase Agreement and any interest earned thereon, except for funds expended by or reimbursed to Sponsor for upgrades or extras. Each Unit consists of the area measured horizontally from the exterior side of the exterior walls (columns, mechanical pipes, shafts, shaftways, chases, chaseways and conduits are not deducted from measurement of each Unit) to the centerline of the partitions separating one Unit from another Unit, or separating one Unit from corridors, stairs, elevators and other mechanical equipment spaces or any Common Elements not within a Unit or to the exterior side of the opposite exterior walls. Each Unit consists of the area measured vertically from the top of the floor (located under the finished flooring and sub-flooring materials) to the underside of the ceiling. As is customary in New York, these square foot areas exceed the usable floor area of each Residential Unit. The method of measurement is applicable to all Residential Units. Any Common Elements located within or appurtenant to any Residential Unit shall not be considered as part of that Residential Unit.

(3) The purchase prices and other terms of sale (as more fully set forth in the Section of the Plan entitled "Changes in Prices and Units") of Residential Units may be negotiated by Sponsor and, therefore, may be changed. Accordingly, Purchasers may pay different purchase prices for similar Residential Units. The effect of this, as well as the right of Sponsor to change purchase prices, is more particularly discussed in the Section entitled "Changes in Prices and Units." In addition to the payment of the purchase price, each Purchaser will be responsible for the payment of certain closing costs and expenses at the time of Closing, as explained in the Section entitled "Closing Costs and Adjustments." If Purchaser obtains a mortgage loan, Purchaser will be responsible for the payment of additional closing costs and expenses relating to such loan. There will be an apportionment of certain charges relating to the Residential Unit at the Closing. THESE PRICES HAVE BEEN SET BY SPONSOR AND ARE NOT SUBJECT TO REVIEW OR APPROVAL BY THE DEPARTMENT OF LAW OR ANY OTHER GOVERNMENT AGENCY.

(4) (a) The percentage interest of each Unit in the Common Elements is 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 the Units, but such proportion reflecting the substantially exclusive advantages enjoyed by one or more but not all Units in a part or parts of the Common Elements in accordance with subsection (ii) of the Real Property Law Section 339-i(1).

(b) The percentage interest of each Residential Unit in the Residential Common Elements is apportioned in the same proportion that the Residential Unit bears to the aggregate Common Interests of all the Residential Units in the Condominium.

(5) The estimated monthly Common Charges for each Unit are based on the Schedule B - First Year's Budget prepared by Sponsor's Condominium Budget Expert on the assumption that the first year of Condominium operation will be the year from September 1, 2006 through July 31, 2007. The actual first year of Condominium operation may be earlier or later than such year. In addition to these estimated payments, each Unit Owner will be responsible for real estate taxes on the Unit, mortgage payments under a loan, if any, obtained to finance the purchase of the Unit, the cost of electricity supplied to the Unit which will be separately metered and payable either directly to the utility company or to the Condominium Board for payment to the utility company, the cost of any insurance which the Unit Owner may wish to obtain for the Unit (and which Sponsor strongly urges each Unit Owner to obtain) and the cost of interior repairs and decorations to the Unit. See the Section of the Plan entitled "Schedule B-1 - Budget for Individual Energy Costs" concerning estimates of certain electric costs for the Units. All Unit Owners from and after the Closing, including Sponsor with respect to all Unsold Units, shall be responsible for payment of all Common Charge with respect to their Units.

It is presently anticipated that an application will be made to the New York State Public Service Commission in order to permit the Condominium Board to purchase electricity from Con Edison at a "bulk rate" (which may result in a savings to Unit Owners). In the event that such application is made, and subsequently granted, the Condominium Board will assess the cost of electricity provided to the Unit Owners. Each Unit will be billed by the Condominium Board for actual consumption on the basis of its submeter and the Condominium Board will, in turn, pay Con Edison. Alternatively, the cost of electricity supplied to each Unit will be separately metered and payable by the Unit Owner directly to Con Edison.

As discussed in the Section of the Plan entitled "Description of Property and Improvements" subsection "Services and Facilities," the full range of services and facilities described in the Plan including the courtyard, 7th floor common terrace and spa facility may not be provided until such time the Condominium is occupied by 75% of the Residential Unit Owners.

(6) Sponsor intends to apply for partial exemption from real estate taxes with respect to the Building pursuant to Section 421-a of the New York Real Property Tax Law. Under the Section 421-a program, the real estate tax estimate for the first year of Condominium operation will be based upon the taxable assessed valuation of the Property in the tax year prior to commencement of construction, which is commonly referred to as the "mini-tax." As construction shall commence subsequent to July 1, 2004, but prior to June 30, 2005, the "mini-tax" will be based upon the assessed valuation of the Property in the 2003/2004 fiscal year. The 2003/2004 actual assessed valuation of the Property was $1,755,000.00 and the transitional assessed valuation of the Property was $1,399,500.00. Therefore, for the period of construction as defined under Section 421-a, not to exceed 3 years, and for 2 years following completion, or 3 years of construction, which ever occurs first, the real estate taxes for the Property will be based upon the transitional assessed valuation of $1,399,500.00, payable at the tax rate then in effect in the year it is due. Purchasers should refer to the 421-a Real Estate Tax Exemption Benefits Opinion prepared by D'Agostino, Levine & Landesman, L.L.P., set forth in Part II of the Plan for further discussion regarding the 421-a program and the availability of such program to this project. The estimated tax is based on the assumption that the partial exemption will be in effect for the first year of Condominium operation, and that there will not be any change in the taxable status of the Property. No warranty or guarantee is made as to the amount of any tax exemption that will actually be received. In addition, no warranty or guarantee is made that the actual assessed valuation or the

or the assessed valuation for the Property if Section 421-a benefits are granted will be as projected above, that the projected tax rate will be in effect for all or any portion of the Property during the first year of Condominium operation or that the real estate taxes will be allocated among Units in proportion to their Common Interests or Schedule A purchase prices. In no event will Sponsor, Sponsor's counsel, the Selling Agent or any offeror be liable to any Purchaser, nor will any Purchaser have the right to rescind the Purchase Agreement, in the event Section 421-a benefits are not granted or, if granted, in the event the amount of such exemption and the resulting taxes differ from those projected.

If for any reason the Section 421-a partial real estate tax exemption is not granted, it is estimated that the aggregate real estate taxes payable with respect to all Residential Units for the first year of Condominium operation will total approximately $274,633.00, assuming (a) a transitional assessed valuation for the Property of $1,399,500.00 for the first 11 months of the first year of Condominium operation reflecting the land assessment for a partially constructed property and an assessed valuation for the Property of $11,763,761 for the last month of the first year of operation reflecting a partially constructed property based on the real estate tax projection opinion prepared by William Block P.C. dated December 17, 2004 set forth in Part II of the Plan, and (b) a tax rate of 11.79 per $100 of assessed valuation for the 2006/2007 tax year and a tax rate of 12.586 per $100 of assessed valuation for the 2007/2008 tax year. Purchasers should note that once the Building is assessed as being fully constructed, it is estimated that the real estate taxes will total approximately $1,480,579. This tax projection does not take into account any Section 421-a benefits that may be applicable to the Property at such time.

In arriving at the assessed valuation for each Unit in the Condominium, the Building is first assessed as an entity. This overall assessment is then apportioned among the respective Units, each of which will be assigned a tax lot designation once the Declaration has been recorded and the Floor Plans are filed with the Registers Office. For purposes of Schedule A, the projected real estate taxes for the Units were apportioned based in part upon the proportion the projected selling price presented in the Plan for each Unit bears to the gross sellout price for all Units available for purchase in the Condominium and in part upon extrinsic indicia of value, including location, square footage, amenities, income producing potential and existing leases on particular Units. There is no assurance that the City of New York tax assessor will allocate taxes among Units based on Schedule A purchase prices. It is possible that the apportionment will be based on Common Interest percentages. Although the estimate of New York City real estate taxes is a good faith estimate, it is not possible to estimate same with any degree of certainty. Assessed valuations, apportionment or taxes among the Units and tax rates, when actually established by the City of New York, may be lesser or greater. Accordingly, these estimates are to be considered opinions and are not intended, and should not be construed as, warranties as to future assessed valuations, tax rates or the actual real estate taxes to be assessed. In no event will Sponsor, its principals, sales agents, Sponsor's counsel or any other person be liable if the assessed valuations, tax rates or taxes, when actually established, are lesser or greater than that predicted herein or if the Administrative Code and the applicable rules and regulations of the City of New York are changed in the future.

In the opinion of Olshan Grundman Frome Rosenzweig & Wolosky LLP, a copy of which is set forth in Part II of the Plan, a Residential Unit Owner who uses the Residential Unit as a personal residence will, under present Law, for Federal, New York State and New York City income tax purposes, be entitled to a deduction for mortgage interest and real estate taxes in the year paid in the case of cash basis taxpayers or accrued in the case of other taxpayers, subject to certain exceptions and limitations which are more particularly discussed in the Attorney's Income Tax Opinion. Purchasers should note that deductions, if applicable, may vary in future years due to changes in the interest rate or the Residential Unit Owner's mortgage or from changes in the allocation of the constant debt service payments to interest and principal, or due to changes in real property taxes resulting from the expiration of real estate tax benefits, or from

changes in the assessed value, the tax rate or the method of assessing real property. (See the Section of the Plan entitled "Income Tax Deductions to Residential Unit Owners and Tax Status of the Condominium" for further details.)

At such time as the Units have been separately assessed for real estate tax purposes, each Unit will be taxed as a separate tax lot for real estate tax purposes and a Unit Owner will not be responsible for the payment of, nor will the Unit be subjected to any lien arising from the non-payment of real estate taxes assessed against other Units.

(7) These figures represent the aggregate estimated monthly carrying charges which include estimated Common Charges and estimated real estate taxes. Reference should be made to note (5) of these Notes for certain other "home ownership" costs that may be incurred by Residential Unit Owners.

A Purchaser of a Residential Unit will be required to make a contribution at the Closing of Title to the Working Capital Fund in an amount equal to 2 months' Common Charges assessed against the Residential Unit. (See the Section of the Plan entitled "Working Capital Fund and Apportionments" for further details.)

Purchasers should note that deductions, if applicable, may vary in future years due to changes in the interest rate or the Residential Unit Owner's mortgage or from changes in the allocation of the constant debt service payments to interest and principal, or due to changes in real property taxes resulting from the expiration of real estate tax benefits, or from changes in the assessed value, the tax rate or the method of assessing real property. Sponsor makes no guaranty or warranty concerning the availability of any tax deductions.

FIRST AMENDMENT

TO

CONDOMINIUM OFFERING PLAN

40 MERCER STREET CONDOMINIUM

40 MERCER STREET
NEW YORK, NEW YORK 10013

DATED: SEPTEMBER 1, 2005

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FIRST AMENDMENT

TO

CONDOMINIUM OFFERING PLAN

INTRODUCTION

This First Amendment modifies and supplements the terms of the Condominium Offering Plan for the premises known as 40 Mercer Street Condominium ("Condominium") located at 40 Mercer Street, New York, New York dated August 16, 2005, ("Plan"), and should be read in conjunction with the Plan.

The terms of this First Amendment are as follows:

1. PRICE CHANGES

The purchase price for Unit 33 is increased to $5,000,000. All other information relating to Unit 33 remains as set forth on "Schedule A – Purchase Prices and Related Information" as set forth in the Plan.

2. DEFINITIONS

Any term used in this Amendment not otherwise defined herein shall have the same meaning ascribed to it in the Plan.

3. NO MATERIAL CHANGES

Except as set forth in this Amendment, there have been no material changes of facts or circumstances affecting the Property or the offering.

4. INCORPORATION OF PLAN

The Plan, as modified and supplemented by this Amendment, is incorporated herein by reference with the same effect as if set forth at length.

5. NO EXTENSION OF PLAN

Since this Amendment is limited solely to price changes, this Amendment does not extend the Plan.

SPONSOR:

WXIV/BROADWAY GRAND REALTY LLC

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PART I

CONDOMINIUM OFFERING PLAN

40 MERCER STREET CONDOMINIUM
40 MERCER STREET
NEW YORK, NEW YORK 10013

SPECIAL RISKS

1. 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 OF THE STATE OF NEW YORK STRONGLY URGES YOU TO READ THIS OFFERING PLAN CAREFULLY AND TO CONSULT WITH AN ATTORNEY BEFORE SIGNING AN AGREEMENT TO PURCHASE A CONDOMINIUM UNIT.

2. At the time a Purchase Agreement is executed, a Purchaser is required to make an initial Deposit in an amount equal to 15% of the purchase price, and an additional Deposit equal to 5% of the purchase price upon the earlier to occur of (i) 6 months after Purchaser executes the Purchase Agreement or (ii) within 15 days of the Presentation Date of the amendment declaring the Plan effective. A Purchaser executing a Purchase Agreement after the date the Plan is declared effective is required to make the full Deposit in an amount equal to 20% of the purchase price. In the event a Purchaser fails to pay the additional Deposit and/or defaults under the Purchase Agreement, time being of the essence with regard to the obligations of the Purchaser thereunder, Sponsor shall give Purchaser written notice of default. If Purchaser does not cure such default within 30 days after Sponsor gives notice to the Purchaser of such default, Sponsor may, at its option, either (i) cancel the Purchase Agreement and retain, as liquidated damages, the entire Deposit, (initial and additional) together with interest earned thereon, if any, or (ii) bring an action against such Purchaser for specific performance, in which event Purchaser could be compelled to complete the transaction. (See the Section of the Plan entitled "Procedure to Purchase" for further details.)

3. If a Purchaser makes a Deposit in excess of $100,000 for the purchase of a Residential Unit, the amount in excess of $100,000 will not be federally insured. Additionally, until such time as Purchaser delivers either an executed W-8 or W-9 Form to Sponsor, the Deposit shall remain in the non-interest bearing portion of the Master Escrow Account. While the Deposit remains in the non-interest bearing portion of the Master Escrow Account, the Deposit may not be federally insured even if the Deposit does not exceed $100,000. (See the Section of the Plan entitled "Escrow and Trust Fund Requirements Security" for further details.)

4. If Sponsor makes an application to the Department of Law to withdraw the Deposits from escrow, and secure such Deposits with a Letter of Credit or Surety Bond and such application is approved by the Department of Law, following such withdrawal, no interest will be earned on the Deposits. (See the Section of the Plan entitled "Escrow and Trust Fund Requirements" for further details.)

5. Time is of the Essence as to Purchaser's obligations under the Purchase Agreement, including without limitation, for the payment of the Deposit and the Balance of the Purchase Price. If a Purchaser fails for any reason to close title to the Unit on the originally scheduled date of Closing ("Scheduled Closing Date") and Sponsor elects not to cancel the Purchase Agreement as a result of such default: (a) the closing apportionments to be made at the Closing will be made as of midnight of the day preceding the Scheduled Closing Date, and not as of midnight of the day preceding the actual date of Closing ("Actual Closing Date") and (b) Purchaser will be required to pay to Sponsor an amount equal to 0.03% of the Purchase Price of the Unit per day commencing with the Scheduled Closing Date through the Actual Closing Date. (See the Section of the Plan entitled "Procedure to Purchase" for further details.)

6. With respect to all Units located on the 7th floor and above, Sponsor reserves the right, in its sole option, upon notice to a Purchaser, to substitute the Unit which is the subject of a Purchase

Agreement ("Original Unit") for another Unit on a higher floor ("Substituted Unit"), provided that (i) the purchase price, the percentage of Common Interest, square footage, location in the Building (i.e. northwest), monthly carrying costs and layout of the Substituted Unit remain the same as the Original Unit; and (ii) such right is exercised prior to the Closing of Title to the Original Unit. Upon the delivery of the notice, which notice shall be deemed an amendment to the Purchase Agreement with respect to the Original Unit designation, Sponsor shall have the right to enter into a New Purchase Agreement for the sale of the Original Unit.

7. Sponsor has no obligation to make any repairs, improvements or decorations in or to the Property, the Building, the Units or the Facilities, except as may otherwise be set forth in the Plan. (See the Section of the Plan entitled "Rights and Obligations of Sponsor" for further details).

8. A Purchaser may obtain financing from any lending institution or other source, but Purchaser's obligation to purchase a Unit pursuant to a Purchase Agreement shall not be contingent on Purchaser obtaining such financing, so that a Purchaser will remain obligated under the Purchase Agreement whether or not Purchaser has been able to obtain financing. Neither Sponsor nor Selling Agent makes any representations as to the terms or availability of any mortgage financing or other financing. Prospective Purchasers should be aware that even if a loan commitment is obtained, its terms may be limited, and it could expire before the closing date. Neither Sponsor nor Selling Agent shall have any liability as a result of any scheduling or adjournment of closing beyond the expiration of a loan commitment. (See the Section of the Plan entitled "Procedure to Purchase" for further details.)

9. As is customary in new construction luxury condominium offerings, at the Closing of Title to their Units, Purchasers will be required to pay all New York City Real Property Transfer Taxes ("RPT Tax"), New York State Real Estate Transfer Taxes ("State Transfer Tax") and New York State Additional Real Estate Transfer Taxes imposed on their purchase. Purchasers should note that the payment of the RPT Tax and State Transfer Tax are generally an obligation borne by seller. The New York City Department of Finance has taken the position that where the purchaser of property assumes the obligation for the payment of State Transfer Tax and the RPT Tax, the amount of the tax which would otherwise be payable if the seller were to pay such taxes, will be treated as additional consideration for the transaction subject to tax thus increasing the amount of such transfer taxes payable by the Purchaser. (See the Section of the Plan entitled "Closing Costs and Adjustments" for further details.)

10. (a) Sponsor will have voting control over the Condominium Board until the later to occur of: (i) the Closing of Title with Purchasers under the Plan to Residential Units representing at least 95% in number of all Residential Units offered for sale, or (ii) the issuance of a Permanent Certificate of Occupancy ("Initial Control Period"). Sponsor reserves the right to relinquish voting control of the Condominium Board prior to the expiration of the Initial Control Period.

(b) After the Initial Control Period, Sponsor shall have the right to designate 1 Residential Member to the Condominium Board for so long as Sponsor continues to own at least 1 Unsold Residential Unit.

(c) During the Initial Control Period, Sponsor will have control of the maintenance and operation of, and the services to be provided by, the Condominium, and will determine the Common Charges to be paid by all Unit Owners.

(d) After the Initial Control Period, a majority of the Residential Members of the Condominium Board must be owner-occupants of the Building who are unrelated to Sponsor and its principals.

See the Sections of the Plan entitled "Control By Sponsor" and "Condominium Board" for further details.

11. (a) So long as Sponsor continues to own at least 25% in number of all Residential Units, but in no event later than 5 years after the First Closing, the Condominium Board may not, without Sponsor's prior written consent: (a) make any addition, alteration or improvement to the Common Elements or to any Unit; (b) assess any Common Charges or Special Assessments for the creation of, addition to, or replacement of, all or part of a working capital, reserve, contingency or surplus fund; (c) increase or decrease the number, or change the kind of employees from those described in the First Year's Budget; (d) enter into any service or maintenance contract for work or otherwise contract for work or services in excess of those described in the First Year's Budget, except as is required to reflect normal annual increases in operating services incurred in the ordinary course of business; (e) borrow money on behalf of the Condominium; or (f) exercise a right of first refusal to lease or purchase a Unit; provided, however, that Sponsor's written consent is not necessary to perform any function or take any action described in clauses (a) through (f) above, if, and only if, the performance of such function or the carrying out of such an action is necessary, and no other alternative is available, to enable the Condominium Board to (i) comply with Law; or (ii) remedy any notice of violation; or (iii) remedy any work order of the Condominium's insurer. (See the Section of the Plan entitled "Control by Sponsor" for further details.)

(b) Notwithstanding the provisions of subparagraph (a) above, Sponsor may not exercise veto power over expenses described in the First Year's Budget, or over expenses required to (i) comply with applicable Law; or (ii) remedy any notice of violation; or (iii) remedy any work order by the Condominium's insurer. (See the Section of the Plan entitled "Control by Sponsor" for further details.)

12. (a) No provision has been made to establish a reserve fund for capital replacements or repairs, because the Building, upon completion of the construction to be performed by Sponsor as described herein, will be entirely new construction. The Condominium Board, in its discretion, and subject to certain restrictions contained in the By-Laws, may decide in the future to create a reserve fund by special assessment or by increases in Common Charges. (See the Section of the Plan entitled "Working Capital Fund and Apportionments" for further details.)

(b) The contingency provided for in the Schedule B – First Year's Budget is intended to provide a fund for unanticipated expenses not included in the budget, for possible increases in operating expenses above the amounts projected and for the payment of closing costs for the Resident Manager's Unit if the Working Capital Fund is not sufficient to cover such costs. The contingency is not intended and may not be sufficient to meet the cost of any major capital repairs or replacements which may be required. If additional funds are required to meet such costs, it may be necessary for the Condominium Board to increase Common Charges or impose Special Assessments. (See the Section of the Plan entitled "Working Capital Fund and Apportionments" for further details.)

13. A Purchaser of a Residential Unit will be required to make a contribution at the Closing of Title to the Working Capital Fund of the Building in an amount equal to 2 months' Common Charges assessed against the Residential Unit. (See the Section of the Plan entitled "Working Capital Fund and Apportionments" for further details.)

14. Any Purchaser that is a foreign government, a resident representative of a foreign government or other person or entity otherwise entitled to the immunities from suit enjoyed by a foreign government (.i.e., diplomatic or sovereign immunity) ("Foreign Government Purchaser") shall be required to expressly and voluntarily waive such immunity and consent to any suit, action or proceeding arising out of or relating to the Purchase Agreement or the Condominium Documents being brought in any State or Federal suit, action or proceeding in the State of New York based on, arising out of or connected with the Purchase Agreement or the Condominium Documents. Any such Purchaser shall

designate and authorize a lawful agent to receive process for and on behalf of Purchaser in any State or Federal suit, action or proceeding in the State of New York based on, arising out of or connected with the Purchase Agreement or the Condominium Documents. (See the Section of the Plan entitled "Procedure to Purchase" for further details.)

15. Subsequent to the First Closing, Sponsor will sell Residential Unit 14 ("Resident Manager's Unit") to the Condominium, which will own such Residential Unit on behalf of all Residential Unit Owners and will use the same for the residence of the Resident Manager. The purchase price for the Resident Manager's Unit will be $850,000. Sponsor has reserved the right, in Sponsor's sole discretion, to choose a Unit other than Unit 14 to be the Resident Manager's Unit, in which event the purchase price may be higher or lower than the aforesaid price but in no event more than 20% higher than the purchase price of Unit 14. The Condominium Board on behalf of all Unit Owners, will be responsible for the payment of all mortgage recording taxes, brokerage commissions, transfer taxes and title insurance premiums and fees due in connection with the purchase of the Resident Manager's Unit, as well as the monthly cost of the Resident Manager's use and occupancy of the Resident Manager's Unit for the period from the First Closing until the date of the closing of title to the Resident Manager's Unit. Such monthly use and occupancy fee payable to Sponsor shall be no greater than the monthly expenses attributable to the Resident Manager's Unit as set forth in Schedule B. All Common Charges attributable to the Resident Manager's Unit, including but not limited to, debt service, utilities, real estate taxes, cost of repairs, alterations and improvements and costs of financing the purchase of the Resident Manager's Unit shall be borne by all Unit Owners as a Common Expense. Upon the maturity date of the mortgages encumbering the Resident Manager's Unit, the Condominium will have to repay the then outstanding balances of the Mortgages together with any accrued and unpaid interest due thereon. No representation is made by Sponsor with respect to the Condominium's ability to repay or otherwise refinance such mortgages at such time. Purchasers are advised that in the event the Condominium Board is not able to refinance or extend the notes and mortgages at maturity, the Condominium Board may be required to impose a Special Assessment against all Residential Unit Owners. (See the Sections of the Plan entitled "Description of Property and Improvements" and "Schedule B – First Year's Budget" for further details.)

16. Sponsor is offering Purchasers of Residential Units the opportunity to purchase a Storage Locker (located on the cellar floor of the Building) and/or a Private Terrace (located on the 7th Floor Terrace of the Building) for the exclusive use of Purchaser for so long as Purchaser owns a Residential Unit in the Building, pursuant to the terms of a license agreement ("License"), the form of which is set forth in Part II of the Plan. Purchasers should note that the Closing on the sale of a Storage Locker and/or Private Terrace does not require the issuance of a temporary certificate of occupancy for the Storage Area and/or Private Terrace. Purchasers may be required to consummate the purchase of a Storage Locker and/or Private Terrace simultaneously with the closing of a Residential Unit, even though a temporary certificate of occupancy has not been issued (and access may not be available) for the areas of the Building designated for the Storage Lockers and Private Terraces. (See the Sections of the Plan entitled "Closing of Title to Residential Units" and "Rights and Obligations of Unit Owners," subsection "Assignment of Licenses" for further details.)

17. While Sponsor presently intends to offer the Storage Lockers for sale, based upon market conditions, until such time as Purchasers have executed Purchase Agreements with respect to 50% of all Storage Lockers, Sponsor reserves the right to withdraw the offering of Storage Lockers. The above threshold percentage (i) may be reduced by Sponsor in its sole discretion and without amendment to the Plan and (ii) may be attained subsequent to the Plan being declared effective. If Sponsor elects to withdraw the offering of the Storage Lockers, Sponsor reserves the right to utilize the Storage Area for any use as determined by Sponsor in its sole discretion, including without limitation, incorporating such Storage Area into the Commercial Units. The withdrawal of the offering of the Storage Lockers shall be disclosed by Sponsor in an amendment to the Plan and Purchaser shall only be relieved of Purchaser's

obligation to purchase the Storage Locker, and shall remain obligated to purchase the Residential Unit. At Closing, Purchaser will receive a credit against the balance of the Purchase Price equal to the amount allocated to the Storage Locker, to the extent any such money has been delivered to Sponsor.

18. No bond or other security has been posted by Sponsor to secure its obligations under the Plan. The ability of Sponsor to perform its obligations under the Plan will partly depend upon its financial condition at the time it is called upon to perform. No representation can be made that Sponsor will be financially able to perform any or all of such obligations. (See the Section of the Plan entitled "Rights and Obligations of Sponsor" for further details.)

19. Prospective Purchasers are advised that until such time as the Condominium is occupied by 75% of the Residential Unit Owners, some of the services and facilities described in the Plan (such as a full staff of Building personnel and usage of the amenity areas) may not be available. Purchasers should also be aware that the hours and dates for move-ins, move-outs and/or construction work, as well as the use of the passenger and/or service elevators, will be restricted during the period that Sponsor is completing construction of the Building. However, at all times after the first occupancy of a Residential Unit, the residential lobby will be attended 24 hours a day, 7 days a week and the interim level of staffing will be adequate to maintain the Building. Additionally, it is anticipated that for a significant period of time following the First Closing of a Residential Unit through, including and beyond the closing of title to any particular Purchaser's Residential Unit, work should be expected to be undertaken and performed by or on behalf of Sponsor to complete construction of the Building, including without limitation, the Residential Units, amenities located in the Building, the decoration or finishing of the lobby and corridors and other portions of the Building, including installing light fixtures and floor, wall and elevator finishes. All of the foregoing work and conditions may create noise, fumes, odors, dust, debris and temporary interruption of services in the Building during the period such work is being performed. In executing a Purchase Agreement, Purchaser acknowledges that Sponsor shall not be liable to Purchaser or any third party in the event of any non-completion of any item or construction on any projected date, or on account of any interruption of services in the Building. (See the Section of the Plan entitled "Description of Property and Improvements" subsection "Services and Facilities" for further details.)

20. Construction is a complicated process requiring the coordination of numerous tasks, contractors and suppliers and the balancing of complex mechanical and architectural systems. No assurance can be given with regard to the accuracy of any projected completion dates set forth herein. It is anticipated that during the first 5 years of Condominium operation, construction workers and related personnel will be at the Buildings from time to time, completing construction of the Building, making adjustments and corrections and performing various tasks relating to the completion of construction. During this period, various building systems, including but not limited to water supply, air-conditioning, heating, cooling, ventilating and elevators, may require substantial time after any Closing to complete and may need to be shut down temporarily. Various other adjustments to windows and elevators and other systems may require substantial time after the First Closing to be completed. (See the Section of the Plan entitled "Rights and Obligations of Sponsor" further details.)

21. No amendment, modification, addition or deletion of the Declaration, By-Laws or any Residential Rules and Regulations (other than those required by Law) shall be effective (a) against Sponsor unless Sponsor has given its written consent thereto, or (b) to modify the permitted uses of a Commercial Unit or to adversely effect a Commercial Unit Owner unless the affected Commercial Unit Owner has given its prior written consent thereto. (See the Section of the Plan entitled "Rights and Obligations of the Condominium Board/Summary of By-Laws" for further details.)

22. Sponsor intends to apply for partial exemption from real estate taxes attributable to the Residential Units pursuant to Section 421-a of the New York Real Property Tax Law and should obtain a

preliminary Certificate of Eligibility. Nevertheless, there can be no assurance that a Certificate of Eligibility will be granted. If for any reason the Section 421-a application is not granted, there will be no exemption from real estate taxes on the Residential Units. The Section 421-a exemption, if granted, will be for a limited period of 10 years and will decrease progressively during such period. Neither Sponsor, Sponsor's counsel, Sponsor's special counsel, Selling Agent, the Managing Agent or any other Person makes any representation or guaranty that the partial exemption from real estate taxes under Section 421-a will be granted or as to the amount, if any, of the minimum tax that will be assessed against the Residential Units or the amount of real estate taxes payable at any time by any Residential Unit Owner. (See the Section of the Plan entitled "Anticipated Tax Exemption Benefits," and "Special Counsel's 421-a Real Estate Tax Exemption Benefits Opinion" set forth in Part II of the Plan, for further details.)

23. No representation is made with respect to the continued ownership by Sponsor of all or any of the Commercial Units or as to who the future owners or tenants of any of the Commercial Units may be at any time or as to the uses to which any of the Commercial Units may be put at any time except that each of the Commercial Units may be used for any purpose permitted by Law including, without limitation, additional residential units, retail stores, banks, theaters, spas, health clubs, parking garages, and commercial and professional office space which uses may result in increased noise and traffic. No assurance, representation, or warranty is given that any tenants, occupants, or uses of any of the Commercial Units will not be objectionable to Residential Unit Owners or other parties. Notwithstanding the foregoing, in no event shall any portion of a Commercial Unit be used as a restaurant, bar, cabaret or nightclub. The uses of the Commercial Units may generate noise, traffic, fumes or other disturbances over which the Residential Unit Owners will have no control. (See the Section of the Plan entitled "Commercial Units" for further details.)

24. Each Commercial Unit may be combined or subdivided by Sponsor or any subsequent Commercial Unit Owner into 2 or more separate condominium units without prior notice and without an amendment to the Plan. Additionally, any non-residential condominium Unit created as a result of such sub-division will retain the same rights afforded the Commercial Unit Owners as set forth herein. (See the Section of the Plan entitled "Commercial Units" for further details.)

25. All Unit Owners shall severally, to the extent of their respective Common Interests in their Units, indemnify each member of the Condominium Board against any liability or claim except those arising out of such member's own bad faith or willful misconduct. (See the Section of the Plan entitled "Rights and Obligations of the Condominium Board/Summary of By-laws" for further details.)

26. At the First Closing, certain apportionments will be made between the Sponsor and the Condominium. If the result of the closing adjustments is a net credit in favor of Sponsor, the payment of any net credit shall be evidenced by an unsecured, negotiable promissory note, without interest, to be executed by the Condominium Board and delivered to Sponsor at the First Closing to be repaid as follows: each Purchaser of a Residential Unit will be required to pay to Sponsor at Closing Purchaser's pro-rata share of the promissory note in accordance with the Units Residential Common Interest, but in no event to exceed $750. If at the time all Residential Units have been sold, there remains a balance on the promissory note, such balance shall be paid by the Condominium on behalf of all Residential Unit Owners, as a Residential Common Expense, within 30 days of demand by Sponsor. Such payment may result in an increase in monthly common charges. There is no guarantee or assurance that the taxing authorities will not require each Purchaser's allocable payment be included in the total consideration deemed to have been paid by Purchaser at Closing, in which case additional transfer taxes may be payable by Purchaser. (See the Section of the Plan entitled "Closing Costs and Adjustments" for further details.)

27. In order to preserve the architectural harmony of the Building, Sponsor will deliver each Residential Unit with window shades that present a uniform appearance from the exterior of the Building.

Each Residential Unit Owner shall be obligated, at such Unit Owners sole cost and expense, to maintain such window shades. The By-laws provide that the installation of different window shades by a Residential Unit Owner shall be subject to the approval of the Condominium Board. (See the By-laws set forth in Part II of the Plan).

28. (a) Pursuant to Law, Sponsor may declare the Plan effective by entering into purchase agreements for the sale of a minimum of 15% of the Residential Units in the Building. Even if the Plan is declared effective with a minimum number of sales, it is possible that Sponsor may be able to create a Condominium with fewer than the minimum number of sales, if Purchasers counted towards effectiveness do not ultimately close title to their Residential Units.

(b) Purchasers should note that in the current real estate market, banks and other lenders are imposing various restrictions on loans. Such restrictions include requiring that a certain percentage (such as 35% or 50%) of the Residential Units in a building be sold or owner occupied before the lender will consider making a loan. Thus it may be possible for a Purchaser to experience difficulty obtaining a loan in a building where the percentage of Residential Units purchased and owner occupied is lower than a lender's particular sales minimum.

(c) Even once a building has been submitted to a condominium regime, lenders may still impose minimum sales and occupancy requirements before granting a loan. It then may be difficult for a purchaser to resell a unit if prospective buyers are unable to obtain a loan due to such minimum sales requirements.

(d) See the Section of the Plan entitled "Effective Date" for further details.

29. All funds received by Sponsor for upgrades or extras will be placed in the Master Escrow Account. However, Purchasers should note that such funds may be released from the Master Escrow Account by Escrow Agent to Sponsor provided that Sponsor uses the funds or is reimbursed from such funds for such upgrades or extras. As a result, in the event a Purchaser is entitled to rescind the Purchase Agreement in accordance with the Plan, Purchaser will not receive a refund of any funds used for upgrades or extras. (See the Section of the Plan entitled "Escrow and Trust Fund Requirements" for further details.)

30. Each Commercial Unit Owner shall have the right and an easement (a) for ingress and egress through all Common Elements for the purpose of accessing any portion of such Commercial Unit or any portions of the Building servicing such Commercial Unit; and (b) to erect, maintain, replace and/or repair one or more signs in the storefronts and windows of such Commercial Unit for the purposes of advertising the sale or lease of all or any portion of such Commercial Unit and/or the operation of any business of a tenant or occupant of such Commercial Unit. (See the Section of the Plan entitled "Commercial Unit" for further details.)

31. Sponsor shall have the right and an easement for ingress and egress through all Common Elements (a) to erect, use, lease, maintain, repair, replace and operate (i) antennae, satellite dishes and other communications equipment, and (ii) pipes, risers, ducts, flues, and equipment necessary or desirable to provide heat, air-conditioning, exhaust, or ventilation as required or as permitted by Law, on any part of the roofs and/or façade of the Building and elsewhere on the Common Elements and to utilize any risers, conduits, piping, cables, ducts and electrical panels and rooms, telephone/cable panels and rooms in connection therewith; (b) to erect, maintain, replace and/or repair any sign and/or lighting permitted by Law on the Property for the purposes of advertising the sale of any Unit, the leasing of space in any Unit or the operation of any business of a tenant or occupant of any Unit. Sponsor shall be entitled to utilize such easements for its own account or the account of any of its Permitted Users. In addition, Sponsor shall be entitled to designate any or all such rights and easements to Sponsor's designees, including the

Commercial Unit Owners. (See the Section of the Plan entitled "Rights and Obligations of the Sponsor" for further details.)

32. (a) Sponsor has reserved the unconditional right to rent Units rather than sell Units. Because Sponsor is not limiting the conditions under which it will rent rather than sell Units, Sponsor is not committed to sell more units than the 15% necessary to declare the Plan effective and, therefore, owner-occupants may never gain effective control and management of the Condominium

(b) Sponsor intends to offer Unsold Residential Units for sale both to Purchasers for personal occupancy as well as to those who are purchasing for investment or resale. Purchasers for investment or resale may, in turn, rent such Residential Units and accordingly, such Residential Units will not be used for the personal occupancy of the owner thereof. As a result, some and possibly many Residential Units may be occupied by renters instead of Residential Unit Owners. Since the Condominium Board does not have the right to approve or disapprove potential purchasers of Residential Units, the Condominium Board is unable to limit the number of purchasers who purchase Residential Units for investment or resale rather than for personal occupancy and there may always be a substantial percentage of Residential Unit Owners who are not occupants. It is possible that those Residential Unit Owners who occupy their Residential Units may have different interests than those Residential Unit Owners who purchased such Residential Units as an investment.

(c) Sponsor reserves the right to make "Bulk Sales" of Residential Units, and the Purchaser of such Units shall be bound by Sponsor's representations set forth in the Plan with regard to Sponsor's commitment to sell such Units. The term "Bulk Sales", as used herein, shall mean the transfer of 10 or more Residential Units or 20% of the total number of Residential Units in the Condominium, whichever is less.

(d) See the Sections of the Plan entitled "Introduction" and "Rights and Obligations of Sponsor" for further details.

33. No representation is made that future construction in the neighborhood surrounding the Property will not result in obstruction of the views from any windows in the Building. (See the Section of the Plan entitled "Location and Area Information" for further details.)

34. Sponsor reserves the right to make any changes in the proposed Condominium Documents and modifications to the Plans and Specifications as may be necessary in Sponsor's sole discretion to conform to Law or to expedite the sale of the Units, or due to structural, architectural or mechanical considerations provided, however, that any such amendments, additions, or changes shall not materially and adversely affect a Unit Owner or Purchaser, increase any obligation of a Unit Owner or Purchaser to any adverse and material degree and any substitution of appliances, equipment or materials shall be of substantially equal or better quality. A change in the square foot area and dimensions of a Unit due to field conditions, construction variances and tolerances, which do not increase or decrease the square foot area of the Unit by more than 5% (excluding interior partitions) shall not be deemed a material and adverse change. (See the Section of the Plan entitled "Changes in Prices and Units" and "Rights and Obligations of Sponsor" under subheading "Sponsor Obligations with Respect to the Building" for further details).

35. Units 29 and 30 include a Terrace appurtenant to each of such Units, on which the Sponsor will install a swimming pool, approximately 8' x 15' x 4' deep. Each Unit Owner will be solely responsible, at such Owner's sole cost and expense, for the continued maintenance and repair of such swimming pool and all associated equipment, as well as all utility costs associated with such swimming pool. (See the Section of the Plan entitled "Rights and Obligations of Unit Owners" as well as the By-Laws set forth in Part II of the Plan for further details.)

36. The Garage Unit is presently zoned for 10 Accessory Parking Spaces. Sponsor has applied to the Department of City Planning for a special permit to allow public parking, which, if granted, will permit parking of up to 100 vehicles to both residents and non-residents of the Building. The Garage Unit will be operated by a garage operator which may establish its own rules and regulations with respect to the use of the Garage Unit, including, without limitation, fee structure and hours of operation. Parking will be available on a first-come first-serve basis, with no priority given to Building residents. (See the Section of the Plan entitled "Commercial Units" for further details.)

37. Sockets have been installed near the parapet wall of the Terrace appurtenant to Unit PH2, for the purpose of holding davits which will support a window cleaning rig ("Rig"). The sockets which protrude from the roof surface are approximately 20 inches in height. The Rig will be owned by the Condominium and utilized by the window cleaning contractor at scheduled cleaning times. The Schedule B – First Year's Budget contemplates that window washing will occur twice per year although the Condominium Board may decide to schedule more or less frequent window cleaning. The Rig will be secured by the davits and then lowered from the Terrace to clean the windows below the Terrace level. Portions or all of the Terrace, will be utilized during the cleaning of the windows. The sockets will be part of the Building structure, will be tested to withstand the loading prescribed by Law, and cannot be removed or altered. The Owner of Unit PH2 will be prohibited from placing any permanent plantings or furniture within the areas of the Terrace utilized for the window washing equipment. In addition to all other easements set forth in the Declaration, Sponsor and the Condominium Board and each of their respective Permitted Users shall have an easement in, through and upon the Terrace and Unit PH2 for the purpose of accessing, servicing and utilizing the sockets, the Rig and the window washing equipment. The existence of the davits and the use of the Rig may result in the obstruction of the views from the windows in Unit PH2 located on the west façade of the Building. (See the Declaration contained in Part II of the Offering Plan for further details.)

38. A portion of the ceiling of PH1 (which is also the roof of the Building) will be glass, and will constitute a General Common Element. An area of approximately 7 feet around the exterior perimeter of the ceiling will have a catwalk above it where the window washing equipment will be attached. During the periods of window washing, the window cleaning contractor will occupy the catwalk, lower the Rig from the catwalk and to clean the windows of the Building below and the glass ceiling of Unit PH1. During these periods, as well as during periods of general maintenance of the Building roof and the ceiling of Unit PH1, the privacy of the Owner of Unit PH1 may be affected.

39. Sponsor reserves the right, in its sole and absolute discretion, to sell, lease, license or otherwise transfer to a Unit Owner, any portion of the Common Elements for the exclusive use of such Unit Owner, or to convert portions of the Common Elements into additional storage areas, provided that such Common Element was not offered in the Plan as an amenity for the shared use of the Unit Owners of the Condominium. (See the Sections of the Plan entitled "Changes in Prices and Units" and "Rights and Obligations of Sponsor" for further details.)

40. As more particularly described in the Description of Property and Building Condition set forth in Part II of the Plan, the East, West and South facades of the Building shall consist of an operable motorized curtain wall system. Small amounts of water may infiltrate the seals of these windows which will be deposited into a drainable gutter on the interior base of these windows. Such water deposits will be visible until such water evaporates. As a result of the unique and custom design of the curtain wall system, additional maintenance and repairs, particularly to the operable motorized windows and their controls, may be required.

41. The results of a sub-soil investigation reveal, that due to the presence of ground water at depths approximately ranging from 21 to 24 feet below grade, there is potential for water infiltration

through the sub-cellar level of the Building. Sponsor has undertaken preventive measures in the design of the foundations and waterproofing to protect against moisture infiltration. (Purchasers should refer to the Description of Property and Building Condition set forth in Part II of the Plan for further details.)

42. The Condominium is located within the Historic Soho-Cast Iron District and the exterior façade of the Building is designated as having landmark status by the New York City Landmarks Preservation Commission ("LPC"). As a result of such designation, no alterations may be made by the Unit Owners or Condominium Board without the consent of Landmarks Preservation Commission.

INTRODUCTION

Nature of the Transaction

WXIV/Broadway Grand Realty, L.L.C. ("Sponsor"), presents this offering plan, as the same may be amended from time to time, for the establishment of condominium ownership of the Land together with the Building erected thereon known as and having a street address of 40 Mercer Street, New York, New York pursuant to the Condominium Act. The Condominium will be known as the "40 Mercer Street Condominium" and is being referred to herein as the "Condominium." The Property was acquired on January 12, 2001 by WXV/Broadway Grand Realty, L.L.C. whose name was subsequently changed, pursuant to a Certificate of Amendment filed on January 23, 2001 to WXIV/Broadway Grand Realty, L.L.C.

The Condominium will consist of the following: (a) 41 Residential Units (including 1 Resident Manager's Unit) (b) 5 Retail Units and (c) 1 Garage Unit. In addition, Sponsor is offering the right to use 27 Storage Lockers and 4 Private Terraces, by license arrangements ("Licenses"). The Retail Units and the Garage Unit are, sometimes, collectively referred to as the Commercial Units. (The Residential Units and the Commercial Units are sometimes collectively referred to as the "Units").

The Condominium Offering Plan

The purpose of the Plan is to set forth in detail all material facts relating to the offering by Sponsor. The Plan contains all of the detailed terms of the transaction.

Sponsor may from time to time amend the Plan by filing an amendment with the New York State Department of Law ("Department of Law") and serving such amendment on Purchasers and Unit Owners.

The Plan is presented in two parts which together constitute the entire Plan. Part I sets forth a general description of the Plan and Part II contains the basic documents necessary to create the Condominium and to otherwise effectuate the provisions of the Plan. Also included in Part II is a detailed description of the Property, legal opinions as to certain tax matters discussed in the Plan, certifications of Sponsor and certain experts. Copies of the Plan, including all documents referred to herein and all Exhibits submitted to the Department of Law in connection with the filing of the Plan will be available for inspection by prospective Purchasers and their attorneys without charge, and for copying at a reasonable charge at the Sales Office and available for inspection and copying at the office of the Department of Law. All of these documents are important and should be carefully read by prospective Purchasers. Prospective Purchasers are also advised to consult with their own attorneys or other advisers before agreeing to purchase. A prospective Purchaser may obtain the Plan upon payment of a $150 deposit, which amount will be fully refunded upon either (i) the prompt return of the Plan in good condition or (ii) the execution by the prospective Purchaser of a Purchase Agreement subsequently accepted by Sponsor.

All capitalized terms used in the Plan shall have the meanings ascribed thereto in the Section entitled "Definitions," unless otherwise defined.

The Property

The Building will be newly constructed. Based upon the current construction schedule, Sponsor contemplates that, unless delayed by weather, casualty, labor difficulties (including work stoppages and strikes), late delivery or inability to obtain materials, governmental restrictions, or other events beyond its reasonable control, construction of the Building will be sufficiently completed to permit closings of Residential Units to begin on or about September 1, 2006. Purchasers should note, however, that the Residential Units will be completed at different times over a period that may begin prior to and/or extend

significantly beyond such date. Sponsor will have no liability to any Purchaser, nor will a Purchaser be entitled to any credit, offset or reduction in the purchase price for the Unit or otherwise be relieved from any obligations under the Purchase Agreement, if the First Closing occurs earlier or later than the projected date, or the time to complete or to close title to any Unit is delayed or postponed by Sponsor. In the event the actual or anticipated commencement date of the first year of condominium operation is to be delayed by 6 months or more, Sponsor will amend the Plan to include a revised budget with updated projections and if Residential Unit Owner's monthly Common Charges in the amended budget exceed those in the latest projected budget set forth in the Plan by 25% or more Sponsor will offer all Purchasers the right to rescind their Purchase Agreements within 15 days of the Presentation Date of the amendment containing such revised budget. If the First Closing does not occur within 12 months after the date set forth in Schedule B as the commencement date for the first year of condominium operation, as such date may be extended by Sponsor by amendment to the Plan, Sponsor will offer all Purchasers the right to rescind their Purchase Agreements within 15 days of the Presentation Date of the amendment disclosing Sponsor's failure to close within such time frame. Any Purchasers electing rescission pursuant to such offer will have their Deposits and any interest accrued thereon returned, except for funds expended by or reimbursed to Sponsor for upgrades or extras.

A detailed description of the Property is contained in the Section of the Plan entitled "Description of the Property and Improvements" and in the Description of Property and Building Condition set forth in Part II of the Plan.

Offering of Residential Units for Sale

Sponsor hereby offers the Residential Units for sale under the Plan. The prices for each of the Residential Units are listed in the Section of the Plan entitled "Schedule A - Purchase Prices And Related Information" ("Schedule A"). THESE PRICES HAVE BEEN SET BY SPONSOR AND ARE NOT SUBJECT TO APPROVAL BY THE DEPARTMENT OF LAW OR ANY OTHER GOVERNMENTAL AGENCY.

Sponsor intends, in good faith, to sell rather than rent Units. However, under the Plan, Sponsor has reserved the unconditional right to rent Units rather than to sell Units. Because Sponsor is not limiting the conditions under which it will rent rather than sell Units, Sponsor is not committed to sell more Units than the 15% necessary to declare the Plan effective and, therefore, owner-occupants may never gain effective control and management of the Condominium.

Sponsor intends to offer Units for sale both to Purchasers for personal occupancy as well as to those who are purchasing for investment or resale. Purchasers for investment or resale may, in turn, rent such Units and accordingly, such Units will not be used for the personal occupancy of the Owner thereof. As a result, some and possibly many Units may be occupied by renters instead of Unit Owners. Since the Condominium Board does not have the right to approve or disapprove potential purchasers of Units, the Condominium Board is unable to limit the number of purchasers who purchase Units for investment or resale rather than for personal occupancy and there may always be a substantial percentage of Unit Owners who are not occupants. It is possible that those Unit Owners who occupy their Units may have different interests than those Unit Owners who purchased such Units as an investment.

Sponsor reserves the right to offer the Residential Units in such order of priority as it may determine, and to withhold one or more Residential Units for future sale or lease. In addition, Sponsor has the right to limit the number of Residential Units sold to any Purchaser and to make Bulk Sales of Residential Units. The Purchaser of such Units shall be bound by Sponsor's representations set forth herein with regard to its commitment to sell Units. The term "Bulk Sales", as used herein, shall mean the transfer of 10 or more Residential Units or 20% of the total number of Residential Units in the Condominium, whichever is less.

Offering of Storage Lockers and Private Terraces for Sale

Sponsor hereby offers Storage Lockers and Private Terraces pursuant to a licensing arrangement ("License"). A Storage Locker and Private Terrace may only be purchased by a Purchaser of a Residential Unit. The purchase price for each Storage Locker and Private Terrace are listed in Schedule "A." THESE PRICES HAVE BEEN SET BY SPONSOR AND ARE NOT SUBJECT TO APPROVAL BY THE DEPARTMENT OF LAW OR ANY OTHER GOVERNMENTAL AGENCY.

Purchasers should note that the Closing on the sale of a Storage Locker and/or Private Terrace does not require the issuance of a temporary of certificate of occupancy for the Storage Area and/or Private Terrace. Purchasers may be required to consummate the purchase of a Storage Locker and/or a Private Terrace simultaneously with the closing of a Residential Unit, even though a temporary certificate of occupancy has not been issued (and access may not be available) for the area of the Building designated for the Storage Lockers and Private Terraces.

Sponsor reserves the right to offer as many Storage Lockers and/or Private Terraces as it determines and to withhold 1 or more for future sale. Sponsor reserves the right to designate at Closing the specific Storage Locker which will be subject to such License. In addition, Sponsor has the right to limit the number of Storage Lockers and/or Private Terraces sold to any single Purchaser of a Residential Unit or to make bulk sales, as it deems fit.

Storage Lockers and Private Terraces may only be used for the uses set forth in the Plan and, except for the Sponsor, cannot be owned independently of the ownership of a Residential Unit.

While Sponsor presently intends to offer the Storage Lockers for sale, based upon market conditions, until such time as Purchasers have executed Purchase Agreements with respect to 50% of all Storage Lockers, Sponsor reserves the right to withdraw the offering of Storage Lockers. The above threshold percentage (i) may be reduced by Sponsor in its sole discretion and without amendment to the Plan and (ii) may be attained subsequent to the Plan being declared effective. If Sponsor elects to withdraw the offering of Storage Lockers, Sponsor reserves the right to utilize the Storage Area for any use as determined by Sponsor in its sole discretion, including without limitation, incorporating such Storage Area into the Commercial Units. The withdrawal of the offering of the Storage Lockers shall be disclosed by Sponsor in an amendment to the Plan and Purchaser shall only be relieved of Purchaser's obligation to purchase the Storage Locker, and shall remain obligated to purchase the Residential Unit. At Closing, such Purchaser will receive a credit against the balance of the Purchase Price equal to the amount allocated to the Storage Locker, to the extent any such money has been delivered to Sponsor.

Features of Condominium Ownership

The ownership of a Unit is similar in many respects to the ownership of a private home in the case of a Residential Unit, and a commercial building in the case of the Commercial Units. Each Unit Owner owns fee title to the Unit and is entitled to the exclusive possession and use thereof, in accordance with the terms of the Condominium Documents and any other requirements implemented by the Condominium Board. Each Unit Owner also owns, in common with the owners of all other Units, an undivided interest in (and right to use) the Common Elements. The Common Elements are comprised of: (i) portions of the Property serving and benefiting all Units, generally, including, for example, the Land upon which the Building stands and foundations and supports of the Building, these Common Elements being more specifically designated as "General Common Elements," (ii) portions of the Building serving and benefiting the Residential Units exclusively, including, for example, and without limitation, the residential hallways, courtyard, 7th floor terrace, corridors and elevators servicing the Residential Units, these Common Elements being more specifically designated as "Residential Common Elements" and (iii) portions of the Building serving and benefiting certain Residential Units exclusively, including for example, and without limitation, Terraces and

skylights, these Common Elements being specifically designated as "Limited Residential Common Elements."

A Residential Unit shall be used for residential purposes only, including home occupancy (except as described below), and not more than one family may occupy a Residential Unit at one time. A Residential Unit may not be used for any "dormitory," "bed and breakfast" or other transient hotel-type use. A Residential Unit owned or leased by an individual, corporation, partnership, fiduciary or any other entity (including, but not limited to, embassies and consulates of foreign governments) may only be occupied by such individual, an officer, director, stockholder or employee of such corporation, a partner or employee of such partnership, the fiduciary or beneficiary of such fiduciary, a principal or employee or such other entity, respectively, or by members of the immediate family or guests of any of the foregoing. A Residential Unit may be used for any other purpose, provided such use is permitted by, and complies with Law, does not violate the then existing certificate of occupancy covering the Building, and the Condominium Board, in its sole discretion, grants permission for such use.

With certain exceptions, any sale or lease of a Residential Unit will be subject to a right by the Condominium Board to acquire or lease such Residential Unit or to produce a third party to acquire or lease such Residential Unit on the same terms as were offered to the Owner of such Residential Unit. Sponsor and each Commercial Unit Owner may sell or lease their respective Units, or portions thereof, without any restriction or limitation. Since the Condominium Board does not have the right to approve or disapprove potential purchasers of Residential Units, the Condominium Board is unable to limit the number of purchasers who purchase Residential Units for investment or resale rather than for personal occupancy and there may always be a substantial percentage of Residential Unit Owners who are not occupants. It is possible that those Residential Unit Owners who occupy their Residential Units may have different interests than those Residential Unit Owners who purchased such Residential Units as an investment. (See the Section of the Plan entitled "Rights and Obligations of Unit Owners" subsection "Sales and Leases of Units" for further details.)

Subject to certain conditions contained in the By-Laws, each Unit Owner may mortgage the Unit with such lender and in such amount as the Unit Owner chooses. However, Sponsor makes no representations about the financeability of any Unit. There are no limitations or restrictions upon the rights of Sponsor or the Commercial Unit Owners to mortgage their respective Units. Each Unit is separate and will not be subject to the lien of any mortgage placed by other Unit Owners on their respective Units.

Operation of the Condominium will be vested in a Condominium Board, the Members of which will be elected by the Residential Unit Owners, subject to the rights of Sponsor and the Commercial Unit Owners to designate members of the Condominium Board, as set forth in the Section of the Plan entitled "Rights and Obligations of the Condominium Board/Summary of By-Laws." When voting for members of the Condominium Board, each Residential Unit Owner shall be entitled to cast one vote for each .0001% of Common Interest attributable to the Residential Unit, per Residential Member to be elected.

A Unit Owner may decorate and construct the interior of the Unit in any way the Unit Owner desires, subject to compliance with the Condominium Documents and Law, and will be solely responsible for the cost of maintenance and interior repairs to the Unit after Closing. Each Residential Unit Owner has exclusive use, subject to any and all Residential Rules and Regulations implemented by the Condominium Board, of any Limited Residential Common Element appurtenant to the Residential Unit, as shown on the Floor Plans included in Part II of the Plan, and is responsible for all normal maintenance, repairs and replacements thereto. However, the costs and expenses of any structural or extraordinary repairs or replacements to any Limited Residential Common Element (including any leaks which are not caused by the negligence of the Residential Unit Owner having access to same) shall be charged to all Residential Unit Owners as a Residential Common Expense. The type, size, weight and quantity of plantings and other installations to be

placed on Terraces shall be subject to the prior written approval of the Condominium Board and shall be in compliance with Law.

Each Unit will be taxed as a separate tax lot for real estate tax purposes, and a Unit Owner will not be responsible for the payment of, nor will the Unit be subjected to any lien arising from the non-payment of real estate taxes assessed against other Units. In the opinion of special tax counsel to Sponsor, which opinion is set forth in full in Part II of the Plan, a Residential Unit Owner who itemizes deductions may be eligible, under current Law, to deduct from income for income tax purposes, real estate taxes and interest paid on the Unit Owner's mortgage, subject to certain exceptions and limitations discussed in the "Attorney's Income Tax Opinion" set forth in Part II of the Plan. (See the Section of the Plan entitled "Income Tax Deductions to Residential Unit Owners and Tax Status of the Condominium" set forth in Part II of the Plan for further details.)

The statute concerning condominiums in effect in the State of New York pursuant to which the Condominium will be organized by Sponsor is Article 9-B of the Real Property Law of the State of New York, as amended, commonly known, and hereinafter referred to as the "Condominium Act." The Property will be submitted to the provisions of the Condominium Act by Sponsor's recording the Declaration in the Register's Office. From and after the date of recording the Declaration, Sponsor will be the Owner of the Units until each is conveyed. The Condominium will comply with all Laws applicable to condominiums in the State of New York.

The cost of operating the Condominium will be borne entirely by the Unit Owners in accordance with allocations set forth in the "Schedule B – Projected Budget for First Year of Condominium Operation." As more particularly set forth in the By-Laws, the Condominium Board will determine the amount of Common Expenses. On a monthly basis or at such other times as the Condominium Board determines, the Condominium Board will assess Unit Owners for Common Charges to meet Common Expenses. Common Expenses shall be either General Common Expenses attributable to all Unit Owners or Residential Common Expenses attributable to Residential Unit Owners only. Common Charges will be assessed against Unit Owners in accordance with the Schedule B allocations. Residential Common Charges will be assessed against Residential Unit Owners in the same proportion their respective Residential Units bears to the aggregate Common Interests of all Residential Units. The estimated Common Charges for each Unit for the projected first year of Condominium operation are set forth in Schedule A.

The Common Interest of each Unit in the Common Elements 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 the Units, but such proportion reflecting the substantially exclusive advantages enjoyed by one or more but not all Units in a part or parts of the Common Elements in accordance with subsection (ii) of the Real Property Law Section 339-i(1).

The Residential Common Interest of each Residential Unit in the Residential Common Elements is apportioned in the same proportion that the Residential Unit bears to the aggregate Common Interests of all the Residential Units in the Condominium.

Certain budgeted items, as set forth in the First Year's Budget, are allocated between the Residential Units and the Commercial Units on a special basis which reflects actual benefit and/or use associated with that particular item of expense or exclusive control of particular Common Elements. The Condominium Board may not modify these allocations without the consent of a Majority of the Commercial Unit Owners. In the opinion of Sponsor's budget expert, as set forth in the Certifications of Budget Expert set forth in Part II of the Plan, the allocated Common Charges payable by the owners of the Commercial Units are sufficient to cover the expenses fairly attributable to the Commercial Units. Unit Owners will have no interest in any rents, net profits or revenues derived from the rental or use of any Unit owned by another. The aggregate Common Interest of all Units equals 100%. The aggregate Residential Common Interests of all Residential

Units equals 100%. The percentage of Common Interests are the basis for determining a Unit Owner's share of distribution upon termination of the Condominium with Unit Owners then sharing pro rata in the proceeds of the Condominium. Each Unit's Common Interest and Residential Common Interest, as applicable, and estimate of the Common Charges that will be payable by each Unit Owner during the first year of condominium operation of the Property subsequent to the First Closing are set forth in the Section of the Plan entitled "Schedule A – Purchase Prices of Units and Related Information."

After the Closing of Title to a Unit, a Unit Owner will be solely responsible for maintaining casualty insurance with respect to the fixtures, equipment, appliances and personal property situated within the Unit, as well as liability insurance with respect to occurrences in or about the Unit. The Condominium Board will be solely responsible for maintaining casualty and liability insurance with respect to the Common Elements, in accordance with the provisions of the By-Laws. (See the Section of the Plan entitled "Rights and Obligations of the Condominium Board/Summary of By-Laws" for further details.)

Each Purchaser of a Residential Unit will be required to make a contribution to the Working Capital Fund of the Condominium. Such contribution, to be made at the time of Closing of the Residential Unit, shall be in an amount equal to 2 months' Common Charges assessed against the Residential Unit at Closing. (See the Section of the Plan entitled "Working Capital Fund" for further details.)

In addition to the payment of Common Charges, each Unit Owner will be responsible for the payment of the real estate taxes with respect to the Unit (both before and after such taxes are separately assessed and billed against the Unit by the City of New York), interest and amortization payments on any mortgage and charges for electricity consumed in the Unit.

There are no limitations on who may purchase Units, except as set forth herein. Under the New York Real Property Law, a condominium unit may be owned by an individual, a corporation, a partnership, a limited liability company, an association, a trust or any other entity which is permitted to take title pursuant to Law. Sponsor hereby reserves the right at any time and from time to time for any reason whatsoever, without the consent of any of the Condominium Board, any Unit Owner or mortgagee, to refuse to approve and execute Purchase Agreements for one or more Units to any Person. Sponsor shall not discriminate against any person because of race, creed, color, sex, sexual orientation, disability, marital status, age, ancestry, national origin or other ground proscribed by Law. No binding obligation will arise for the sale of a Unit unless and until a Purchase Agreement executed by both Purchaser and Sponsor has been exchanged and Sponsor has collected the funds constituting Purchaser's required deposit thereunder (see the Section of the Plan entitled "Procedure to Purchase" for further details). Sponsor will not accept an offer of purchase from an individual younger than 18 years of age or an incompetent under Law.

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

DEFINITIONS

For convenience of presentation, general definitions of certain of the terms used in the Plan are set forth below, which definitions are subject in most cases to the more particular definitions of such terms set forth in the Declaration, the By-Laws and the Condominium Act. They include the following:

"Adverse Effect," or "adverse effect," shall mean, with respect to any action or proposed change and with respect to any Unit Owner or Unit Owners, that such action or change could, if realized, (i) materially increase the Common Charges payable by such Unit Owner or Unit Owners, (ii) materially interfere with such Unit Owner's access to the Unit, (iii) materially obstruct or degrade the view from the windows of the Unit or (iv) otherwise materially diminish the use and enjoyment of the Unit.

"Building" shall mean the building located at 40 Mercer Street, New York, New York, in which the Units of the Condominium will be located.

"Buildings Department" shall mean the Department of Buildings of The City of New York or any successor agency.

"By-Laws" shall mean the by-laws governing the operations of the Condominium, which are set forth as Exhibit D to the Declaration, as the same may be amended from time to time.

"Closing of Title" or "Closing" shall mean the date upon which, among other things, a Unit and its appurtenant Common Interest is conveyed pursuant to a Purchase Agreement.

"Commercial Unit" shall mean any of the 5 Retail Units or the Garage Unit in the Building which Units are not offered for sale under the Plan and designated as the Commercial Units in the Declaration together with such Unit's respective Common Interest. All such Commercial Units are, collectively, referred to as the Commercial Units.

"Commercial Unit Owner" shall mean any Unit Owner of a Commercial Unit at the time in question. All such Commercial Unit Owners are, collectively, referred to as the Commercial Unit Owners.

"Common Charges" shall mean the charges allocated and assessed by the Condominium Board to the Unit Owners, pro-rata, in accordance with their respective Common Interests (except as otherwise provided in the Declaration or in the By-Laws or in the First Year's Budget) to meet the Common Expenses.

"Common Elements" shall mean the Property, other than the Units themselves, being comprised of the General Common Elements, Residential Common Elements and the Limited Residential Common Elements.

"Common Expenses" shall mean all costs and expenses to be incurred generally by the Unit Owners pursuant to the Declaration and/or the By-Laws in connection with: (i) the repair, maintenance, replacement, restoration and operation of, and any alteration, addition, or improvement to, the Common Elements; (ii) the establishment and/or maintenance of a general operating reserve, or a reserve fund for working capital, for replacements with respect to the Common Elements, or to make up any deficit in the Common Charges for any prior year(s); and (iii) generally, the conduct of the affairs of the Condominium. Common Expenses shall be either General Common Expenses attributable to all Unit Owners or Residential Common Expenses attributable to Residential Unit Owners only.

"Common Interest" shall mean the proportionate undivided interest, expressed as a numerical percentage, in the Common Elements appurtenant to each Unit, as determined in accordance with the Declaration. The total of all Common Interest percentages appurtenant to all Units equals 100%. The Common Interest attributable to each Unit is set forth on Exhibit B annexed to the Declaration.

"Condominium" shall mean the 40 Mercer Street Condominium which was established pursuant to the terms of the Declaration and which is governed pursuant to the terms of the By-Laws.

"Condominium Act" shall mean the New York Condominium Act, as amended from time to time, and presently found in the New York Real Property Law, Article 9-B.

"Condominium Board" shall mean the board of managers of the Condominium who will manage the affairs of the Condominium.

"Condominium Documents" shall mean the Declaration, the By-Laws, the Residential Rules and Regulations of the Condominium and the Floor Plans.

"Declaration" shall mean the instrument creating the Condominium, as the same may be amended from time to time.

"Deposit" shall mean all deposits, downpayments, advances or payments made by Purchasers prior to the Closing of each individual transaction.

"Effective Date" shall mean the date upon which Sponsor has declared the Plan effective pursuant to the provisions of the General Business Law.

"Facilities" shall mean all personal property and fixtures now or hereafter existing in, on, or under the Land or the Building and either existing for the common use of the Units or the Unit Owners or necessary or convenient for the existence, maintenance, or safety of the Property.

"Family Members" shall mean the spouse, domestic partner, their children, stepchildren, grandchildren, siblings, nieces, nephews, parents, stepparents, parents-in-law and grandparents of a Unit Owner.

"Filing Date" shall mean the date a letter is issued by the Department of Law accepting the Plan or an amendment to the Plan, as the case may be, for filing.

"First Closing" shall mean the Closing of Title with respect to the first Residential Unit to be conveyed to a Purchaser pursuant to the terms of the Plan.

"First Year's Budget" shall mean the Section of the Plan entitled "Schedule B - First Year's Budget." The First Year's Budget is sometimes referred to herein as "Schedule B."

"Floor Plans" shall mean the floor plans of the Units certified by a professional engineer or licensed architect, filed in the Register's Office simultaneously with the recording of the Declaration, together with any supplemental or amended floor plans thereto.

"Force Majeure" shall mean delays caused by weather, casualty, labor, difficulties, (including work stoppages and strikes), late delivery or inability to obtain materials, government restrictions or other events beyond Sponsor's reasonable control.

"Garage Unit" shall mean the 1 Garage Unit in the Building which is designated as the Garage Unit in the Declaration together with its Common Interests.

"Garage Unit Owner" shall mean the Unit Owner of the Garage Unit at the time in question.

"General Common Elements" shall mean those certain portions of the Property (other than the Units), as well as those Facilities therein, either existing for the common use of the Units or the Unit Owners or necessary for, or convenient to, the existence, maintenance, or safety of the Property, as more particularly described in the Declaration and the Floor Plans.

"General Common Expenses" shall mean all costs and expenses to be incurred generally by the Unit Owners pursuant to the Declaration and/or By-Laws in connection with (i) the repair, maintenance, replacement, restoration and operation of, and any alteration, addition, or improvement to, the General Common Elements; or (ii) the establishment and/or maintenance of a general operating reserve fund for working capital, for replacements with respect to the General Common Elements.

"Initial Control Period" shall mean the period ending on the later to occur of: (i) the Closing of Title with Purchasers under the Plan to Residential Units representing at least 95% in number of all Residential Units offered for sale, or (ii) the issuance of a Permanent Certificate of Occupancy.

"Land" shall mean the land located in Section 2 of the Borough of Manhattan on the Tax Map of the Real Property Assessment Department of The City of New York as Block 474, Lot 38 and more particularly described in Exhibit A to the Declaration.

"Law" shall mean the laws and ordinances of any or all of the Federal, New York State, New York City, County and Borough governments, including, without limitation, the Buildings Department, the Landmarks Preservation Commission, the rules, regulations, orders and directives of any or all departments, subdivisions, bureaus, agencies, or offices thereof or of any other governmental, public or quasi-public authorities having jurisdiction over the Property and/or the Condominium which are applicable at the time in question.

"License" shall mean the agreement to which a Storage Locker or a Private Terrace is licensed to a Residential Unit Owner.

"Limited Residential Common Elements" shall mean those portions of the Property (other than the Units, the General Common Elements and the Residential Common Elements), existing for the use and enjoyment of certain Residential Unit Owners to the exclusion of all other Unit Owners, as more particularly described in the Declaration and the Floor Plans.

"Managing Agent" shall mean the managing agent or manager named in the Plan or any successor managing agent at the time in question.

"Permanent Certificate of Occupancy" shall mean the permanent certificate of occupancy to be issued for the Building by the Buildings Department.

"Permitted Encumbrances" shall mean those matters encumbering title to a Unit subject to which a Purchaser agrees to take title, as more particularly described on Schedule A annexed to the form of Purchase Agreement.

"Permitted Mortgage" shall mean a first mortgage permitted to be placed upon a Unit pursuant to the provisions of the By-Laws.

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

"Permitted User" shall mean any officer, director, member, stockholder, principal, partner, employee, agent (including managing, sales and leasing agent) guest, tenant, occupant, customer, invitee, licensee, contractor, Permitted Mortgagee or any other Person related, affiliated or designated by Sponsor, the Condominium Board or a Unit Owner who has permission to use a Unit and/or the Common Elements, subject to the terms of the Condominium Documents, whether written or oral, granted by: (i) a Unit Owner in the case of such Unit Owner's Unit and its appurtenant Common Elements; or (ii) the Condominium Board; or (iii) the Condominium Documents; or (iv) Sponsor.

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

"Plan" shall mean that certain Condominium Offering Plan relating to the Property, as accepted for filing by the Department of Law of the State of New York pursuant to Section 352-e of the General Business Law of the State of New York and any and all amendments thereto.

"Plans and Specifications" shall mean the plans and specifications for the construction of the Building which (to the extent required by Law) have been or will be filed with the Buildings Department and which may from time to time be amended in accordance with the provisions of the Plan.

"Presentation Date" shall mean the date on which the Plan or an amendment thereto, as the case may be, is personally delivered or the fifth day after mailing to prospective Purchasers and Unit Owners following acceptance of the Plan or an amendment thereto for filing with the Department of Law.

"Private Terrace" shall mean any of the 4 Private Terraces located on the 7th floor adjacent to the 7th floor common terrace of the Building and as indicated on the floor plans set forth in Part II of the Plan. Each Private Terrace will be accessed through the 7th floor common terrace and shall be a Residential Common Element to be used exclusively by the Purchaser of such Private Terrace. Any reference in the Plan to "owning a Private Terrace" shall mean that Residential Unit Owner has entered into a License for a Private Terrace.

"Private Terrace License" shall mean a License to use a Private Terrace.

"Property" shall mean the Land, the Building (and any structures attached thereto), the Units, all the improvements erected or to be erected on the Land, all easements, rights and appurtenances pertaining thereto and all other property, real, personal, or mixed, used or intended to be used in connection therewith.

"Purchase Agreement" shall mean the agreement to purchase a Unit, the form of which is set forth in Part II of the Plan.

"Purchaser" shall mean a purchaser of a Unit pursuant to a Purchase Agreement.

"Register's Office" shall mean the Office of the Register of the City of New York of the County in which the Property is located.

"Resident Manager's Unit" shall mean the Residential Unit designated as the Resident Manager's Unit in the Declaration together with its Common Interest and Residential Common Interest.

"Residential Common Elements" shall mean those portions of the Common Elements either existing for the common use of the Residential Units or the Residential Unit Owners or necessary for, or convenient to, the existence, maintenance or safety of the Residential Units, as more particularly described in the Declaration and the Floor Plans, except with respect to the Storage Lockers and Private Terraces, which are only available for use by the licensees of such Storage Lockers and Private Terraces.

"Residential Common Expenses" shall mean all costs and expenses to be incurred generally by the Residential Unit Owners pursuant to the Declaration and/or By-Laws in connection with (i) the repair, maintenance, replacement, restoration and operation of, and any alteration, addition, or improvement to, the Residential Common Elements and/or the Limited Residential Common Elements; or (ii) the establishment and/or maintenance of a operating reserve fund for working capital, for replacements with respect to the Residential Common Elements and/or Limited Residential Common Elements.

"Residential Common Interest" shall mean the proportionate undivided interest, expressed as a numerical percentage, of each Residential Unit Owner in the Residential Common Elements. The total of all Residential Common Interest percentages appurtenant to all Residential Units equals 100%. The Residential Common Interests are the basis for determining a Residential Unit Owner's liability for such Unit Owner's share of the Residential Common Expenses.

"Residential Unit" shall mean any of the Residential Units designated as a Residential Unit in the Declaration together with its Common Interest and Residential Common Interest. All such Residential Units are, collectively, referred to as the "Residential Units."

"Residential Unit Owner" shall mean any Unit Owner of a Residential Unit at the time in question. All such Residential Unit Owners are, collectively, referred to as the "Residential Unit Owners."

"Residential Rules and Regulations" shall mean the Residential Rules and Regulations of the Condominium promulgated in accordance with the By-Laws, as any of such Rules and Regulations may be amended, modified, added to, or deleted from time to time pursuant to the terms of the By-laws.

"Retail Unit" shall mean any of the 5 Retail Units in the Building which are designated as the Retail Units in the Declaration together with such Unit's respective Common Interest. All such Retail Units are, collectively, referred to as the "Retail Units."

"Retail Unit Owner" shall mean any Unit Owner of a Retail Unit at the time in question. All such Retail Unit Owners are, collectively, referred to as the Retail Units.

"Sales Office" shall mean the sales office for the Sponsor or Selling Agent, at a location to be designated by either Sponsor or Selling Agent from time to time.

"Schedule A" shall mean the Section of the Plan entitled "Schedule A - Purchase Prices and Related Information."

"Schedule B" shall mean the Section of the Plan entitled "Schedule B - First Year's Budget." Schedule B is sometimes referred to herein as the "First Year's Budget."

"Schedule B-1" shall mean the Section of the Plan entitled "Schedule B-1 for Individual Energy Costs."

"Selling Agent" shall mean the Selling Agent named in the Plan or any successor Selling Agent at the time in question.

"Special Assessments" shall mean the charges allocated and assessed by the Condominium Board to the Unit Owners, pro-rata in accordance with their respective Common Interest (except as otherwise provided in the Declaration or in the By-Laws), in accordance with the By-Laws of the Condominium.

"Sponsor" shall mean WXIV/Broadway Grand Realty, L.L.C. and (if applicable) a Person designated by Sponsor.

"Storage Area" shall mean the area located in the cellar of the Building containing the Storage Lockers which is a Residential Common Element.

"Storage Locker" shall mean any Storage Locker located in the cellar of the Building and shall include the structural framework and materials out of which the Storage Locker is constructed. Each Storage Locker shall be deemed a Residential Common Element of the Condominium. Any reference in the Plan to "owning a Storage Locker" shall mean that Residential Unit Owner has entered into a License for a Storage Locker.

"Terrace" shall mean any terrace, balcony or garden which is appurtenant to a Residential Unit as a Limited Residential Common Element, as well as any Private Terrace, and shall include any pavers, decking and drains, hose bibs, electrical outlets, lighting and light fixtures, enclosures and dividers installed as part of the original construction of the Building.

"Unit" shall mean any of the Units designated as a Unit in the Declaration together with its Common Interest. All such Units are, collectively, referred to as the "Units."

"Unit Owner" shall mean any Person (including Sponsor, if Sponsor owns any Unit) who holds fee title, of record, to one or more Units at the time in question. All such Unit Owners are, collectively, referred to as the "Unit Owners."

"Unsold Residential Unit" shall mean any Residential Unit owned or retained, by way of lease or any other arrangement by which management and/or financial responsibility is retained, by Sponsor or a principal of Sponsor at the time in question. All such Unsold Residential Units are, collectively, referred to as the "Unsold Residential Units."

"Unsold Residential Unit Owner" shall mean Sponsor or a principal of Sponsor and (if applicable) a Person designated by Sponsor.

DESCRIPTION OF PROPERTY AND IMPROVEMENTS

The following is a general description of the Property as well as certain facilities and services to be provided at the Condominium. For a more detailed description of the Property, see the "Description of Property and Building Condition" contained in Part II of the Plan.

Location, Acreage and Zoning

The Condominium is located at 40 Mercer Street, in the borough of Manhattan, City of New York, with frontage on Mercer Street, Grand Street and Broadway. The Land covers approximately 21,454 square feet and the Building erected thereon will consist of approximately 160,000 square feet. The Condominium is located within an M1-5B zoning district within the Historic Soho Cast Iron District.

Improvements - General Description of Units

The Condominium, upon completion of construction, will consist of 41 Residential Units (including 1 Resident Manager's Unit), 27 Storage Lockers, 4 Private Terraces, 5 Retail Units and 1 Garage Unit contained in 13 stories above grade with 1 cellar and 1 sub-cellar.

There will also be various amenities for the benefit of the Residential Unit Owners, including a courtyard, 7th floor common terrace, spa facility and various utility and service areas located throughout the Building. (See the subsection entitled "Services and Facilities" for further details.)

Purchasers should refer to the Description of Property and Building Condition contained in Part II of the Plan for further details.

Residential Units

The Residential Units vary in size from one-bedroom to four bedrooms and will be located on Floor 3 through Floor 15. Units 29 and PH1 are duplex units and will be located on floors 7 and 8 and floors 14 and 15, respectively. There are no 2nd or 13th floor designations.

Purchasers are urged to consult the Floor Plans and Description of Property contained in Part II of the Plan for further details regarding the Residential Units.

Storage Lockers

There will be 27 Storage Lockers located in the Storage Area varying in size from approximately 32 square feet to approximately 72 square feet. A Storage Locker may be used for the storage of personal effects of the Residential Unit Owner, and in no event shall any food or other perishable item, or any flammable or explosive item or any item which would pose a health or safety threat or cause noxious odors, dirt or other sanitary problems or create a nuisance be stored therein. Notwithstanding the foregoing, Sponsor shall have the right to use any unassigned Storage Locker for any purpose permitted by Law or to change the permitted use of any unassigned Storage Locker, subject, however, to the provisions of the By-laws. Storage Lockers will be offered for sale on a first-come, first served basis at the purchase prices set forth on Schedule A. Except for Sponsor, no Storage Locker may be owned independently of a Residential Unit.

While Sponsor presently intends to offer the Storage Lockers for sale, based upon market conditions, until such time as Purchasers have executed Purchase Agreements with respect to 50% of all Storage Lockers, Sponsor reserves the right to withdraw the offering of Storage Lockers. The above threshold percentage (i) may be reduced by Sponsor in its sole discretion and without amendment to the

Plan and (ii) may be attained subsequent to the Plan being declared effective. If Sponsor elects to withdraw the offering of the Storage Lockers, Sponsor reserves the right to utilize the Storage Area for any use as determined by Sponsor in its sole discretion, including without limitation, incorporating such Storage Area into the Commercial Units. The withdrawal of the offering of the Storage Lockers shall be disclosed by Sponsor in an amendment to the Plan and a Purchaser shall only be relieved of Purchaser's obligation to purchase the Storage Locker, and shall remain obligated to purchase the Residential Unit. At Closing, Purchaser will receive a credit against the balance of the Purchase Price equal to the amount allocated to the Storage Locker, to the extent any such money has been delivered to Sponsor.

Private Terraces

There will be 4 Private Terraces located on the 7th floor adjacent to the 7th floor common terrace of the Building as indicated on the floor plans set forth in Part II of the Plan. The Private Terraces will vary in size from approximately 360 square feet to approximately 630 square feet. Purchasers should refer to "Schedule A – Purchase Prices and Related Information" for the square footages of each of the Private Terraces. Each Private Terrace will be accessed through the 7th floor common terrace and will be enclosed by a combination of railings, fencing and planting elements and will be equipped with connections for water and electricity. Sponsor will deliver each of the Private Terraces with uniform furnishings so as to promote a visually harmonious appearance. Any and all changes to such furnishings, shall be subject to the prior written approval of the Condominium Board. All costs and expenses associated non-structural, ordinary maintenance, repair and upkeep associated with the Private Terraces shall be borne by the licensee of such Private Terrace. Each Private Terrace may be used for passive recreational use, and shall be subject to such rules and regulations as may be promulgated by the Condominium Board, from time to time, including restrictions on the hours of access and use. For the purpose of promoting a harmonious appearance from the exterior of the Building, any and all changes to the furnishings located on the Private Terraces, which were provided by Sponsor, shall be subject to the prior written approval of the Condominium.

Resident Manager's Unit

Residential Unit 14 is designated as the Resident Manager's Unit and will be occupied by the Resident Manager of the Condominium. At, or subsequent to, the First Closing, the Resident Manager's Unit will be purchased by the Condominium Board on behalf of all Residential Unit Owners for a purchase price of $850,000, payable by the Condominium Board on behalf of all Residential Unit Owners. Notwithstanding the foregoing, Sponsor reserves the right, in its sole discretion, without amendment to the Plan, to choose a Unit other than Unit 14 to be the Resident Manager's Unit, in which event the purchase price may be higher or lower than the aforesaid price, but in no event more than 20% higher than the purchase price of Unit 14.

Sponsor presently anticipates that 100% of the purchase price will be financed by a mortgage held by Sponsor or an institutional lender, at Sponsor's option, and will require equal monthly payments of interest only at a rate of 9% over a term of 5 years. Purchasers should refer to the Footnotes to Schedule B for details concerning the terms of the Mortgage. Upon the maturity date of the Mortgage, the Condominium will have to repay the principal balance of the Mortgage together with any accrued and unpaid interest due thereon. No representation is made by Sponsor with respect to the Condominium's ability to repay or otherwise refinance the Mortgage at such time. Purchasers are advised that in the event the Condominium Board is not able to refinance or extend the note and mortgage at maturity, the Condominium Board may be required to impose a Special Assessment against all Unit Owners.

In connection with the purchase of the Resident Manager's Unit by the Condominium Board and to the extent required by either Sponsor and/or the institutional lender, the Condominium Board shall (i) assign to Sponsor and/or the institutional lender as additional collateral for the loan(s), the Condominium's rights in and to receive future income of all types, including the Common Charges; (ii) create a security interest in, assign, pledge, mortgage or otherwise encumber funds or other real or personal property that it holds; (iii)

agree to increase Common Charges to the extent necessary to pay the amounts due under the loans; and (iv) agree that Common Charges be treated as trust funds to the extent necessary to make required payments to either Sponsor or the institutional lender.

In the event of a default under the notes and mortgages, the holder of such mortgages may foreclose on the Resident Manager's Unit, with any deficiency being the obligation of the Unit Owners. In the event of such foreclosure, the Condominium will be without a Resident Manager's Unit and alternate arrangements will be required to shelter the Resident Manager within the Condominium or within such distance as prescribed by Law.

The Condominium Board on behalf of all Unit Owners, will be responsible for the payment of all mortgage recording taxes, brokerage commissions, transfer taxes and title insurance premiums and fees due in connection with the purchase of the Resident Manager's Unit, as well as the monthly cost of the Resident Manager's use and occupancy of the Resident Manager's Unit for the period from the First Closing until the date of the closing of title to the Resident Manager's Unit. Such monthly use and occupancy fee payable to Sponsor shall be no greater than the monthly expenses attributable to the Resident Manager's Unit as set forth in Schedule B. All Common Charges attributable to the Resident Manager's Unit, including but not limited to, debt service, utilities, real estate taxes, cost of repairs, alterations and improvements and costs of financing the purchase of the Resident Manager's Unit shall be borne by all Unit Owners as a Common Expense. (See the Section of the Plan entitled "Schedule B – First Year's Budget" for further details.)

Closing costs, including without limitation, mortgage recording taxes, brokerage commissions, transfer taxes, title insurance premiums and fees due in connection of the conveyance and financing of the Resident Manager's Unit will be paid by the Condominium Board, on behalf of all Unit Owners out of the Working Capital Fund. If the Working Capital Fund at the time of Closing is insufficient to make such payments, Sponsor will advance such sums on behalf of the Condominium for repayment to the Sponsor pursuant to a non-interest bearing, fully-amortizing, non-secured promissory note requiring 12 equal monthly payments. These payments will be borne by all Unit Owners as a Common Expense.

Construction Data for Units and Common Elements

Sponsor has engaged SLCE Architects as architect of record, Cosentini Associates as mechanical engineer and Gilsanz-Murray-Steficek, LLP, as structural engineer. (See the Section of the Plan entitled "Identity of Parties" for further detail.) The Plans and Specifications have been prepared by such architects and engineers.

Construction of the Building and the Units will be completed in accordance with the Plans and Specifications, and applicable Law. However, Sponsor reserves the right to amend or modify, in any way, the Plans and Specifications (including, without limitation, changing materials, appliances, equipment, fixtures and other construction details) and substitute in place of any materials, appliances, equipment and fixtures set forth in the "Description of Property and Building Condition," items of substantially equal or better quality, provided, however: (i) any material change shall be set forth in an amendment to the Plan; (ii) any necessary approval of any governmental authority having jurisdiction is first obtained; and (iii) no such amendments, modifications or substitutions may be made if the same would materially and adversely affect any binding Purchase Agreement unless the same is dictated by construction conditions at the Property, and in such event, Sponsor will, in the amendment disclosing such change and delivered to the Purchaser(s), offer the affected Purchaser(s) the right, for 15 days, to rescind their Purchase Agreement(s) and receive a refund of their Deposits, together with all interest earned thereon, except for funds expended by or reimbursed to Sponsor for upgrades or extras.

Based upon the current construction schedule, Sponsor presently contemplates that, unless delayed by Force Majeure, construction of the Building will be sufficiently completed to permit closings of

Residential Units to begin on or about September 1, 2006. Prospective Purchasers should note, however, that the Residential Units will be completed at differing times over a period that may begin prior to and/or extend significantly beyond such dates. Sponsor will have no liability to any Purchaser, nor will a Purchaser be entitled to any credit, offset or reduction in the purchase price for the Residential Unit or otherwise be relieved from any obligations under the Purchase Agreement, in the event that the First Closing occurs earlier or later than the targeted date or the time to complete or to close title to the Residential Unit is delayed or postponed by Sponsor. In the event the actual or anticipated commencement date of the first year of condominium operation is to be delayed by 6 months or more, Sponsor will amend the Plan to include a revised budget with updated projections and, if Residential Unit Owner's monthly Common Charges in the amended budget exceed those in the latest budget set forth in the Plan by 25%, or more, Sponsor will offer all Purchasers the right to rescind their Purchase Agreements within 15 days of the Presentation Date of the amendment containing such revised budget. If the First Closing does not occur within 12 months after the date set forth in Schedule B as the commencement date for the first year of condominium operation, as such date may be extended by Sponsor by amendment to the Plan, Sponsor will offer all Purchasers the right to rescind their Purchase Agreements within 15 days of the Presentation Date of the amendment disclosing Sponsor's failure to close within such time frame. Any Purchasers electing rescission pursuant to such offer will have their Deposits and any interest accrued thereon returned, except for funds expended by or reimbursed to Sponsor for upgrades or extras.

Services and Facilities

The services and facilities described below will be provided to Residential Unit Owners and are included in the Common Charges, unless otherwise specified below.

a. Doorman/Concierge

The main residential entrance to the Building will be located on Mercer Street, with a secondary means of access to the residential lobby located on Grand Street. The entrance to the Building located on Grand Street will have secure electronic access and will be monitored from the Residential Lobby. Sponsor reserves the right to modify the means of access through the Grand Street entrance. There will be a uniformed concierge stationed in the residential lobby of the Building 24 hours a day, 7 days a week.

b. Building Staff

The staff of the Condominium will be supervised by the Resident Manager. All Building staff shall be assigned such hours of duty as are necessary for the comfortable occupancy of all Unit Owners.

c. Residential Elevator Service

There will be 2 automatic passenger elevators in service 24 hours a day, 7 days a week, servicing the Residential Units from the sub-cellar floor to floor 15. There will be 1 service elevator servicing the Residential Units from the sub-cellar to the first floor. Purchasers should refer to the Description of Property and Building Condition set forth in Part II for further details concerning the elevators.

Sponsor reserves the right to restrict access to any full floor Unit by way of elevator lock off, or other means permissible by Law solely to the individual owner/occupant of such Unit.

d. Telecommunications

The Building will be pre-wired for a telecommunications system which will provide cable television and internet services to the Residential Units. Residents will be able to subscribe for television through a conventional cable provider or a digital satellite television service ("DSTS") provider. Charges for activating cable television or DSTS service, installing and attaching appropriate receptacles, additional

installations and monthly usage charges will be determined by and payable directly to the cable company or DSTS company, as applicable, by each resident subscribing for and activating such service. The Condominium will be the owner of the cable and conduits built into the Building and will enter into an agreement with a provider for use of same. Verizon is the intended primary provider for local and long distance telephone service, but users may select different local and/or long distance carriers. Each Residential Unit will be pre-wired for high-speed internet access. Charges for internet access service, however, for residents activating same, will be set by the provider and paid directly by the user to the provider. Residents desiring internet services will be required to apply to the applicable provider to activate same. Sponsor reserves the right to enter into an agreement with a service provider to provide a building wide internet access package, the monthly cost of which will paid by the Condominium Board and billed to each Residential Unit Owner as a Residential Common Expense.

e. Mail

All incoming mail will be delivered to the Residential Unit Owners by the United States Postal Service and deposited by its personnel in mail boxes located in the residential lobby of the Building. Sponsor reserves the right to eliminate mailboxes from the design of the Building and to have mail delivered to Residential Unit Owners by building staff.

f. Laundry

Each Residential Unit will contain a washing machine and dryer.

g. Refuse Disposal

There will be recycling bins and access to refuse chutes located on each floor containing Residential Units. The refuse chutes will lead directly to a collection facility in the compactor rooms located in the cellar of the Building.

h. Communication Facilities and Intercom System

Each Residential Unit will be equipped with an intercom telephone system which will enable the occupants to communicate directly with the concierge and/or doorman over a standard touch tone telephone. Sponsor reserves the right to substitute an alternate service to enable communication between the concierge and residents.

i. Storage Lockers

There will be 27 Storage Lockers located in the cellar level of the Building which are being offered for sale pursuant to the terms of a license agreement.

j. Smoke and Carbon Monoxide Detectors/Sprinklers

A combination smoke and carbon monoxide detector will be provided in each Residential Unit in compliance with Law. Additionally the Building will be fully sprinklered in compliance with Law.

k. Service Entrance

There will be a service entrance located on Grand Street.

l. Courtyard and 7th Floor Common Terrace

The Residential Unit Owners will have use of an outdoor courtyard located on the ground floor of the Building which is accessible from the residential lobby, as well as a common terrace located on the 7th floor of the Building. The courtyard and terrace will incorporate plantings and seating areas.

m. Spa Facility

There will be a spa facility located in the cellar of the Building containing exercise equipment, a steam room, sauna, whirlpool and swimming pool. Use of the steam room, sauna, whirlpool and swimming pool will be limited to such hours as determined by the Condominium Board in its sole discretion. The swimming pool, sauna, whirlpool and steam room will be staffed with a part time lifeguard/attendant. For marketing purposes use of the term "Spa Facility" may be substituted with words and phrases of similar meaning.

n. Continental Breakfast

There will be a continental breakfast served in the lobby and garden of the Building from 7:00 a.m. to 10:00 a.m. seven days per week during the months of September through May and five days per week during the months of June and July. In Sponsor's sole and absolute discretion, the continental breakfast may be delivered to the individual units upon request by such Unit Owner. Sponsor makes no representation as to the continued operation of the Continental Breakfast which will be determined by the Condominium Board, in its sole discretion.

o. General

Use of the services and facilities shall be available only to individuals who reside in a Residential Unit in the Building (i.e. a Residential Unit Owner or tenant) and such individuals guests, provided that such Residential Unit Owner or tenant accompanies such guest during the times of such use. In addition, use of the services and amenities are subject to such rules and regulations as may be promulgated from time to time by the Condominium Board, including, without limitation, the right to impose fees and restrictions on hours of access and use.

While it is anticipated that these services and facilities will be available at the time of the First Closing, prospective Purchasers should note that until such time as the Condominium is occupied by 75% of the Residential Unit Owners, some of these services and facilities (such as a full staff of Building personnel and usage of the amenity areas) may not be available. Purchasers should also be aware that the hours and dates for move-ins, move-outs and/or construction work, as well as the use of the passenger and/or service elevators, will be restricted during the period that Sponsor is completing construction of the Building. However, at all times after the first occupancy of a Residential Unit, the residential lobby will be attended 24 hours a day, 7 days a week and the interim level of staffing will be adequate to maintain the Building. Additionally, it is anticipated that for a significant period of time following the First Closing of a Residential Unit through, including and beyond the closing of title to any particular Purchaser's Residential Unit, work should be expected to be undertaken and performed by or on behalf of Sponsor to complete construction of the Building, including without limitation, the Residential Units, amenities located in the Building, the decoration or finishing of the lobby and corridors and other portions of the Building, including installing light fixtures and floor, wall and elevator finishes. All of the foregoing work and conditions may create noise, fumes, odors, dust, debris and temporary interruption of services in the Building during the period such work is being performed. In executing a Purchase Agreement, Purchaser acknowledges that Sponsor shall not be liable to Purchaser or any third party in the event of any non-completion of any item or construction on any projected date, on account of any interruption of services in the Building.

LOCATION AND AREA INFORMATION

Location

The Condominium is located at 40 Mercer Street in the Borough of Manhattan, City of New York. A neighborhood which attracts families, 40 Mercer Street Condominium is situated in one of the finest and most desirable neighborhoods in New York City.

Surrounding Area, Shopping, Museums, Theatre and Parks

New York City is a leading cultural center of the world, with universities, museums, libraries, theaters and cultural institutions, attracting millions of national and international tourists. New York City is the nation's center for communications, publishing, advertising, the stock market and other financial services, visual and performing arts and the fashion industry.

Currently, there is a new growth of residential and commercial units in the area. This growth encompasses both renovations and new buildings. The neighborhood has a variety of types of buildings including high-rise apartment buildings, three and four story private dwellings, four through six story walk-up apartment buildings, as well as some stores and small loft buildings. Many of the buildings in the area have recently been converted to cooperative or condominium ownership.

Near the Condominium are many noteworthy local attractions such as the Brooklyn Bridge, the Manhattan Bridge, the Williamsburg Bridge, and municipal Buildings such as City Hall, New York City Courthouse, Federal District Court and the New York Municipal Building. Nearby restaurants include, Mercer Kitchen, Jerry's, Zoe and Baltazar.

At 40 Mercer Street you are never more than a short walk from the arts, shopping, entertainment, and some of the best restaurants New York City has to offer.

Transportation

New York City is served by three major airports—LaGuardia, Kennedy International and Newark International. Passenger railroad service is provided from Pennsylvania Station, located at Seventh Avenue and 33rd Street, and from Grand Central Station, located at Lexington Avenue and 42nd Street. Public transportation is readily available.

Transportation to and from the Condominium, and through New York City, is available by taxi, limousine private automobile, subway or bus. A number of commercial parking garages are located nearby.

Medical, Educational and Religious Facilities

A number of excellent medical centers, such as New York Infirmary-Beekman Downtown Hospital, St. Vincent's Medical Center, New York Hospital, Cornell Medical Center, Memorial Sloan Kettering, Lenox Hill Hospital, New York University Medical Center, Mt. Sinai Medical Center and Columbia Presbyterian Medical Center are readily accessible.

Private schools, public schools and parochial schools on the elementary, middle school and high school levels are located within a short walking distance of the Condominium. There are many colleges available in the New York City area.

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

Municipal Services

The City of New York will provide water, sanitation, police and fire services to the Building.

The local police station is the 1st Precinct, located at 16 Ericsson Place, New York, New York.

The local fire stations are Engine 55, located at 363 Broome Street, New York, New York and Ladder 20 located at 253 Lafayette, New York, New York.

Mailing Address

The mailing address for the Residential Units is 40 Mercer Street, New York, New York 10013.

Zoning

The Condominium is located within the Historic Soho-Cast Iron District as well as an M1-5B zoning district which permits residential and commercial use as of right. The exterior façade of the Building is designated as having landmark status by the New York City Landmarks Preservation Commission ("LPC"). As a result of such designation, no alterations may be made to the exterior portions of the Building by the Unit Owners or the Condominium Board without the consent of LPC.

General

Sponsor makes no representations to the continued existence of any of the named establishments or transportation lines. Additionally, no representation is made that future construction in the neighborhood surrounding the Condominium will not result in the obstruction of the views from any windows.

SCHEDULE A - PURCHASE PRICES OF UNITS AND RELATED INFORMATION

SCHEDULE A

40 MERCER STREET CONDOMINIUM
40 MERCER STREET
NEW YORK, NY

OFFERING PRICES AND RELATED INFORMATION

PROJECTED COMMON CHARGES AND REAL ESTATE TAXES ARE FOR
THE FIRST YEAR OF CONDOMINIUM OPERATION - SEPTEMBER 1, 2006 - AUGUST 31, 2007

(1) UNIT	(1) FLODR DESIGNATION	(1) BEDROOMS/ BATHS	(2) APPROX UNIT SQUARE FOOTAGE	(2) APPROX TERRACE SQUARE FOOTAGE	(3) OFFERING PRICE	(4) RESIDENTIAL COMMON INTEREST	(4) COMMON INTEREST	(5) PROJECTED MONTHLY COMMON CHARGES	(6) PROJECTED MONTHLY RE TAXES ASSUMING PARTIAL EXEMPTION UNDER 421-a	(6) PROJECTED MONTHLY RE TAXES ASSUMING NO PARTIAL EXEMPTION UNDER 421-a	(7) PROJECTED MONTHLY TOTAL CARRYING CHARGES WITH PARTIAL EXEMPTION UNDER 421-a	(7) PROJECTED MONTHLY TOTAL CARRYING CHARGES WITH NO PARTIAL EXEMPTION UNDER 421-a
1	3	2/2	1649		$ 2,950,000	1.9265%	1.4085%	$ 1,799.25	$ 222.32	$ 440.90	$ 2,021.57	$ 2,240.15
2	3	3/3.5	2476		$ 4,500,000	2.8927%	2.1149%	$ 2,701.60	$ 333.82	$ 662.02	$ 3,035.42	$ 3,363.63
3	3	1/1.5	1222		$ 2,250,000	1.4276%	1.0438%	$ 1,333.34	$ 164.75	$ 326.73	$ 1,498.10	$ 1,660.08
4	3	2/2.5	1843		$ 3,300,000	2.1532%	1.5742%	$ 2,010.93	$ 248.48	$ 492.77	$ 2,259.41	$ 2,503.70
5	3	3/3.5	2370		$ 4,100,000	2.7688%	2.0244%	$ 2,585.95	$ 319.53	$ 633.68	$ 2,905.48	$ 3,219.63
6	3	2/2	1415	103	$ 2,900,000	1.6772%	1.2262%	$ 1,543.93	$ 193.55	$ 383.84	$ 1,737.48	$ 1,927.77
7	4	2/2	1649		$ 3,050,000	1.9265%	1.4085%	$ 1,799.25	$ 222.32	$ 440.90	$ 2,021.57	$ 2,240.15
8	4	3/3.5	2476		$ 4,700,000	2.8927%	2.1149%	$ 2,701.60	$ 333.82	$ 662.02	$ 3,035.42	$ 3,363.63
9	4	1/1.5	1222		$ 2,350,000	1.4276%	1.0438%	$ 1,333.34	$ 164.75	$ 326.73	$ 1,498.10	$ 1,660.08
10	4	2/2.5	1843		$ 3,425,000	2.1532%	1.5742%	$ 2,010.93	$ 248.48	$ 492.77	$ 2,259.41	$ 2,503.70
11	4	3/3.5	2370		$ 4,250,000	2.7688%	2.0244%	$ 2,585.95	$ 319.53	$ 633.68	$ 2,905.48	$ 3,219.63
12	4	2/2	1415		$ 2,625,000	1.6531%	1.2086%	$ 1,543.93	$ 190.77	$ 378.34	$ 1,734.70	$ 1,922.27
14 (RM)	4	2/1	817		$ 850,000	0.9545%	0.6978%	$ -	$ 110.15	$ 218.45	$ 110.15	$ 218.45
15	5	2/2	1649		$ 3,250,000	1.9265%	1.4085%	$ 1,799.25	$ 222.32	$ 440.90	$ 2,021.57	$ 2,240.15
16	5	3/3.5	2476		$ 4,950,000	2.8927%	2.1149%	$ 2,701.60	$ 333.82	$ 662.02	$ 3,035.42	$ 3,363.63
17	5	1/1.5	1222		$ 2,500,000	1.4276%	1.0438%	$ 1,333.34	$ 164.75	$ 326.73	$ 1,498.10	$ 1,660.08
18	5	2/2.5	1843		$ 3,575,000	2.1532%	1.5742%	$ 2,010.93	$ 248.48	$ 492.77	$ 2,259.41	$ 2,503.70
19	5	3/3.5	2370		$ 4,400,000	2.7688%	2.0244%	$ 2,585.95	$ 319.53	$ 633.68	$ 2,905.48	$ 3,219.63
20	5	2/2	1415		$ 2,750,000	1.6531%	1.2086%	$ 1,543.93	$ 190.77	$ 378.34	$ 1,734.70	$ 1,922.27
21	5	2/2.5	1407		$ 2,595,000	1.6438%	1.2018%	$ 1,535.20	$ 189.69	$ 376.20	$ 1,724.90	$ 1,911.40
22	6	2/2	1649		$ 3,375,000	1.9265%	1.4085%	$ 1,799.25	$ 222.32	$ 440.90	$ 2,021.57	$ 2,240.15
23	6	3/3.5	2476		$ 5,200,000	2.8927%	2.1149%	$ 2,701.60	$ 333.82	$ 662.02	$ 3,035.42	$ 3,363.63
24	6	1/1.5	1222		$ 2,700,000	1.4276%	1.0438%	$ 1,333.34	$ 164.75	$ 326.73	$ 1,498.10	$ 1,660.08
25	6	2/2.5	1843		$ 3,875,000	2.1532%	1.5742%	$ 2,010.93	$ 248.48	$ 492.77	$ 2,259.41	$ 2,503.70
26	6	3/3.5	2370		$ 4,800,000	2.7688%	2.0244%	$ 2,585.95	$ 319.53	$ 633.68	$ 2,905.48	$ 3,219.63

The accompanying notes should be read in conjunction with this Schedule

SCHEDULE A

40 MERCER STREET CONDOMINIUM
40 MERCER STREET
NEW YORK, NY

OFFERING PRICES AND RELATED INFORMATION

PROJECTED COMMON CHARGES AND REAL ESTATE TAXES ARE FOR
THE FIRST YEAR OF CONDOMINIUM OPERATION - SEPTEMBER 1, 2006 - AUGUST 31, 2007

(1) UNIT	(1) FLOOR DESIGNATION	(1) BEDROOMS/ BATHS	(2) APPROX UNIT SQUARE FOOTAGE	(2) APPROX TERRACE SQUARE FOOTAGE	(3) OFFERING PRICE	(4) RESIDENTIAL COMMON INTEREST	(4) COMMON INTEREST	(5) PROJECTED MONTHLY COMMON CHARGES	(6) PROJECTED MONTHLY RE TAXES ASSUMING PARTIAL EXEMPTION UNDER 421-a	(6) PROJECTED MONTHLY RE TAXES ASSUMING NO PARTIAL EXEMPTION UNDER 421-a	(7) PROJECTED MONTHLY TOTAL CARRYING CHARGES WITH PARTIAL EXEMPTION UNDER 421-a	(7) PROJECTED MONTHLY TOTAL CARRYING CHARGES WITH NO PARTIAL EXEMPTION UNDER 421-a
27	6	2/2	1415		$ 2,950,000	1.6531%	1.2086%	$ 1,543.93	$ 190.77	$ 378.34	$ 1,734.70	$ 1,922.27
28	6	2/2.5	1407		$ 2,745,000	1.6438%	1.2018%	$ 1,535.20	$ 189.69	$ 376.20	$ 1,724.90	$ 1,911.40
29 (D)(T)	7	4/4.5	4139	1247	$ 12,500,000	5.1269%	3.7484%	$ 4,516.13	$ 591.65	$ 1,173.35	$ 5,107.79	$ 5,689.48
30 (T)	7	3/3.5	3006	1582	$ 9,500,000	3.8815%	2.8379%	$ 3,279.90	$ 447.93	$ 888.33	$ 3,727.83	$ 4,168.22
31	8	2/2.5	2206		$ 4,650,000	2.5772%	1.8843%	$ 2,407.00	$ 297.42	$ 589.83	$ 2,704.42	$ 2,996.83
32	9	3/3.5	2706		$ 5,825,000	3.1614%	2.3114%	$ 2,952.56	$ 364.83	$ 723.52	$ 3,317.39	$ 3,676.08
33	9	2/2.5	2206		$ 4,750,000	2.5772%	1.8843%	$ 2,407.00	$ 297.42	$ 589.83	$ 2,704.42	$ 2,996.83
34	10	3/3.5	2706		$ 6,000,000	3.1614%	2.3114%	$ 2,952.56	$ 364.83	$ 723.52	$ 3,317.39	$ 3,676.08
35	10	2/2.5	2206		$ 4,900,000	2.5772%	1.8843%	$ 2,407.00	$ 297.42	$ 589.83	$ 2,704.42	$ 2,996.83
36	11	3/3.5	2706		$ 6,250,000	3.1614%	2.3114%	$ 2,952.56	$ 364.83	$ 723.52	$ 3,317.39	$ 3,676.08
37	11	2/2.5	2206		$ 5,100,000	2.5772%	1.8843%	$ 2,407.00	$ 297.42	$ 589.83	$ 2,704.42	$ 2,996.83
38	12	3/3.5	2706		$ 6,450,000	3.1614%	2.3114%	$ 2,952.56	$ 364.83	$ 723.52	$ 3,317.39	$ 3,676.08
39	12	2/2.5	2206		$ 5,275,000	2.5772%	1.8843%	$ 2,407.00	$ 297.42	$ 589.83	$ 2,704.42	$ 2,996.83
40	14	3/3.5	2706		$ 6,750,000	3.1614%	2.3114%	$ 2,952.56	$ 364.83	$ 723.52	$ 3,317.39	$ 3,676.08
PH1(D)(T)	14	4/4.5	3515	145	$ 12,250,000	4.1404%	3.0271%	$ 3,835.27	$ 477.81	$ 947.58	$ 4,313.08	$ 4,782.85
PH2 (T)	15	2/2.5	2114	575	$ 7,400,000	2.6041%	1.9039%	$ 2,306.62	$ 300.52	$ 595.98	$ 2,607.14	$ 2,902.60
RESIDENTIAL TOTAL			**84865**	**3652**	**$ 188,515,000**	**100%**	**73.1121%**	**$ 91,706.17**	**$ 11,540.17**	**$ 22,886.08**	**$ 103,246.33**	**$ 114,592.25**
A			2167		N/A	N/A	1.8470%	$ 230.77	N/A	N/A	N/A	N/A
B			1805		N/A	N/A	1.5385%	$ 192.22	N/A	N/A	N/A	N/A
C			1492		N/A	N/A	1.2717%	$ 158.88	N/A	N/A	N/A	N/A
D			2395		N/A	N/A	2.0413%	$ 255.05	N/A	N/A	N/A	N/A
E			1641		N/A	N/A	1.3987%	$ 174.75	N/A	N/A	N/A	N/A
RETAIL TOTAL			**9500**		**N/A**	**N/A**	**8.0972%**	**$ 1,011.67**	**N/A**	**N/A**	**N/A**	**N/A**
GARAGE			**22046**		**N/A**	**N/A**	**18.7907%**	**$ 1,011.67**	**N/A**	**N/A**	**N/A**	**N/A**
GRAND TOTAL			**116411**	**3652**	**$ 188,515,000**	**100%**	**100%**	**$ 93,729.50**	**$ 11,540.17**	**$ 22,886.08**	**$ 103,246.33**	**$ 114,592.25**

The Symbols used in the Schedule A have the following meaning:

RM denotes Resident Manager's Unit

D denotes Duplex

T denotes Terrace

The accompanying notes should be read in conjunction with this Schedule

SCHEDULE A

40 MERCER STREET CONDOMINIUM
40 MERCER STREET
NEW YORK, NY

OFFERING PRICES AND RELATED INFORMATION

STORAGE BIN LICENSES:

UNIT NUMBER	SQ. FOOTAGE	AMOUNT
1	33	$ 15,000
2	34	$ 15,000
3	34	$ 15,000
4	34	$ 15,000
5	34	$ 15,000
6	34	$ 15,000
7	34	$ 15,000
8	34	$ 15,000
9	34	$ 15,000
10	34	$ 15,000
11	34	$ 15,000
12	50	$ 25,000
13	34	$ 15,000
14	34	$ 15,000
15	34	$ 15,000
16	34	$ 15,000
17	49	$ 25,000
18	49	$ 25,000
19	36	$ 16,000
20	78	$ 35,000
21	43	$ 20,000
22	34	$ 15,000
23	34	$ 15,000
24	42	$ 20,000

The accompanying notes should be readi in conjunction with this schedule.

SCHEDULE A

40 MERCER STREET CONDOMINIUM
40 MERCER STREET
NEW YORK, NY

OFFERING PRICES AND RELATED INFORMATION

STORAGE BIN
LICENSES:

UNIT NUMBER	SQ. FOOTAGE	AMOUNT
25	42	$ 20,000
26	42	$ 20,000
27	51	$ 25,000
TOTAL		$ 486,000

PRIVATE TERRACE
LICENSES:

UNIT	SQ. FOOTAGE	AMOUNT
TERRACE 1	629	$ 600,000
TERRACE 2	401	$ 400,000
TERRACE 3	360	$ 375,000
TERRACE 4	558	$ 550,000
TOTAL		$ 1,925,000

The accompanying notes should be readi in conjunction with this schedule.

Notes to Schedule A

(1) Purchasers should refer to the Floor Plans included in Part II of the Plan for an approximation of the dimensions and typical layouts of the Residential Units. The number of bedrooms and bathrooms for each Residential Unit was determined by Sponsor's architect in accordance with industry practice for new construction condominiums and does not necessarily conform to the zoning room count or the method utilized by the Real Estate Board of New York. Each Residential Unit should be inspected to determine its actual dimensions, layout and physical condition prior to Closing.

(2) The square foot area and dimensions of the Residential Units listed in Schedule A or in the Declaration are approximate and may change due to field conditions, construction variances and tolerances and were obtained by using the method customarily used in New York City to measure condominium apartments. No such variation will affect a Purchaser's obligations under the Purchase Agreement or the Plan unless the square foot area of the Residential Unit is increased or decreased (excluding interior partitions) by more than 5%, thereby affording Purchaser a 15 day right to rescind. Sponsor's sole obligation if the net square foot area of the Residential Unit is so diminished shall be to refund the Deposit made under the Purchase Agreement and any interest earned thereon, except for funds expended by or reimbursed to Sponsor for upgrades or extras. Each Unit consists of the area measured horizontally from the exterior side of the exterior walls (columns, mechanical pipes, shafts, shaftways, chases, chaseways and conduits are not deducted from measurement of each Unit) to the centerline of the partitions separating one Unit from another Unit, or separating one Unit from corridors, stairs, elevators and other mechanical equipment spaces or any Common Elements not within a Unit or to the exterior side of the opposite exterior walls. Each Unit consists of the area measured vertically from the top of the floor (located under the finished flooring and sub-flooring materials) to the underside of the ceiling. As is customary in New York, these square foot areas exceed the usable floor area of each Residential Unit. The method of measurement is applicable to all Residential Units. Any Common Elements located within or appurtenant to any Residential Unit shall not be considered as part of that Residential Unit.

(3) The purchase prices and other terms of sale (as more fully set forth in the Section of the Plan entitled "Changes in Prices and Units") of Residential Units may be negotiated by Sponsor and, therefore, may be changed. Accordingly, Purchasers may pay different purchase prices for similar Residential Units. The effect of this, as well as the right of Sponsor to change purchase prices, is more particularly discussed in the Section entitled "Changes in Prices and Units." In addition to the payment of the purchase price, each Purchaser will be responsible for the payment of certain closing costs and expenses at the time of Closing, as explained in the Section entitled "Closing Costs and Adjustments." If Purchaser obtains a mortgage loan, Purchaser will be responsible for the payment of additional closing costs and expenses relating to such loan. There will be an apportionment of certain charges relating to the Residential Unit at the Closing. THESE PRICES HAVE BEEN SET BY SPONSOR AND ARE NOT SUBJECT TO REVIEW OR APPROVAL BY THE DEPARTMENT OF LAW OR ANY OTHER GOVERNMENT AGENCY.

(4) (a) The percentage interest of each Unit in the Common Elements is 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 the Units, but such proportion reflecting the substantially exclusive advantages enjoyed by one or more but not all Units in a part or parts of the Common Elements in accordance with subsection (ii) of the Real Property Law Section 339-i(1).

(b) The percentage interest of each Residential Unit in the Residential Common Elements is apportioned in the same proportion that the Residential Unit bears to the aggregate Common Interests of all the Residential Units in the Condominium.

(5) The estimated monthly Common Charges for each Unit are based on the Schedule B - First Year's Budget prepared by Sponsor's Condominium Budget Expert on the assumption that the first year of Condominium operation will be the year from September 1, 2006 through July 31, 2007. The actual first year of Condominium operation may be earlier or later than such year. In addition to these estimated payments, each Unit Owner will be responsible for real estate taxes on the Unit, mortgage payments under a loan, if any, obtained to finance the purchase of the Unit, the cost of electricity supplied to the Unit which will be separately metered and payable either directly to the utility company or to the Condominium Board for payment to the utility company, the cost of any insurance which the Unit Owner may wish to obtain for the Unit (and which Sponsor strongly urges each Unit Owner to obtain) and the cost of interior repairs and decorations to the Unit. See the Section of the Plan entitled "Schedule B-1 - Budget for Individual Energy Costs" concerning estimates of certain electric costs for the Units. All Unit Owners from and after the Closing, including Sponsor with respect to all Unsold Units, shall be responsible for payment of all Common Charge with respect to their Units.

It is presently anticipated that an application will be made to the New York State Public Service Commission in order to permit the Condominium Board to purchase electricity from Con Edison at a "bulk rate" (which may result in a savings to Unit Owners). In the event that such application is made, and subsequently granted, the Condominium Board will assess the cost of electricity provided to the Unit Owners. Each Unit will be billed by the Condominium Board for actual consumption on the basis of its submeter and the Condominium Board will, in turn, pay Con Edison. Alternatively, the cost of electricity supplied to each Unit will be separately metered and payable by the Unit Owner directly to Con Edison.

As discussed in the Section of the Plan entitled "Description of Property and Improvements" subsection "Services and Facilities," the full range of services and facilities described in the Plan including the courtyard, 7th floor common terrace and spa facility may not be provided until such time the Condominium is occupied by 75% of the Residential Unit Owners.

(6) Sponsor intends to apply for partial exemption from real estate taxes with respect to the Building pursuant to Section 421-a of the New York Real Property Tax Law. Under the Section 421-a program, the real estate tax estimate for the first year of Condominium operation will be based upon the taxable assessed valuation of the Property in the tax year prior to commencement of construction, which is commonly referred to as the "mini-tax." As construction shall commence subsequent to July 1, 2004, but prior to June 30, 2005, the "mini-tax" will be based upon the assessed valuation of the Property in the 2003/2004 fiscal year. The 2003/2004 actual assessed valuation of the Property was $1,755,000.00 and the transitional assessed valuation of the Property was $1,399,500.00. Therefore, for the period of construction as defined under Section 421-a, not to exceed 3 years, and for 2 years following completion, or 3 years of construction, which ever occurs first, the real estate taxes for the Property will be based upon the transitional assessed valuation of $1,399,500.00, payable at the tax rate then in effect in the year it is due. Purchasers should refer to the 421-a Real Estate Tax Exemption Benefits Opinion prepared by D'Agostino, Levine & Landesman, L.L.P., set forth in Part II of the Plan for further discussion regarding the 421-a program and the availability of such program to this project. The estimated tax is based on the assumption that the partial exemption will be in effect for the first year of Condominium operation, and that there will not be any change in the taxable status of the Property. No warranty or guarantee is made as to the amount of any tax exemption that will actually be received. In

addition, no warranty or guarantee is made that the actual assessed valuation or the assessed valuation for the Property if Section 421-a benefits are granted will be as projected above, that the projected tax rate will be in effect for all or any portion of the Property during the first year of Condominium operation or that the real estate taxes will be allocated among Units in proportion to their Common Interests or Schedule A purchase prices. In no event will Sponsor, Sponsor's counsel, the Selling Agent or any offeror be liable to any Purchaser, nor will any Purchaser have the right to rescind the Purchase Agreement, in the event Section 421-a benefits are not granted or, if granted, in the event the amount of such exemption and the resulting taxes differ from those projected.

If for any reason the Section 421-a partial real estate tax exemption is not granted, it is estimated that the aggregate real estate taxes payable with respect to all Residential Units for the first year of Condominium operation will total approximately $274,633.00, assuming (a) a transitional assessed valuation for the Property of $1,399,500.00 for the first 11 months of the first year of Condominium operation reflecting the land assessment for a partially constructed property and an assessed valuation for the Property of $11,763,761 for the last month of the first year of operation reflecting a partially constructed property based on the real estate tax projection opinion prepared by William Block P.C. dated December 17, 2004 set forth in Part II of the Plan, and (b) a tax rate of 11.79 per $100 of assessed valuation for the 2006/2007 tax year and a tax rate of 12.586 per $100 of assessed valuation for the 2007/2008 tax year. Purchasers should note that once the Building is assessed as being fully constructed, it is estimated that the real estate taxes will total approximately $1,480,579. This tax projection does not take into account any Section 421-a benefits that may be applicable to the Property at such time.

In arriving at the assessed valuation for each Unit in the Condominium, the Building is first assessed as an entity. This overall assessment is then apportioned among the respective Units, each of which will be assigned a tax lot designation once the Declaration has been recorded and the Floor Plans are filed with the Registers Office. For purposes of Schedule A, the projected real estate taxes for the Units were apportioned based in part upon the proportion the projected selling price presented in the Plan for each Unit bears to the gross sellout price for all Units available for purchase in the Condominium and in part upon extrinsic indicia of value, including location, square footage, amenities, income producing potential and existing leases on particular Units. There is no assurance that the City of New York tax assessor will allocate taxes among Units based on Schedule A purchase prices. It is possible that the apportionment will be based on Common Interest percentages. Although the estimate of New York City real estate taxes is a good faith estimate, it is not possible to estimate same with any degree of certainty. Assessed valuations, apportionment or taxes among the Units and tax rates, when actually established by the City of New York, may be lesser or greater. Accordingly, these estimates are to be considered opinions and are not intended, and should not be construed as, warranties as to future assessed valuations, tax rates or the actual real estate taxes to be assessed. In no event will Sponsor, its principals, sales agents, Sponsor's counsel or any other person be liable if the assessed valuations, tax rates or taxes, when actually established, are lesser or greater than that predicted herein or if the Administrative Code and the applicable rules and regulations of the City of New York are changed in the future.

In the opinion of Olshan Grundman Frome Rosenzweig & Wolosky LLP, a copy of which is set forth in Part II of the Plan, a Residential Unit Owner who uses the Residential Unit as a personal residence will, under present Law, for Federal, New York State and New York City income tax purposes, be entitled to a deduction for mortgage interest and real estate taxes in the year paid in the case of cash basis taxpayers or accrued in the case of other taxpayers, subject to certain exceptions and limitations which are more particularly discussed in the Attorney's Income Tax Opinion. Purchasers should note that deductions, if applicable, may vary in future years due to changes in the

interest rate or the Residential Unit Owner's mortgage or from changes in the allocation of the constant debt service payments to interest and principal, or due to changes in real property taxes resulting from the expiration of real estate tax benefits, or from changes in the assessed value, the tax rate or the method of assessing real property. (See the Section of the Plan entitled "Income Tax Deductions to Residential Unit Owners and Tax Status of the Condominium" for further details.)

At such time as the Units have been separately assessed for real estate tax purposes, each Unit will be taxed as a separate tax lot for real estate tax purposes and a Unit Owner will not be responsible for the payment of, nor will the Unit be subjected to any lien arising from the non-payment of real estate taxes assessed against other Units.

(7) These figures represent the aggregate estimated monthly carrying charges which include estimated Common Charges and estimated real estate taxes. Reference should be made to note (5) of these Notes for certain other "home ownership" costs that may be incurred by Residential Unit Owners.

A Purchaser of a Residential Unit will be required to make a contribution at the Closing of Title to the Working Capital Fund in an amount equal to 2 months' Common Charges assessed against the Residential Unit. (See the Section of the Plan entitled "Working Capital Fund and Apportionments" for further details.)

Purchasers should note that deductions, if applicable, may vary in future years due to changes in the interest rate or the Residential Unit Owner's mortgage or from changes in the allocation of the constant debt service payments to interest and principal, or due to changes in real property taxes resulting from the expiration of real estate tax benefits, or from changes in the assessed value, the tax rate or the method of assessing real property. Sponsor makes no guaranty or warranty concerning the availability of any tax deductions.

SCHEDULE B - FIRST YEAR'S BUDGET

SCHEDULE "B"
40 Mercer Street Condominium
Projected Budget for the First Full Year of Condominium Operation
September 1, 2006 – August 31, 2007

PROJECTED INCOME:

Common Charges (1).....	
Residential Unit Common Charges.....	$1,100,474
Retail Unit Common Charges.....	$ 12,140
Garage Unit Common Charges.....	$ 12,140
TOTAL PROJECTED INCOME.....	$1,124,754
PROJECTED EXPENSES:	
Salary, Wages, Payroll Taxes & Benefits (2).....	$ 339,860
Gas Heat and Hot Water (3).....	$ 57,611
Cooking Gas (4).....	$ 4,954
Electricity (5).....	$ 231,904
Water & Sewer (6).....	$ 26,748
Repairs & Maintenance (7).....	$ 15,000
Services & Supplies (8).....	$ 70,460
Insurance (9).....	$ 42,470
Amenity Facility (10).....	$ 169,000
Management Fee (11).....	$ 40,000
Legal & Auditing Fees (12).....	$ 5,000
Resident Manager Unit Costs (13).....	$ 101,747
Administration (14).....	$ 5,000
Contingency (15).....	$ 15,000
TOTAL PROJECTED EXPENSES (16).....	$1,124,754

The accompanying notes are an integral part of this Schedule B and should be read in conjunction herewith

Notes to Schedule B

(1) COMMON CHARGES - (Budget - $1,124,754)

The estimated Common Charges to be collected from Unit Owners during the first year of Condominium operation are based upon the assumption that the first year of Condominium operation will be the twelve months commencing September 1, 2006. The actual first year of operation may be earlier or later.

The allocation for the General Common Expenses to be borne by the Retail Unit, and Garage Unit have been allocated on the basis of the Retail Unit and Garage Unit respective Percentage of Common Interest, 8.0972% and 18.7907% except as otherwise noted

	Condominium Total	Residential Unit	Retail Unit	Garage Unit
Projected Income				
Common Charges (1)				
Common Charges Residential Unit	$	$1,100,474	$	$
Common Charges Retail Unit	$ 12,140	$	$ 12,140	$
Common Charges Garage Unit	$ 12,140	$	$	$12,140
Total Projected Income	$	$1,100,474	$ 12,140	$12,140

EXPENSES	Condominium Total	Residential Unit	Retail Unit	Garage Unit
Payroll – (2)	$ 339,860	$ 337,962	$ 949	$ 949
Heat and Hot Water (3)	$ 57,611	$ 57,611	$ ---	$ ---
Gas (4)	$ 4,954	$ 4,954	$ ---	$ ---
Electricity (5)	$ 231,904	$ 228,148	$ 1,878	$1,878
Water and Sewer (6)	$ 26,748	$ 26,748	$ ---	$ ---
Repair and Maintenance (7)	$ 15,000	$ 12,570	$ 1,215	$1,215
Service and Supplies (8)	$ 70,460	$ 68,840	$ 810	$ 810
Insurance (9)	$ 42,470	$ 35,592	$ 3,439	$3,439
Amenity Facility (10)	$ 169,000	$ 169,000	$ ---	$ ---
Management Fee (11)	$ 40,000	$ 38,000	$ 1,000	$1,000
Legal and Audit (12)	$ 5,000	$ 4,190	$ 405	$ 405
Resident Manager Unit Cost (13)	$ 101,747	$ 100,099	$ 824	$ 824
Administration (14)	$ 5,000	$ 4,190	$ 405	$ 405
Contingency (15)	$ 15,000	$ 12,570	$ 1,215	$1,215
Total Projected Expenses	$1,124,754	$1,100,474	$ 12,140	$12,140

In the event the projected commencement date of the first year of Condominium operation is to be delayed more than six (6) months from the anticipated date of the First Closing, the Plan will be amended to include a revised budget disclosing the then current budget projections. Sponsor will not declare the plan effective if any material changes to the budget are not yet disclosed in an amendment to the plan.

If the Common Charges in the revised budget projections exceed the earlier budget projections by twenty-five percent (25%) or more, the Sponsor will offer all purchasers the right to rescind their Purchase Agreements and have their Deposits refunded to them, whether or not the Sponsor offers to guarantee the earlier budget projections.

(2) **SALARIES, WAGES, PAYROLL, TAXES & BENEFITS - (Budget - $339,860)**

The budgeted amount includes base wages, worker's compensation and disability insurance, welfare and pension costs, payroll taxes, and the cost of sick days, holidays and vacation pay for a projected shared building staff of One Resident Manager, 4.2 Concierge and 2 Porters. The full staff may not be employed until certain building occupancy levels are achieved. The projected level of staffing for the building complies with all applicable housing, minimum wage and labor laws. It is anticipated that such employees will be non union members.

(1) Resident Manager	$55,000, plus apartment and free gas, electricity and telephone.
4.2 Concierge, 2 Porter	$550 Per Week

The projections allow for 14 sick days, holidays and vacation pay and miscellaneous payroll expenses.

Total Base Wages	$241,255
FICA @7.65% of Base Wages	$ 18,456
Worker's Compensation @ 5.5% of Total Wages	$ 13,269
FUI & FUTA-NYS Unemployment @ 425 Per Employee	$ 3,400
NYS Disability @ $60 per employee	$ 480
Health Benefits	$ 63,000
Total Benefit	$ 98,605
Total Wages, Taxes, & Benefits	$ 339,860

It is anticipated that a small portion of the Resident Manager's and one porter's time (estimated at 10% (4 hours per week, per man) will be devoted to those General Common Elements that service or benefit the Garage and Retail Space and according such portion ($11,720) has been allocated among the Retail Unit based upon its Respective Percentage of Common Interest. The Garage Unit does not anticipate utilizing the services of the Resident Manager and 1 porters time based upon its Common Interest Percentage but in amount similar to the Retail Units Owners.

(3) **HEAT AND HOT WATER- (Budget - $57,611)**

Heat and hot water for the building will be provided by gas fired boilers. The budgeted amount is based upon a letter from Cosentini Associates, Consulting Engineers, Two Pennsylvania Plaza, New York, New York 10121, Sponsor's Consulting Engineer dated October 29, 2004. It is anticipated that the annual consumption of gas for heat and domestic hot water will be 71,513 therms per year at $.76 per therm for an annual cost of $54,350. A 6% inflation factor has been added. Heat and hot water utilized by the Garage or Retail Unit will be separately metered or submetered.

It is not possible to predict how closely the budgeted figure will reflect the actual cost of gas for heat and hot water during the first year of Condominium Operation, because such costs will vary with the level of consumption and price of gas. Consumption will be affected by the severity of the weather and by any conservation measure adopted by the Condominium Board or individual unit owners.

(4) COOKING GAS - (Budget - $4,954)

The Residential Units will not be separately metered for gas to be used for cooking. Based on a letter dated October 29, 2004 from Cosentini Associates, Consulting Engineer, Two Pennsylvania Plaza, New York, New York 10121, it is estimated that the gas cost for apartment cooking based on 150 therms of gas/year per apartment for an annual gas consumption of 6,150 therm at a cost of $.76 per therm is $4,674. A 6% inflation factor has been added for cooking gas service. Gas, if any, will be separately metered for the Garage and Retail Unit.

(5) ELECTRICITY - (Budget - $231,904)

The electricity consumption for the first year of Condominium Operation for the Common Areas was estimated by Cosentini Associates, Two Pennsylvania Plaza, New York, New York 10121 in a letter dated October 29, 2004. The estimated cost for Common Area electricity is based on an assumed consumption of 1,367,356 KWHRS per year at an average cost of $.16 per KWHR for a total annual cost of $218,777.

This estimate includes costs for common area lighting, air conditioning, distribution pumps, miscellaneous floor loads and the Amenity Facility. A 6% inflation factor has been added. Electricity will be separately metered for the Garage and Retail Units. However, approximately 10% of the budgeted item will be for the General Common Elements and the Retail Unit will pay its pro rata share of this cost based on its respective Percentage of Common Interest. Its anticipated the Garage Unit will utilize approximately the same Common area electricity as the Retail Unit and will therefore pay the same pro rate share of this cost.

Each unit will be individually metered of sub metered for consumption or electricity within their own units.

(6) WATER AND SEWER - (BUDGET - $26,748)

The building will have a main water meter which will measure actual water usage. Based upon a letter from Cosentini Associates, Consulting Engineers, Two Pennsylvania Plaza, New York, New York 10121 dated October 29, 2004, the estimated cost for water and sewer is based on a combined charge of $4.14 per 100 cu. ft. and usage of 609,472 cu ft. The annual cost for water and sewer charges during the first year of Condominium Operation is estimated at $25,234. A 6% inflation factor has been added. Water and Sewer charges will be separately metered or sub-metered for the Garage and Retail Space.

(7) REPAIRS AND MAINTENANCE - (Budget - $15,000)

Since the Building will be newly constructed, it has no operating history upon which to project future cost of repairs and maintenance. No major capital repairs are included in the Budget since all major construction and mechanical systems will be new. Future major capital repairs to the General Common Elements will be born by all Unit Owners. The budgeted figure for this item includes the cost of normal maintenance and repairs to the General Common Elements of the Building that are the responsibility of the Condominium Board. Unit Owners will be responsible for the cost of the

interior maintenance, repair, decorating, and painting of their respective Units, including the appliances, heating/air conditioning heat pump units. The budgeted amount for repairs and maintenance has been allocated to the Retail, and Residential Unit Owners based upon their respective percentage of Common Interest. The Garage Unit does not anticipate utilizing repair and maintenance based upon its Common Interest percentage but rather in the same proportion as the Retail Unit.

(8) SERVICE AND SUPPLIES - (Budget - $70,460)

The budged amount includes the cost of shared cleaning equipment and miscellaneous supplies for the General Common Elements as well as the anticipated cost of service contracts to be entered into by the Condominium Board during the first year of Condominium Operation.

All of the mechanical systems within the building will be new, and some will be under a full service maintenance contract for the first year of Condominium Operation from the contractors who will install the system. No maintenance or service contracts have been entered into as of the date of the plan. The budgeted amounts are based upon the experience of the Sponsor's budget expert in operating similar buildings. While this Schedule B includes a reasonable allowance for possible increase in cost that may occur prior to and during the first year of Condominium operation, no warranty is made that the actual cost for these or other services will be in accordance with these projections.

It is projected that the Condominium Board will enter into maintenance agreements and/or for the following services:

Elevator Maintenance	$ 0
(1st yr budget -2nd yr approximately $16,000)	
Sprinkler System/Fire Protective Alarm System	$ 5,000
Landscaping	$ 10,000
Exterminator	$ 3,000
Uniform Cleaning and Maintenance	$ 5,000
Water Treatment	$ 0
(1st yr budget bought with installation 2nd yr approx $6,000)	
Window Washing	$ 25,000
Miscellaneous Supplies	$ 20,000
Electric Sub Meter	$ 2,460

The shared building staff will be responsible for the cleaning and maintenance of the General Common Elements. The estimated budgeted cost for Sprinkler System/Fire Protective Alarm System, the Exterminator and $2,000 of the estimated $20,000 budgeted for Miscellaneous Supplies have been allocated to the Retail Unit Owner upon its respective Percentage of Common Interest. The Garage Unit will share in this expense in the same proportion as the Retail Unit Owner.

(9) INSURANCE – (Budget – 42,470)

Based upon the proposal dated November 23, 2004, from The Rampart Group, having an office at 1983 Marcus Avenue, Suite C130, Lake Success, New York 11042. The following insurance coverage will be obtained for the Building for the first year of Condominium Operation:

A Comprehensive Condominium Package Policy, including Boiler & Machinery and Water Damage, with the following General coverage and Limits:

Property Policy

$25,000,000	Building – All Risk "Special" Form, Agreed Amount, No Co-insurance, Building Replacement Cost, $5,000 Deductible, Terrorism Included – Personal Property Actual Loss Sustained 100% - Building 80% Business Personal Property $1,000 deductible. 80% Business Income – Actual Sustained Loss – No Co-Insurance
$ 5,000,000	Flood – $25,000 Deductible
$ 5,000,000	Earthquake – 5% Deductible
$ 1,000,000	Included Cost of Construction
$ 1,000,000	Demolition
Included	Boiler & Machinery – Direct & Indirect Loss
$ 1,000,000	Back Up of Sewer and Drains
$ 1,000,000	Underground Water Supply
Included	Ordinance of Law
Included	Property Enhancement Endorsement

General Liability Policy

$1,000,000	Each Occurrence
$2,000,000	General Aggregate
$1,000,000	Personal & Advertising Injury
$1,000,000	Non-Owned/Automobile Hired Car
$1,000,000	Included – Water Damage Legal Liability - $3,000 Deductible
$ 100,000	Fire Damage Legal Liability
$ 5,000	Medical Payments
$1,000,000	Employee Benefit Liability - $1,000 Deductible
$1,000,000	Directors & Officers Liability – Deductible $2,500 per claim No Lead Exclusion, No Mold Exclusion, Additional Insured Mortgagee

Knowledge or notice of occurrence – included

Additional Insured – Unit Owners and Employee

Umbrella Liability

$100,000,000	Umbrella Liability
$ 10,000	Self Insured Retention

The annual premium for the above mentioned insurance portfolio is estimated to be $42,470.

The insurance costs are for the entire Condominium have been allocated among the Retail, and the Residential Unit based upon their respective Percentage of Common Interest. The Garage Unit's share of the insurance cost has been allocated in proportion to the Retail Unit's share of this expense.

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

Each individual Unit Owner should consider the desirability of obtaining additional insurance at such Unit Owner's own cost for the following coverage, which is not included in the above coverage:

- fire or casualty losses to the contents of the Unit and any replacements, additions, upgraded fixtures and improvements therein; and
- liability for personal injury or property damage as a result of occurrences in the Unit, including water damage legal liability to cover damage arising from leaks or other conditions within the Unit.
- garage keeper's liability.

(10) AMENITY FACILITY - (Budget - $169,000)

The Condominium will have a Spa Facility which will include a Spa Facility, and Pool. It is anticipated that the cost to operate the Spa Facility during the First Year of Condominium Operation will be approximately $99,000.

In addition, a continental breakfast will be served from 7 A.M. to 10 A.M., seven days per week, September through May and 5 days per week June and July with no service in August. Breakfast will be served in the Lobby and Garden and may be delivered to individual apartments on request. The anticipated cost of the continental breakfast will be $70,000 per year. This is based on the assumption that 20 residential units will utilize this service on any one day.

(11) MANAGEMENT FEE - (Budget - $40,000)

At or prior to the first closing the Condominium Board will enter into a management agreement with Penmark Realty Corp., have an office at 5 East 86th Street, New York, New York. The managing agent will receive an annual fee of $40,000 payable in equal monthly installments of $3,333.33. The managing agent's fee for the first year of Condominium Operation is comparable to the "going rate" for similar services in comparable buildings.

Since the majority of the services rendered to the Condominium by the managing agent will be utilized by the Residential Units only a minimum share of this expense will be charged to the Retail and Garage Unit, $1,000 for each Unit.

See the section of the plan entitled "Management Agreements" for further details.

(12) LEGAL & AUDIT FEES - (Budget - $5,000)

The Condominium will engage a law firm to act as the attorney for the Condominium. The estimated cost for minor legal services which do not include special collection matters or litigation for the Condominium's first year is $500. It is anticipated that the Condominium will enter into an agreement with Keith C. Kramer, CPA, located at 462 Seventh Avenue, New York, NY 10018 to provide audit tax returns preparation and financial statement preparation services for the Condominium. It is estimated that the first year cost for these services will be $4,500.

These budgeted items will be shared by the Retail Unit, and the Residential Unit Owner based upon each unit's Percentage of Common Interest. The Garage Unit will share in this expense based on the same percentage as the Retail Unit Owner.

(13) RESIDENT MANAGERS UNIT COSTS - (Budget - $101,747)

Residential Unit 14 shall be designated as the Resident Manager's Unit and will be occupied by the Resident Manager of the building at or subsequent to the First closing. Residential Unit 14 will be purchased by the Condominium Board on behalf of all Unit Owners who will be responsible for the payment of all mortgage recording taxes, transfer taxes and title insurance due in connection with the purchase of this unit. Title to the Resident Manager's Unit will be held by the Condominium Board on behalf of all Unit Owners. All Common charges attributable to the Resident Manager's Unit including debt service, utilities, real estate taxes, cost of repairs, alterations, and improvements and costs of financing the purchase of the Residential Manager's Unit shall be borne by all Unit Owners as a Common Expense subject to contributions to be made based on the sharing of expense and use of the Resident Manager's service by the Retail and Garage Units.

At the closing of title to the Resident Manager's Unit, the Unit will be purchased by the Condominium Board on behalf of the Unit Owners for a purchase price of $850,000 all payable by a purchase money note to sponsor secured by a mortgage on the Resident Manager's Unit or, in the alternative, through a loan with the lender obtained by the sponsor. The purchase money mortgage note will be interest only at a rate of 9% per annum or $76,500, per year, payable monthly at $6,375.

The note will mature 5 years after the First closing, at which time the Condominium will have to repay the principal balance together with any accrued and unpaid interest, unless the note can be refinanced, extended or otherwise modified at its maturity. If the note is not refinanced extended or modified, the balance will be repaid from the proceeds of capital, reserve or expense accounts of the Condominium or by special assessment against each Unit Owner in the same proportion as set forth below in this note. No assurance or representations are made that the term and the rates in effect at the time the Resident Manager's Unit loan is obtained will be as estimated above for budget purpose. Furthermore, for the period prior to closing on the financing, the Condominium Board will be obligated to pay market rent to the Sponsor for the use and occupancy by the Resident Manager of it's Unit.

Closing costs, including without limitation, mortgage recording taxes, transfer taxes, title insurance and recording fees due in connection with the conveyance and financing of the Resident Manager's Unit will be paid by the Condominium Board, on behalf of Unit Owners out of the Working Capital Fund. In the event funds in the Working Capital Fund of the Condominium at the time of Closing are insufficient to make such payments, Sponsor will advance such sums on behalf of the Condominium Board for repayment to the Sponsor pursuant to a non-interest bearing, fully-amortizing, non-secured promissory note requiring 12 equal monthly payments. These payments will be made from the Common Charges payable by the Unit Owners. For the purposes of this budget, the closing costs are estimated to be $19,896.55 which equates to monthly payments of $1,658.05. Although the closing costs are a **first year charge**, they are not a recurring budget item in subsequent years.

In addition to the debt services and closing costs for the Resident Manager's unit, the Condominium will be responsible for the real estate taxes on the unit. The estimated real estate taxes for the first year of operation of the Condominium for Unit 14 are anticipated to be $1,350. The Condominium will also be responsible for the cost of the electricity and basic telephone service for the Resident Manager's Unit as well as basic repairs. It is estimated that the cost of these items will be approximately $4,000 in the first year of Condominium operation. The estimated costs for the Resident Manager's Unit for the Condominium's first year of operation is $101,747. Since the Resident Manager's time will be devoted mostly to the service of the Residential Units and the Residential Common Elements, with only a minor portion of the Resident Manager's time (estimated at four (4) hours a week in note 2 above) devoted to General Common Elements, the costs for the Resident Manager's Unit have been allocated in the same ratio as the wage and related payroll expenses of the Resident Manager in note 2 above.

(14) ADMINISTRATION – (Budget - $5,000)

The budgeted amount include anticipated expenses for telephone, beepers, postage, printing, miscellaneous office supplies, payroll processing costs, permits and fees and local telephone usage in the Resident Manager's office and other administrative costs associated with the Condominium. This budgeted item will be shared by the Residential and Retail Units Owners based upon their respective Common Interest Percentage. The Garage Unit's share of this expense will be in the same proportion as the Retail Unit Owner.

(15) CONTINGENCY – (Budget - $15,000)

This item is included in the budget to provide funds for unforeseen increases in General Common Expenses before or after the First Closing or to cover expenses not included in this budget.

This budgeted item will be shared by the Retail Unit and the Residential Unit Owner's based upon their respective Percentage of Common Interest and the Garage Unit will share in this expense in the same proportion as the Retail Unit Owner.

TOTAL PROJECTED EXPENSES – (Budget - $1,124,754)

The projections set forth in the budget assume that the First Year of Condominium Operation will cover the period September 1, 2006 through August 31, 2007.

The allocations attributable to the Retail Unit and Garage Unit for each budgeted item shall remain the same in all future years in determining the Commercial Unit Owner's proportionate share of the Common expenses. These allocations shall not be modified without the consent of each Commercial Unit Owner.

IN THE OPINION OF PENMARK REALTY CORP., THE PROJECTED INCOME IS ADEQUATE TO MEET THE ESTIMATED GENERAL COMMON EXPENSES FOR THE FIRST YEAR OF CONDOMINIUM OPERATION. THE BUDGET, HOWEVER, IS NOT INTENDED AND SHOULD NOT BE TAKEN AS A GUARANTEE OR WARRANTY BY ANYONE THAT THE ANNUAL GENERAL COMMON CHARGES OR GENERAL COMMON EXPENSES FOR THE FIRST OR ANY SUBSEQUENT YEAR OF OPERATION OF THE PROPERTY BY THE CONDOMINIUM BOARD WILL BE AS SET FORTH IN THE BUDGET. IN FACT, IT IS LIKELY THAT THE ACTUAL INCOME AND EXPENSES FOR THE FIRST YEAR OF CONDOMINIUM OPERATION WILL VARY FROM THE AMOUNTS SHOWN IN THE BUDGET.

SCHEDULE B-1 - PROJECTED INDIVIDUAL ENERGY COSTS BUDGET

SCHEDULE B-1
Projected Individual Energy Costs Budget

By letter dated January 26, 2005, Cosentini Associates, having an office at Two Pennsylvania Plaza, New York, New York 10121, provided the following estimate of annual electric energy costs for lighting and for operating the typical electrical appliances located in each Unit.

Unit Designation	Total Annual Cost Per Unit
2A – 5A	$2,296.89
6A	$3,341.05
8A-11A	$2,789.60
12A	$2,841.78
13A	$2,313.65
2B-5B	$2,920.02
6B	$3,669.79
7B	$3,380.31
8B-11B	$2,721.02
12B	$3,240.03
2C-5C	$2,151.62
2D-5D	$2,632.59
2E-5E	$2,894.32
2F-5F	$2,443.18
3G	$1,895.82
4G & 5G	$2,103.85

Lighting and receptacle loads are calculated based on the average square footage – 2160 sq. ft. @ 3w/sq. ft.; utilization of 50% of the total connected load for approximately 4 hours per day, 365 days per year.

Appliance loads include range with hood, refrigerator, dishwasher and microwave with total load of 12 KW per apartment. Each apartment includes an electric washer with total load of 8.6 KW. The appliance loads are calculated based on 60% demand factor, 4 hours per day, 265 days per year. Washer is calculated based on average 10 hour usages (20 loads) monthly.

Air-conditioning load includes three or four fan coil units with total load between 1.7 KW and 2.3 KW per apartment. The air-conditioning loads are calculated based on 2.3 KW at 70% demand factor for 1000 hours a year.

Master bathroom electric heat load is calculated assuming, 50% of floor area, 50 sq. ft. is being heated with total load of 0.5 KW operating for 1000 hours a year.

Supplemental electric heat is based on 0.75 KW load operating for 1000 hours per year.

The estimated electrical costs is based on a current average flat residential utility rate available from the Con Edison Co., as follows: First 250 KWH – 15.8 cents; Over 250 KWH – 16.1 cents.

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

OPINION OF COUNSEL RE: REAL PROPERTY LAW SECTION 339-i

STARR ASSOCIATES LLP
ATTORNEYS AT LAW

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NEW YORK, NY 10016
TEL 212 620 2680
FAX 212 696 5013
www.starr-lawfirm.com

April 7, 2005

WXIV/Broadway Grand Realty, L.L.C.
885 Third Avenue
New York, New York 10022

Re: 40 Mercer Street Condominium ("Condominium")

Ladies and Gentlemen:

You have requested our opinion regarding the allocation of Common Interests to the Units at the Condominium as required by NYCRR Section 20.3(y)(5). Except where otherwise indicated, the terms used in this opinion shall have the same meaning as set forth in the Offering Plan ("Plan") for the Condominium.

In connection with rendering this opinion, we have reviewed the allocation of Common Interests as shown on Schedule A of the Plan and the Declaration establishing the Condominium. We have also considered the relevant sections of the New York State Condominium Act and such other materials as we deemed relevant. Our opinion is based upon the factual determinations made by Penmark Realty Corp. as set forth in its opinion contained in the Plan as required by NYCRR Section 20.3(i). We have made no independent investigation of the truth or accuracy of the factual determinations of Penmark Realty Corp.

Based upon our review of the foregoing, we have determined that the Common Interests were allocated pursuant to the method set forth in Real Property Law ("RPL") Section 339-i (1) (ii) i.e., 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 the Units, but such proportion reflecting the substantially exclusive advantages enjoyed by one or more but not all Units in a part or parts of the Common Elements in accordance with subsection (ii).

Accordingly, based on the foregoing it is our opinion that RPL Section 339-i has been complied with in assigning Common Interests to the Units. This opinion, while based upon existing rules of law applied to the facts and documents referred to above, is not a guarantee to Purchasers. In no event will Sponsor, Starr Associates LLP, Selling Agent, Managing Agent or the Condominium Board be liable if there are changes in the facts on which we have relied in issuing this opinion or if there are changes in RPL Section 339 or other applicable Law.

The opinion expressed herein is based solely on New York law.

Very truly yours,

STARR ASSOCIATES LLP

By: /s/
Allan Starr, Partner

REAL PROPERTY LAW SECTION 339-I COMPLIANCE LETTER

PENMARK
REALTY CORP

PART 20: LETTER TO ATTORNEY GENERAL
RE: REAL PROPERTY LAWSECTION 339-i.1 COMPLIANCE

March 2, 2005

New York State Department of Law
120 Broadway, 23rd Floor
New York, New York 10271

Attention: Investment Protection Bureau

Re: Condominium Offering Plan
40 Mercer Street ("Property")

Dear Sir/Madam:

WXIV-Broad Grand Realty LLC ("Sponsor") of the Condominium Offering Plan ("Offering Plan") for the Property retained Penmark Realty Corp. ("Firm") to review the percentage of Common Interest in the Common Elements allocated to each Unit in the Property set forth in Schedule A of the Offering Plan.

The Firm is licensed as a real estate brokerage firm in the State of New York. The principals of the Firm have been engaged in the real estate and brokerage business for over (32) years and have been actively associated with sale and management of condominium and cooperative buildings.

Based upon our review of the foregoing, we have determined that the method used to determine the Common Interest of each Unit in the Common Elements was 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 reflecting the substantially exclusive advantages enjoyed by one or more but not all Units in part or parts of the Common Elements in accordance with Real Property Law Section 339-i(l) subsection (ii).

In the Firm's opinion, within the framework of Real Property Law Section 339-i.1, this method of determining Common Interest is reasonable and equitable.

The Firm certifies that it is not owned or controlled by Sponsor and that it has no financial interest in the offering other than its fee for services rendered in connection with the preparation of this letter (and acting as Selling Agent under the Offering Plan). The Firm understands that a copy of this letter is intended to be incorporated into the Offering Plan.

All capitalized terms not defined in this letter shall have the meaning ascribed to them in the Offering Plan.

Very truly yours,

PENMARK REALTY CORP.

By: _____
Name: Bernard Friedman
Title: President

COMMERCIAL UNITS

As more particularly described in the Declaration and in the Description of Property and Building Condition, each of which are contained in Part II of the Plan, the Condominium will contain 5 Retail Units and 1 Garage Unit. The Retail Units and the Garage Unit are, sometimes, collectively referred to as the "Commercial Units."

Retail Units

There will be 5 Retail Units located on a portion of the ground floor with frontage and entrances on Mercer Street, Grand Street and Broadway. The Retail Units will have an approximate aggregate square footage of 9,500 square feet. Retail Unit D will also have a portion of retail storage located in the cellar of the Building.

Garage Unit

The Garage Unit will consist of approximately 22,000 square feet and will be located on portions of the ground floor and sub-cellar floor. A portion of the Garage Unit (approximately 400 square feet) will be utilized for the storage of the Building's pool equipment. The Condominium Board shall have an easement and right of access in and through the Garage Unit for the purpose of accessing such pool equipment. The driveway into the Garage Unit will be accessible from Mercer Street. Current zoning permits 10 parking spaces in the Garage Unit as of right as accessory parking to residents of the Building. Sponsor has applied to the Department of City Planning for a special permit to allow public parking which, if granted, will permit parking of up to 100 vehicles to both residents and non-residents of the Building. The Garage Unit will be operated by a garage operator which may establish its own rules and regulations with respect to the use of the garage, including without limitation, fee structure and hours of operation. Parking will be available on a first-come first-serve basis with no priority given to Building residents.

General

The Commercial Units are not being offered for sale pursuant to the Plan and, at least initially, will be retained by Sponsor. Sponsor, however, reserves the right to sell any Commercial Unit at any time.

All or any part of each of the Commercial Units may be leased or subleased by the respective Commercial Unit Owner, subject to compliance with Law. Each Commercial Unit may be combined or subdivided by the respective Commercial Unit Owner and then offered for sale without prior notice or amendment to the Plan.

Residential Unit Owners will not have any interest in the rents, profits or revenues from the rental or use of any space in any of the Commercial Units.

No representation is made with respect to the continued ownership by Sponsor of all or any portion of the Commercial Units or who the future owners or tenants of any portion of the Commercial Units may be at any time or as to the uses to which any portion of the Commercial Units may be put at any time except that the Commercial Units may be used for any purpose permitted by Law. No assurance, representation, or warranty is given that any tenants, occupants or users of the Commercial Units will not be objectionable to Residential Unit Owners.

Each of the Commercial Unit Owners will be obligated to pay their portion of the Common Charges in accordance with the Schedule B allocations. Certain budgeted items (See the "Notes to Schedule B" for further details) are allocated between the Residential Units and the Commercial Units on a special basis which reflects actual benefit and/or use associated with that particular item of expense or exclusive control of particular Common Elements. In the opinion of Sponsor's budget expert, the allocated Common Charges

payable by the Commercial Units are sufficient to cover the expenses fairly attributable to each of the Commercial Units.

The following is a summary of certain additional rights and obligations of the Commercial Unit Owners relating to the use and ownership of the Commercial Units:

(i) the Commercial Units may be used for any purposes permitted by Law;

(ii) each Commercial Unit Owner and its Permitted Users shall have the right, without the approval of the Condominium Board, the Managing Agent, the other Unit Owners, or representatives of holders of mortgages on Units to make alterations, additions, improvements, or repairs in or to such Commercial Unit, including, without limitation, to the store fronts and windows appurtenant to such Commercial Unit, whether structural or non-structural, interior or exterior, ordinary or extraordinary, and to subdivide such Commercial Unit, however, in no event shall such alterations, additions, improvements or repairs affect the structural integrity or mechanical systems of the Building;

(iii) each Commercial Unit Owner shall have the right to make all arrangements for the prompt repair and restoration of such Commercial Unit to the extent the Commercial Unit is damaged or destroyed by fire or other casualty;

(iv) each Commercial Unit Owner and its Permitted Users shall have the right and an easement (a) for ingress and egress through all Common Elements for the purpose of accessing any portion of such Commercial Unit or any portions of the Building servicing such Commercial Unit; and (b) to erect, maintain, replace and/or repair any sign and/or lighting permitted by Law in or about the storefronts and windows of such Commercial Unit for the purpose of advertising the sale or lease of all or any portion of such Commercial Unit and/or the operation of any business of a tenant or occupant of all or any portion of such Commercial Unit.

(v) the Condominium Documents may not be amended or modified so as to adversely affect a Commercial Unit Owner without the prior written consent of the affected Commercial Unit Owner;

(vi) each Commercial Unit Owner shall have the right to sell or lease all or any portion of a Commercial Unit without complying with any right of first refusal contained in the Declaration or By-Laws;

(vii) notwithstanding any subdivision of any of the Commercial Units, the Commercial Unit Owners shall have the right to designate 2 members to the 7 member Condominium Board, 1 of whom shall, collectively, be designated by the Retail Unit Owners and 1 of whom shall be designated by the Garage Unit Owner.

(viii) members of the Condominium Board designated by a Commercial Unit Owner may only be removed by such Commercial Unit Owner, who alone will have the right to elect or designate a replacement; and

(ix) any decisions by the Condominium Board which affect a Commercial Unit may be made only with the consent of the affected Commercial Unit Owner.

Any non-residential condominium unit created as a result of the sub-division of a Commercial Unit will retain the same rights afforded each of the Commercial Unit Owners as set forth herein.

CHANGES IN PRICES AND UNITS

Purchase prices for the Units offered hereby are negotiable and Sponsor reserves the right, at any time and from time to time before and after the recording of the Declaration, without giving prior notice (except as otherwise provided herein) and without the consent of the Condominium Board, any Unit Owner or mortgagee, to change the price, including, without limitation, the manner of payment thereof and other terms of sale of any Unit, except that no such change with respect to any Unit for which a Purchase Agreement is then in effect may be made without the consent of the Purchaser. No such change will be made other than pursuant to a duly filed amendment to the Plan filed in advance of any such change, except that Sponsor reserves the right to decrease purchase prices or modify other terms of sale without filing an amendment to the Plan at any time during the offering period if such a decrease in the purchase price or modification of such other terms of sale does not constitute a general offering or an advertised price but is rather the result of an individually negotiated transaction. If any such change is made, a Purchaser of a Unit affected thereby may pay more or less than other Purchasers under the Plan for similar Units, but this will not affect any prior or subsequent sale of Units which are not the subject of such change.

Sponsor reserves the right to negotiate with each Purchaser the terms and conditions of the Purchase Agreement, including, but not limited to, the following: purchase price; the amount of the Deposit; the availability of financing; the payment of Purchaser's financing fees and other closing costs; the availability of Common Charge rebates, purchase price rebates and subsidies payable as a credit against the purchase price or on a periodic basis; extensions of time periods within which to perform obligations under the Purchase Agreement; the availability of use and occupancy agreements and the amount of interim use and occupancy fees thereunder; the application of interim use and occupancy fees towards the purchase price; and upgrades or extras to the Unit finishes and equipment.

Sponsor reserves the right from time to time to add and/or delete negotiable terms from the list set forth above for all or some Purchasers by duly filed amendment to the Plan. No Purchaser will benefit from any terms and conditions negotiated with any other Purchaser, and a Purchaser's failure to so benefit will not give rise to any right of rescission under a Purchase Agreement.

The location in the Building, approximate size and layout of the Residential Units are shown on the Floor Plans set forth in Part II of the Plan. In order to meet the possible varying demand for number and type of Residential Units, or to meet particular requirements of Purchasers, or for any other reason, Sponsor reserves the right (except to the extent prohibited by Law) at any time and from time to time, before and after the recording of the Declaration, without giving prior notice and without the consent of the Condominium Board, any Residential Unit Owner or mortgagee, to (a) change the size, layout and square footage of, or number of rooms in, any Unsold Residential Unit, (b) change the size and/or number of Unsold Residential Units by dividing one or more such Residential Units into two or more separate Unsold Residential Units, combining separate Unsold Residential Units (including those resulting from such subdivision or otherwise) into one or more Unsold Residential Units, altering any boundary walls between one or more Unsold Residential Units, or otherwise, including incorporating Common Elements (such as a portion of a hallway without changing the Common Interest) which exclusively benefit an Unsold Residential Unit into such Unsold Residential Unit, and (c) if appropriate, reapportion among the Unsold Residential Units affected by any such change, their aggregate Common Interests. In the event of any change pursuant to either (b) or (c) above, such change shall be disclosed in a duly filed amendment to the Plan. No such change, including any change in the Common Interest or in the amount or quality of Common Elements directly affecting or servicing a Residential Unit, will be made with respect to such Unsold Residential Unit for which a Purchase Agreement is then in effect and the Purchaser thereunder is not in default which increases or decreases the square foot area (excluding interior partitions) or Common Interest by more than 5%, or materially and adversely changes the layout of such Unsold Residential Unit, unless the Purchaser consents to such changes. Provided Purchaser's consent is not required, a Purchaser will not be excused from purchasing the

Residential Unit and will not have any claim against Sponsor as a result of any such change and will not affect a Purchaser's obligations under the Purchase Agreement or the Plan. If Purchaser's consent is required as a result of such change and Purchaser refuses to consent, then in such event, Sponsor's sole obligation shall be to refund to Purchaser the Deposit made under the Purchase Agreement and any interest earned thereon, except for funds expended by or reimbursed to Sponsor for upgrades or extras.

Sponsor will have no liability to any Purchaser, nor will any Purchaser be entitled to a credit, offset or reduction in the purchase price for the Residential Unit or otherwise be relieved from any obligations under the Purchase Agreement, by virtue of a non-material inaccuracy or error in the Floor Plans.

Once the Declaration is recorded, no change may be made in the number of Residential Units or number of rooms within a Residential Unit, nor may the size of any Residential Unit be changed by subdivision or combination or alteration of boundary walls as aforesaid or otherwise, nor may the Common Interest or Residential Common Interest of any Residential Unit be changed, unless, in each such event, the Declaration and Floor Plans and the Plan are amended with the consent of each Residential Unit Owner whose Residential Unit is directly adversely affected by such change. In the case of a material and adverse change in the size or quality of the Common Elements, no such change shall be made without the consent of every Residential Unit Owner. Sponsor will have the right to amend or to cause the Condominium Board to amend the Declaration to reflect any such material and adverse change and to file such amendment and any necessary plans and specifications in connection therewith.

The provisions set forth in this Section of the Plan shall also apply to Storage Lockers and Private Terraces, as applicable.

Sponsor reserves the right, in its sole and absolute discretion, to sell, lease, license or otherwise transfer to a Unit Owner or convert portions of the Common Elements into additional storage areas, any portion of the Common Elements for the exclusive use of such Unit Owner, provided that such Common Element was not offered in the Plan as an amenity for the shared use of the Unit Owners of the Condominium.

USE AND OCCUPANCY AGREEMENTS

Sponsor reserves the right to enter into a pre-closing use and occupancy agreement with a Purchaser prior to Closing provided a temporary certificate of occupancy is in effect for the Unit to be occupied by such Purchaser. If Sponsor elects to enter into a pre-closing use and occupancy agreement with a Purchaser, such agreement will be individually negotiated between Sponsor and Purchaser.

PROCEDURE TO PURCHASE

A Purchaser desiring to purchase a Residential Unit will be required to execute a Purchase Agreement, which will be in the form set forth in Part II of the Plan. A Purchaser also interested in acquiring either a Storage Locker or Private Terrace will be required to execute the form of Rider annexed to the Purchase Agreement set forth in Part II of the Plan.

Purchasers shall be afforded not less than 3 business days to review the Plan prior to executing a Purchase Agreement. A Purchaser may obtain the Plan upon payment of a $150 deposit, which amount will be fully refunded upon either (i) the prompt return of the Plan in good condition or (ii) the execution by the Purchaser of a Purchase Agreement subsequently accepted by Sponsor. If a Purchaser has not received the Plan at least 3 business days prior to executing a Purchase Agreement, a Purchaser shall have the right to rescind the Purchase Agreement within 7 days from the date Purchaser delivers an executed Purchase Agreement together with the required Deposit to the Selling Agent. The Purchase Agreement sets forth in detail the terms of sale with respect to each Residential Unit and should be read carefully by Purchaser. Purchasers should be aware that if any conflict exists between the Plan and the Purchase Agreement, the provisions of the Plan shall in all events control.

Although a Purchaser may obtain financing from a lending institution or any other source, Purchaser's obligation to purchase a Residential Unit pursuant to the Purchase Agreement will not be contingent on Purchaser obtaining financing. Purchasers should be aware that even if a loan commitment is obtained, its terms may be limited, and it could expire before the Closing Date. Sponsor shall have no liability as a result of any scheduling or adjournment of closing beyond the expiration of a loan commitment.

Purchase Agreements will not be binding on Sponsor until approved and executed by it, and delivered by Sponsor to the Purchaser. Sponsor will have 30 days after delivery by Purchaser of an executed Purchase Agreement and the required Deposit, within which to accept or reject the Purchase Agreement. Sponsor reserves the right to request thorough identification and financial information (including credit reports) concerning any Purchaser, subject to any limitations and requirements imposed by Law.

If a Purchase Agreement is not accepted by Sponsor within the 30 day period, the Purchase Agreement shall be deemed to have been rejected and cancelled and the Deposit shall be returned to Purchaser within 30 days thereafter. Sponsor hereby reserves the right at any time and from time to time for any reason whatsoever, to refuse to approve and execute (a) a Purchase Agreement for any Residential Unit, except as prohibited by Law, and (b) a Purchase Agreement(s) for more than one Residential Unit to any Person.

The Purchase Agreement shall not contain, and shall in no event be modified to contain, a provision waiving the Purchaser's rights or abrogating Sponsor's obligations under the Plan or under Article 23-A of the General Business Law of the State of New York.

At the time of execution of a Purchase Agreement, Purchaser will be required to make an initial Deposit in an amount equal to 15% of the purchase price by an official bank endorsed certified check or check drawn on or issued by a United States Bank or trust company which is a member of the Federal Reserve System. Each Purchaser will be required to make in addition to the initial Deposit, an additional Deposit equal to 5% of the purchase price upon the earlier to occur of (i) 6 months after Purchaser executes the Purchase Agreement or (ii) within 15 days of the Presentation Date of the amendment declaring the Plan effective. A Purchaser executing a Purchase Agreement on or after the date the Plan is declared effective will be required to make a full Deposit in an amount equal to 20% of the purchase price. Sponsor may require that Purchasers of more than 1 Residential Unit deliver a Deposit in excess of that set forth in the Plan, which amount shall be on terms individually negotiated with each Purchaser. All Deposits must be made payable to the direct order of "Starr Associates LLP, Escrow Agent." All checks delivered in payment of the Deposit

shall be accepted by Sponsor subject to collection, and if any such check is returned for insufficient funds or any other reason, Sponsor shall have the right, among other things, to deem such Purchase Agreement to be cancelled and of no further force or effect.

All Deposits made pursuant to a Purchase Agreement are subject to the requirements of Section 71a(3) of the State of New York Lien Law and 352-e(2)(b) and 352-h of the General Business Law of the State of New York. Pursuant to these laws, Sponsor will cause all Deposits received by it directly or by its agents or employees to be promptly deposited and held in accordance with the procedures set forth in the Section of the Plan entitled "Escrow and Trust Fund Requirements."

The balance of the purchase price shall be payable simultaneously with the delivery of the deed to the Residential Unit and/or License Agreement, as the case may be, by official bank check or unendorsed certified check drawn on or issued by a New York bank or trust company which is a member of The New York Clearinghouse Association and shall be payable to the direct order of Sponsor, or otherwise if Sponsor shall so notify Purchaser. The deed and License Agreements will be substantially in forms as set forth in Part II of the Plan. Interest, if any, on Purchaser's Deposit will be credited or paid to Purchaser at Closing.

If Purchaser fails to close title to the Residential Unit on the originally scheduled date of Closing ("Scheduled Closing Date") or otherwise fails to perform any other obligations under the Purchase Agreement, including, but not limited to, the failure to pay the Additional Deposit, and if such default is not cured within 30 days after Sponsor gives written notice to Purchaser of the default, Sponsor may, at its option, either (a) cancel the Purchase Agreement and retain the entire Deposit (Initial and Additional) together with any interest earned thereon, as liquidated damages, in which event all rights, obligations and liabilities of Sponsor and Purchaser to each other shall wholly cease and terminate or (b) bring an action against Purchaser for specific performance.

After the Plan has been declared effective, Sponsor will fix dates for Closing of Title to all Residential Units for which Purchase Agreements have been executed by serving notice on each Purchaser, which notice will state Purchaser's closing date and will be delivered no less than 30 days before the Scheduled Closing Date.

If Purchaser fails for any reason to close title to the Residential Unit on the Scheduled Closing Date and Sponsor elects not to cancel the Purchase Agreement as a result of such default: (a) the closing apportionments described in the Section of the Plan entitled "Closing Costs and Adjustments" will be made as of midnight of the day preceding the Scheduled Closing Date, regardless of when the actual Closing occurs ("Actual Closing Date"), and (b) Purchaser will be required to pay to Sponsor, as a reimbursement of Sponsor's higher carrying costs for the Residential Unit by virtue of the delay, and in addition to the other payments to be made to Sponsor under the Purchase Agreement and the Plan, an amount equal to 0.03% of the Purchase Price of the Residential Unit for each day starting from (and including) the Scheduled Closing Date (and including) through the Actual Closing Date.

TIME IS OF THE ESSENCE AS TO PURCHASER'S OBLIGATIONS UNDER THE PURCHASE AGREEMENT, INCLUDING, WITHOUT LIMITATION, FOR THE PAYMENT OF ALL DEPOSITS AND THE BALANCE OF THE PURCHASE PRICE. FUNDS DRAWN ON FOREIGN BANKS WILL NOT BE ACCEPTED IN PAYMENT OF THE PURCHASE PRICE.

If a Purchaser has entered into Purchase Agreements to purchase more than one Residential Unit, a default by Purchaser in the payment or performance of any obligations under any of such Purchase Agreements, beyond any applicable grace periods, shall be deemed a default under the other Purchase Agreements. In the event of such a default, Sponsor may, at its option, cancel each such Purchase Agreements and retain, as liquidated damages, all of the entire Deposits made by Purchaser, together with any interest earned thereon, if any, under each of the Purchase Agreements.

Any Purchaser that is a foreign government, a resident representative of a foreign government or other person or entity otherwise entitled to the immunities from suit enjoyed by a foreign government (i.e., diplomatic or sovereign immunity) ("Foreign Government Purchaser") shall be required to expressly and voluntarily waive such immunity and consent to any suit, action or proceeding arising out of or relating to the Purchase Agreement or the Condominium Documents being brought in any State or Federal suit, action or proceeding in the State of New York based on, arising out of or connected with the Purchase Agreement or the Condominium Documents. Any such Purchaser shall designate and authorize a lawful agent to receive process for and on behalf of Purchaser in any State or Federal suit, action or proceeding in the State of New York based on, arising out of or connected with the Purchase Agreement or the Condominium Documents.

Prior to the Closing of Title to a Residential Unit, the Purchase Agreement prohibits Purchaser from listing the Residential Unit for resale or rental with any broker or placing or authorizing any listing in any broker's listing system or other listing service or from advertising or otherwise offering, promoting or publicizing the availability of the Residential Unit for sale or rental, without Sponsor's prior written consent, which consent may be withheld or delayed in Sponsor's sole and absolute discretion. Any listing of the Residential Unit for sale or rental and/or advertising by Purchaser in violation of the terms of the Plan will be deemed a material default under the Purchase Agreement, and Sponsor may, at its option, cancel the Purchase Agreement and retain, as liquidated damages, the entire Deposit made by Purchaser, together with interest earned thereon.

If the Plan is withdrawn or abandoned, the Deposit previously paid to and actually collected by Sponsor together with any interest earned thereon, shall be returned to Purchaser in accordance with the provisions herein set forth.

From and after the Closing of each Residential Unit, Purchaser will become obligated for the payment of Common Charges (once Common Charges are assessed by the Condominium Board), real estate taxes and assessments (whether or not separately assessed, and including water charges and sewer rents, if separately assessed) and all other expenses with respect to the Residential Unit, whether or not Purchaser has taken possession of the Residential Unit, and whether or not all work required to be performed by anyone in or to the Residential Unit has been completed.

The risk of loss to any Residential Unit by fire or other casualty until the Closing for such Residential Unit is assumed by Sponsor (unless and until Purchaser takes possession of the Residential Unit, at which time such risk shall be assumed by Purchaser), but without any obligation or liability by Sponsor to repair or restore any Residential Unit. In the event of damage or destruction of a Residential Unit due to fire or other casualty prior to the Closing, but subsequent to the signing of a Purchase Agreement, provided Sponsor elects (which election shall be in its sole discretion) to repair or restore the Residential Unit, the Purchase Agreement shall continue in full force and effect, and, thereafter, Purchaser shall not have the right to reject title or receive a credit against, or abatement in, the purchase price for the Residential Unit. In such event, Sponsor shall be entitled to a reasonable period of time within which to complete the repair or restoration, and any proceeds received from insurance or in satisfaction of any claim or action in connection with such loss shall, subject to the rights of the Condominium Board and other Residential Unit Owners, belong entirely to Sponsor. In the event of damage or destruction to any Residential Unit by fire or other casualty prior to the Closing, but subsequent to the signing of a Purchase Agreement, if Sponsor notifies Purchaser that it does not elect (which election shall be in its sole discretion) to repair or restore the Residential Unit or if the Residential Unit Owners do not resolve to make such repair or restoration pursuant to the By-Laws (see the Section entitled "Rights and Obligations of the Condominium Board/Summary of By-laws"), the Purchase Agreement shall be deemed cancelled and of no further force or effect and Sponsor shall return the Deposit, together with any interest earned thereon, to Purchaser, whereupon Sponsor and Purchaser shall be released and discharged from all obligations and liability under the Purchase Agreement and the Plan; provided, however, if Purchaser is then in default under the Purchase Agreement (beyond any applicable grace period), Sponsor shall retain all such sums as and for liquidated damages.

If the Purchase Agreement covers both a Residential Unit and a Storage Locker and/or Private Terrace and Sponsor does not elect, or the Unit Owners do not resolve to make such repair or restoration to the Storage Area and/or affected Private Terrace pursuant to the By-laws following the fire or casualty, then the Purchase Agreement shall only be cancelled, as described above, with respect to the Storage Locker and/or Private Terrace, as the case may be. At Closing of Title to the Residential Unit, Purchaser will receive a credit against the balance of the Purchase Price equal to the amount allocated to the Storage Locker or Private Terrace, to the extent any such money has been delivered to Sponsor.

Sponsor is obligated to provide only the equipment, fixtures and furnishings set forth in the "Description of Property and Building Condition" set forth in Part II of the Plan. If a Person desiring to purchase a Residential Unit requests that Sponsor perform special or additional work on the Residential Unit or provide extra or upgraded furnishings, including, but not limited to, any deviation from the materials or specifications described in the Description of Property and Building Condition set forth in Part II of the Plan, and Sponsor agrees to perform such work and/or provide such extra or upgraded furnishing, then Sponsor may require such Person to deposit an amount greater than the Deposit required under the Purchase Agreement. All funds received by Sponsor for upgrades or extras will be placed in the non-interest bearing portion of the Master Escrow Account. Such funds, however, may be released from the Master Escrow Account by Escrow Agent to Sponsor provided Sponsor uses the funds for upgrades or extras or the funds are used to reimburse Sponsor. As a result, in the event Purchaser is entitled to rescind the Purchase Agreement in accordance with the Plan, Purchaser will not receive a refund of any funds used for upgrades or extras.

SPONSOR SHALL IN NO EVENT BE OBLIGATED TO PERFORM ANY SPECIAL OR ADDITIONAL WORK TO A RESIDENTIAL UNIT OTHER THAN AS REQUIRED BY THE TERMS OF THE PLAN AND THE DESCRIPTION OF PROPERTY AND BUILDING CONDITION SET FORTH IN PART II OF THE PLAN.

Each Purchaser shall be given a reasonable opportunity to examine the Residential Unit prior to the Closing and is urged to make a careful inspection thereof. At the Closing, each Purchaser shall be required to sign and deliver to Sponsor an Inspection Statement in substantially the form set forth in Part II of the Plan wherein Purchaser acknowledges the condition in which Purchaser has inspected the Residential Unit. Under no circumstances shall any item included on an Inspection Statement (i) constitute grounds for a Purchaser to postpone or otherwise delay the date scheduled for the Closing nor (ii) obligate Sponsor to deposit any monies in escrow at Closing.

At Closing each Purchaser will be required to execute and deliver a Unit Power of Attorney in favor of the Condominium Board and Sponsor, the failure of which shall be a default under the Purchase Agreement entitling Sponsor to all of the remedies set forth in the Plan and the Purchase Agreement. The form of Unit Power of Attorney is set forth in Part II of the Plan.

ESCROW AND TRUST FUND REQUIREMENTS

All deposits, downpayments, advances and payments made by Purchasers prior to the Closing of a Residential Unit ("Deposits") will be held in escrow in conformity with the disclosure contained in this Section of the Plan.

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 and Section 71-a(3) of the State of New York Lien Law. The Department of Law may perform random reviews and audits of any records involving escrow accounts to determine compliance with statute and regulation.

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

All Deposits made by Purchasers prior to the Closing of each individual transaction will be placed in a segregated special escrow account of Starr Associates LLP, the escrow agent ("Escrow Agent"), whose address is 245 Fifth Avenue, Suite 1102, New York, New York 10016 and whose telephone number is (212) 620-2680. The attorneys who are signatories on this account authorized to withdraw funds, acting singly, are: Allan Starr, Esq., Andrea L. Roschelle, Esq., Samantha Sheeber, Esq., Hillary A. Potashnick, Esq., Jane Rosenberg, Esq. and Evan R. Schieber, Esq. Escrow Agent has established master escrow accounts entitled "Starr Associates LLP, Escrow Account" ("Master Escrow Account") at JP Morgan Chase Bank located at 850 Third Avenue, New York, New York and the Bank of New York located at 360 Park Avenue, New York, New York ("Escrow Banks"). Deposits will be placed in the Master Escrow Account within 5 business days after tender by Purchaser to Sponsor or Selling Agent. Any subsequent Deposit tendered by Purchaser after the Initial Deposit will be placed in the Master Escrow Account within 10 business days after tender by Purchaser to Sponsor or Selling Agent.

All Deposits will be placed initially in the non-interest bearing portion of the Master Escrow Account. Each Purchaser is required to deliver a completed and signed Form W-9 (Request for Taxpayer Identification Number) or a Form W-8 (Certificate of Foreign Status) in the forms set forth in Part II to the Plan, to Sponsor or Selling Agent at the time Purchaser tenders the Deposit and the Purchase Agreement. If a Deposit is accompanied by a completed and signed Form W-9 or Form W-8, the Deposit will thereafter be promptly transferred to an individual interest bearing sub-escrow account in the name of Purchaser. If a Purchaser does not deliver the Form W-9 or Form W-8, the Deposit will remain in the non-interest bearing portion of the Master Escrow Account. At such time as the Deposit is released, the Deposit will be transferred from the individual sub-escrow account to the non-interest bearing portion of the Master Escrow Account so that checks may be drawn thereon.

The sub-escrow account number and the initial interest rate, if any, will be disclosed to each Purchaser, as appropriate, in a letter from Escrow Agent to each Purchaser sent within 10 business days after the tender of the Deposit. If Purchaser does not receive notice that the Deposit has been placed in the Master Escrow Account within 15 business days after tender of the Deposit, Purchaser may cancel the Purchase and rescind so long as the right to rescind is exercised within 90 days after tender or crediting of the Deposit. Rescission may not be afforded where proof satisfactory to the Attorney General is submitted establishing that the Deposit was timely deposited and requisite notice was timely mailed to Purchaser in conformity with the Attorney General's regulations. Escrow Agent will not be required to send the letter to each Purchaser

referred to above in connection with any additional Deposits tendered by Purchaser (or changes in interest rate) after the Initial Deposit.

The Escrow Bank is covered by federal bank deposit insurance to a maximum of $100,000 per individual Deposit. The following are SPECIAL RISKS of this offer: (i) if a Purchaser makes a Deposit in excess of $100,000 such Deposit will not be federally insured in excess of $100,000; and (ii) while the Deposit is in the non-interest bearing portion of the Master Escrow Account, the Deposit may not be fully federally insured even if the Deposit does not exceed $100,000.

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

Acceptance of the Deposit by Sponsor or Selling Agent and the Deposit thereof by Escrow Agent into escrow shall not be deemed a binding agreement by Sponsor to sell to Purchaser unless and until Purchaser executes a Purchase Agreement and Sponsor or Selling Agent executes a duplicate thereof and delivers the Purchase Agreement to Purchaser in accordance with the terms of the Plan.

If a Purchaser tenders a Deposit without an executed Purchase Agreement, Sponsor shall have the right to reject the Deposit and return it to Purchaser: (i) within 5 business days after tender, if the Deposit has not been deposited into escrow, and (ii) within 10 business days, if the Deposit has been deposited into escrow and the Purchase Agreement has not yet been delivered by Purchaser.

The checking account portion of the Master Escrow Account will not be interest-bearing. The sub-escrow account portion of the Master Escrow Account will be interest-bearing. All interest will be credited to Purchaser at such time as: (i) there is a closing under the Purchase Agreement, or (ii) Purchaser is entitled to a return of the Deposit. All interest will be credited to Sponsor only in the event there is a "consummation of the Plan" (as such term is defined in the Attorney General's regulations) and Purchaser defaults. The interest rate to be earned will be the prevailing rate for these accounts. Interest will begin to accrue within: (x) 3 business days, if the Deposit is cash or cash equivalent, or (y) 5 business days, if the Deposit is other than cash or cash equivalent, of the transfer of the Deposit from the checking account portion of the Master Escrow Account into the sub-escrow account portion of the Master Escrow Account.

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

If a check delivered by a Purchaser fails for collection, the Purchase Agreement will be deemed void ab initio (as if the Purchase Agreement had never been executed) at the option of Sponsor, who reserves the right to exercise this option in its discretion by written notice to Purchaser given within 10 business days of Sponsor receiving notice from Escrow Agent of such failure of collection.

Escrow Agent will hold the Deposit in escrow until otherwise directed in:

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

(b) a determination of the Attorney General pursuant to the dispute resolution procedures contained in the Attorney General's regulations; or

(c) a judgment or order of a court of competent jurisdiction.

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 does not relieve Sponsor of its obligations pursuant to General Business Law Section 352-h.

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

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

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

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

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

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

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

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

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

In lieu of placing the Deposits in Escrow, Sponsor may apply to the Department of Law to use security in the form of surety bonds or a letter of credit. If Sponsor's application to use alternative security is approved by the Department of Law, Sponsor shall, file an amendment to the Plan, which amendment will (i) include the terms of such alterative security, (ii) annex a form for the written consent of each affected Purchaser to withdraw the funds from escrow and , and (iii) provide for the continuation of escrow of funds of any Purchaser who does not execute and deliver such written consent to Sponsor.

Set forth in Part II of the Plan is a copy of the form of escrow agreement between Sponsor and Escrow Agent which incorporates the terms of the Attorney General's regulations.

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

Escrow Agent is acting merely as a stakeholder. Upon payment of the Deposit pursuant to the Plan, Escrow Agent shall be fully released from all liability and obligation with respect to the Deposit. Escrow Agent shall accept a Deposit made by check, subject to collection.

Sponsor has agreed to indemnify Escrow Agent from all costs, claims, expenses and damages incurred in connection with or arising out of the escrow agreement or the performance or non-performance of Escrow Agent's duties under the escrow agreement, except with respect to actions or omissions taken or suffered by Escrow Agent in bad faith or in willful disregard of the escrow agreement or involving gross negligence of Escrow Agent.

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

Escrow Agent will maintain all records concerning the Master Escrow Account for 7 years after the release of funds.

ASSIGNMENT OF PURCHASE AGREEMENTS

No Third-Party Assignment

Purchaser does not have the right to assign the Purchase Agreement without the prior written consent of Sponsor, which consent may be withheld or delayed in Sponsor's sole and absolute discretion. Any purported assignment by Purchaser in violation of this Section will be voidable at the option of Sponsor. Sponsor's refusal to consent to an assignment will not entitle Purchaser to cancel the Purchase Agreement or give rise to any claim for damages against Sponsor. If Sponsor, in its sole discretion, consents to a Purchaser's request for an assignment of the Purchase Agreement, or for the addition, deletion or substitution of names on the Purchase Agreement, then Purchaser shall be required to pay to Starr Associates LLP a fee of $1,250, in advance, for preparation of an assignment and assumption agreement. Any purported assignment by Purchaser in violation of this Section shall be a default by Purchaser, entitling Sponsor to the default remedies set forth in the Section of the Plan entitled "Procedure to Purchase," and shall be voidable at the option of Sponsor.

Related Party Assignment

Purchaser shall have a one time right to assign Purchaser's rights under the Purchase Agreement, in whole, but not in part, to an entity under the "control" (defined below) of Purchaser (the entity to which the rights are assignable may be a trust, limited liability company, limited partnership or a corporation) or to member(s) of Purchaser's Immediate Family (defined below), provided that (i) Purchaser designates such assignee at least 10 business days prior to the Closing Date; (ii) Purchaser delivers to Starr Associates LLP a fee in the amount of $1,250 for its services required in connection with the preparation of the assignment and assumption agreement; (iii) the Closing is not delayed as a result of such assignment , (iv) the assignee of the Purchase Agreement assumes in writing, by an instrument prepared by Starr Associates LLP, the obligations of Purchaser under the Purchase Agreement, and (v) the assignment is made without consideration. The term "Control" shall mean the control, either directly or indirectly, of at least 51% percent of the voting shares or equity interests of such assignee, together with the authority to direct and manage the affairs of such assignee, which shall include Purchaser, being the managing general partner of such partnership or the principal manager or managing member of such limited liability company or the trustee or primary beneficiary of such trust. The term "Immediate Family" shall mean Purchaser's spouse, domestic partner, their children, grandchildren, parents, grandparents, brothers or sisters, stepchildren and stepparents. The obligations of Purchaser may be performed by such assignee, and Sponsor agrees to accept such performance as if it were the performance of Purchaser. No such assignment shall modify Purchaser's obligations under the Purchase Agreement, including without limitation, Purchaser's indemnity obligations contained in the Purchase Agreement, reduce or limit any liability or obligation of Purchaser who shall remain primarily liable notwithstanding any liability assumed by assignee. Unless Purchaser complies with the provisions of this paragraph, any purported assignment by Purchaser shall be null and void and of no effect as against Sponsor.

No Advertising

Prior to the Closing of Title, Purchaser shall not list the Residential Unit for resale or rental with any broker or place or authorize a listing in any broker's listing system or other listing service or advertise or otherwise offer, promote or publicize the availability of the Residential Unit for sale or rental, without Sponsor's prior written consent, which may be withheld or delayed by Sponsor in Sponsor's sole and absolute discretion. Any listing of the Residential Unit or form of advertising, promotion or publicizing of the Residential Unit by Purchaser prior to the Closing of Title shall be a default by Purchaser, entitling Sponsor to the default remedies set forth in the Section of the Plan entitled "Procedure to Purchase."

EFFECTIVE DATE

The offering by Sponsor of the Residential Units under the Plan is contingent upon the Plan being declared effective. The First Closing shall not occur until the Plan has been declared effective. The Plan may be declared effective, at Sponsor's option, by (i) an amendment to the Plan or (ii) notice to Purchaser stating that the Plan is declared effective and submission of an amendment to the Department of Law within 5 days confirming that the Plan was declared effective on a specified date. The Plan may be declared effective, at Sponsor's option, at any time when bona fide purchasers, including investors, have executed Purchase Agreements with respect to not less than 15% of the Residential Units (excluding the Resident Manager's Unit). The Plan must be declared effective at such time as Purchase Agreements have been executed and are in effect with respect to 80% of all Residential Units.

The Plan will not be declared effective based on Purchase Agreements: (i) signed by Purchasers who have been granted a right of rescission that has not yet expired or been waived; or (ii) signed by Purchasers who have not been afforded at least 3 business days to review the Plan and all filed amendments prior to executing a Purchase Agreement or, in lieu thereof, at least 7 days to rescind after executing a Purchase Agreement; or (iii) signed by any Purchaser who is Sponsor, Selling Agent, Managing Agent or a principal of either, or is related by blood, marriage or adoption or as a business associate, an employee, a shareholder or a limited partner of Sponsor, the Selling Agent, the Managing Agent or a principal of either, except that such a Purchaser (other than Sponsor or a principal of Sponsor) may be counted only if Sponsor has submitted proof satisfactory to the Department of Law establishing that Purchaser is bona fide.

The Plan may be withdrawn or abandoned by Sponsor for any reason whatsoever at any time prior to its being declared effective, in which event Purchasers will be notified by Sponsor in writing, by registered or certified mail.

Once the Plan has been declared effective, it may not thereafter be abandoned or withdrawn, except that, prior to the First Closing, the Plan may, at the option of Sponsor, be abandoned in the event of: (1) the existence of one or more title defects (including violations of record or work orders of a mortgagee or insurance carrier) affecting any one or more Residential Units or the Property that cannot be removed, complied with or cured without litigation or for less than 1/2 of 1% of the total offering amount in the aggregate, and which are not waived by the Purchasers thereof; (2) a substantial damage to or destruction of the Building (or any portion thereof) by fire or other casualty that cannot be repaired prior to the date set for the First Closing for less than 1/2 of 1% of the total offering amount in the aggregate; or (3) a taking of a material portion of the Property in condemnation proceedings or by eminent domain. Excluded from the dollar amounts set forth in (1) and (2) above are attorneys fees and title defects (including of record violations or work orders) or determinations of any authority or regulatory association which existed on the Filing Date of the Plan and were either known to Sponsor or were a matter of public record.

If the Plan is withdrawn or abandoned, all Deposits, together with any interest earned thereon, except for funds expended by, or reimbursed to, Sponsor for upgrades or extras will be returned to Purchasers within 30 days following such withdrawal or abandonment. Upon the return of the Deposits, together with any interest earned thereon, the Purchase Agreement will be null and void and Sponsor will have no further obligation or liability to Purchaser under the Plan or the Purchase Agreement. Sponsor shall promptly submit an amendment to the Department of Law confirming such abandonment or withdrawal and shall file a notice of abandonment on form RS-3 or such other form as the Department of Law may require and explain the reason for the abandonment and disposition of all Deposits received, and any interest earned thereon.

CLOSING OF TITLE TO RESIDENTIAL UNITS

The Closing of Title to each Residential Unit shall be held at the offices of Starr Associates LLP, 245 Fifth Avenue, Suite 1102, New York, New York or at such other place as Sponsor may designate. The Closing shall take place only after or concurrently with the following events:

(a) the Plan has been declared effective in accordance with its terms and the amendment to the Plan disclosing same has been accepted for filing by the Department of Law;

(b) a temporary or permanent certificate of occupancy for the Residential Unit is in effect (ongoing construction in the Building or other Units and/or the absence of a temporary or permanent certificate of occupancy for any other Unit shall not constitute a basis for Purchaser's failure or refusal to close). A temporary certificate of occupancy is not required for the sale of a Storage Locker and/or Private Terrace. Purchasers may be required to consummate the purchase of a Storage Locker and/or Private Terrace even though a temporary certificate of occupancy has not been issued (and access may not be available) for the areas of the Building designated for the Storage Lockers and the Private Terraces;

(c) the recording or filing of the Declaration, By-Laws, Floor Plans and engineer's or architect's and tax authority certifications required by Section 339-p of the New York Condominium Act or other applicable Law and such other documents as may be required by Law;

(d) the release of the Residential Unit and its Common Interest from the lien of all mortgages, if any;

(e) the delivery to Purchaser of written notice of the time and place of the Closing at least 30 days prior to the Closing Date specified therein, including a reasonable opportunity, upon written request of Purchaser, for Purchaser to examine the Residential Unit and the Property, during normal business hours and in the company of Sponsor's agent, prior to Closing;

(f) the delivery to Purchaser of a bargain and sale deed with covenant against grantor's acts, the form of which is set forth in Part II of the Plan, in proper form for recording and containing the provisions set forth in subdivision 5 of Section 13 of the Lien Law upon delivery to Sponsor of the balance of the purchase price and such other checks and documents required pursuant to the Plan and the Purchase Agreement.

(g) the execution and delivery by Purchaser of the Unit Owner's Power of Attorney, the form of which is set forth in Part II of the Plan; and

(h) the execution by Purchaser of a notice to the Managing Agent indicating whether a child under the age of ten (10) will be living in the Unit or if the Purchaser wants to have window guards installed on the windows of the Unit even though no child under the age of ten (10) will be living in the Unit. In the event that window guards are to be installed in the Unit, such installation shall be performed at the direction of the Managing Agent and the cost thereof (for the window guards and installation) shall be charged to and paid by the Purchaser of the Unit;

(i) if Purchaser has requested title insurance, the issuance to Purchaser (at Purchaser's sole expense) of a policy of title insurance in at least the amount of the purchase price of the Unit, insuring that (i) Purchaser has fee title to the Unit free and clear of all liens and encumbrances except for (1) Permitted Encumbrances and standard printed exceptions and (2)

liens and encumbrances other than Permitted Encumbrances to which the Unit's title is subject either (a) which have been expressly accepted by Purchaser, or (b) for which the instrument required to remove it of record has been delivered to the Title Company for recording in the proper office, together with the requisite recording or filing fees or delivered to the representative of Purchaser's title insurance company (or, if none, to Purchaser's attorney); or (c) as to which the Title Company will insure (without additional premium) that such lien or encumbrance will not be collected out of or enforced against the Unit; or (d) as to which the Sponsor, at its sole option, pays and discharges from monies paid by Purchaser at Closing; and (ii) the Condominium has been validly created pursuant to the Condominium Act.

Sponsor shall be entitled to deliver a 30 day closing notice to a Purchaser prior to meeting the closing prerequisites set forth in items (b) through (i) above.

Ongoing construction in the Building or other Units and/or the absence of a temporary or permanent certificate of occupancy for any other Unit shall not constitute a basis for Purchaser's failure or refusal to close.

Purchaser's failure to execute and deliver at Closing, all documents necessary and/or customary in connection with the conveyance of a condominium unit, including without limitation, the power of attorney form, transfer tax forms and mortgage recording tax credit affidavit (if applicable), shall constitute an event of default under the terms of the Purchase Agreement, entitling Sponsor to the default remedies set forth in the Purchase Agreement.

In the event of the existence of any lien, encumbrance or title defect other than Permitted Encumbrances, which Sponsor fails or refuses to correct, the sole remedy of Purchaser under the Plan, provided Purchaser is not then in default, will be to either (i) take title subject to the title defect or (ii) terminate the Purchase Agreement, within 15 days after receipt of notice or an amendment disclosing such lien, encumbrance or title defect. A Purchaser electing to proceed with the purchase of the Residential Unit will not be entitled to any credit against, or abatement of, the purchase price set forth in the Purchase Agreement and will have no claim or right of action against Sponsor for damages or otherwise by reason thereof. Sponsor has no obligation to institute any action or proceeding or to expend any sum of money to make title marketable or to eliminate any encumbrances or title defects. If Purchaser elects to terminate the Purchase Agreement, Sponsor shall cause the Deposit together with any interest earned thereon, except for funds expended by, or reimbursed to, Sponsor for upgrades or extras, to be returned to Purchaser, within 30 days after receipt of Purchaser's termination notice. Upon making such refund, Sponsor and Purchaser shall be relieved of all further obligations and liabilities under the Purchase Agreement and the Plan.

IF THE PURCHASER FAILS TO NOTIFY SPONSOR OF PURCHASER'S ELECTION WITHIN 15 DAYS AFTER SPONSOR NOTIFIED PURCHASER OF SPONSOR'S FAILURE TO REMEDY THE TITLE DEFECT, IT WILL BE CONCLUSIVELY DEEMED THAT PURCHASER ELECTED TO ACQUIRE TITLE SUBJECT TO THE TITLE DEFECT.

The existence of mortgages, liens and encumbrances other than Permitted Encumbrances shall not be objections to title, provided bonds or properly executed instruments in form for recording necessary to satisfy or release Residential Units from such other liens or encumbrances or otherwise enable the Title Company to omit such title exceptions from Purchaser's title insurance policy, are delivered at Closing and proper adjustments are made for the cost of recording or filing such instruments. Sponsor will bear the responsibility and cost of recording or filing such instruments.

Sponsor shall be entitled to adjourn the Closing to remove or correct any title exception that cannot be dealt with as set forth above. Sponsor is not obligated to cause Purchaser's title company to omit any exception if the Title Company is willing to insure, without additional premium, Purchaser's title with such exception. Purchaser will be responsible to pay to the Title Company the entire premium for Purchaser's title

insurance. Purchaser may obtain title insurance from any title insurance company or abstract company or not obtain any title insurance at all, at Purchaser's sole discretion (unless Purchaser's lender shall require Purchaser to purchase title insurance covering such lender).

The acceptance of a deed by Purchaser shall be deemed an acknowledgment that Sponsor has performed and discharged every agreement and obligation on the part of Sponsor to be performed under the Plan except those (if any) which may be expressly stated in the Plan, in the Purchase Agreement, in 13 NYCRR, Part 20 (the regulations of the Attorney General of the State of New York governing the acceptance for filing of the Plan) and in General Business Law Section 352-e to survive delivery of the deed.

Any personal property located within the Unit (if any) or the date of the Purchaser Agreement is fully executed or located within the Common Elements on the date the Declaration is filed that is owned by Sponsor, is included in the conveyance unless specifically excluded in the Purchase Agreement or the Plan.

CLOSING COSTS AND ADJUSTMENTS

Closing Costs

As more particularly set forth in the Purchase Agreement, in addition to Purchaser's legal fees, Purchaser will pay the following estimated closing costs and expenses at the time of the Closing of Title. Purchasers are advised that the Storage Lockers and Private Terraces offered hereunder are deemed personal property and accordingly, are not mortgageable, insurable for title insurance purposes, or otherwise subject to the imposition of transfer taxes detailed in this Section. In the event that transfer taxes are imposed on the sale of the Storage Lockers and Private Terraces, payment of such taxes shall be the obligation of Purchaser. Recording charges, fees, title costs and taxes are based on rates in effect on the date of the Plan and are subject to change without notice. Recording charges, fees, title costs and taxes are based on rates in effect on the date of the Plan and are subject to change without notice.

(a) A contribution to the Working Capital Fund of the Condominium in an amount equal to 2 months' Common Charges assessed against the Residential Unit at the time of Closing.

(b) If Purchaser elects to obtain fee title insurance, Purchaser will pay the premium therefor, which will vary depending upon the amount requested. If ordered from Commonwealth Land Title Insurance Company having an office at 655 Third Avenue, 11th Floor, New York, NY 10017 ("Title Company"), the premium will be calculated at a discounted rate of 70% of the standard fee policy rates in accordance with the following discounted rate schedule:

FEE BULK RATE SCHEDULE
(70% Rate)

AMOUNT OF INSURANCE	PREMIUM
First $35,000 or less	$402.00
From $35,001 to $50,000	$4.67 per Thousand
From $50,001 to $100,000	$3.80 per Thousand
From $100,001 to $500,000	$3.05 per Thousand
From $500,001 to $1,000,000	$2.79 per Thousand
From $1,000,001 to $5,000,000	$2.56 per Thousand
From $5,000,001 to $10,000,000	$2.28 per Thousand
From $10,000,001 to $15,000,000	$2.15 per Thousand
From $15,000,001 and up	$1.93 per Thousand

Note - The minimum premium for a fee policy is $402.

(c) If Purchaser elects to simultaneously obtain both fee title insurance and mortgage title insurance from Title Company, the premium for the fee title insurance will be calculated as described in paragraph (b) above. The premium for the mortgage title insurance that does not exceed the fee policy will be calculated at a discounted rate of 21% of the standard mortgage policy rates in accordance with the following discounted rate schedule:

SIMULTANEOUS MORTGAGE BULK RATE SCHEDULE
(21% Rate)

AMOUNT OF INSURANCE	PREMIUM
First $35,000	$72.00
From $35,001 to $50,000	$1.17 per Thousand
From $50,001 to $100,000	$ .95 per Thousand
From $100,001 to $500,000	$ .76 per Thousand
From $500,001 to $1,000,000	$ .70 per Thousand
From $1,000,001 to $5,000,000	$ .64 per Thousand
From $5,000,001 to $10,000,000	$ .57 per Thousand
From $10,000,001 to $15,000,000	$ .54 per Thousand
From $15,000,001 and up	$ .49 per Thousand

A form of Unit Owner's Specimen Title Policy, if title insurance is ordered from the Title Company, is set forth in Part II of the Plan.

(d) A fee for recording the deed and Unit Owner's power of attorney, being $42 for each instrument plus $5 per page together with a fee of $75 for filing the New York City Real Property Transfer Tax return ("City Tax Return").

(e) New York State Real Estate Transfer Tax ("State Transfer Tax") currently equal to $42 per $500 of purchase price plus, if applicable, a New York State Additional Tax ("Mansion Tax") of 1% where the purchase price equals $1 million or more and the New York City Real Property Transfer Tax ("RPT Tax") currently equal to 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.

The New York City Department of Finance has taken the position that where the purchaser of property assumes the obligation for the payment of the State Transfer Tax and the RPT Tax, which are generally an obligation borne by a Seller, the amount of the tax which would otherwise be payable if the seller were to pay such taxes, will be treated as additional consideration for the transaction subject to tax. Consequently, the amount of the RPT Tax is computed as follows:

	Purchase Price $500,000 or less	Purchase Price Greater than $500,000
Tentative City Tax:		
Consideration	$400,000	$1,500,000
Tax Rate	x 1%	x 1.425%
Tentative tax	$ 4,000	$ 21,375
Tentative State Tax:		
Net Consideration	$400,000	$1,500,000
Rounded up to nearest $500	$400,000	$1,500,000
Tentative tax ($2 per $500)	$ 1,600	$ 6,000
City Tax:		
Consideration	$400,000	$1,500,000

Tentative taxes	+ 5,600	+ 27,375
Taxable Consideration	$405,600	$1,527,375
Tax Rate	x 1%	x 1.425%
City Tax	$ 4,056	$ 21,765
State Tax:		
Net Consideration	$400,000	$1,500,000
Tentative taxes	+ 5,600	+ 27,375
Taxable Consideration	$405,600	$1,527,375
Rounded up to nearest $500	$406,000	$1,528,000
State Tax ($2 per $500)	$ 1,624	$ 6,112

Thus, the effective RPT tax rate is approximately 1.014% of the purchase price where the purchase price is $500,000 or less and 1.451% where the purchase price is greater than $500,000. A similar position has been taken by the New York State Department of Taxation and Finance and as a result the effective tax rate for the State Transfer Tax is $4.06 per thousand dollars of the purchase price where the consideration is $500,000 or less and $4.074 per thousand dollars of the Purchase Price where the consideration is greater than $500,000. When the Purchase Price is equal to or in excess of $1,000,000, payment by Purchaser of the Mansion Tax is not considered additional consideration to Sponsor for purposes of the calculation of the State Transfer Tax.

Sponsor has been advised by the Title Company that the information set forth below reflects the current position of the New York City Department of Finance with respect to real property transfer taxes that are due and payable in connection with the transfer by a seller of one or more units to the same or related purchasers, whether pursuant to one or more Purchase Agreements:

(1) **Purchase of a single Residential Unit:**

The tax on the Residential Unit is 1% if the consideration is $500,000 or less, or 1.425% if the consideration is greater than $500,000

(2) **Purchase of multiple Residential Units:**

The tax on each Residential Unit is 1.425% if the consideration is $500,000 or less, or 2.625% if the consideration is greater than $500,000

The Department of Finance takes the position that: (i) the lower tax rate (either 1% if the consideration is $500,000 or less, or 1.425% if the consideration is greater than $500,000) applies only in the case of a transfer of "an individual residential condominium unit;" and (ii) the higher tax rate (either 1.425% if the consideration is $500,000 or less, or 2.625% if the consideration is greater than $500,000) applies if a purchaser acquires more than one individual Residential Unit (i.e., two Residential Units).

(f) If Purchaser obtains a mortgage loan, Purchaser will be responsible for the payment of all mortgage recording taxes, mortgage recording fees, origination, appraisal and closing costs and other expenses in connection therewith (including legal fees) in amounts determined by governmental authorities and such lender. Currently, the mortgage recording tax for mortgages under $500,000 is 2.05% of the face amount of the mortgage and 2.175% of the face amount of the mortgage if the mortgage is $500,000 or more. Of the total tax due, the mortgagee pays an amount equal to 0.25% of the face amount of the mortgage. In addition, there is a $30 exemption for residential property. No representation or warranty is made with respect to the amounts of such closing costs and expenses or the availability or cost of mortgage loans from any sources.

In addition to the above-specified costs and expenses, a mortgage on a Residential Unit may provide that the Residential Unit Owner deposit monthly with the lender 1/12 of the estimated annual real estate taxes and tax assessments which are assessed or will be assessed against the Residential Unit, together with 1/12 of the annual fire and casualty insurance policy premiums for the Residential Unit, or other amounts, and, at Closing, Purchaser may be required to deposit with the lender a multiple of the aggregate of such one month's real estate taxes, tax assessments and insurance premiums, or other amounts, in order that sufficient funds will be available for the lender to pay the same when due.

(g) Fees payable to Starr Associates LLP, in accordance with the following schedule, all of which fees will be cumulative to the extent applicable to any individual closing:

(1) $1,500 for the preparation of closing documents, calculation of adjustments, attendance at Closing at the offices of Starr Associates LLP, or such other place as Sponsor may designate and supervision of execution of closing documents;

(2) $250 for the preparation of ACRIS transfer documents required by the City of New York.

(3) If Purchaser requires that the Closing occur other than at the office of Starr Associates LLP, or such other place as Sponsor may designate, and Sponsor consents to such change (in Sponsor's sole discretion), an additional attendance fee of $500 for each Closing held within Manhattan. No Closing will be held in any borough outside Manhattan.

(4) If Sponsor, in its sole discretion, consents to a Purchaser's request for an assignment of the Purchase Agreement, or for the addition, deletion or substitution of names on the Purchase Agreement (which request in all instances must be received by Starr Associates LLP no later than 7 business days prior to the Scheduled Closing Date), a fee of $1,000, payable in advance, for preparation of an assignment agreement.

(5) If through no fault of Sponsor, Purchaser fails to close on the date scheduled for Closing, then Purchaser shall pay an additional fee of $750 for each rescheduled Closing granted at Purchaser's request to defray the cost of preparing and coordinating the Closing and recalculating the Closing apportionments.

Purchaser may pay more than one fee pursuant to (g) above with respect to a Residential Unit. In addition to an attendance fee in connection with a completed Residential Unit transfer, Starr Associates LLP shall also be entitled to an attendance fee in the amount set forth above if such firms' representative attends a scheduled Closing but the Closing is adjourned due to Purchaser's failure to comply with Purchaser's closing obligations. In addition, more than one assignment fee shall be payable if Sponsor consents to more than one assignment request.

(h) If Purchaser has dealt with any broker other than Selling Agent or any other broker engaged in writing by Sponsor in connection with the purchase, then Purchaser will be required to pay any commission due to such broker.

(i) If Purchaser obtains a mortgage loan, Purchaser will pay Sponsor a sum equal to the partial mortgage tax credit to which Purchaser may be entitled pursuant to Section 339-ee(2) of the Condominium Act, which sum will be paid as a reimbursement for the mortgage recording tax previously paid by Sponsor in connection with any existing mortgage(s);

(j) Purchaser's pro-rata share of the promissory note executed at the First Closing by the Condominium Board, representing the net credit of the apportionments in favor of Sponsor, in accordance with Purchaser's Residential Common Interest, in an amount not to exceed $750. (By way of example, if the

promissory note in favor of Sponsor is in the amount of $50,000 the Purchaser of Unit 3 would be obligated to pay $714 ($50,000 x 1.4280%).

All legal costs, fees and expenses of Starr Associates LLP, other than those specifically set forth above, will be the sole responsibility of Sponsor.

Example of Estimated Closing Costs for a Typical Residential Unit

A numerical example of estimated closing costs and expenses for a single Residential Unit with a purchase price of $4,000,000 and mortgage of $1,000,000 are set forth below by way of illustration only. All tax rates, title insurance premiums and recording rates are subject to change.

ITEM	DESCRIPTION	AMOUNT
Fee Insurance Premium for $4,000,000 of owner's insurance	(70% first condo bulk sale rate)	$10,240.00
Mortgage Insurance Premium for $1,000.000 of lender's insurance	(21% first condo bulk sale simultaneous rate)	$791.00
NYC RPT Tax	NOTE: transfer taxes are based upon bulked-up consideration of $4,073,000 The NYC RPT rate is 1.425%.	$58,040.25
NYC Mansion Tax	1% of bulked-up consideration	$40,730.00
NYS Transfer Tax	The tax rate is $2 for every $500 of consideration or fraction thereof.	$16,692.00
Mortgage Recording Tax	The tax rate is 2.175%. The borrower pays 1.925% - $30. This does not include the lender's ¼ point of mortgage tax in the amount of $1,875.00.	$19,220.00
Departmental and Bankruptcy Searches	Title Searches	$150.00
Estimated Recording Fees	(one deed, one mortgage and one condo power of attorney)	$500.00
Estimated Lender's Title Endorsements	Three endorsements at $25 each.	$75.00
Legal fee of Sponsor's attorney	Basic closing fee and ACRIS document preparation fee	$1,750.00
Working Capital Contribution	2 months' Common Charges	See Schedule A
Promissory Note Payment	Adjustments with Sponsor	$750.00
Total Estimated Closing Costs		$148,938.25 (plus Working Capital Contribution)

This example does not include the following costs or fees, to the extent applicable: Purchaser's financing costs, legal fees of Purchaser's attorney, additional legal fees payable to Sponsor's attorney as set forth in paragraph (g) above, recording additional documents, penalty for late closing or adjustments with the Sponsor (including mortgage recording tax reimbursement), apportionment of real estate taxes and insurance as described below. Furthermore, this example does not take into account possible new taxes, increases in tax rates or cost of title insurance or recording fees.

Purchasers should note that adjustments for various closing items including Common Charges and real estate taxes will be made at Closing.

The foregoing projections assume that title insurance is purchased from the Title Company and that Purchaser closes without delays or the imposition of penalties. If Purchaser obtains a mortgage loan Purchaser can expect to incur additional fees for mortgage title insurance (with benefit of simultaneous rates), mortgage recording taxes and fees and other closing fees set forth above. Purchasers are advised to consult with prospective lenders for a detailed projection of related financing costs. Furthermore, the above example does not take into account possible new taxes, increases in tax rates or recording fees or increases in the cost of title insurance.

In the event Sponsor obtains a construction or acquisition loan which satisfies certain parameters and pays a mortgage recording tax thereon, it is specifically understood that, any mortgage tax credit shall inure to the benefit of Sponsor. Accordingly, at Closing, each Purchaser may pay all or a portion of the mortgage recording tax to Sponsor, to the extent of any mortgage tax credit allowed.

Closing Adjustments

(i) Adjustments. At Closing, adjustments between Sponsor and Purchaser will be made as of midnight of the day preceding the Closing Date with respect to (a) real estate taxes and assessments, if any (including water charges and sewer rents, if separately assessed) on the basis of the period for which assessed, and future real estate taxes and assessments in accordance with the terms of the subsection below entitled "Real Estate Taxes;" (b) Common Charges (if Common Charges have been assessed by the Condominium Board) and assessments for the month in which title closes; and (c) if Purchaser is occupying a Residential Unit pursuant to an interim lease or use and occupancy agreement, accrued rent and other charges.

(ii) Penalties. If Purchaser fails for any reason to close title to the Residential Unit on the Scheduled Closing Date, (a) the closing adjustments described above will be made as of midnight of the day preceding the Scheduled Closing Date, regardless of when the Actual Closing Date occurs, and (b) Purchaser will be required to pay to Sponsor, as a reimbursement of Sponsor's higher carrying costs by virtue of the delay, and in addition to the other payments to be made to Sponsor under the Purchase Agreement and the Plan, an amount equal to .03% of the purchase price for each day starting from (and including) the Scheduled Closing Date to (and including) the day before the Actual Closing Date. If, through no fault of Purchaser, Sponsor postpones the originally Scheduled Closing Date, these provisions shall apply to any new Scheduled Closing Date.

(iii) Real Estate Taxes. In the event the Units have not been separately assessed for real estate tax purposes by the New York City Department of Finance ("Finance Department") prior to the First Closing, the obligation of the Condominium to pay real estate taxes to the Finance Department for the next ensuing tax period, without deduction or allowance for the real estate tax benefits (i.e., Section 421-a or Section J-51 Benefits) not yet in place ("Future Taxes") shall be secured by Sponsor delivering at the First Closing to Escrow Agent, either cash, a letter of credit or a surety bond ("Tax Security") in the amount of the Future Taxes. Escrow Agent shall hold the Tax Security in escrow for the benefit of the Condominium. At each Closing prior to the date the Units are separately assessed and billed, Purchasers will be obligated to pay to Escrow Agent an amount equal to the Unit's pro-rata share of the Future Taxes (computed by multiplying the Common Interest of the Unit by the amount of the Future Taxes) ("Unit Tax Payment"). Unit Tax Payments will not be placed in an interest-bearing account by Escrow Agent. The Future Taxes shall be paid to the Finance Department when due by Sponsor, or by Escrow Agent using the Tax Security, either at Sponsor's direction, or upon Sponsor's failure to make such payment. If Sponsor pays the Future Taxes directly, the Tax Security shall be released to Sponsor upon delivery to Escrow Agent of proof of payment from the Finance Department of the Future Taxes. If at the time the Future Taxes are paid, the amount of the Future Taxes has been reduced by the Finance Department as a result of the implementation of real estate tax

benefits, Escrow Agent shall make appropriate refunds to Sponsor and Purchasers who deposited Unit Tax Payments with Escrow Agent.

In the event the Units are separately assessed and individual tax bills are issued by the Finance Department prior to the date the Future Taxes are due, Escrow Agent shall release the Tax Security to Sponsor and the Unit Tax Payments to the Purchasers, as appropriate. In such event, Sponsor and Purchasers who closed title shall be required to pay their respective tax bills directly to the Finance Department. If an actual payment to the Finance Department is reduced as a result of the implementation of real estate tax benefits, Escrow Agent shall make appropriate refunds to the parties.

With respect to subsequent Future Taxes, until the Units are separately assessed and individual tax bills are issued, the Condominium Board shall collect a Unit Tax Payment from each Residential Unit Owner which Unit Tax Payment shall constitute additional Common Charges. Unit Tax Payments shall be payable by Unit Owners within 5 days of the date billed by the Condominium and shall be due and payable by such Unit Owner to the Condominium Board irrespective of whether such Unit Owner is required to escrow funds with a lender in connection with a mortgage loan on such Unit. If any Unit Owner fails to make the Unit Tax Payment as set forth above, the Condominium will have a lien on the Unit for non-payment in the same manner as Common Charges (see the Section of the Plan entitled "Rights and Obligations of Unit Owners," subsection: " Common Charges: Collection and Lien for Non-Payment" for further details).

Illustration. By way of illustration only, a Purchaser closing on a Unit in the middle of November (prior to separate assessment and individual billing of real estate taxes) is obligated to: (a) adjust with Sponsor for the first-half real estate taxes (July 1 to December 31) paid by Sponsor in July for the period from Closing through December 31; and (b) deliver to Escrow Agent a Unit Tax Payment for the second-half Future Taxes (January 1 to June 30). Thereafter, if the Units are not separately assessed and individual tax bills are not issued prior to the next ensuing tax payment, the Condominium will have the obligation to collect from each Residential Unit Owner a Unit Tax Payment for first-half real estate taxes (July 1 to December 31) and pay such real estate taxes directly to the Finance Department on behalf of all Residential Unit Owners.

In the event the amount of Future Taxes is increased (due to an increase in the tax rate or otherwise) prior to the separate assessment and issuance of individual tax bills by the Finance Department, the amount of such increase shall be payable by all Unit Owners, including Sponsor (with respect to Units), in proportion to each Unit's Common Interest, adjusted for the period of ownership of each Unit by the respective Unit Owner. Such amount of increase shall be payable to Sponsor or Escrow Agent, as the case may be, within 5 days following written notice provided to such Unit Owner. Such increase shall be deemed additional Common Charges.

Other Costs

Except as specifically set forth in the Plan, Sponsor will pay all costs and expenses incurred in connection with the promulgation and consummation of the Plan and the sale of Residential Units by Sponsor, including, but not limited to, all selling expenses and commissions payable to Selling Agent, advertising, printing and architects' fees, the fees of Sponsor's attorneys, engineering and appraisal costs and governmental filing fees, whether incurred prior or subsequent to the effective date of the Plan, in connection with the obligations of Sponsor. (See the Section of the Plan entitled "Rights and Obligations of Sponsor" for further details.)

RIGHTS AND OBLIGATIONS OF SPONSOR

Sponsor's Obligations with Respect to the Building

Sponsor shall have the following obligations and all Purchasers upon execution of their respective Purchase Agreements will be deemed to have accepted, approved and agreed to abide and be bound by the following:

(a) Sponsor reserves the right to make any changes in the proposed Condominium Documents and modifications to the Plans and Specifications as may be necessary in Sponsor's sole discretion to conform to Law or to expedite the sale of the Residential Units, or due to structural, architectural or mechanical considerations provided, however, that any such amendments, additions, or changes shall not materially and adversely affect a Residential Unit Owner or Purchaser, increase any obligation of a Residential Unit Owner or Purchaser to any adverse and material degree and any substitution of appliances, equipment or materials shall be of substantially equal or better quality. A change in the square foot area and dimensions of a Residential Unit due to field conditions, construction variances and tolerances which do not increase or decrease the square feet area of the Residential Unit by more than 5% (excluding interior partitions) shall not be deemed a material and adverse change.

(b) Sponsor has not yet procured financing for the construction of the Building. Subsequent to Sponsor's acquisition of construction financing, Sponsor will amend the Plan to disclose any requirements imposed by Sponsor's lender with respect to the sale of the Residential Units.

(c) The offering by Sponsor under the Plan is contingent upon the Plan being declared effective and the First Closing shall not occur until the Plan has been declared effective. The Plan may be withdrawn or abandoned by Sponsor for any reason whatsoever at any time prior to its being declared effective (see the Section of the Plan entitled "Effective Date" for further details).

(d) Sponsor will perform such work and supply such materials, or will cause the same to be performed and supplied, as is necessary in order to complete the construction of the Building with a quality of construction comparable to the currently prevailing local standards and substantially in accordance with the Plans and Specifications for the construction work filed with the Buildings Department and other appropriate governmental authorities.

(e) Based upon its current construction schedule, Sponsor presently contemplates that, unless delayed by Force Majeure, the construction of the Building will be sufficiently completed to permit Closings of Residential Units to begin on or about September 1, 2006. Purchasers should note, however, that the Residential Units will be completed at differing times over a period that may likely extend significantly beyond such dates. Purchasers will not be excused from paying their full purchase prices (without credit or set-off), and will have no claim against Sponsor for damages or losses, in the event that the First Closing occurs earlier or later than the targeted date or the time to complete or to close title to the Residential Units is delayed or postponed by Sponsor. Notwithstanding the foregoing, if the First Closing does not occur within 12 months after the date set forth in the Schedule B as the commencement date for the first year of condominium operation, as such date may be extended from time to time by amendment to the Plan or any adjourned date which has been agreed upon by both Sponsor and Purchaser, Sponsor will offer all Purchasers (provided such Purchaser is not in default) a right for 15 days, to rescind their Purchase Agreement and receive a refund of their Deposit together with any interest earned thereon, except for funds expended by, or reimbursed to, Sponsor for upgrades or extras. In the event the actual or anticipated commencement date of the first year of condominium operation is to be delayed by 6 months or more, Sponsor will amend the Plan to include a revised budget with current projections. If the Common Charges in the amended budget exceed those in the latest budget set forth in the Plan by 25% or more, Sponsor will, in the amendment disclosing

such budget, offer all Purchasers the right, for 15 days, to rescind their Purchase Agreements and receive a refund of their Deposits, together with any interest earned thereon (provided, however, that after the Plan has been declared effective and the amendment disclosing the same has been accepted by the Department of Law, a Purchaser who is in default under the Purchase Agreement beyond the expiration of any applicable grace period will not have the right to rescind).

(f) Sponsor is obligated to bear all costs and expenses incurred in connection with completing construction of the Building substantially in accordance with the Plans and Specifications. During the course of construction, Sponsor reserves the right in its sole and absolute discretion without prior notice to Purchasers or amendment to the Plan to (i) amend from time to time the Plans and Specifications (including changes in layouts and designs in accordance with the Section of the Plan entitled "Changes in Prices and Units; and/or (ii) substitute materials, appliances equipment and fixtures that are of substantially similar or better quality in place of those described in the Plan and the Plans and Specifications.

(g) At the First Closing, Sponsor will deliver, assign, or otherwise grant to the Condominium Board, on behalf of all Unit Owners, the right to proceed under any assignable warranties and other undertakings received by Sponsor from contractors, suppliers, or others in connection with the construction and equipping of the Building, except that warranties and undertakings received by Sponsor which relate to appliances, equipment or fixtures located in any Unit shall be assigned to the Purchaser on the Closing Date, including the warranties and undertakings received by Sponsor which relate to appliances, equipment, or fixtures located in the Units and the Common Elements. Sponsor makes no representation as to which, if any, of the warranties and other undertakings will continue to remain in force upon the Closing of any particular Unit. Sponsor shall have no liability or responsibility in the event a warrantor is unable, unwilling or for any other reason, fails to perform under its warranty.

(h) Prior to the First Closing, Sponsor will cause a temporary certificate of occupancy to be issued for the Unit to be closed and will attempt to obtain a permanent certificate of occupancy within 2 years after the First Closing, subject, however, to Force Majeure, actions by Unit Owners or tenants of Unit Owners, or any other cause over which Sponsor has no control, but in any event, before the expiration of applicable temporary certificate of occupancy, as the same may be renewed, replaced or extended. Sponsor makes no representation or guaranty that the Buildings Department will issue a permanent certificate of occupancy within 2 years after issuance of the first temporary certificate of occupancy. Sponsor will, at its sole cost and expense, do and perform all work, and will supply for the Building all materials that shall be necessary in order to cause the temporary certificate of occupancy to be continuously renewed and to obtain a permanent certificate of occupancy. Sponsor shall not be responsible for any costs or liabilities suffered by Unit Owners on account of delays in obtaining the permanent certificate of occupancy due to work undertaken in individual Units by Unit Owners or work undertaken in Common Elements by the Condominium Board after the Sponsor no longer controls the Condominium Board.

(i) If Sponsor fails to obtain a permanent certificate of occupancy for the Building prior to the First Closing, Sponsor will be obligated to: (i) direct the Escrow Agent to hold and maintain those monies received pursuant to all Purchase Agreements (see the Section of the Plan entitled "Escrow and Trust Fund Requirements") which would otherwise be payable to Sponsor in the special trust account required by the General Business Law of the State of New York, Sections 352-e(2)(b) and 352(h), provided, however, that if Sponsor's Architect certifies that a lesser amount than the amount held in the special trust account is reasonably necessary to complete the work needed to obtain a permanent certificate of occupancy, then the amount exceeding the sum so certified by the Sponsor's Architect shall be released from the special escrow account to Sponsor; or (ii) Sponsor shall deposit with Escrow Agent cash or an unconditional, irrevocable letter of credit or post a surety bond in an amount Sponsor's Architect, from time to time, certifies is reasonably necessary to complete the work needed to obtain the permanent certificate of occupancy.

(j) Construction is a complicated process requiring the coordination of numerous tasks and the balancing of complex mechanical and architectural systems. No assurance can be given with regard to the occupancy of any projected completion dates set forth herein. It is anticipated that during the first 5 years of Condominium operation, construction workers and related personnel will be at the Building from time to time, completing construction of the Building, making adjustments and corrections and performing various tasks relating to the completion of construction. During this period, various building systems, including but not limited to water supply, air-conditioning, heating, cooling, ventilating and elevators, may require substantial time after any Closing to complete and may need to be shut down temporarily. Various other adjustments to windows and elevators and other systems may require substantial time after the First Closing to be completed. In addition, the presence of hoists or construction elevator shafts or similar temporary construction facilities, may delay the Closing of Title to certain Residential Units or lines of Residential Units until such hoists, elevators or temporary facilities are no longer needed and are removed. A Purchaser who closes title to a Unit during the completion of construction of Common Elements or other Units acknowledges that construction noise, vibration, fumes, odors, dust, debris and other temporary interruption of services may affect Purchaser's enjoyment of the Unit during such period. With regard to the foregoing, in executing a Purchase Agreement, Purchaser acknowledges that Sponsor shall not be liable to Purchaser or any third party in the event of non-completion of any item of construction on any projected date, or any interruption of services in the Building. Furthermore, Sponsor makes no representation or warranty (express or implied) that any noise, odors, fumes or vibrations, if any, emanating from mechanical equipment belonging to the Condominium or the Commercial Units will not disturb occupants of the Residential Units, and Sponsor shall have no liability for any such disturbance to any Unit Owner or occupant.

(k) Sponsor has no obligation to repair or improve the Units, the Common Elements or the Facilities used in connection with the operation of the Building except as otherwise expressly provided in the Plan. Sponsor agrees to complete construction and to cause all mechanic's liens with respect to the construction of the Building to be promptly discharged or bonded or to deliver any and all requested documents to the Title Company necessary to insure title to the Unit, if such mechanics lien creates a defect in title (all subject to Sponsor's rights to abandon the Plan).

(l) Each Residential Unit and the fixtures and personal property contained therein, are being sold and delivered "AS IS," as described in the Plan, at the time of transfer of title to such Residential Unit unless Sponsor and the Purchaser otherwise agree in writing. With respect to Residential Units, upon receipt of the Initial Closing Notice, Purchaser shall arrange an appointment with a representative of Sponsor to inspect the Residential Unit within 7 days prior to the Closing Date and shall execute at such time an Inspection Statement acknowledging the Purchaser's acceptance of the Residential Unit in good condition and in accordance with the terms of the Plan. However, if Purchaser finds that Sponsor's improvements as described in the Plan or in the Purchase Agreement or other writing duly executed and delivered by Sponsor, have not been fully completed, although such improvements have been substantially completed, then Sponsor or its designated representative and Purchaser will at the time of such execution agree upon and set forth in the Inspection Statement a list of the incomplete work to be completed by Sponsor following the Closing without provision for escrow. Sponsor's obligation thereunder shall survive delivery of the deed to the Purchaser. The failure of Sponsor to complete such work shall not be grounds for Purchaser to delay the closing or to unilaterally refuse to pay the full balance of the purchase price at Closing. Purchasers shall be obligated to provide Sponsor and its contractors, subcontractors, agents and employees, unfettered access to the Residential Unit and any Limited Residential Common Element appurtenant thereto after Closing in order to complete the work on the Inspection Statement, failing which Sponsor shall be relieved of its obligations to complete the work set forth on the Inspection Statement.

(m) Article 36-B of the New York General Business Law ("Housing Merchant Implied Warranty Law") does not apply to this offering as the Building comprises more than 5 stories. Sponsor makes no other warranties, express or implied, in connection with this offering or the Residential Units and all such warranties are excluded, except as provided in the limited warranty ("Limited Warranty") set forth in this

Section. Sponsor will correct, repair, or replace any and all defects relating to construction of the Building, Common Elements or the Residential Units or in the installation or operation of any appliances, fixtures, or equipment therein, or will cause the same to be corrected, repaired, or replaced, but only if:

(1) such defects are due to substantially improper workmanship or construction practices or the use of materials that are substantially and materially at variance with the Plans and Specifications for the same; and

(2) Sponsor is notified by the Condominium Board or the affected Residential Unit Owner, as the case may be, of the same in accordance with the following, which notice shall be by certified mail, return receipt requested:

(i) with respect to any latent defect (that is, a defect that is not visually ascertainable) in the construction of a Residential Unit, within 1 year of the earlier to occur of the (a) the Closing of Title to the Residential Unit or (b) the commencement date of any agreement by which a Purchaser is permitted to occupy the Residential Unit prior to Closing;

(ii) with respect to any patent defect in the construction of a Residential Unit within 6 months of the earlier to occur of the (a) the Closing of Title to the Residential Unit, or (b) the commencement date of any agreement by which a Purchaser is permitted to occupy the Residential Unit prior to Closing, provided in each instance, such patent defect is not caused by the Residential Unit Owner or other occupant of the Residential Unit;

(iii) with respect to any defects (patent or latent) in the construction of the Common Elements, within 1 year from the date of substantial completion of the portion of the Common Elements claimed to be defective. The issuance of a certification from a registered architect or licensed engineer shall be presumptive evidence that the construction of the Common Elements has been substantially completed.

The method of correcting any defect will be selected by Sponsor in its sole discretion. The quality of construction as to any such correction will be comparable to local standards customary in the particular trade or trades involved and will be in accordance with the Plans and Specifications.

Sponsor will be conclusively considered to have discharged any obligation that it may have with respect to any defects, whether patent or latent, if:

(a) Sponsor is not notified of the existence of such defect, in the manner and within the appropriate time period specified above;

(b) The Condominium Board and/or the Managing Agent and/or the Residential Unit Owner fails to allow prompt access to the Residential Unit in question by Sponsor or Sponsor's contractors; or

(c) Sponsor has corrected, or caused the correction of, the defect in accordance with the practice of the industry, as determined by Sponsor's general contractor, architect, or engineer, in their sole judgment.

(3) This Limited Warranty is only available to the first Purchaser of the Residential Unit and Sponsor shall have no liability to any subsequent Purchaser with respect to any claimed defects relating to the construction of the Residential Units, the Common Elements or the Building.

Notwithstanding the foregoing, Sponsor is obligated to construct the Condominium in accordance with the terms of the Plan and in compliance with Law.

(n) Sponsor will not be obligated to correct, and will not be liable to the Condominium Board or any Residential Unit Owner as a result of any defects in construction, or in the installation or operation of any mechanical equipment, appliances, other equipment, finishes, materials or fixtures (including appliances and bathroom fixtures) or any other condition:

(i) with respect to which assignable warranties or other undertakings (however denoted) from manufacturers, contractors, materialpersons, or others which are assigned to the Condominium Board and/or any Residential Unit Owner;

(ii) resulting from normal wear and tear, natural deterioration, normal settling, deflection, expansion or shifting of the Building or building materials; or

(iii) resulting from Purchaser's renovations and/or alterations to a Unit or its appurtenant Limited Residential Common Elements;

(iv) that are not of a material nature, including, without limitation, the following:

(a) death of trees or landscape improvements, cracks in roof ballast, or concrete cracks that do not impair the structural soundness of the Building, including cracks or discoloration in concrete walls and paving, leaching or color variation in colored mortar, tiles or pavers and brick, dimensional variations in brick joints, mortar droppings on bricks, ponding, and/or controlled drainage on roof and terrace surfaces, terrace tiles or pavers not laid flat, stained tiles, or color variations in tiles or pavers and cracks in pressure treated wood used, or intended for use, outside the Building;

(b) protruding dry wall fastenings, nail pops, ridging on gypsum board, slight variations in gypsum board taping visible only under certain lighting conditions, walls not square, lumber shrinkage, painting defects, electrical plates not straight, slight separation between base and floor, variations in floor and ceiling levels, carpet or floor discoloring or stretching, variations in width, length, thickness, finish, or color range of wood floors, ceiling imperfections, and stains, runs, lumps, shags, or imperfections in weave in fabric panels;

(c) door or window sticking due to weather, door warpage (including warpage of the main entrance door or Terrace door to a Residential Unit within reasonable tolerances of doors of similar size, weight and quality), adjustment of bi-fold doors, and air and water infiltration from windows or Terrace doors in excess of industry standards;

(d) variations in tone or color of interior and exterior natural stone or variations in tone or color of vanity tops or other natural stone surfaces, slight scratches in plastic laminate, glass, metal, vitreous china, natural stone, wood, stainless steel, or porcelain surfaces, discoloration to hardware and plumbing finishes, cracked bath tile grouting, variation in grouting thickness, and misalignment of bathroom finishes;

(e) variations in wood floor stains and finishes caused by normal foot traffic during construction and sales periods;

(f) noise, vibrations or odors from normal plumbing, heating, air-conditioning, ventilating, and elevator operation and floor noises and creaking;

(g) repair of chips, scratches, mars, breaks, dents, cracks, and other defects in any windows and window sashes, sliding glass doors, shower doors, louvers, insulation attached to the curtain wall, electrical fixtures and globes, painted surfaces, sinks, tubs, basins, water closets, kitchen cabinets, backsplashes, and countertops, vanity tops and cabinets, tile or natural stone floors and walls, saddles, appliances, woodwork, millwork, doors, mirrors, and hardware; and

(h) normal wear, including chips, to elevator cabs, cab doors, elevator door frames, cab panels, unit doors and unit door frames.

(i) pertaining to television, radio, internet or other telecommunications reception.

Notwithstanding the foregoing, Sponsor will be obligated to repair abnormal scratches in plastic laminate, vitreous china, natural stone, wood, porcelain and metallic surfaces by filing or refinishing the same not caused by the use of the Residential Units by Residential Unit Owners, but Sponsor will not be obligated to replace any such surfaces.

THE ITEMS AND CONDITIONS DESCRIBED ABOVE IN (IV) ARE NOT DEFECTS AND MAY BE FOUND IN ANY NEWLY CONSTRUCTED OR SUBSTANTIALLY RENOVATED BUILDING. PURCHASERS WHO PURCHASE A UNIT IN THE BUILDING OR IN ANY OTHER NEWLY CONSTRUCTED OR SUBSTANTIALLY RENOVATED BUILDING MAY EXPERIENCE SOME OR ALL OF THESE ITEMS AND CONDITIONS IN THEIR RESIDENTIAL UNITS OR THE COMMON ELEMENTS. SPONSOR HAS NO OBLIGATION TO CORRECT OR REPAIR ANY OF SUCH ITEMS AND CONDITIONS AND SHALL NOT BE LIABLE TO ANY PURCHASER OR CONDOMINIUM BOARD THEREFOR. IF PURCHASER OR CONDOMINIUM BOARD DESIRES TO CORRECT OR REPAIR ANY SUCH ITEMS OR CONDITIONS, TO THE EXTENT THEY CAN BE CORRECTED OR REPAIRED, THE PURCHASER OR CONDOMINIUM BOARD WILL HAVE TO PROCEED AT ITS SOLE COST AND EXPENSE AND/OR ANY WARRANTIES OR UNDERTAKINGS ASSIGNED TO IT BY SPONSOR.

(o) NOTHING CONTAINED IN THIS SECTION WILL BE CONSTRUED SO AS TO RENDER SPONSOR LIABLE FOR MONEY DAMAGES (WHETHER BASED ON NEGLIGENCE, BREACH OF CONTRACT, BREACH OF WARRANTY, OR OTHERWISE), IT BEING INTENDED THAT SPONSOR'S SOLE OBLIGATION UNDER THE PLAN WILL BE TO REPAIR OR REPLACE ANY DEFECTIVE ITEM OF CONSTRUCTION UPON, AND SUBJECT TO, THE TERMS AND CONDITIONS SET FORTH ABOVE. ADDITIONALLY, EXCEPT AS EXPRESSLY SET FORTH ABOVE, SPONSOR WILL HAVE NO OBLIGATION TO CORRECT OR REPAIR ANY DEFECTIVE OR OTHER CONDITIONS IN THE BUILDING (INCLUDING IN THE UNSOLD RESIDENTIAL UNITS AND THE COMMON ELEMENTS) OR IN, OR WITH RESPECT TO, ITS INSTALLATIONS, APPARATUSES, FIXTURES, FINISHES, MATERIALS, AND APPURTENANCES. ASIDE FROM ANY SPONSOR WARRANTIES AND UNDERTAKINGS WITH RESPECT TO THE CONSTRUCTION AND COMPLETION OF THE BUILDING CONTAINED IN THIS SECTION, NO OTHER WARRANTIES OR UNDERTAKINGS SHALL BE IMPLIED.

(p) Except for those warranties or guarantees provided to Sponsor by contractors, manufacturers or suppliers, which Sponsor will assign to the Condominium Board and/or Residential Unit Owners, as necessary, Sponsor does not make any warranty of any kind, express or implied, and Sponsor hereby discloses any and all warranties, including but not limited to, implied warranties of merchantability and fitness for a particular purpose, with respect to the construction of the Residential Units and the Common Elements and with respect to the personal property located within the Residential Units, the Common Elements, and the Residential Unit Owners assume all risk and liability from the use of this property.

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

(r) Sponsor will bear all costs and expenses incurred by it in connection with the preparation of the Plan and all selling expenses and compensation payable to sales or other personnel of Sponsor.

(s) Sponsor will pay or cause to be paid all contractors, subcontractors and materialpersons and all others involved in the construction and equipping of the Building in accordance with the New York Lien Law, for work performed and fixtures, material and equipment supplied or installed during Sponsor's construction thereof and will cause any and all mechanics' liens arising out of such construction and equipping, if any, to be discharged by bonding, or otherwise, promptly after the filing of any such liens, unless the Title Company is willing to insure title over such liens at no additional cost to Purchaser.

(t) No Closing of a Residential Unit will occur prior to the issuance of a temporary certificate of occupancy for the particular Residential Unit. Sponsor will perform any work and/or supply any material necessary to obtain a permanent certificate of occupancy.

(u) Sponsor shall be obligated to defend any suits or proceedings arising out of Sponsor's acts or omissions and shall be obligated to indemnify the Condominium Board and Residential Unit Owners against any such action or proceeding.

(v) Following the issuance of a permanent Certificate of Occupancy, Sponsor will deliver to the Condominium Board copies of all of the mechanical, electrical and plumbing drawings for the Building.

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

(x) Sponsor will pay all Common Charges (once Common Charges have been assessed by the Condominium Board), special assessments and real estate taxes allocated to any Unsold Residential Units in accordance with the provisions of the By-Laws. Sponsor expects to have the financial resources to meet the aforesaid obligations and to fund same from income from projected sales, the rental or leasing of Unsold Residential Units and Sponsor's other financial resources. No bond or other security will be posted by Sponsor with respect to this obligation.

(y) Sponsor will initially procure on behalf of the Condominium Board the insurance relating to the Condominium which is required to be maintained by the Condominium Board in accordance with the provisions of the By-Laws, the types and cost of which insurance has been reflected in the First Year's Budget. (See the Section of the Plan entitled "Rights and Obligations of the Condominium Board/Summary of By-Laws.")

(z) Pursuant to the provisions of Section 352-e of the New York General Business Law, copies of the Plan and all exhibits or documents referred to herein shall be available for inspection, by prospective Purchasers and by any person who shall have purchased a Residential Unit offered by the Plan or shall have participated in the offering of such Residential Unit, at Sponsor's office and shall remain available for such inspection for a period of 6 years from the date of the recording of the Declaration. In addition, a set of Floor Plans showing the layout, location and approximate dimensions of each Unit and its unit number designation and tax lot number, certified by the appropriate governmental authority of The City of New York as

conforming to the official tax lot number for each such Unit, will be filed in the Register's Office when the Declaration is recorded, and an additional set will be furnished to the Condominium Board.

(aa) Sponsor will deliver to the Condominium Board copies of all books of account and records pertaining to the Building's operation which are in Sponsor's possession.

(bb) In the event of the dissolution or liquidation of Sponsor or the transfer by Sponsor of 10 or more Residential Units or 20% or more of the total number of Residential Units in the Condominium, whichever is less, to a single Purchaser, the principals of Sponsor will provide financially responsible entities or individuals who will assume the status and all obligations of Sponsor for those Residential Units under the Plan and Laws.

(cc) Sponsor intends, in good faith, to sell rather than rent Units. However, under the Plan, Sponsor has reserved the unconditional right to rent Units rather than to sell Units. Because Sponsor is not limiting the conditions under which it will rent rather than sell Units, Sponsor is not committed to sell more Units than the 15% necessary to declare the Plan effective and, therefore, owner-occupants may never gain effective control and management of the Condominium.

(dd) Sponsor intends to offer Units for sale both to Purchasers for personal occupancy as well as to those who are purchasing for investment or resale. Purchasers for investment or resale may, in turn, rent such Units and accordingly, such Units will not be used for the personal occupancy of the Owner thereof. As a result, some and possibly many Units may be occupied by renters instead of Unit Owners. Since the Condominium Board does not have the right to approve or disapprove potential purchasers of Units, the Condominium Board is unable to limit the number of purchasers who purchase Units for investment or resale rather than for personal occupancy and there may always be a substantial percentage of Unit Owners who are not occupants. It is possible that those Unit Owners who occupy their Units may have different interests than those Unit Owners who purchased such Units as an investment.

(ee) All representations under the Plan, all obligations pursuant to the General Business Law Section 352-e, and such additional obligations under the Plan which are to be performed subsequent to the Closing Date shall survive delivery of the deed.

(ff) The risk of loss to any Unit by fire or other casualty until the Closing for such Unit is assumed by Sponsor (unless and until Purchaser takes possession of the Unit, at which time such risk shall be assumed by Purchaser), but without any obligation or liability by Sponsor to repair or restore any Unit. In the event of damage or destruction of a Residential Unit due to fire or other casualty prior to the Closing, but subsequent to the signing of a Purchase Agreement, provided Sponsor elects (which election shall be in its sole discretion) to repair or restore the Residential Unit, the Purchase Agreement shall continue in full force and effect, and, thereafter, Purchaser shall not have the right to reject title or receive a credit against, or abatement in, the purchase price for the Residential Unit. In such event, Sponsor shall be entitled to a reasonable period of time within which to complete the repair or restoration, and any proceeds received from insurance or in satisfaction of any claim or action in connection with such loss shall, subject to the rights of the Condominium Board and other Unit Owners, belong entirely to Sponsor. In the event of damage or destruction to any Residential Unit by fire or other casualty prior to the Closing, but subsequent to the signing of a Purchase Agreement, if Sponsor notifies Purchaser that it does not elect (which election shall be in its sole discretion) to repair or restore the Residential Unit or if the Unit Owners do not resolve to make such repair or restoration pursuant to the By-Laws (see the Section entitled "Rights and Obligations of the Condominium Board/Summary of By-laws"), the Purchase Agreement shall be deemed cancelled and of no further force or effect and Sponsor shall return the entire Deposit, together with any interest earned thereon, to Purchaser, whereupon Sponsor and Purchaser shall be released and discharged from all obligations and liability under the Purchase Agreement and the Plan; provided, however, if Purchaser is then in default under

the Purchase Agreement (beyond any applicable grace period), Sponsor shall retain all such sums as and for liquidated damages.

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

Obligations of Sponsor under the Plan with respect to the Building shall be enforceable by the Condominium Board on behalf of all Unit Owners. Obligations of Sponsor shall be enforceable by individual Unit Owners if either (i) the Condominium Board fails to take reasonable action to enforce such obligations within 120 days following the giving of notice of such claim by any Unit Owner to the Condominium Board or (ii) the applicable statute of limitations with respect to any claim by a Unit Owner which would otherwise be enforceable by the Condominium Board will expire during the aforesaid 120-day period.

Obligations of Sponsor under the Plan shall inure solely to the benefit of Purchasers of Units directly from Sponsor and shall not inure to the benefit of any Purchaser or tenant upon the resale, assignment or subletting of a Unit.

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

In the event Sponsor is unable to perform its material obligations under the Plan, all sales will cease, Sponsor will promptly submit an amendment to the Plan setting forth its inability to perform such material obligations under the Plan, and will offer all Purchasers the right to rescind their Purchase Agreements within 15 days after the Presentation Date of the amendment. Any Purchaser electing rescission pursuant to the offer will have their Deposit and any interest accrued thereon returned, except for funds expended by, or reimbursed to, Sponsor for upgrades or extras.

The foregoing sets forth the entire obligations of Sponsor hereunder and no others shall be implied, except that nothing contained herein shall be deemed to limit the rights of Residential Unit Owners under their respective Purchase Agreements. Sponsor makes no representations or warranties other than as set forth in the Plan.

The terms of the Plan will govern in the event of a conflict between the Plan and any other document or advertisement used in connection with the Plan.

Use of Unsold Residential Units

Sponsor reserves the right, without prior notice or amendment to the Plan, to use any Unsold Residential Units as sales, rental offices and model units and in any other manner in compliance with Law. In the event Sponsor thereafter elects to sell any such Unsold Residential Unit, Sponsor may require Purchaser to purchase all or any of the furniture, furnishings, equipment or decorations (including wall

coverings and carpeting) ("FFE") therein and pay, in addition to the purchase price for the Residential Unit, such amounts as Sponsor may determine.

Sales Center/Model Units

In no event shall the presence of any FFE in any model unit imply or represent that any Residential Unit will contain such FFE upon delivery of the Residential Unit to Purchaser. The presence of FFE in such Unsold Residential Unit, Sales Center or model unit and the location, size and quantity of such FFE therein are only illustrative and will not be installed by Sponsor in any Residential Unit. The layout, size and dimensions of the model rooms located in the sales center or model unit are only illustrative of the style and feel of the Residential Units in the Building and may not correspond to the exact layout, size or dimensions of any particular Residential Unit.

CONTROL BY SPONSOR

The Condominium Board shall initially consist of 3 persons designated from time to time by Sponsor. Sponsor presently anticipates that the initial Members of the Condominium Board shall be Jerome S. Karr, David Penick and Andrea Gift who shall serve as President, Vice President and Secretary/Treasurer, respectively. Each of these individuals is a principal of, or is affiliated with, Sponsor. Sponsor reserves the right to designate different individuals to serve on the initial Condominium Board in lieu of the above mentioned individuals. The initial Condominium Board shall conduct all affairs of the Condominium.

The first annual meeting of the Residential Unit Owners will be held approximately 30 days after the later to occur of (i) the second anniversary of the First Closing; or (ii) the Closing of Title with Purchasers under the Plan to Residential Units representing at least 50% in number of all Residential Units offered for sale.

Sponsor will have voting control over the Condominium Board until the later to occur of (i) the Closing of Title with Purchasers under the Plan to Residential Units representing at least 95% in number of all Residential Units offered for sale, or (ii) the issuance of a Permanent Certificate of Occupancy ("Initial Control Period"). Sponsor reserves the right to relinquish voting control of the Condominium Board prior to the expiration of the Initial Control Period.

Commencing with the first annual meeting, the Condominium Board shall consist of 7 individuals, 5 of whom shall be elected and/or designated in accordance with the terms of the By-Laws by the Residential Unit Owners (including Sponsor) (collectively, the "Residential Members"), 1 of whom shall, collectively, be designated by the Retail Unit Owners and 1 of whom shall be designated by the Garage Unit Owner (collectively, the "Commercial Members"). The number or composition of Condominium Board Members may not be changed except in accordance with the procedures described in the By-Laws.

At meetings of the Residential Unit Owners, Sponsor will have the right to vote all of the Common Interests attributable to the Unsold Residential Units as it sees fit. When voting for members of the Condominium Board, each Residential Unit Owner shall be entitled to cast 1 vote for each .0001% of Common Interest attributable to the Residential Unit per Residential Member to be elected. However, at elections of Members to the Condominium Board held during the Initial Control Period, Sponsor shall have the right to designate 3 of the 5 Residential Members of the Condominium Board.

So long as Sponsor shall continue to own at least 1 Unsold Residential Unit, Sponsor shall have the right to designate 1 Residential Member to the Condominium Board, and shall have the right to vote its Common Interests attributable to the Unsold Residential Units for the remaining Residential Members of the Condominium Board.

Within 30 days after the expiration of the Initial Control Period, 1 of the 3 Residential Members of the Condominium Board who were designated by Sponsor shall resign and a replacement shall be filled by a vote of the Residential Unit Owners (including Sponsor) at a special meeting called for such purpose. After the Initial Control Period, a majority of the Residential Members of the Condominium Board must be owner-occupants of the Building who are unrelated to Sponsor or its principals.

The number of Members of the Condominium Board may not be increased or decreased without the consent of Sponsor for so long as Sponsor continues to own at least 1 Unsold Residential Unit.

During the Initial Control Period, Sponsor will through its control of the Condominium Board have control of the maintenance and operation of, and the services to be provided by, the Condominium and will determine the Common Charges to be paid by all Residential Unit Owners.

So long as Sponsor continues to own at least 25% in number of all Residential Units, but in no event later than 5 years after the First Closing, the Condominium Board may not, without Sponsor's prior written consent: (a) make any addition, alteration or improvement to the Common Elements or to any Unit; (b) assess any Common Charges or Special Assessments for the creation of, addition to, or replacement of or addition to all or part of a working capital, reserve, contingency or surplus fund; (c) increase or decrease the number, or change the kind of employees from those described in the First Year's Budget; (d) enter into any service or maintenance contract for work or otherwise contract for work or services in excess of those described in the First Year's Budget, except as is required to reflect normal annual increases in operating services incurred in the ordinary course of business; (e) borrow money on behalf of the Condominium; or (f) exercise a right of first refusal to lease or purchase a Unit; provided, however, that Sponsor's written consent is not necessary to perform any function or take any action described in items (a) through (f) above, if, and only if, the performance of such function or the carrying out of such an action is necessary, and no other alternative is available, to enable the Condominium Board to (i) comply with Law; or (ii) remedy any notice of violation; or (iii) remedy any work order of the Condominium's insurer.

Notwithstanding the preceding paragraph, Sponsor may not exercise veto power over expenses described in Schedule B, or over expenses required to (i) comply with Law; or (ii) remedy any notice of violation; or (iii) remedy any work order of the Condominium's insurer.

CONDOMINIUM BOARD

The affairs of the Condominium shall be governed by the Condominium Board. The term of office of the Members of the Condominium Board shall be for 1 year or until their successors are elected. Members of the Condominium Board shall serve without compensation. Any member of the Condominium Board may resign membership at any time by written notice hand delivered or sent by certified mail, return receipt requested, to the President or Secretary of the Condominium Board. Notwithstanding the term of such member's office, such resignation shall take effect at the time specified therein. (See the Section of the Plan entitled "Rights and Obligations of the Condominium Board/Summary of By-Laws" for further details.)

A Residential Member of the Condominium Board may be removed with or without cause by an affirmative vote of a majority of Residential Unit Owners who are present at a meeting containing a quorum of Residential Unit Owners, provided, however, that any Residential Member designated by Sponsor may only be removed and replaced by Sponsor and further provided, however, that the Commercial Members of the Condominium Board may only be removed by either the Retail Unit Owners or the Garage Unit Owner who designated such Commercial Member, who alone shall have the right to designate a replacement. After the Initial Control Period, a majority of the Residential Members of the Condominium Board must be owner-occupants of the Building who are unrelated to Sponsor or its principals. No member of the Condominium Board shall continue to serve on the Condominium Board if, during the term of office, such member shall cease to be a Residential Unit Owner or an interested party as described in the By-Laws; provided, however, that these provisions respecting Unit ownership and occupancy, and Condominium Board membership, shall not apply to members of the Condominium Board designated by Sponsor or the Commercial Unit Owners.

A successor officer may be elected at any regular Condominium Board meeting or at any special Condominium Board meeting called for such purpose. The President may call a special meeting whenever so directed by a duly adopted resolution of the Condominium Board or upon receipt by the Secretary of a petition calling for such meeting signed by Unit Owners having in the aggregate no less than 40% of the Common Interest of all Residential Unit Owners.

All officers and members of the Condominium Board and employees of the Condominium will be insured at all times from and after the First Closing under directors and officers liability insurance in favor of the Condominium. The amount and cost of the insurance has been provided for in the First Year's Budget.

To the extent permitted by Law, members of the Condominium Board will have no liability to Unit Owners except for liability for bad faith or willful misconduct. The Condominium Board may contract or effect any other transaction with any member of the Condominium Board, any Unit Owner, Sponsor, or any affiliate of any of them without incurring any liability for self-dealing, except in the cases of bad faith or willful misconduct. The Condominium Board has a fiduciary duty to act in the best interests of the Condominium. All Unit Owners shall severally, to the extent of their respective interests in their Units and their appurtenant Common Interests indemnify each member of the Condominium Board against any liability or claim except those arising out of the bad faith or willful misconduct of such member of the Condominium Board.

RIGHTS AND OBLIGATIONS OF UNIT OWNERS

Sales and Leases of Units

Each Residential Unit Owner may sell or lease the Residential Unit for terms of not less than nor more than 1 year provided the Residential Unit Owner ("Offering Residential Unit Owner") first gives the Condominium Board, on behalf of all Residential Unit Owners, notice of intention to sell or lease together with any and all application forms and documentation required by the Condominium Board, and an opportunity to purchase or lease such Residential Unit at the same price or rental and on the same terms as were offered in good faith by a prospective Purchaser or lessee, as more specifically provided in the By-Laws. If the Condominium Board does not elect to purchase or lease the Residential Unit within 30 days after receipt of notice, the Offering Residential Unit Owner will have an additional 60 days to enter into a written agreement with the prospective Purchaser or lessee, as the case may be, embodying the terms set forth in such notice. In the event such written agreement is not executed by the Offering Residential Unit Owner within such 60 day period or such sale or lease is not consummated within an additional 60 days following the expiration of such 60 day period, the Offering Residential Unit Owner will be required to again first offer the same to the Condominium Board, provided that the Condominium Board shall be entitled to waive, or to permit an extension of, either or both of such 60 day periods. The Condominium Board may not exercise its option to purchase or lease any Residential Unit without prior approval of a majority in interest of all Residential Unit Owners. Purchasers should refer to Article 7 of the By-laws for details concerning the Condominium Board's election to exercise its right of first refusal. Any such deed given by an Offering Residential Unit Owner shall provide that the acceptance thereof by the grantee shall constitute an assumption of the provisions of the Condominium Documents, as the same may be amended from time to time. Any such lease shall be consistent with the By-Laws and shall provide that it may not be materially modified, amended, or extended without the prior consent in writing of the Condominium Board, that the tenant shall not assign the lease or sublet the Residential Unit or any part thereof without the prior consent in writing of the Condominium Board, and that the Condominium Board, if permitted by Law, shall have the power to terminate such lease and/or to bring summary proceedings to evict the tenant in the name of the landlord thereunder, in the event of default by the tenant in the performance of such lease. The form of any such lease shall be a printed, reasonably applicable form of residential lease which is generally accepted in New York City such as an appropriate Real Estate Board of New York, Inc. or Blumberg form, except for such changes therein as provided in the By-Laws.

Any purported sale or lease of a Residential Unit in violation of this Section shall be voidable at the election of the Condominium Board. The Condominium Board may not discriminate against any person on the basis of color, race, creed, natural origin, sex, age, disability, marital status or other grounds prescribed by Law.

A Residential Unit Owner may lease, sell or convey the Residential Unit to a Family Member, may convey the Residential Unit by gift, may devise the Residential Unit by will, or have it pass by intestacy, without complying with the foregoing restrictions; provided, however, that each succeeding Residential Unit Owner shall be bound by, and the Residential Unit shall be subject to, the preceding restrictions. In addition, any Residential Unit Owner may lease, sell or convey the Residential Unit to a related or controlled individual or entity, as more particularly set forth in the By-Laws.

A Residential Unit Owner may only sell or lease the entire Residential Unit. In addition, each conveyance of a Residential Unit by a Residential Unit Owner shall include, as part of the property to be conveyed, the Residential Unit Owner's undivided interest in (a) the Common Elements, (b) the Residential Common Elements; (c) any Residential Unit or Residential Units acquired by the Condominium Board on behalf of all Residential Unit Owners, or any proceeds of the sale or lease thereof and (d) any other assets of the Condominium. No part of the Residential Unit Owner's interest in the Common Elements may be sold,

transferred or otherwise disposed of, except as part of a sale, transfer or other disposition of the Residential Unit or as part of a sale, transfer or other disposition of the specific interest in the Common Elements by all affected Residential Unit Owners.

A Residential Unit may not be sold or leased unless all unpaid Common Charges and liens against the Residential Unit (other than Permitted Mortgages) are paid and/or satisfied at or prior to the sale or lease. In addition, the Condominium Board may (i) establish reasonable restrictions with respect to the sale and lease of a Residential Unit and (ii) implement reasonable fees in connection with the processing of sale and lease packages, which shall be payable by the Offering Residential Unit Owner.

The Commercial Unit Owners are free to sell or lease all or any portion of their respective Commercial Units without first notifying or obtaining the approval of the Condominium Board and without payment of any fee or charge to the Condominium Board.

The restrictions upon the sale and lease of Residential Units shall not apply to Sponsor with respect to any Unsold Residential Units, or to Residential Units acquired by a mortgagee in foreclosure or by deed in lieu of foreclosure, and they shall be free to sell or lease without first offering to sell or lease to the Condominium Board and without payment of any fees.

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

Assignment of Licenses

To protect the security of the Building, the Storage Lockers and Private Terraces cannot be owned independently of the ownership of a Residential Unit and may be assigned only to another Residential Unit Owner or Purchasers who are simultaneously purchasing a Residential Unit. Each Residential Unit Owner will be required to maintain insurance for their respective Storage Locker and/or Private Terrace in amounts sufficient to cover the property located therein. If the Condominium Board terminates a License or a Residential Unit Owner surrenders a License without assigning the License to another Residential Unit Owner, the Condominium Board shall have the right to issue a new License to the Storage Locker and/or Private Terrace, as the case may be, to another Residential Unit Owner, in its sole discretion.

Upon the issuance of a License to a Residential Unit Owner (by assignment or otherwise), such License shall be freely assignable without the consent of the Condominium Board provided written notification of such assignment is delivered to the Condominium Board. Neither Sponsor nor the Condominium Board shall have any obligations or liabilities with respect to private assignments between Unit Owners. The restrictions upon the assignment of a Storage Locker and Private Terrace shall not apply to Sponsor.

Use of Residential Units, Storage Lockers, Private Terraces and Common Elements

A Residential Unit shall be used for residential purposes only (except as described below), and not more than one family may occupy a Residential Unit at one time. A Residential Unit may not be used for any "dormitory," "bed and breakfast" or other transient hotel-type use. A Residential Unit owned or leased by an individual, corporation, partnership, fiduciary or any other entity (including, but not limited to, embassies and consulates of foreign governments) may only be occupied by such individual, an officer, director, stockholder or employee of such corporation, a partner or employee of such partnership, the fiduciary or beneficiary of such fiduciary, a principal or employee or such other entity, respectively, or by Family Members and guests of any of the foregoing. A Residential Unit may be used for any other lawful purpose, provided such use is

permitted by, and complies with Law, does not violate the then existing certificate of occupancy covering the Building, and the Condominium Board, in its sole discretion, grants permission for such use.

A Storage Locker may be used for the storage of personal effects of the Residential Unit Owner, and in no event shall any food or other perishable item, or any flammable or explosive item or any item which would pose a health or safety threat or cause noxious odors, dirt or other sanitary problems or create a nuisance, be stored therein. Notwithstanding the foregoing, Sponsor shall have the right to use any unassigned Storage Locker for any purpose permitted by Law or to change the permitted use of any unassigned Storage Locker, subject, however, to the provisions of the By-laws.

A Private Terrace may be used for passive recreational use by the licensee of such Private Terrace, and shall be subject to such rules and regulations as may be promulgated by the Condominium Board, from time to time, including restrictions on the hours of access and use.

All or any portion of the Commercial Units may be used for any purpose permitted by Law.

Notwithstanding the foregoing, Sponsor may, without the permission of the Condominium Board: (a) use or grant permission for the use of any Unsold Residential Unit as a professional office or for any other purpose, provided such use is permitted by Law, and does not violate the then existing certificate of occupancy for the Building or any other governmental regulations; (b) retain ownership of one or more Unsold Residential Units for use as model Units and offices for the selling, leasing, management, operation and promotion of the Unsold Residential Units or the Commercial Units, or for any other purpose, subject only to compliance with Law; and (c) lease any Unsold Residential Unit to third parties for either long or short term stays.

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

No nuisance, immoral, improper, offensive or unlawful use shall be allowed in the Building. All Laws shall be complied with at the sole expense of the respective Unit Owners or the Condominium Board, whoever or whichever shall have the obligation to maintain or repair such portion of the Property.

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

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

Each Unit Owner shall keep the 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 and Law. The Residential Rules and Regulations concerning the use of Residential Units may be amended from time to time by the Condominium Board provided that copies thereof are furnished to each Residential Unit prior to the time that they become effective (except that no amendment thereof affecting the Unsold Residential Units may be made unless agreed to by Sponsor).

Mortgage of Residential Units by Residential Unit Owners

Each Residential Unit Owner may mortgage the Residential Unit, provided that the conditions with respect thereto set forth in the By-Laws are first complied with. As more fully set forth in the By-Laws, these conditions include the requirements that (a) the mortgage be substantially in the form of the New York Board of Title Underwriters form of mortgage, except for such changes or additions as may be required to permit a lender to make the loan, (b) the Condominium Board is notified in writing of the making of such mortgage and receives a conformed copy of the note and mortgage and (c) the Owner making such mortgage first satisfies all unpaid liens against the Residential Unit, other than Permitted Mortgages. Sponsor and the Commercial Unit Owner shall have the right to mortgage any Unsold Residential Unit and Commercial Unit, respectively, without any restriction or limitation.

As more particularly set forth in the Section entitled "Amendments to Condominium Documents," in certain instances the consent of the Mortgage Representative is necessary in order to amend the Declaration, By-Laws or Residential Rules and Regulations. The By-Laws provide that no more than 3 Residential Mortgage Representatives shall be designated by the holders of mortgages (a) which satisfy the conditions set forth in the By-Laws (as described above) and (b) which holders of such mortgages are (i) Sponsor, (ii) a bank, trust company, insurance company, real estate investment or mortgage trust or (iii) a governmental or union employee, welfare, pension or retirement fund or system.

Common Charges: Determination and Assessment

Common Expenses, which are payable by Unit Owners and are included in their Common Charges, are allocated among Unit Owners in proportion to the Unit's respective Common Interest in the case of Residential Units or based on usage of services and facilities as set forth in Schedule B in the case of the Commercial Units. Common Expenses include, among other things, (a) all costs and expenses (including the payment of wages) in connection with the repair, maintenance, replacement, restoration and operation of, and any alteration, addition or improvement to, the Common Elements, (b) water charges and sewer rents in connection with the Building; (c) real estate taxes and assessments levied with respect to the Property (until the same are separately assessed to individual Units); and (d) amounts for certain other items as the Condominium Board may deem proper, such as amounts for reserves for capital expenditures or in connection with the purchase or lease by the Condominium Board of any Unit, including the Resident Manager's Unit.

The Common Interests of the Units have been allocated 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 the Units, but such proportion reflecting the substantially exclusive advantages enjoyed by one or more but not all Units in a part or parts of the Common Elements in accordance with subsection (ii) of the Real Property Law Section 339-i(1).

At least annually, the Condominium Board will prepare a budget for Common Expenses and allocate, as aforesaid, and assess among all Unit Owners, Common Charges to meet Common Expenses.

The Condominium Board will furnish copies of each budget on which Common Charges are based to all Unit Owners and advise such Unit Owners of the amount of Common Charges payable by them. Unless otherwise determined by the Condominium Board, Common Charges will be payable monthly in advance on the first day of each month.

Common Charges: Collection and Lien for Non-Payment

Under the provisions of Section 339-Z of the New York Real Property Law and the By-Laws, the Condominium Board, on behalf of all Unit Owners, will have a lien on each Unit for unpaid Common

Charges, together with interest thereon, assessed against such Unit in proportion to the respective Common Interests. Pursuant to the provisions of Section 339-aa of the New York Real Property Law, during the Initial Control Period, Sponsor shall cause the Condominium Board to file a lien for unpaid Common Charges against any Unit owned by Sponsor in which Sponsor is more than 30 days in arrears. All such liens, however, to the extent permitted by Law, will be subordinate to the lien of any first Permitted Mortgage of record and to liens for real estate taxes on the particular Unit. Any lien for unpaid Common Charges against a Unit will be effective from and after filing of a verified notice thereof in the Register's Office until all sums secured thereby with interest accrued thereon shall have been fully paid, or until 6 years from the date of filing (unless foreclosure of such lien is started within such 6 year period), whichever shall occur sooner. The By-Laws provide that such liens may be foreclosed by a suit brought in the name of the Condominium Board (acting on behalf of all Unit Owners) in like manner as the foreclosure of a mortgage on real property or an action may be brought by the Condominium Board to recover unpaid Common Charges without foreclosing such lien. In addition, the Condominium Board may assess Unit Owners a late charge of $150 per month for Common Charges which remain unpaid for more than 10 days after the date when due, and interest at the rate of 1.5% per month of such unpaid amounts (less any "late charges" theretofore collected), plus all expenses of collection, including but not limited to reasonable attorneys' fees and costs.

No Unit Owner may become exempt from liability for Common Charges by waiving use of any of the Common Elements or by abandonment of the Unit. No Unit Owner, however, will be liable for the payment of any part of the Common Charges subsequent to a permissible sale, transfer or other conveyance of the Unit. In addition, as more specifically set forth in the By-Laws, a Unit Owner may, by conveying the Unit without consideration to the Condominium Board and complying with certain conditions in connection therewith, become exempt from Common Charges thereafter accruing. Such conditions include the payment of all Common Charges and assessments then due and payable with respect to the Unit and such Unit being free and clear of all liens and encumbrances other than Permitted Mortgages. However, in no event shall Sponsor be permitted to convey any Unsold Residential Unit to the Condominium Board and thereby exempt itself from Common Charges attributable to such Unsold Residential Unit thereafter accruing, unless: (i) the aggregate Residential Common Interests appertaining to the Unsold Residential Units constitutes 15% or less of the total Residential Common Interests then appertaining to all Residential Units; (ii) at least 5 years have elapsed from the date of the First Closing; and (iii) at the time of conveyance, Sponsor shall pay the Condominium Board a sum equal to the product of the then current monthly Common Charges for the Unsold Residential Units being conveyed multiplied by 24.

On a resale of a Unit, the purchaser thereof will be liable for the payment of Common Charges accrued and unpaid against such Unit prior to acquisition. Prior to the permissible sale, transfer or other conveyance of a Unit, any seller or purchaser shall be entitled to a statement from the Condominium Board, setting forth the amount of the unpaid Common Charges accrued against the Unit and neither such seller nor such purchaser shall be liable for, nor shall the Unit be conveyed subject to a lien for, any unpaid Common Charges against such Unit accrued prior to such conveyance in excess of the amount set forth in such statement. In the event of a foreclosure by the Condominium Board of its lien on any Unit for unpaid Common Charges, if the net proceeds of the foreclosure sale shall be insufficient for the payment of such unpaid charges or if a Unit is acquired by a mortgagee or purchaser in foreclosure, the Unit Owner will remain liable for the unpaid balance. Neither (a) a Permitted Mortgagee acquiring title to a Unit at foreclosure sale nor (b) a purchaser at a foreclosure sale shall be liable, and the Unit shall not be subject to a lien, for the payment of the Common Charges assessed prior to the acquisition of title to such Unit by such Permitted Mortgagee or Purchaser. However, such Permitted Mortgagee or purchaser at a foreclosure sale shall be liable for payment of all Common Charges after the acquisition of title to such Unit. The Condominium Board will have the right to assess such unpaid balance as a Common Charge among all Unit Owners.

Set forth in Part II of the Plan is a copy of §339-kk of the Real Property Law of the State of New York, which provides, among other things, for the ability of the Condominium to serve a notice to any tenant

occupying a Unit to pay its rent directly to the Condominium if the Unit Owner has failed to pay Common Charges, assessments or late fees within 60 days after the expiration of any grace period.

Repairs to, and Maintenance of, Units and Common Elements

Generally, all painting, decorating, maintenance, repairs and replacements, whether structural or non-structural, ordinary or extraordinary, (a) in or to any Unit (other than to the Common Elements contained therein), including, but not limited to, all mechanical systems located in the Unit, the heating and cooling systems, the plumbing, appliances in the Units, the fireplace and flue, if any, and the interior side of entrance doors thereto and the Terrace doors, shall be performed by the Unit Owner at such Unit Owner's sole cost and expense, (b) in or to the General Common Elements shall be performed by the Condominium Board and the cost and expense thereof will be charged to all Unit Owners as a General Common Expense (c) in or to the Residential Common Elements (with the exception of the Private Terraces) shall be performed by the Condominium Board and the cost and expense thereof will be charged to all Residential Unit Owners as a Residential Common Expense; and (d) in or to the Limited Residential Common Elements (and the Private Terraces) shall be performed by (i) by the Condominium Board and the cost and expense thereof will be charged to all Residential Unit Owners as a Residential Common Expense, if involving structural or extraordinary maintenance, repair or replacement (except if necessitated by the negligent act or omission of the Unit Owner), or (ii) by the Residential Unit Owner having direct and exclusive access thereto at such Residential Unit Owner's sole cost and expense, if involving painting, decorating, and non-structural ordinary maintenance, repairs and replacements (except for the skylights located in any Unit which shall be performed by the Condominium Board with the cost and expenses borne by the Unit Owner of such Unit) or any maintenance or repair necessitated by the negligent act or omission of the Unit Owner. For the purposes of maintenance, repairs, replacements and alterations the Private Terraces shall be treated as a Limited Residential Common Element, except that any and all expenses associated with such maintenance and repair shall be borne by the licensee of such Private Terrace. In addition, all maintenance and repairs to the swimming pools located on the terraces appurtenant to Units 29 and 30, including the swimming pool liners, all heating, electrical and mechanical equipment, as well as all pipes servicing the swimming pools, shall be performed by the Owners of such respective Units, at such Unit Owner's sole cost and expense.

Any Residential Unit Owner having access to a Terrace (including a Private Terrace) shall keep such Terrace free of snow, ice and accumulation of water. In order to promote a consistent appearance of the Building from the outside, no Residential Unit Owner shall be permitted to enclose, erect a greenhouse and/or alter a Terrace in such a way that will alter the conformity of the Building, without the prior written approval of the Condominium Board. Additionally, the type, size and quantity of plantings and other installations to be placed on Terraces shall be subject to the prior written approval of the Condominium Board and shall be in compliance with Law.

The exterior and interior glass surfaces of all windows located in any Residential Unit shall not be colored or painted. All interior glass surfaces of all windows are to be washed and cleaned by the Residential Unit Owner at such Residential Unit Owner's sole cost and expense. All exterior glass surfaces of all windows are to be washed and cleaned by the Condominium Board and the cost and expense of which shall be borne by the Residential Unit Owners as a Residential Common Expense. Each Commercial Unit Owner shall be obligated to maintain, repair, wash and clean the interior and exterior glass surfaces of all storefronts and windows of such Commercial Unit. Any replacement of glass windows in any Residential Unit because of breakage or otherwise shall be made by the Unit Owner thereof at the sole cost and expense of the Unit Owner (unless such breakage is caused by the Condominium Board or the negligence of any other Unit Owner, in which event such replacement of glass windows will be at the sole cost and expense of the Condominium Board or such Unit Owner). Notwithstanding the foregoing, prior to the replacement of any glass window, which window must be replaced with the same windows as installed by Sponsor, the Unit Owner must obtain the prior written approval of the Condominium Board, with respect to such replacement.

In addition, the public areas of the Building and those residential areas exposed to public view shall be kept in good appearance, in conformity with the dignity and character of the Building as determined by the Condominium Board in its sole discretion, by (i) the Condominium, with respect to such parts of the Building required to be maintained by it, and (ii) each Unit Owner, with respect to the interior surfaces of windows and window treatments in, or appurtenant to the Unit.

If any repairs or replacements to the Common Elements, whether structural or non-structural, ordinary or extraordinary, are necessitated by the negligence, misuse or abuse of a Unit Owner or such Unit Owner's agents, workers, guests, etc., such maintenance, repairs or replacements will be made by the Condominium Board, and any portion of the cost thereof attributable to such Unit Owner's acts or omissions shall be paid by such Unit Owner.

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

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

Alterations, Additions and Improvements of Units and Common Elements

No Residential Unit Owner may make any structural alteration, addition, improvement or repair in or to the Residential Unit, its appurtenant Limited Residential Common Elements, if any, or a Private Terrace, without the prior written approval of the Condominium Board and the Landmarks Preservation Commission, if applicable, but, as more fully set forth in the By-Laws, this provision does not apply to an Unsold Residential Unit. Except as otherwise permitted in the By-Laws, no Residential Unit Owner may make any alteration, addition, improvement or repair in or to the Common Elements without the prior written approval of the Condominium Board and the LPC, if applicable.

To the extent that any alterations are commenced in a Unit by a Residential Unit Owner prior to Sponsor's completion of the punchlist items, Sponsor shall be relieved of completing all such items or any other items requested by the Unit Owner.

Sponsor and the Commercial Unit Owners shall each have the right, without the approval of the Condominium Board, the Managing Agent, other Unit Owners, or representatives of holders of Mortgages on Units to: (a) make alterations additions, improvements, or repairs in or to their respective Units, whether structural or non-structural, interior or exterior, ordinary or extraordinary, and (b) subdivide, combine and change the boundary walls of their respective Units. (See the Section of the Plan entitled "Changes in Prices and Units" for further details.)

Prior to, and as a condition of, the granting of its consent to the making of a structural alteration, addition, improvement or repair in or to a Residential Unit, its appurtenant Limited Residential Common Elements, if any, or a Private Terrace, each Residential Unit Owner is required by the By-laws to (i) obtain the written approval of the Condominium Board, (ii) obtain the written approval of the Condominium Board of the Unit Owner's contractors and suppliers, (iii) obtain such insurance as the Condominium Board may require, (iv) agree to indemnify Sponsor, the Condominium Board, Managing Agent and the other Unit Owners against any liability arising from such alterations, additions, improvements or repairs, (v) agree to

pay and reimburse the Condominium Board for any architectural, engineering, legal and other fees incurred in connection with such alterations, additions, improvements or repairs, (vi) agree to pay a fee to the Managing Agent for processing such alteration applications, and (vii) execute and enter into an alteration agreement, in form and substance prepared by the Condominium Board, setting forth the terms and conditions under which such alterations, additions, improvements or repairs, may be made, including without limitation, the days and hours during which any work may be performed. Under no circumstances shall a Residential Unit Owner be allowed to commence any work until all of the conditions set forth above have been complied with. Any failure to meet these conditions shall be a default by the Residential Unit Owner under the Condominium Documents.

Any contractor performing work shall not employ any personnel or means that may cause labor disturbances or stoppage in the work of Building employees or other contractors or subcontractors employed in the Building.

No application or other document shall be filed with any governmental authority for a permit covering an addition, alteration, improvement or repair to be made in a Unit, unless approved and executed, if necessary, by the Condominium Board. The Condominium Board will not unreasonably refuse to approve and execute, if necessary, any application or other document required to be filed in connection with approved structural alterations, additions, improvements or repairs, provided that the Condominium Board and the Residential Unit Owners shall not be subject to any expense or liability by reason of such approval and execution or, by reason of such addition, alteration or improvement, including, without limitation, liability to any contractor, subcontractor, materialperson, architect or engineer, or to any person having any claim for injury to person or damage to property arising therefrom. The provisions of this paragraph shall not apply to an Unsold Residential Unit or the Commercial Unit provided any alteration to such Unsold Residential Unit or any Commercial Unit shall be in accordance with, and only as permitted by, the Condominium Act and Law.

Insurance

The Condominium Board is required to obtain and maintain the forms of insurance described in the Section of the Plan entitled "Rights and Obligations of the Condominium Board/Summary of By-Laws." The Condominium Board is not required to obtain or maintain any insurance with respect to any property contained in any Unit or any liability with respect to occurrences in or about each Unit or the Limited Residential Common Elements. Consequently, all Unit Owners are strongly urged to obtain casualty insurance with respect to the fixtures, furniture, furnishings and other personal property located within their respective Units and liability insurance with respect to occurrences in or about their respective Units. In addition, the Owners of Units 29 and 30 will be required to deliver at Closing insurance covering the swimming pools located on the Terraces appurtenant to their respective Units in such amounts as shall be determined by the Condominium Board. All such certificates of insurance shall name the Condominium Board, the Condominium and Sponsor as additional insureds.

Rights of Access

As more fully set forth in the By-Laws, the Condominium Board and any managing agent, manager, Resident Manager and other persons authorized by the Condominium Board, will have a right of access to any Unit and its Limited Residential Common Element appurtenant thereto for the purposes of performing installations, alterations or repairs to the mechanical or electrical services or other Common Elements in the Unit or elsewhere in the Building, to remove violations, cure defaults by a Unit Owner, correct any condition originating in any Unit and its Limited Residential Common Element appurtenant thereto and threatening another Unit or any Common Element, and for any other purposes provided in the Plan, Declaration or as may be required by Law, provided that requests for entry (except in emergency situations) are made in advance and that any such entry (except in emergency situations) is at a time reasonably convenient to the

Unit Owner and the occupants of any Unit. In case of an emergency, such right of entry shall be immediate, whether the Unit Owner is present at the time or not. Provided reasonable care is exercised to safeguard the Unit Owner's property, any entry described herein shall not render the Condominium Board or its authorized agents liable for damage incurred in connection with the exercise of such right of entry. In addition, Sponsor and its contractors, subcontractors, agents and employees will have a right of access to each Unit and to all of the Common Elements for purposes of performing certain alterations and repairs in or about the Building and Unsold Residential Units or any of the Commercial Units and in fulfilling Sponsor's obligations under the Plan, provided that access to any Unit may not be exercised in such a manner as will unreasonably interfere with the use of such Unit for its permitted purposes.

By-Laws and Residential Rules and Regulations

Each Unit Owner must strictly comply with the provisions of the Condominium Documents. Pursuant to Section 339(j) of the Condominium Act, failure to comply is grounds for an action for damages or injunctive relief, or both, but such forms of relief shall not be exclusive of other remedies provided by law. The By-Laws, together with the Residential Rules and Regulations, will be recorded with the Declaration in the Register's Office.

Examination of Books and Records

Each Unit Owner and each mortgagee of a Unit shall be permitted upon prior request, to examine the books of account of the Condominium and other records of the Condominium during normal business hours on business days at the office of the Condominium.

Self-Help

In the event that any Unit Owner fails to maintain or repair the Unit or any Limited Residential Common Elements appurtenant to such Unit, if any, or in the event of any breach of the Condominium Documents, then, as set forth in Article 9 of the By-Laws, the Condominium Board shall have certain rights to perform such maintenance or repairs, or to cure such breach, at such Unit Owner's expense.

General

All restrictions and prohibitions, set forth herein with regard to the use of a Residential Unit, its appurtenant Limited Residential Common Elements, if any, and Private Terraces shall not apply to Sponsor or any principal of Sponsor owning or leasing such Residential Unit. Purchasers should refer to the Section of the Plan entitled "Commercial Units" for a summary of additional rights and obligations of the Commercial Unit Owners.

RIGHTS AND OBLIGATIONS OF THE CONDOMINIUM BOARD/ SUMMARY OF BY-LAWS

Condominium Board

The Condominium Board shall initially consist of 3 persons designated from time to time by Sponsor (collectively, the "Members"). The Condominium Board will call the first annual meeting of the Residential Unit Owners to elect a new Condominium Board approximately 30 days after the later to occur of (i) the second anniversary of the First Closing; or (ii) the Closing of Title with Purchasers under the Plan to Residential Units representing at least 50% in number of all Residential Units offered for sale. At such meeting, the incumbent Condominium Board shall resign and, subject to the rights of Sponsor and the Commercial Unit Owners to designate Members of the Condominium Board, the Residential Unit Owners (including Sponsor) shall elect and/or or designate a new Condominium Board consisting of 7 members. (See the sub-section below entitled "Meetings and Votes of Unit Owners" and the Section of the Plan entitled "Control by Sponsor" for further details.) Thereafter, at each annual meeting, Members of the Condominium Board shall be elected and/or designated and shall serve until the next annual meeting thereof and until a successor has been elected and/or designated.

Except for the Members of Condominium Board designated by Sponsor and/or the Commercial Unit Owners, all Members of the Condominium Board must be either Residential Unit Owners or certain interested parties as described in the By-Laws. No member of the Condominium Board shall continue to serve on the Condominium Board if, during such Members term of office, such member shall cease to be a Residential Unit Owner or an interested party. All Members of the Condominium Board shall serve without compensation.

Powers and Duties of and Determinations by the Condominium Board

The Condominium Board shall have the powers and duties necessary for or incidental to the administration of the affairs of the Condominium. Generally, all determinations with respect to the administration of the affairs of the Condominium shall be made by the Condominium Board. However, the Condominium Board will have no right to restrict or limit the method of operation, use or appearance of the Commercial Units which are permitted by Law.

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

Notwithstanding anything to the contrary contained herein, so long as Sponsor continues to own at least 25% in number of all Residential Units, but in no event later than 5 years after the First Closing, the Condominium Board may not, without Sponsor's prior written consent: (a) make any addition, alteration, or improvement to the Common Elements or to any Unit; (b) assess any Common Charges or Special Assessment for the creation of, addition to, or replacement of, all or part of a working capital, reserve, contingency, or surplus fund; (c) increase or decrease the number, or change the kind of employees from that described in the First Year's Budget; (d) enter into any service or maintenance contract for work or otherwise contract for work or services in excess of those set forth in the First Year's Budget, except as is required to reflect normal annual increases in operating services; (e) borrow money on behalf of the Condominium; or (f) exercise a right of first refusal to lease or purchase a Unit; provided, however, that Sponsor's written consent is not necessary to perform any function or take any action described in clauses (a) through (f) above, if, and only if, the performance of such function or the carrying out of such action is necessary, and no alternatives is available, to enable the Condominium Board to: (i) comply with Law; or (ii) remedy any notice of violation; or (iii) remedy any work order of the Condominium's insurer.

Notwithstanding the preceding paragraph, Sponsor may not exercise veto power over expenses described in Schedule B, or over expenses required to (i) comply with Law; or (ii) remedy any notice of violation; or (iii) remedy any work order of the Condominium's insurer.

Meetings and Votes of Unit Owners

Annual meetings of Unit Owners shall be held within approximately 30 days of each anniversary of the first annual meeting. At such meetings, the Unit Owners shall elect the 7 Members to the Condominium Board, subject to any rights of Sponsor and/or the Commercial Unit Owners to designate Condominium Board members, and there shall also be transacted such other business as may properly come before such meetings. In addition, the President may call a special meeting whenever so directed by a duly adopted resolution of the Condominium Board or upon receipt by the Secretary of a petition calling for such meeting signed by Unit Owners having in aggregate not less than 40% of the Common Interest of all Residential Unit Owners. The Secretary of the Condominium Board shall mail a notice of each annual or special meeting to all Residential Unit Owners of record. The notice, which will be given at least 10 days prior to any such meeting, shall state the purpose of the meeting as well as the time and place where it is to be held. Except as otherwise provided in the By-Laws or Declaration, at all meetings of Residential Unit Owners, the presence in person or by proxy of Residential Unit Owners owning more than 40% of the Residential Common Interests attributable to all Residential Units shall constitute a quorum and a majority of the votes cast at any such meeting at which a quorum is present shall be binding upon all Residential Unit Owners.

At all meetings, each Unit Owner (or their proxy) entitled to vote thereat (including Sponsor or its designees with respect to Unsold Residential Units) shall be entitled to cast one vote for each .0001% of Common Interest attributable to the Residential Unit.

Officers

The principal officers of the Condominium shall be a President, Vice President, Secretary and Treasurer, all of whom shall be elected by the Condominium Board. The Condominium Board may appoint additional officers. None of the officers of the Condominium need be Unit Owners or have any interest therein or be Condominium Board Members until the first organizational meeting of the Condominium Board following the first annual meeting. Thereafter, the President and Vice President must be Members of the Condominium Board. Except as otherwise provided by the Condominium Board, no officer shall receive any compensation for acting as such. The By-Laws provide that all instruments of the Condominium are to be executed by any officer thereof or by such other person or persons as may be designated by the Condominium Board.

Repair or Reconstruction after Fire or Other Casualty

In the event that the Building or any part thereof is damaged or destroyed by fire or other casualty, the Condominium Board will, except as set forth below, arrange for the prompt repair and restoration thereof (including each Unit, but excluding fixtures, furniture, furnishings or other personal property not constituting a part of such Unit).

If the Building is damaged or destroyed by fire or other casualty and the insurance proceeds are insufficient to cover, or exceed, the cost of repairs and restoration, the deficit or surplus, as the case may be, will be shared entirely by all Unit Owners in proportion to their respective Common Interests. Notwithstanding anything in this paragraph to the contrary, no payment of surplus insurance proceeds shall be made to a Unit Owner until there has first been paid out of such Unit Owner's share of such funds such amounts as may be necessary to reduce unpaid liens on the Unit, other than mortgages which are not Permitted Mortgages, in the order of priority of such liens. The provisions of this paragraph are subject to the next paragraph.

If 75% or more of the Building is destroyed or substantially damaged by fire or other casualty and if 75% or more in Common Interest of all Unit Owners do not promptly resolve to proceed with the repair or restoration thereof, the Building will not be repaired and the Property shall be subject to an action for partition instituted by any Unit Owner or lienor, as if owned in common, in which case the net proceeds of sale, together with the net proceeds of insurance policies, shall be divided among all Unit Owners in proportion to their respective Common Interests, provided, however, that no payment shall be made to a Unit Owner until there has first been paid out of the Unit Owner's share of such funds such amounts as may be necessary to discharge all unpaid liens on the Unit (other than mortgages which are not Permitted Mortgages) in the order of the priority of such liens.

Notwithstanding anything contained herein to the contrary, the proceeds of all policies of physical damage insurance maintained by the Condominium Board shall be payable to the Condominium Board in the event of a loss amounting to $1,000,000 or less. In the event that such proceeds are in excess of $1,000,000, such proceeds shall be payable to a New York City bank or trust company designated by the Condominium Board as insurance trustee pursuant to the provisions of the By-Laws. The insurance trustee shall hold all such proceeds in accordance with Section 254-(4) of the New York Real Property Law.

Insurance

The Condominium Board is required to obtain and maintain, in accordance with the provisions of the By-Laws, to the extent obtainable and to the extent determined by the Condominium Board to be appropriate, the following insurance: (a) fire insurance with all risk extended coverage, vandalism and malicious mischief endorsements, insuring the entire Building (including each Unit, but excluding fixtures, furniture, furnishings or other personal property not constituting a part of such Unit), together with all service machinery contained therein and covering the interests of the Condominium, and all Unit Owners and Permitted Mortgagees, as their respective interests may appear, in an amount equal to the full replacement value of the Building (exclusive of foundation and footings); (b) rent insurance in an amount equal to General Common Charges for one year; (c) worker's compensation and New York State disability benefits insurance; (d) boiler and machinery insurance; (e) plate glass insurance to the extent, if any, determined by the Condominium Board; (f) water damage insurance to the extent, if any, determined by the Condominium Board; (g) elevator liability and collision insurance; (h) fidelity insurance covering all the Condominium Board and all officers, directors and employees of the Condominium; (i) directors and officers liability coverage; and (j) such other insurance as the Condominium Board may determine.

The fire insurance policies shall contain a New York standard mortgagee clause in favor of each Permitted Mortgagee which shall provide that the loss, if any, thereunder shall be payable to such Permitted Mortgagee as its interest may appear, subject, however, to the loss payment provisions described in the By-Laws.

The amount of fire insurance and all risk extended coverage to be maintained until the first Condominium Board meeting following the first annual meeting of the Unit Owners shall be in at least the sum set forth in the First Year's Budget.

All policies of physical damage insurance shall contain, to the extent obtainable, waivers of subrogation and waivers of any defense based on (i) co-insurance, (ii) other insurance, (iii) invalidity arising from any acts of the insured or (iv) pro rata reduction of liability, and shall provide that such policies may not be cancelled or substantially modified without at least 30 days' prior written notice to the Condominium Board and to all of the insureds, including all Unit Owners and Permitted Mortgagees who have requested the same from the Condominium Board in writing. Duplicate originals or certificates of insurance of all policies of physical damage insurance and of all renewals thereof, together with proof of payment of premiums, shall be delivered to all Unit Owners and Permitted Mortgagees, who have requested the same from the

Condominium Board in writing. Renewals shall be obtained at least 10 days prior to the expiration of the then current policies.

The Condominium Board shall also be required to obtain and maintain, to the extent obtainable, comprehensive general liability insurance against claims for personal injury, death or property damage occurring upon, in or about the Property, in such limits as the Condominium Board may from time to time determine, covering (1) the Condominium Board, Managing Agent or agents thereof, each Condominium Board member and each officer and employee of the Condominium, and (2) each Unit Owner, except that such policy will not cover liability of a Unit Owner arising from occurrences within such Unit Owners Unit or within the Common Elements, if any, exclusive to such Unit Owners Unit. The Condominium Board shall review such limits not less than once each year. Until the first meeting of the Condominium Board following the first annual meeting of Unit Owners, such liability insurance shall be in at least the sum set forth in Schedule B with respect to bodily injury and property damage, combined single limit. The insurance discussed above shall also include cross-liability claims of one insured against another.

Any insurance maintained by the Condominium Board may provide for such deductible amounts as the Condominium Board may determine. The premiums for all insurance referred to above shall be a General Common Expense.

Unit Owners shall not be prohibited from carrying other insurance for their own benefit, provided that all such policies shall contain waivers of subrogation, if available, and further provided that the liability of the carriers issuing insurance obtained by the Condominium Board shall not be affected or diminished by reason of any such additional insurance carried by any Unit Owner.

Liability of the Condominium Board and Unit Owners

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

Reports to Unit Owners

An annual report of the receipts and expenditures of the Condominium, certified by an independent certified public accountant, shall be submitted by the Condominium Board to all Unit Owners approximately 4 months after the end of each fiscal year.

Amendments to Condominium Documents

Generally, subject to certain exceptions concerning, among other things, Sponsor and the Commercial Unit Owners, and provided that required consents of the Mortgage Representatives, if any, are obtained, any provision of the Declaration, By-Laws or Residential Rules and Regulations affecting (i) the General Common Elements or all Unit Owners may be amended, modified, added to or deleted by

affirmative vote of at least 66 2/3% in number and in Common Interest of all Unit Owners, and (ii) the Residential Common Elements or all Residential Unit Owners may be amended, modified, added to or deleted by the affirmative vote of at least 66 2/3% in number and Residential Common Interest of all Residential Unit Owners; provided, however, that the Common Interest appurtenant to each Unit may not be altered without the written consent of all Unit Owners directly affected thereby.

No amendment, modification, addition or deletion of the Declaration, By-Laws or Residential Rules and Regulations, other than those required by Law, shall be effective (a) against Sponsor or any Unsold Residential Unit unless Sponsor has given its written consent thereto, (b) against the holder of any mortgage, pledge or other lien or security interest covering any Unsold Residential Unit unless such holder has given its prior written consent thereto, or (c) against the Commercial Unit Owners and/or Commercial Units without the prior written consent of the affected Commercial Unit Owner.

Termination of Condominium

The Condominium shall continue and the Property shall not be subject to an action for partition (unless terminated by casualty loss, condemnation or eminent domain as provided in the By-Laws) until such time as the Property shall be withdrawn from the provisions of the Condominium Act as a result of the vote to do so of each of the Commercial Unit Owners and at least 80% in number and in Residential Common Interest of all Residential Unit Owners. Such vote shall not be effective, however, unless written consents are obtained from the Mortgage Representatives, if any.

In the event of withdrawal, the Property shall be subject to an action for partition by any Unit Owner or any lienor as if owned in common, in which event the net proceeds of the sale shall be divided among all Unit Owners in proportion to their respective Common Interests after first applying the share of the net proceeds of such sale otherwise payable to any Unit Owner to the payment of any liens on the Unit (other than mortgages which are not Permitted Mortgages), in the order of priority of such liens.

Residential Units Acquired by Condominium Board

All Residential Units acquired or leased by the Condominium Board or its designee shall be held by the Condominium Board, or its designee, on behalf of all Residential Unit Owners and the rent or purchase price, closing costs and adjustments payable in connection therewith shall be assessed against all Residential Unit Owners. No Residential Units held by the Condominium Board shall carry any voting rights.

The purchase of any Residential Unit by the Condominium Board on behalf of the Residential Unit Owners, may be made from the funds deposited in the capital and/or expense accounts of the Condominium Board. If the funds in such account are insufficient to effectuate any such purchase, the Condominium Board may levy an assessment against each Residential Unit Owner in proportion to the Common Interest, as a Common Charge and/or the Condominium Board may, in its discretion, finance the acquisition of such Residential Unit; provided, however, that financing may only be obtained when permitted by the By-Laws and that no such financing may be secured by an encumbrance or hypothecation of any portion of the Property other than the Unit to be purchased together with its Common Interests.

Procedure to Review Real Estate Tax Assessments

The Condominium Board, on behalf of and as agent for all Unit Owners, will be authorized to commence, pursue and settle certiorari proceedings to obtain reduced real estate tax assessments with respect to Units. All Unit Owners will share the costs in connection therewith and the benefits derived therefrom based on their respective Common Interests. In the event any Unit Owner individually seeks to have the assessed valuation of the Unit reduced by bringing a separate certiorari proceeding, the Condominium Board, if necessary for such proceeding, will execute any documents or other papers required for, and otherwise

cooperate with such Unit Owner in pursuing, such reduction, provided that such Unit Owner indemnifies the Condominium Board from all claims, costs and expenses (including, without limitation, reasonable attorneys' fees and costs) resulting from such proceedings.

Mechanics' Liens

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

Easements

In order to facilitate the operation and maintenance of the Building and the sale or leasing of Units therein, each of the Units will be subject to certain easements including easements in favor of Sponsor, the Commercial Unit Owners, other Unit Owners and the Condominium Board. These easements, which are more particularly set forth in the Declaration, include an easement of support and necessity in favor of all other Units and their appurtenant Limited Residential Common Elements and the Common Elements, and an easement in favor of each Unit Owner to use, operate, maintain, repair, alter, rebuild, restore and replace the Common Elements provided that such easements shall be exercised in such a manner as will not unreasonably interfere with the use of the Units for their permitted purposes. In addition, as set forth in Articles 10 and 11 of the Declaration, Sponsor and the Commercial Unit Owners have been granted certain easements with respect to the use and operation of their respective Units.

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

The Declaration and By-Laws

A copy of the Declaration and a copy of the By-Laws are set forth in Part II of the Plan.

INCOME TAX DEDUCTIONS TO RESIDENTIAL UNIT OWNERS AND TAX STATUS OF CONDOMINIUM

The following discussion of certain income tax consequences of the ownership of a Unit as a personal residence was prepared by Sponsor based, in part, upon the income tax opinion of Olshan Grundman Frome Rosenzweig & Wolosky LLP, a copy of which is set forth in Part II of the Plan.

OLSHAN GRUNDMAN FROME ROSENZWEIG & WOLOSKY LLP IS SPECIAL TAX COUNSEL TO SPONSOR AND NOT THE RESIDENTIAL UNIT OWNERS. EACH PURCHASER SHOULD CONSULT PURCHASER'S OWN TAX COUNSEL AS TO THE TAX CONSEQUENCES OF RESIDENTIAL UNIT OWNERSHIP UNDER THE PLAN.

Income Tax Deductions to Residential Unit Owners

Each Residential Unit Owner will own fee simple title to the Residential Unit together with an undivided interest in the Common Elements. Each Residential Unit will be a separate tax lot for purposes of New York City real estate taxes and assessments. As a result, each Residential Unit Owner will be individually liable for the real estate taxes and assessments levied against the Unit. Additionally, each Unit Owner may mortgage the Unit, and thereby become individually liable for the payment of the principal and any finance charges or interest on such mortgage indebtedness.

It is the opinion of Olshan Grundman Frome Rosenzweig & Wolosky LLP that a Residential Unit Owner who uses the Residential Unit as a personal residence will, under present Law, for Federal, New York State and New York City income tax purposes, be entitled to a deduction for mortgage interest and real estate taxes in the year paid in the case of cash basis taxpayers or accrued in the case of other taxpayers, subject to certain exceptions and limitations which are more particularly discussed in the Attorney's Income Tax Opinion. Purchasers should note that deductions, if applicable, may vary in future years due to changes in the interest rate or the Residential Unit Owner's mortgage or from changes in the allocation of the constant debt service payments to interest and principal, or due to changes in real property taxes resulting from the expiration of real estate tax benefits, or from changes in the assessed value, the tax rate or the method of assessing real property. Purchasers who are individuals should note that mortgage interest is deductible generally only with respect to (1) secured debt used to acquire, construct or substantially improve a principal or second residence (or which constitutes a refinancing of such debt) (up to a total indebtedness of $1 million, $500,000 for married tax payers filing separately) plus (2) other debt (not in excess of $100,000) secured by a principal or second residence. Interest on home mortgage debt in excess of these limitations would not be deductible. In addition, Residential Unit Owners should note that special limitations may apply to the deductibility of points and prepaid interest, if any, on their mortgage loans and to the overall allowance of itemized deductions.

Tax Status of the Condominium

As discussed in the Attorney's Income Tax Opinion, the Condominium should meet the requirements for qualification as a "homeowners association," under Internal Revenue Code Section 528 and accordingly, may elect not to be subject to Federal income tax on amounts received as membership dues, fees or assessments from Unit Owners.

If such an election is made, the Condominium will remain liable for Federal income tax on any taxable income it may have from other sources such as interest earned on any reserve fund (less expenses directly connected with the production of such income).

If the Condominium does not qualify as a "homeowners association," or if it does but chooses not to make the necessary election, it will be taxable as a partnership or corporation for Federal and New York State income tax purposes. Special Tax Counsel recommends that the Condominium file Form 8832 within 75 days of its formation so it will be taxable as a corporation for federal income tax purposes.

The qualification of an organization as a "homeowners association" is determined annually at the close of each taxable year, and it is possible that if the Condominium does not qualify in one year, it may nevertheless qualify in one or more future years.

No warranties are given that the Internal Revenue Service, the New York State Department of Taxation and Finance or the Finance Administration of the City of New York will allow the aforementioned deductions for mortgage interest and real estate taxes. There is also no assurance that the tax laws or the regulations or rulings issued thereunder, or any judicial interpretation thereof upon which Olshan Grundman Frome Rosenzweig & Wolosky LLP, as Special Tax Counsel to Sponsor, bases its opinion, will not change. In addition, none of the aforesaid give any warranties with respect to the tax consequences of the Plan or the tax consequences of ownership of any Residential Units offered under the Plan, and no one has been authorized to give any warranties.

REAL ESTATE TAXES

It is estimated that the aggregate real estate taxes payable with respect to all Residential Units for the first year of Condominium operation will total approximately $274,633, assuming (a) a transitional assessed valuation for the Property of $1,399,500 for the first 11 months of the first year of Condominium operation reflecting the land assessment for a partially constructed property and an assessed valuation for the Property of $11,763,761 for the last month of the first year of Condominium operation reflecting a partially constructed property based on the real estate tax projection opinion prepared by William Block, P.C., dated December 17, 2004 set forth in Part II of the Plan, and (b) a tax rate of 11.79 per $100 of assessed valuation for the 2006/2007 tax year and a tax rate of 12.586 per $100 of assessed valuation for the 2007/2008 tax year. Purchasers should note that once the Building is assessed as being fully constructed, it is estimated that the real estate taxes will total approximately $1,480,579. This tax projection does not take into account any Section 421-a benefits that may be applicable to the Property at such time.

In arriving at the assessed valuation for each Unit in the Condominium, the Building is first assessed as an entity. This overall assessment is then apportioned among the respective Units, each of which will be assigned a tax lot designation once the Declaration has been recorded and the Floor Plans are filed with the Registers Office. For purposes of Schedule A, the projected real estate taxes for the Units were apportioned based in part upon the proportion the projected selling price presented in the Plan for each Unit bears to the gross sellout price for all Units available for purchase in the Condominium and in part upon extrinsic indicia of value, including location, square footage, amenities, income producing potential and existing leases on particular Units. There is no assurance that the City of New York tax assessor will allocate taxes among Units in proportion to selling prices. It is possible that the apportionment will be based on Common Interest percentages.

Although the estimate of New York City real estate taxes is a good faith estimate, it is not possible to estimate same with any degree of certainty. Assessed valuations, apportionment or taxes among the Units and tax rates, when actually established by the City of New York, may be lesser or greater. Accordingly, these estimates are to be considered opinions and are not intended, and should not be construed as, warranties as to future assessed valuations, tax rates or the actual real estate taxes to be assessed. In no event will Sponsor, its principals, sales agents, Sponsor's counsel or any other person be liable if the assessed valuations, tax rates or taxes, when actually established, are lesser or greater than that predicted herein or if the Administrative Code and the applicable rules and regulations of the City of New York are changed in the future. Please refer to the Section of the Plan entitled "Income Tax Deductions to Residential Unit Owners and Tax Status of the Condominium" for more details.

At such time as the Units have been separately assessed for real estate tax purposes, each Unit will be taxed as a separate tax lot for real estate tax purposes and a Unit Owner will not be responsible for the payment of, nor will the Unit be subjected to any lien arising from the non-payment of real estate taxes assessed against other Units.

The Unit Power of Attorney which each Purchaser shall be required to sign at Closing, the form of which is set forth in Part II of the Plan, authorizes the Condominium Board to commence, pursue, appeal, settle and/or terminate administrative and certiorari proceedings to obtain reduced real estate tax assessments with respect to the Units, including retaining counsel and taking any other actions which the Condominium Board deems necessary or appropriate.

As of the Filing Date of the Plan, there are no tax certiorari proceedings pending for the reduction of real estate taxes with respect to the Property.

ANTICIPATED REAL ESTATE TAX EXEMPTION BENEFITS

As more fully explained in the Tax Exemption Benefits Opinion Letter of Sponsor's Tax Counsel set forth in Part II of the Plan, the Property is expected to qualify for real estate tax exemption and abatement benefits under Section 421-a of the Real Property Tax Law of the State of New York ("Section 421-a") abatement benefits. Sponsor will apply to the New York City Department of Housing Preservation and Development ("HPD") for preliminary approval of Section 421-a benefits for the Residential Units. Upon completion of the Residential Units, Sponsor will apply to HPD for final approval. Sponsor shall not be obligated to incur any extraordinary expenses (beyond the customary expenses associated with such approvals) or commence any litigation to obtain such approval. Sponsor anticipates but does not represent or guarantee that such final approval will be obtained. If such approval is not obtained, Purchasers will have no right to rescind their Purchase Agreements even though Section 421-a benefits would not be available to the Residential Units. In connection with HPD's enforcement of the Section 421-a program, all prospective Purchasers are advised that HPD may conduct an audit which may result in a revocation of Section 421-a benefits if all documents required to be filed with HPD are not so filed.

In connection with its application to HPD to obtain Section 421-a benefits for the Residential Units, Sponsor will (i) keep all records required by HPD and make such records available to HPD whenever requested by HPD to do so, (ii) in a timely fashion file all applications required to be submitted to HPD in connection with the Section 421-a benefits, and (iii) otherwise comply with all procedures required by HPD to properly procure and maintain the Section 421-a benefits . In addition, Sponsor will make available to the Condominium Board all Section 421-a documents for inspection and copying for so long as the Residential Units receive any Section 421-a benefits.

Purchasers should note that increases in a property's assessed valuation resulting from changes in its market value (other than changes resulting from new construction or alteration of an existing improvement) are phased in over 5 fiscal tax years in annual increments of 20% each. Any further increase in assessed valuation during such 5 year period resulting from a still higher market value is similarly phased in over an additional 5 year period from the date of such increase. The full increased assessed valuation targeted to be in effect after the end of the 5 year period is called the "actual" assessed valuation, and the amount of the incremental assessed valuation upon which taxes are actually computed for each fiscal tax year during such 5 year period is called the "transitional" assessed valuation.

Purchasers should note that the real estate taxes that will be payable by the Residential Unit Owners for future years will vary in accordance with the amounts of the Residential Unit's assessed valuation (transitional and actual) and of the real estate tax rate. In this regard, prospective purchasers should note that, assuming the partial exemption from real estate taxes pursuant to Section 421-a is maintained, the real estate taxes payable by the Residential Unit Owners will in any event increase periodically over the 10 years of condominium ownership as an integral part of the Section 421-a program. The tax exemption program provides that the increase in a newly constructed Building's assessed valuation over such property's assessed valuation for the fiscal year before construction began is partially exempted up to a maximum of 100% for 2 years (plus the period of construction, not to exceed 3 years), up to 80% for the next 2 years, up to 60% for the next 2 years, up to 40% for the next 2 years and up to 20% for the last 2 years of a 10 year period.

Neither Sponsor, Sponsor's Attorney, Sponsor's Tax 421-a Counsel, Selling Agent, Managing Agent, nor any other person makes any warranty that the partial exemption from real estate taxes under Section 421-a will be granted in whole or in part, or if granted, will not be later reduced or revoked, or as to the amount of the tax which will be assessed against any Residential Unit or the amount of real estate taxes payable at any time by any Residential Unit Owner. Purchasers should refer to the Real Estate Tax Opinion Letters of Sponsor's Special 421-a Counsel set forth in Part II of the Plan for further details concerning the

assessed valuation of the property and the estimated taxes to be imposed against the property if the Section 421-a exemption is not granted.

The tax projections found in Schedule A are merely estimates and cannot be construed as an assurance of the actual amount of real estate taxes that will be assessed or the actual amount of any Section 421-a benefit.

WORKING CAPITAL FUND AND APPORTIONMENTS

A Purchaser of a Residential Unit shall be required to make a contribution at the Closing to the working capital fund of the Condominium ("Working Capital Fund") in an amount equal to 2 months' Common Charges assessed against the Residential Unit at the time of Closing. No payment to the Working Capital Fund will be made by the Condominium Board as Purchaser of the Resident Manager's Unit or upon the resale of a Unit.

No provision has been made to establish a reserve fund for capital replacements or repairs, because the Building, upon completion of the construction to be performed by Sponsor will be entirely new. While Sponsor does not anticipate the imminent need for such capital replacements, repairs or improvements, no assurance or guaranty is given that such needs will not arise in the future. Therefore, Unit Owners will be obligated to pay their share of the cost of repair, replacements and improvements to the Common Elements as the need for such arises, unless there are sufficient Working Capital Funds or other funds available. The Condominium Board, in its discretion, and subject to certain restrictions contained in the By-Laws, may decide in the future to create a reserve fund by special assessment or by increases in Common Charges.

At or subsequent to the First Closing, Sponsor will apportion with the Condominium the following items as of midnight of the day preceding the First Closing, to the extent applicable:

(1) employees' wages, vacation and severance pay, pension and welfare benefits and accruals and all other payments or obligations relative to the employees of the Condominium.

(2) deposits with utility companies, if any, and fees for assignable permits and licenses, if any.

(3) charges for electricity and other utilities for the Common Elements.

(4) cost of fuel on hand (plus sales tax), if any.

(5) charges and receipts in connection with service, maintenance and concession contracts.

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

(7) cost of building supplies on hand at Sponsor's cost (including sales tax).

(8) premiums for transferable insurance policies, if any.

(9) janitorial service fee, if any.

(10) management fees.

(11) building supplies (including, but not limited, to uniforms, cleaning supplies, luggage carts).

(12) other customary closing adjustments.

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

If the result of the closing adjustments is a net credit in favor of Sponsor, the payment of any net credit shall be evidenced by an unsecured, negotiable promissory note, without interest, to be executed by the Condominium Board and delivered to Sponsor at the First Closing to be repaid as follows: each Purchaser of a Residential Unit will be required to pay to Sponsor at Closing Purchaser's pro-rata share of the promissory note in accordance with their Residential Common Interest, but in no event to exceed $750. If at the time all Residential Units have been sold, there remains a balance on the promissory note, such balance shall be paid by the Condominium on behalf of all Residential Unit Owners, as a Residential Common Expense, within 30 days of demand by Sponsor. Such payment may result in an increase in the Common Charges. There is no guarantee or assurance that the taxing authorities will not require each Purchaser's allocable payment be included in the total consideration deemed to have been paid by Purchaser at Closing, in which case additional transfer taxes may be payable by Purchaser.

The Working Capital Fund will be used for working capital, a reserve for repairs or for such other appropriate purposes (including the payment of closing expenses relative to the Condominium Board's acquisition of the Resident Manager's Unit on behalf of all Unit Owners) as will be determined by the Condominium Board and may be augmented by allocations from the monthly Common Charges. While Sponsor controls the Condominium Board, the Working Capital Fund will not be used to reduce Common Charges. (See the Section of the Plan entitled "Control By Sponsor" for further details.)

The Condominium Board will be able to utilize the funds in the Working Capital Fund at any time and, accordingly, no representation or warranty can be made and no assurance can be given as to the exact amount of funds available at any specific time. However, in no event shall any portion of the Working Capital Fund be used to pay any Common Charges attributable to Unsold Residential Units. In addition, within 3 months following the end of the Initial Control Period, Sponsor shall deliver to the Condominium Board a statement from an officer of Sponsor, certifying in reasonable detail as to any changes in the amount of the Working Capital Fund which have occurred since the First Closing.

No representation or warranty is made that the Working Capital Fund will be, or is intended to be, adequate to cover current or future expenses, including repairs, replacements or major improvements, for the first or any subsequent year of Condominium operation. If additional funds are required over and above the Working Capital Fund to cover expenses of the Building operation, it may be necessary to increase Common Charges or make special assessments. Neither the Department of Law nor any other government agency has passed upon the adequacy of the Working Capital Fund.

RESERVE FUND

No provision has been made to establish a reserve fund for capital replacements or repairs, because the Building, upon completion of the construction to be performed by the Sponsor will be entirely new construction. While Sponsor does not anticipate the imminent need for capital repairs, replacements and/or improvements, no warranty or guaranty is given that such needs will not arise in the future. Therefore, Unit Owners will be obligated to pay their share of the cost of repairs, replacements and/or improvements to the Common Elements as the need for such arises, unless there are sufficient Working Capital Funds or other funds available. The Condominium Board, in its discretion, and subject to certain restrictions contained in the By-laws, may decide in the future to create a reserve fund by special assessment or by increases in Common Charges.

MANAGEMENT AGREEMENT

At the First Closing, Sponsor will assign, and the Condominium Board will assume, the Management Agreement for the Condominium between Sponsor and Penmark Realty Corp. ("Managing Agent") having an office at 5 East 86th Street, New York, New York ("Management Agreement"). Sponsor may, in the alternative, have the Condominium Board enter into the Management Agreement directly with the Managing Agent. The Managing Agent is not affiliated with Sponsor.

The Management Agreement will provide for a term of 1 year commencing on the date of the First Closing ("Commencement Date"). Either the Managing Agent or the Condominium Board may terminate the Management Agreement on 30 days' prior written notice.

The Managing Agent will receive an annual fee of $42,500, payable in equal monthly installments during the term of the Management Agreement. The management fee is comparable to the going rate for similar services in comparable buildings. In addition, for services rendered to Residential Unit Owners (other than Sponsor), in connection with processing applications to (i) sell, lease or otherwise transfer Residential Units and obtaining necessary waivers of the right of first refusal by the Condominium Board, (ii) mortgage or refinance of an existing mortgage on a Residential Unit and (iii) alter or renovate a Residential Unit, the Managing Agent shall receive a fee from the Residential Unit Owner in such amounts as shall be determined, time to time, by the Condominium Board.

The management fee is comparable to the fee for similar services in comparable buildings.

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

(1) billing and collecting Common Charges.

(2) causing the Common Elements to be maintained, repaired and altered in the manner deemed advisable by the Condominium Board.

(3) contracting for necessary services and repairs and purchasing all supplies necessary to properly maintain and operate the Building and its Common Elements.

(4) checking all bills received in connection with the maintenance and operation of the Common Elements and causing all such bills and other expenses to be paid.

(5) supervising, hiring, discharging and paying employees necessary for the proper maintenance and operation of the Building.

(6) rendering monthly statements of receipts and disbursements to Sponsor or other designated entity, upon request.

(7) maintaining payroll records and filing withholding tax statements for employees.

(8) maintaining accurate sets of books for the Condominium Board.

(9) cooperating with the Condominium Board's accountants in preparing and submitting annually to the Condominium Board an operating budget of the anticipated income and expenses for the ensuing year.

(10) attending meetings of the Condominium Board and Unit Owners, and preparing agendas and sending notices relating to such meetings.

(11) causing to be obtained and maintained insurance for the Condominium in amounts deemed advisable by the Condominium Board.

(12) processing applications of Unit Owners for permission to alter the Residential Units.

(13) processing applications for waivers of the right of first refusal.

(14) generally, doing all things deemed reasonably necessary or desirable by the Condominium Board for the proper management of the Building.

The Managing Agent, at the expense of the Condominium, will be insured during the term of the Management Agreement under a crime insurance policy in favor of the Condominium for any loss resulting from fraudulent or dishonest acts committed by the Managing Agent, its directors, officers or employees.

The Management Agreement provides that the Condominium Board shall indemnify the Managing Agent with respect to claims in connection with the Managing Agent's carrying out the provisions of the Management Agreement or acting under the express or implied directions of the Condominium Board, unless arising from the gross negligence, bad faith or willful misconduct of the Managing Agent in carrying out its duties.

Sponsor reserves the right during the Initial Control Period to designate any other reputable managing agent to perform all of the duties and services to be performed by the Managing Agent under the Plan and if Sponsor does so, Sponsor will cause such other managing agent to accept employment on terms substantially similar to the terms specified above. The Management Agreement may not be assigned by the Managing Agent without the prior written consent of the Condominium Board. The Condominium Board may not assign the Management Agreement.

There are presently no contracts or leases binding on the Condominium.

IDENTITY OF PARTIES

Sponsor

WXIV/Broadway Grand Realty, L.L.C., is a limited liability company organized under the laws of the State of Delaware with an office at 885 Third Avenue, New York, New York 10022. The entities comprising WXIV/Broadway Grand Realty, L.L.C. actively involved in this offering are (i) Whitehall Street Real Estate Limited Partnership XIII and Whitehall Parallel Real Estate Limited Partnership XIII (collectively "Whitehall"), (ii) HotelsAB I, LLC ("Hotelsab") and (iii) Hines Broadway Grand Limited Partnership ("Hines").

The principals of Sponsor who will be actively involved in this offering are: Jerome S. Karr, Stuart Rothenberg, Andre Balazs, Kenneth Hubbard, Tommy Craig and David Penick.

Jerome S. Karr and Stuart Rothenberg are members of Whitehall.

Mr. Karr is a Vice President in the Real Estate Principal Investment Area ("REPIA") of the Merchant Banking Division of Goldman Sachs. Mr. Karr, as a former Vice President at Citibank, provided construction and development financing for projects in New York and around the country. Mr. Karr was also a Vice President of Lehman Brothers in its real estate group and was a private consultant in the real estate industry. Mr. Karr received an M.B.A. from the Wharton School of Finance and Commerce and an A.B. in Economics from Colgate University.

Mr. Rothenberg: Prior to employment at Goldman, Sachs & Co., Mr. Rothenberg obtained a B.S. and J.D. from the University of Pennsylvania in 1984 and 1987, respectively. Since joining Goldman, Sachs & Co. as an Associate in 1987, Mr. Rothenberg was promoted to Vice President of the Real Estate group in 1991 and named a Managing Director of the Real Estate Principal Investment Area in 1996. Mr. Rothenberg holds a Real Estate Broker license in New York and is a member of the New York Bar Association. In New York City, Mr. Rothenberg was involved as a principal of the sponsoring entities in Whitehall X Real Estate L.P.'s investment in the 515 Park Avenue Condominium, Whitehall Street Real Estate Limited Partnership XII's investment in the Gotham Condominium and Whitehall investment in 124 Hudson Condominium.

Messers. Hubbard, Craig and Penick are members of Hines.

Mr. Hubbard is the Executive Vice President of the Hines East Region in charge of development, acquisitions, and operations for the Boston, New York and Washington DC greater metro areas and a member of the Hines Executive Committee. Mr. Hubbard co-led the firm's East-West division from 1979 to 1984, developing properties in San Francisco and the Bay Area, Seattle, Boston, New York City, Hartford, Stamford, Washington, DC, and Cincinnati before opening the East Region office in New York in 1984. He received a B.A. in History from Duke University and a J.D. from Georgetown Law School. Since joining Hines in 1974, Mr. Hubbard has been involved in all phases of real estate development, acquisition, finance and management.

Mr. Craig is the Senior Vice President of Hines and has been the Regional Officer and Partner responsible for Hines' New York Metro area since 1996. Mr. Craig joined Hines in 1983, and has been involved in a variety of development projects and transactions aggregating approximately 15 million square feet and valued in excess of $7 billion. Mr. Craig has been responsible for successful real estate development projects in Manhattan, Jersey City, NJ, Westchester County, and Stamford, CT. He was responsible for the acquisition of the 1.2 million of Sumitomo Life Realty portfolio in New York City as well as the $150 million dollar acquisition of 750 Seventh Avenue from Morgan Stanley. Mr. Craig

received his B.A. in History and Economics from the University of North Carolina at Chapel Hill and his MBA from Columbia University.

Mr. Penick is the Vice President of Hine and is responsible for development, construction and operation of projects in New York City. He is currently responsible for the development of 40 Mercer and previously completed the development of the Bear Stearns World Headquarters at 383 Madison Avenue, repositioning 31 West 52nd Street for Deutsche Bank's North American headquarters, and shared responsibility for managing design and construction at 450 Lexington Avenue. Prior to joining Hines, Mr. Penick was an Associate Partner in a leading New York based international architectural firm. Mr. Penick received his Bachelor of Architecture from Cornell University in 1980.

Mr. Balazs is the President and CEO of HotesAB. Hotelier Andre Balazs has created some of the most innovative and widely imitated hotels in the world, including the luxury Mercer hotel in New York, Hollywood's famed Chateau Marmont, the inexpensive business hotels, The Standard Hollywood and The Standard Downtown LA, and Sunset Beach on Shelter Island. He recently renovated The Raleigh, a classic oceanfront Art Deco property in Miami, and opened QT, his second New York hotel. Current projects under development are The Standard, Miami, a spa hotel opening Summer 2005 and two residential properties; 40 Mercer Street and One Kenmare Square in New York. Balazs is a graduate of Cornell University and holds an M.S. from Columbia University's MBA/Journalism graduate program.

None of the principals of Sponsor have been engaged in prior public offerings during the last 5 years, except for Mr. Rothenberg who was involved in the following public offerings.

Address	File Number
515 Park Avenue	CD-98-0035
124 Hudson Street	CD-00-0021

Mr. Rothenberg is current in his obligations with respect to these projects.

There have been no prior felony convictions of Sponsor, or any principals of Sponsor and no prior convictions, injunctions and judgments against Sponsor, or any principals of Sponsor that may be material to the Plan or an offering of securities generally that occurred within 15 years prior to the submission of the Plan.

Sponsor and certain principals of Sponsor have designated the Secretary of State to receive service of process.

Attorneys for Sponsor

Sponsor has retained the law firm of Starr Associates LLP, having an office at 245 Fifth Avenue, Suite 1102, New York, New York 10016, to represent it in connection with the Plan. Allan Starr, Esq. participated in and supervised the preparation of the Plan. Starr Associates LLP will serve as Escrow Agent and will represent Sponsor in connection with matters relating to Closings.

Sponsor has retained the law firm of Olshan Grundman Frome Rosenzweig & Wolosky LLP having an office at 505 Park Avenue, New York, New York 10022, to provide the Attorney's Income Tax Opinion set forth in Part II of the Plan.

Sponsor has retained the law firm of D'Agostino, Levine & Landesman, L.L.P. having an office at 345 Seventh Avenue, 23rd Floor, New York, New York 10001, to provide the Attorney's 421-a Real Estate Tax Exemption Benefits opinion set forth in Part II of the Plan.

Selling Agent

Selling Agent is The Sunshine Group, Ltd., having its main office at 41 East 57th Street, Gallery 500, 520 Madison Avenue, New York, New York 10022. The Sunshine Group, Ltd. is a pre-eminent marketing company with offices located in New York and Florida. Its specialties include predevelopment planning as well as on-site sales and leasing of luxury properties to users and investors. In the past decade The Sunshine Group, Ltd. has been involved with properties that total in excess of $5.5 billion of sales. These include The Park Imperial, 230 West 56th Street; The Chatham, 181 East 65th Street; The Park Laurel, 15 West 63rd Street; 15 East 69th Street Condominium, 15 East 69th Street; 610 Park Avenue Condominium, 610 Park Avenue; Trump International Hotel & Tower, One Central Park West; Trump Palace, 200 East 69th Street; Trump Tower, 725 Fifth Avenue; 521 and 525 Park Avenue; 500 Park Avenue; 30 East 85th Street; and The Concorde, 220 East 65th Street; all located in New York City; and additionally, The Grand Bay Hotel Condominium, The Water Club, The Gables, The Palms and Tequesta One, all located in Florida; and The Harbor Club, located in San Diego, California.

There have been no prior felony convictions of Selling Agent, or any principals of Selling Agent and no prior convictions, injunctions and judgments against Selling Agent, or any principals of Selling Agent that may be material to the Plan or an offering of securities generally that occurred within 15 years prior to the submission of the Plan.

Managing Agent

Managing Agent for the Condominium will be Penmark Realty Corp., having an office at 5 East 86th Street, New York, New York. Managing Agent is a real estate and management firm that has been in business for many years in the New York area. Managing Agent is a licensed real estate broker. Its officers and employees have had experience in many areas of real estate, including, management of residential apartment buildings. Managing Agent presently manages many luxury residential apartments buildings located in New York City.

There have been no prior felony convictions of Managing Agent, or any principals of Managing Agent, and no prior convictions, injunctions and judgments against Managing Agent, or any principals of Managing Agent that may be material to the Plan or any offering of securities generally that occurred within 15 years prior to the submission of the Plan.

Construction Professionals

SLCE Architects having an office at 841 Broadway, New York, New York 10003 is the architect of record for the Building ("Architect"). The architect prepared the Floor Plans of Units set forth in Part II of the Plan and the Floor Plans which will be filed with the New York City Real Property Assessment Department required in order to create the Condominium. Architect has also examined the physical condition of the Building and has rendered its report thereof and a Certification which is set forth in Part II of the Plan. Architect has been providing architectural services for over 50 years and has been the architect of many of Manhattan's most famous buildings including the Knickerbocker Condominium located at 308 East 72nd Street, the Siena Condominium located at 186 East 76th Street and Metropolitan Tower located at 142 West 57th Street.

Cosentini Associates having an office at Two Pennsylvania Plaza, New York, New York 10121, is the mechanical engineer for the Building and has been providing engineering services since 1952 ("Mechanical Engineer"). The Mechanical Engineer has provided mechanical engineering for ATT World Headquarters located on 57th Street and Madison Avenue and the Lever House at 390 Park Avenue.

Gilsanz-Murray-Steficek, LLP having an office at 95 University Place, New York, New York, is the structural engineer for the Building and has been providing engineering services since February, 2004 ("Structural Engineer"). The Structural Engineer has provided structural engineering for the following projects: 124 Hudson Street, Alvin Alley American Dance Theatre and 300 Madison Avenue.

Condominium Budget Expert

Sponsor has engaged Penmark Realty Corp., having an office at 5 East 86th Street, New York, New York 10028 as Sponsor's Budget Expert. The Budget Expert estimated all amounts of income and expenses in "Schedule B - First Year's Budget" in consultation with Sponsor. The Budget Expert has rendered a Certification as to the adequacy of the First Year's Budget and a Certification as to the Adequacy of Common Charges payable by the Commercial Unit Owner, each of which may be found in Part II of the Plan.

Title Company

Commonwealth Land Title Insurance Company having an office at 655 Third Avenue, 11th Floor, New York, New York 10017, telephone number (212) 949-0100, facsimile number (212) 986-3148, has reviewed the Plan and the Condominium Documents and has committed to insure that a valid Condominium will be created pursuant to the Condominium Act. The Title Company is prepared to issue fee and/or mortgage title insurance policies to those Purchasers who request them. A form of Unit Owner's Specimen Title Policy, if title insurance is ordered from the Title Company, is set forth in Part II of the Plan.

Related Parties

Sponsor and its principals have no affiliation with the Attorneys, Selling Agent, the Managing Agent, the Budget Expert, the Construction Professionals, or any person or firm who will provide services to the Condominium subsequent to the First Closing. Neither Selling Agent, the Condominium Budget Expert, the Construction Professionals nor the Attorneys have any financial interest in the Property, the Units, the Condominium, or this offering, except for their fees for services rendered.

REPORTS TO UNIT OWNERS

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

1. A financial statement of the Condominium prepared by a certified public accountant or public accountant, within approximately 120 days after the end of each fiscal year of the Condominium. Such statement shall be certified while Sponsor is in control of the Condominium Board.

2. At least 30 days' prior notice of the annual Unit Owners' meeting.

3. A copy of the proposed annual budget of the Condominium at least 30 days prior to the date set for adoption thereof by the Condominium Board. While Sponsor is in control of the Condominium Board, such budget shall be certified in compliance with Section 20.4 of the Regulations of the Department of Law.

DOCUMENTS ON FILE

Pursuant to the provisions of Section 352-e of the New York General Business Law, copies of the Plan, all documents referred to herein and all Exhibits submitted to the Department of Law in connection with the filing of the Plan shall be kept on file and available for inspection by Purchasers and their attorneys without charge, and for copying at a reasonable charge, at Sponsor's office for a period of 6 years after the First Closing. In addition, a set of Floor Plans showing the layout, locations and approximate dimensions of each Unit and its unit number designation and tax lot number, certified by the appropriate governmental authority of The City of New York as conforming to the official tax lot number for each such Unit, will be filed in the Register's Office following the recording of the Declaration, and an additional set will be furnished to the Condominium Board.

The Declaration and the By-Laws will be recorded in the Register's Office in advance of or concurrently with the First Closing. The recording of all deeds conveying individual Units will also be recorded in the Register's Office.

GENERAL

The Plan does not knowingly omit any material fact or knowingly contain any untrue statement of any material fact. Sponsor believes that the Plan contains a fair summary of the material provisions of the documents referred to in the Plan, including those documents contained in Part II of the Plan. Exact copies are contained in Part II of the Plan of the forms of Declaration, By-Laws, Purchase Agreement, Unit Deed, Power of Attorney and other documents. Statements made in Part I of the Plan as to the provisions of such documents or any other document referred to in the Plan, copies of which are on file with Sponsor, are not necessarily complete. Each such statement is qualified in all respects by the contents of such documents and, in the case of any such document executed by or with the written consent of a Purchaser pursuant to the Plan, any rider or separate agreement changing or adding provisions to such document.

There are no lawsuits or other legal proceedings now pending, or any judgments outstanding, which could materially and adversely affect this offering, the Purchasers of Units, the Property, the Condominium or the operation thereof, which are not covered by insurance.

No party other than Purchasers shall have any right or benefit herein or herefrom, including without limitation, the right to insist upon or enforce against Sponsor the performance of all or any of the Sponsor's obligations hereunder and no such third party shall be deemed to have received any benefit as a result of any of the provisions of the Plan.

Sponsor reserves the right, from time to time prior to the First Closing, without obtaining the consent of Purchasers or others, to substantially revise the terms and conditions upon which the Residential Units are to be sold, including changes affecting the rights, obligations and liabilities of Sponsor, Purchasers, Unit Owners and the Condominium Board. However, Sponsor may not unilaterally cancel a Purchase Agreement which is in effect, except as therein provided, as in the case of an uncured default, nor unilaterally change the purchase price or payment terms contained in such Purchase Agreement. All substantive or material revisions will be contained in a duly filed amendment to the Plan. If there is a substantial amendment to the Plan that materially and adversely affects Purchasers, except as otherwise provided herein, Purchasers will have a right of rescission which may only be exercised within 15 days from the Presentation Date of such amendment. Sponsor shall promptly return any Deposit, together with any interest earned thereon to Purchasers who rescind, except that Sponsor shall retain the Deposit of any Purchaser who is in default under the Purchase Agreement beyond any applicable grace period.

In accordance with the provisions of the Laws of the State of New York, neither Sponsor nor any selling agent engaged by Sponsor will discriminate against any person in the sale of Units offered by the Plan or in the leasing of any such Residential Units because of such person's sex, sexual orientation, race, creed, color, national origin, marital status, age, disability or any other ground proscribed by Law.

Unless the context otherwise requires, words used in the singular in Part I of the Plan include the plural and vice versa, and a reference herein to any one gender, masculine, feminine or neuter, includes the other two.

No person has been authorized to make any statement or representation or furnish any information not expressly contained herein. Any information, data, or representations not contained herein or in the documents and exhibits referred to herein must not be relied upon. The Plan may not be changed or modified orally.

The Property has not been the subject of a prior public offering.

Neither Sponsor nor its principals have entered into any contracts or agreements, written or oral, for the sale or transfer of any of the units offered in the Plan nor taken any deposits or advances of funds by or on

behalf of Sponsor in connection with the reservation, sale or transfer of such units, prior to the acceptance for filing of the Plan.

As of the date of the submission of the Plan the Building was under construction and therefore none of the Units in the Building were occupied by either residential or commercial tenants.

SPONSOR'S STATEMENT OF BUILDING CONDITION

Sponsor adopts the "Description of Property and Building Condition" set forth in Part II of the Plan and represents that it has no knowledge of any material defects or need for major repairs to the Building except as set forth in the Description of Property and Building Condition or as contemplated to be made as described therein. As more fully described above, and subject to the matters described therein, Sponsor anticipates that construction of the Building will be sufficiently completed to allow the First Closing to occur as projected in Schedule B.

PART II

CONDOMINIUM OFFERING PLAN

40 MERCER STREET CONDOMINIUM
40 MERCER STREET
NEW YORK, NEW YORK 10013

DESCRIPTION OF PROPERTY AND BUILDING CONDITION

40 MERCER

A. LOCATION AND USE OF PROPERTY

1.	Address:	40 MERCER STREET New York, New York
2.	Block No.: Lot No.:	474 38
3.	Zoning District:	M1-5B
4.	Permissible Uses:	Residential and Retail
5.	Other	Sponsor is not retaining any air rights. The building is located within the Historic Soho-Cast Iron District

B. STATUS OF CONSTRUCTION

1. Construction of the building started on December 2004 and it is anticipated that it will be substantially completed in or about August 2006 unless delayed by weather, strikes, lockouts, acts of God, shortages of, or inability to obtain materials, equipment or labor, governmental restrictions or preemption, damage by fire or the elements or any other cause over which the Sponsor has no control.

2. Class of Construction: The Building will be classified as Class 1C (Non-Combustible) and will conform to all applicable regulations of the Building Code of the City of New York ("Building Code"). The plans were filed under NB# 103948276 with the Department of Buildings in compliance with all applicable Codes and Local Law 58/87 (Handicapped Access Law) and approved on April 27, 2005.

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

C. SITE

1. Based on a Survey prepared by Thomas Piciocco from Earl B. Lovell – S.P. Belcher Inc, Licensed Land Surveyors, 157 Chambers Street New York, New York, the lot for the development site has an approximate frontage of 100'-7 ½" along Mercer Street, 200'-5 1/4" on Grand Street and 106'-11 ¾" on Broadway. The area of the lot where the building stands is approximately 21,454 SF.

2. The building will consist of a single residential building with 13 stories above grade, a cellar and a sub-cellar. The retail units are located on the first floor, the entrance to the garage unit is on the 1st floor and the garage unit is located on the sub-cellar floor. The cellar will contain an Electrical Room, Gas Room, Service Elevator Machine Room, Pump Room, Chiller Room, Compactor Rooms, Super's Office and Employee's Locker Room, Telephone Room, Building Amenities, Resident's Storage Lockers, Bicycle Storage and Retail Storage.

3. The property fronts on Mercer Street, Grand Street and Broadway. These streets are paved with asphalt and are owned and maintained by the City of New York.

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

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

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

4. Drives, Sidewalks, Ramps

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

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

D. UTILITIES

1. Water Supply: Potable water is supplied via New York City's Public Water System. Residential Water service will be collectively metered. There will be additional water sub-meters for the various retail units.

2. Sewer: Sanitary and Storm Sewer discharge from the building will connect to the public combined storm/sewer system.

3. Natural Gas: Gas service will be supplied via Consolidated Edison's street gas mains. There will be two meters for the residential areas of the building. One meter for gas supply to space heating equipment for the residential and common areas of the building and second meter for gas cooking and domestic hot water preparation and will be collectively metered. Gas for the retail units will be separately metered.

4. Electricity: The electric service shall enter the underground from Broadway. The service shall supply all base building mechanical loads, lighting and residential apartments. The electricity to each residential and retail unit shall be separately metered by Con Edison.

5. Telephone: The telephone service shall enter the underground from Grand Street to a demarcation panel in the cellar telecommunications closet. Conduit, wires and outlet boxes will be installed for distribution to each residential apartment. Individual owners will arrange for service directly with the telephone company.

6. Cable Television: The cable television (CATV) service will enter the underground from Grand Street to a demarcation panel in the cellar telecommunications center. Conduit, wires and outlet boxes will be installed for distribution to each residential apartment. Individual owners will arrange for service directly with the cable television company.

E. SUB-SOIL CONDITIONS

1. A geotechnical report was prepared by RA Consultants, Geothechnical Engineers of New Jersey that presents the results of an investigation consisting of test borings and groundwater observation wells. The soil report indicates the presence of ground water at depths approximately ranging from 21 to 24 feet below grade. Preventive measures are being taken in the design of the foundations and waterproofing to protect from moisture infiltration. However, due to the presence of groundwater, there is a potential for water infiltration through the Sub-Cellar.

2. The foundation design that has been selected for the project takes into account the recommendations of the geotechnical report and consists of a cast-in-place pressure slab with perimeter cast-in place foundation walls.

3. Concrete columns and walls shall rest on a concrete pressure slab.

F. LANDSCAPING AND ENCLOSURE

1. There will be landscaped outdoor spaces for the use of the residential unit owners at first and seventh floors. (See the attached floor plans for First and Seventh Floors set forth in Part II of the Offering Plan)

G. BUILDING SIZE

1. The approximate total height of the building from the lobby finished floor elevation 17'-5" to the top of the main roof slab elevation 192'-0" is 174'-7"

2. There will be 13 floors above grade with a cellar and sub-cellar levels.

3. Except in areas with dropped ceilings and soffits, the floor-to-ceiling heights of the residential units, based on marketing floor numbers, are approximately as follows:

3rd through 6th Floors	-	11'-6"
7th to Penthouse	-	10'-6"

4. **Equipment Rooms:** Height from top of roof slab to top of Elevator Machine Room is approximately 16'-0".

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

H. STRUCTURAL SYSTEM

The structural design of the foundations and superstructure will be in accordance with the New York City Building Code, including all regulations for wind and seismic loads.

Foundation walls will be reinforced concrete. Walls and columns will be supported by a reinforced concrete mat

Wind and seismic lateral loads will be resisted by concrete shear walls and slab frames across the width of the building and parallel to the length.

All levels (Sub-Cellar, Cellar and above) will be flat plate reinforced concrete construction supported by reinforced concrete columns and shear walls.

1. **Exterior of the building**

i). Walls: The exterior walls will be curtain wall system on East, South and West facades. The North façade will have a metal panel system on a partition wall consisting of metal studs with fiberglass batt insulation with vapor barrier, and gypsum wallboard finish on the inside.

ii) Windows: The windows of the residential units on the East, South and West façade of the building will be part of the curtain wall system and will be a combination of aluminum casement, sliders, single hung or fixed type windows. The windows of the residential units at North façade will be fixed or awning type window. Curtain wall system will be manufactured by Baker Metal Products, Inc, Dallas, Texas. Windows will have a two-year warranty on labor and materials and a five-year warranty for the paint of the windows.

All operable windows will have a childproof stop limiting the opening of the windows to a maximum of 4".

Main rooms will be provided with shades, two shades in bedrooms and one in Living Rooms.

iii) Lot line windows:

There are no lot line windows.

iv) Insulation: The exterior wall shall have insulation values in compliance with the New York State Energy Code and fire resistance ratings in compliance with the New York City Building Code. The average R-value for the opaque sections of the exterior walls will be 17.4 and for the vision section will be 1.86.

v) Local Law 11:

The first Local Law 11 Report (Façade Inspection) will be due on March of 2010.

2. **Parapets and Copings**:

The parapets will be either a glass or metal railing, each with a minimum height of 3'-6" above the roof.

3. **Chimneys and Caps**

There is a compactor chute, which terminates above the main roof level. A 16GA aluminized steel trash chute is located on all residential floors.

4. **Terraces**

i) There will be private terraces appurtenant to units 6, 29 and 30 and Penthouse 2. There will be stationary swimming pools at the terraces of unit 29 and 30.

ii) There will be a private balcony appurtenant to Pent house 1

iii) There will be a landscaped terrace at the Seventh Floor for the use of the Residents

vi) There will be 4 terrace areas at the Seventh Floor, which will be offered for sale by the Owner pursuant to a license agreement.

vii) There will be exit balconies at the North side of the building at floors Seventh to Fifteenth

vi) The terraces will be finished with a combination of wood floors and concrete pavers over roofing system. The exit balconies will have exposed concrete on the floors.

vii) Balustrades: None

viii) Railings: The main roof and the Exit balcony railings will consist of metal rails and posts. The Third and Seventh Floor railings will be glass or metal grill panels on aluminum frames, each with a minimum height of 3'-6".

ix) Copings: The copings will be aluminum.

x) Doors at Terraces: Doors will be extruded aluminum and glass swing or sliding doors.

5. <u>Exterior Entrances</u>

i). Exterior Entrance at Mercer Street
The main entrances to the residential lobby will be metal and glass doors.

ii) Vestibules Metal and glass doors

iii) Exterior Stair None

iii) Railings None

v) Mailboxes Will be located in a designated area of the lobby on the first floor of the building. Mailboxes will be U.S. Governmental approved. Sponsor reserves the right to eliminate mailboxes from the design of the building and have the mail delivered to each of the unit owners by the building staff.

vi). Lighting Recessed and/or wall mounted fixtures.

vii). Intercom System
No intercom system will be provided from site entrance to individual residential units.

viii) Canopies Metal and glass canopy.

6. Service Entrances

i) Location Service entrance will be located on Grand Street

ii) Doors and Frames
Metal and glass doors and metal frames.

iii) Garage Entry The garage entry will have a metal roll down gate

iv) Exterior Stair None

v) Railings None

7. Roof and Roof Structures

i) **Roof**

a) Material
The roofing systems will be a fluid applied IRMA membrane roof system with pavers or gravel ballast over.

b) Insulation
Insulation shall be Styrofoam RM brand insulation as manufactured by Dow Chemical or equal

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

d) Guarantee
The roofing system shall have a ten-year manufacturers' guarantee.

e) **Flashing Material**
There will be metal cap flashing and fabric base flashing.

ii) Drains

a) Location
Roof drains will be located at the Main Roof and all terraces

b) Material and Type
Cast iron drains.

c) Gutters and Leaders
None

iii.) Skylights

Aluminum fixed skylights will be provided above the Cellar, Sixth Floor and an operable skylight will be provided at the Penthouse Level.

iv) Bulkheads

a) **Stairs**

The stair enclosures will be part of roof bulkheads, which will consist of a metal stud wall with metal panels and insulation.

b) **Elevator**

The elevator bypass and Elevator Machine Rooms for the passenger elevators will be part of roof bulkhead.

v) Metal Work at Roof Levels

a) **Exterior Metal Stairs**

None

b) **Vertical Ladders**

At roof levels within mechanical bulkhead.

c) **Railings**

Metal railings around main roof level

d.) **Hatches to roof**

None

vi) **Roof Top Facilities**

None

8. Fire Escapes

None

9. Yards and Courts

There will be a common courtyard accessible from the residential Lobby as well as a common roof top terrace at the Seventh Floor.

10. Interior Stairs

i) **Number of Stairs**

There are 2 (two) exit stairs that extend from the Sub- Cellar up to the roof bulkhead. Each stair is located in a separate rated stair shaft.

ii) **Enclosure**
Stairs will be enclosed with 2 hour rated partitions or concrete sheer walls and painted.

iii) **Stair Construction**
All the stairs will be concrete construction

iv) **Stringers**
None

v) **Treads**
Concrete

vi) **Risers**
Concrete

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

viii) **Balustrades**
Steel bars or pipe rail.

11. Interior Doors and Frames

i). **Unit Entrances**
The entrance door to each residential unit will be hollow metal and will meet the Building Code requirements. The interior doors in each of the residential units will be wood doors with wood frames.

ii) **Corridor Doors and Frames**
All doors and frames will be hollow-metal and will meet the Building Code requirements.

iii) **Stair Doors and Frames**
All doors and frames will be hollow-metal and will meet the Building Code requirements.

iv) **Roof Doors and Frames**
These doors and frames will be hollow-metal and will meet the Building Code requirements.

12 Elevators

i) There will be two (2) new passenger elevators servicing the residential units, and one (1) service elevator servicing the Sub-Cellar, Cellar, and First Floors. There will also be a handicapped lift at the Sixth Floor to cover the difference in elevation between the Elevator Lobby and the Common Terrace

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

Residential Elevator Designation:	Elevator Capacity:
1. Passenger PE-1	3,000 lbs (20 people)
2. Passenger PE-2	3,000 lbs (20 people)
3. Service SE-3	3,500 lbs (23 people)
4. Handicapped Lift- HL	750 lbs

iii) The type of operation will be as follows:
Residential: - Simplex Collective

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

v) Residential elevators, PE-1 and PE-2, will stop at Sub-Cellar, Cellar and First through Penthouse floors. S.E-3 will stop at Sub-Cellar, Cellar and First Floors.

vi) The passenger elevators will be geared type.

vii) Passenger elevators will have single sliding side doors.

viii) The elevator machine room for PE-1 and PE-2 will be located at the main roof bulkhead level. The elevator machine room for SE-3 will be located at the Cellar level

ix) Solid state motor drive for PE-1 and PE-2.

13. Elevator Cabs (Passenger)

i) Passenger elevator cabs will be manufactured by a company specialized in the manufacturing of elevator cabs.

ii) The floor material will be stone and or carpet

iii) The walls will be covered with steel panels or equal.

iv) The ceiling will be metal or glass with cove or recessed lights.

J. AUXILIARY FACILITIES

1. Laundry Room

i) **Location**
There will be no laundry room. Each residential unit will have a washer/ dryer unit located in a closet.

2. Refuse Disposal

i) Two refuse chute access doors are located on each residential floor.

ii) **Incinerators**
None

iii) **Compactors**
There will be two compactors as manufactured by HICO, Model Mark 1, or equivalent, located in the cellar servicing the residential units.

iv) **Approvals**
None required.

v) **Storage Location**
The compacted bags will be stored in the compactor rooms until they are transferred to the street level.

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

K. PLUMBING AND DRAINAGE

1. Domestic Water System

Potable water will be supplied via New York City public water system. The water pressure is to be boosted by means of an automatic constant pressure booster system. The booster system will contain multiple pumps, and automatic pressure controls to maintain water pressure within code required limits.

Domestic hot water will be prepared by gas fired heaters located in the cellar and on rooftop mechanical room.

Domestic hot and cold water shall be distribution to each apartment by means of type "L" copper pipe distribution system.

All water piping system shall be insulated with fiberglass pipe insulation with thickness as per New York State Energy Conservation Code.

2. **Fire Protection System.**

a. The building will be provided with a standpipe/sprinkler system, with New York City approved hose connections and valves. A fire pump will be provided to serve the combined Fire Standpipe/Sprinkler systems. The system will be constructed of black steel pipe rolled grooved black steel pipe in accordance with New York City Building Code requirements.

b. An auxiliary source of water will be provided by means of combined standpipe/sprinkler siamese connection located on the street face of the building.

c. Each residential floor will be provided with a floor control valve assembly and distribution piping to sprinkler each apartment. Sprinkler piping shall be located in ceilings and soffits located in the residential units.

d. Fire Department valves will be provided on standpipe risers on each floor. NYC approved hose key cabined with 375 feet of hose will be provided adjacent to the lobby for Fire Department use, only.

e. The entire building will have an interior sprinkler system as required by New York City Building Code. Standard type sprinkler heads will be provided in the apartments, lobby and amenity spaces.

f. A Fire Department Siamese connection will be provided on Mercer Street and Broadway building frontage.

3. **Sanitary Sewage System.**

a. Sanitary piping will be no-hub cast iron.

b. All sanitary drainage is connected to public service combined building sewer.

c. Permit Required: Sewer connection applications will be filed with the

N.Y.C. Department of Environmental Protection.

4 **Storm Drainage System.**

Storm water will be collected by means of a series of roof-mounted drains, terrace drains, and area drains. Rainwater will be collected and conveyed via interior cast iron no-hub piping system discharging into the combined building sanitary/storm system.

L. HEATING

The primary source of heat for the residential units will be by two (2) Weil-McLain gas fired boilers Model number BG-888WF, 56.9 BHP each, or equal, located on the roof level. Hot water will be distributed to the apartment fan coils as well as unit heaters, heating and ventilating units, air handling units and fan coils throughout the building. The heating system is designed to comply with the New York State Energy Code and will be adequate for each room.

1. **Residential Units Space Heating:**

The heating system will be designed to maintain a temperature of 68°F inside when the outside temperature is +13°F. The fan coil units with hot water coil, as manufactured by Enviro-Tec, or equal, will be provided in each living/dining room and bedroom. Bathrooms located on the perimeter of the building and below the roofs will be equipped with wall mounted electric heaters with integral thermostat as manufactured by Federal Pacific or its equal. Floors in all master bathrooms will be provided with electric heating floor mats with integral thermostats as manufactured by Floor Heatech or equal. The unit owners will be responsible for the maintenance of the electric heating mats in the bathrooms. Some perimeter rooms will be equipped with floor mounted electrical architectural heaters as manufactured by Vulcan or its equal.

2. **Lobby, Residential Corridors and Club Space Heating:**

The residential heating system will be designed to maintain a temperature of 68°F inside when the outside temperature is +13°F. Horizontal fan coil units with water coils as manufactured by Enviro-Tec, or equal, as well as air handling units with water coils as manufactured by Trane or its equal, will be used.

3. **Retail Unit Space Heating:**

Hot water valved and capped outlets will be provided for future installation. Temporary hot water unit heaters with integral thermostats as manufactured by Trane or equal will be provided.

4. **Garage Unit Space Heating:**

There will be no heating provided at the garage level.

M. GAS SUPPLY

Natural gas will be provided by Con Edison, for cooking in each Residential Unit.
Gas meter for heating equipment and another meter for domestic demand will be provided by Con Edison. Residential Units will not be individually metered. Materials for gas piping will be schedule 40 black steel.

N. AIR CONDITIONING

The apartments will be provided with individual fan coil units with chilled water coils in each room, capable of maintaining inside conditions of 78°F and 60% relative humidity when outside temperatures are 89°F D.B.

- Lobby is supplied by four pipe fan coil units and air handling units.
- Corridors are supplied by four-pipe fan coil unit.
- Club is supplied by fan coil units and air handler unit.
- Pool is supplied by pool dehumidifier unit.

O. VENTILATION

Supply and exhaust ventilation systems will be provided for all mechanical rooms, meter rooms, electrical rooms, storage rooms, elevator machine rooms, all windowless areas such as bathrooms and laundry rooms and kitchens will be mechanically ventilated to the exterior as required by Code.

P. ELECTRICAL

1. The electrical service from Con Ed network will terminate in main switchboard with capacity of 4000 amps at 208 volt, three phase. Fused switches will be provided for the various loads. Electronic sub-meters for the residential units will be provided on the 3rd, 6th, 9th, and 12th floors. The typical residential unit shall be served by a 100 amp, 208-volt single-phase panel. The meters for commercial units and base building loads will be located in the main switchboard room.

2. The typical apartment panel shall have approximately 21 – 25 circuits, for air conditioning, appliance circuits, general lighting and convenience receptacles. Each

apartment to have wall mounted entry light, and corridor lights as required, smoke detector and CO detector in apartments as per NYC Building Code, and convenience outlets in each room as required by the NYC Electrical Code.

Q. TELEPHONE

1. Telephone service will be provided by Verizon and/or other service providers. Every Unit Owner will be required to pay their associated telephone charges and initial charges for activating individual outlets in the Unit. Similarly, the charges with respect to the telephones in the Retail Units and the Garage Unit will be separately paid for by the respective Unit Owner. The telephone charges with respect to the public areas of the Building (such as the concierge's desk, maintenance offices, etc.) will be borne by all Unit Owners as a Common Expense and apportioned to each Unit.

R. CABLE TV

1. The building will be pre-wired with risers for TV. Each residential unit will have one cable TV connection in the living room and bedrooms. The cable will end in a terminal box in each residential unit for future connection by the cable TV Utility Company.

S. PUBLIC AREA LIGHTING

1. All entrances to the building at grade will be provided with a minimum of one light fixture. The rear yard and street entrances of the main building will be provided with two light fixtures on each end. Lobbies will be provided with ceiling mounted recessed fixtures. All lighting levels will be designed in accordance with the NYC Building Code and the housing Maintenance Code. These fixtures will be wired to the building house meter.

2. There will be fluorescent fixtures in the service areas and the public stairs. Incandescent fixtures will be provided at the main entrance lobby. Lighting in the public corridors will be compact fluorescent.

T. FIRE PROTECTIVE ALARM SYSTEM

1. The building will be provided with Standpipe Fireline Telephone and Signaling System.

2. Each Residential Unit will contain smoke and CO detectors having audible alarm within the Residential Unit.

U. TELEPHONE SYSTEM AND TELEVISION RECEPTION FACILITIES

1. Telephone service will enter the Building from Grand Street at the cellar level, and will provide service to all Residential Units and Commercial units.

2. Time Warner (or an equivalent provider) will provide all telephone and T.V. services to the Building.

V. COMMUNICATION AND SECURITY SERVICE

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

Each Residential unit shall consist of:

Intercom communication through phone service.

Video cameras will be provided to monitor the laundry room, exercise room, entrances, roof terrace, passenger and service elevators, loading dock and garage ramp, and will be monitored at the concierge desk.

A telephone and cable jack is provided in all living rooms and bedrooms.

W. GARAGE UNIT AND PARKING AREA

The garage unit will be provided with a mechanical exhaust system meeting N.Y.C. Building Code. Exhaust fans are provided at the roof level to exhaust air. The garage unit will have floor drains. The garage unit will be provided with CO detection with exhaust activation system.
There will be 10 parking spaces accessory to the Residential and Commercial use of the building. A valet service will be offered in the garage and there will be no fixed parking stalls.

X. SWIMMING POOLS

1) Type

a) There will be stationary swimming pools at the terraces appurtenant to units 29 and 30.

b.) There will be a concrete lap swimming pool at the Health Club for the use of all Residents. The pool will be concrete with ceramic tile finish with capacity for 24 people. There will also be whirlpool with capacity for 9 people. Both pools require approval from the New York City Department of Health.

2) **Size**

a) The stationary pools will be approximately 8' x 15'x 4'deep.

b.) The Health Club pool will be 14' x 48'. Depth of the pool varies from 3'-6" to 4'-0"

Y. UNIT INFORMATION

1. Occupancy

i. There will be 41 (including the resident managers unit), residential units in the building, 5 retail units located on the First Floor with retail storage at the Cellar and a Garage Unit at the Sub-Cellar

ii) There will be an amenities space located at the Cellar that will include a Fitness Center, Swimming Pool, Sauna and Men and Women's Locker Room. The Sponsor reserves the right to change the location of the various amenities located on this floor.

iii) There will be a Laundry Room located at the Cellar level.

iv) There will be Storage Lockers located on the Cellar level, which will be offered for sale by the Sponsor pursuant to license agreement. There will be four private terrace areas located on the Seventh Floor terrace, which will be offered for sale by the Sponsor, pursuant to license agreement. The terraces will have pavers and fencing and will be provided with connections for lighting and outlets, cold water supply and drains.

v) For the purposes of Marketing, the floor number thirteen has been excluded, while Construction necessitates a realistic numbering of floors that includes a thirteen. Therefore, two different methods of numbering floors exist, and are shown below:

Construction Floors	Marketing Floors
1	1
2	3
3	4
4	5
5	6
6	7
7	8
8	9
9	10
10	11
11	12
12	14
13	15

Please note that all floor plans, apartment drawings, and other references to floors in this report will utilize the marketing numbering of floors.

2. **Unit Description**

FLOOR	UNIT	TYPE	DESCRIPTION
3rd, 4th, 5th, 6th	1, 7, 15, 22	2 BEDROOMS	Foyer, Living / Dining Room, 2 Bedrooms, 2 Bathrooms, Kitchen, W/D Closet
3rd, 4th, 5th, 6th	2, 8, 16, 23	3 BEDROOMS	Foyer, Living / Dining Room, 3 Bedrooms, 3 Bathrooms, Kitchen, Powder Room, W/D Closet
3rd, 4th, 5th, 6th	3, 9, 17, 24	1 BEDROOM	Foyer, Living / Dining Room, 1 Bedroom, 1 Bathroom, Kitchen, Powder Room, W/D Closet
3rd, 4th, 5th, 6th	4, 10, 18, 25	2 BEDROOMS	Foyer, Living / Dining Room, 2 Bedrooms, 2 Bathrooms, Kitchen, Powder Room, W/D Closet
3rd	6	2 BEDROOMS	Foyer, Living / Dining Room, 2 Bedrooms, 2 Bathrooms, Kitchen, Powder Room, W/D Closet, Terrace
4th, 5th, 6th	12, 20, 27	2 BEDROOMS	Foyer, Living / Dining Room, 2 Bedrooms, 2 Bathrooms, Kitchen, Powder Room, W/D Closet
4th	14	2 BEDROOMS (RESIDENT MANAGER APT.)	Foyer, Living / Dining Room, 2 Bedrooms, 2 Bathrooms, Kitchen, W/D Closet
5th, 6th	21, 28	2 BEDROOMS	Foyer, Living / Dining Room, 2 Bedrooms, 2 Bathrooms, Kitchen, Powder Room, W/D Closet
7th	29	4 BEDROOMS-DUPLEX	Foyer, Living Room, Dining Room, 4 Bedrooms, 4 Bathrooms, Family Room, Kitchen, Powder Room, W/D

			Closet, Terrace, Pool
7th	30	3 BEDROOMS	Foyer, Living / Dining Room, 3 Bedrooms, 3 Bathrooms, Study, Kitchen, Powder Room, W/D Closet, Terrace, Pool.
8th, 9th, 10th, 11th, 12th	31, 33, 35, 37, 39	2 BEDROOMS	Foyer, Living / Dining Room, 2 Bedrooms, 2 Bathrooms, Kitchen, Powder Room, W/D Closet
9th, 10th, 11th, 12th, 14th	32, 34, 36, 38, 40	3 BEDROOMS	Foyer, Living / Dining Room, 3 Bedrooms, 3 Bathrooms, Kitchen, Powder Room, W/D Closet
14th	PH-1	4 BEDROOMS-DUPLEX	Foyer, Living / Dining Room, 3 Bedrooms, 4 Bathrooms, Family Room Kitchen, Powder Room, W/D Closet, Balcony
15th	PH-2	2 BEDROOMS	Foyer, Living / Dining Room, 2 Bedrooms, 2 Bathrooms, Kitchen, Powder Room, W/D Closet, Terrace, Pool.

3. Finish Schedule for Typical Apartments

SPACE	FLOOR	BASE	WALL	CEILING
Foyer	WD	WD	P	K/GWB
Living Room	WD	WD	P	K/GWB
Dining Room	WD	WD	P	K/GWB
Bedrooms	WD	WD	P	K/GWB
Kitchen	WD	WD	P	K/GWB
Bathrooms	MT / CT	MT / CT	MT / CT	K/GWB
Closets	WD	WD	P	K/GWB
Washer/dryer closet	CT	CT	P	K/GWB

4. Finish Schedule for First Floor

SPACE	FLOOR	BASE	WALL	CEILING
Lobby	Stone	Stone	P	GWB
Package Room	Stone	Stone	P	GWB
Mail Room	Stone	Stone	P	GWB
Retail	Concrete	-	CMU	Concrete
Garage Entrance	Concrete	-	CMU	Concrete

5. Finish Schedule for Common Spaces

SPACE	FLOOR	BASE	WALL	CEILING
Stairs	DE	P	P	P Concrete
Public Corridor	CPT	Stone	P	GWB
Service Corridor	CT	CT	P	GWB
Pool	Stone	Stone	P	P
Fitness Center	Wood	Wood	P	P
Storage Area	DE	P	P	P CONC
Laundry Room	CT	CT	P	AT

6. Bathroom Fixtures

Subject to Sponsor's right to make substitutions as set forth in the Offering Plan, the Residential Units will be equipped with the following fixtures:

BATHROOM	FIXTURE	MANUFACTURER	DESCRIPTION	
MASTER	LAVATORY	KOHLER	Wellworth Pedestal- or equal	
MASTER	LAVATORY FAUCETS	WATERMARK	Polished chrome	
MASTER	TUB	KOHLER	Caribbean (no whirlpool)	
MASTER	TUB FAUCETS	WATERMARK	Polished chrome	
MASTER	SHOWER FAUCETS	WATERMARK	Polished chrome	
MASTER	WC	KOHLER	Wellworth or equal	
SECONDARY	LAVATORY	KOHLER	Wellworth Pedestal or equal	
SECONDARY	LAVATORY FAUCETS	WATERMARK	Polished chrome	
SECONDARY	TUB	AMERICAN STANDARD	Princeton (no whirlpool)	
SECONDARY	TUB FAUCETS	WATERMARK	Polished chrome	
SECONDARY	WC	KOHLER	Wellworth or equal	
POWDER RM.	LAVATORY	KOHLER	Wellworth Pedestal or equal	
POWDER RM.	LAVATORY FAUCETS	WATERMARK	Polished chrome	
POWDER RM.	WC	KOHLER	Wellworth or equal	

7. Kitchen Appliances

Subject to Sponsor's right to make substitutions as set forth in the Offering Plan, the Residential Units will be equipped with the following appliances:

KITCHEN	APPLIANCE	MANUFACTURER	DESCRIPTION	UNIT
	DISHWASHER	GE- PROFILE	GSD5940DSS/or equal	
	GAS COOKTOP 1	GE- PROFILE		
	HOOD 1	GE- PROFILE		
	ELECTRIC OVEN-1	GE- PROFILE	JGBP90MEBBC/or equal	

	MICROWAVE-1	GE- PROFILE	Advantium SCA1001BSS/	
	REFRIGERATOR-1	GE- PROFILE	TPS24BPD side by side with Icemaker equal	
	WASTE DISPOSAL			
	SINK-1	FRANKE	PRX 110-21/or equal	
	FAUCETS-1	KOHLER	Avatar K-6352/or equal	
	WASHER/ DRYER	BOSCH	#WFK2401UC a WTL5400UC/or equal.	

ABBREVIATIONS FOR FINISHES

AT	ACOUSTICAL TILE
CMU	CONCRETE MASONRY UNIT
CT	CERAMIC TILE
CPT	CARPET
CONC	Concrete
DE	DECK ENAMEL
GT	GRANITE TILE
GWB	GYPSUM WALLBOARD
HC	HUNG CEILING
K	KADEX
L	LIMESTONE
MT	MARBLE TILE
MP	METAL PAN
P	PAINT
QT	QUARRY TILE
SP	SPRAY PAINT
ST	STUCCO
T	TILE
TCP	TEXTURED CEILING PAINT
TER	TERRAZO
V	VINYL
VCT	VINYL COMPOSITION TILE
VWC	VINYL WALL COVERING
GWB	GYPSUM WALL BOARD
WD	WOOD

REGISTERED ARCHITECT STATE OF NEW YORK

Peter Claman, AIA

Sign before me this 22nd day of July 2005

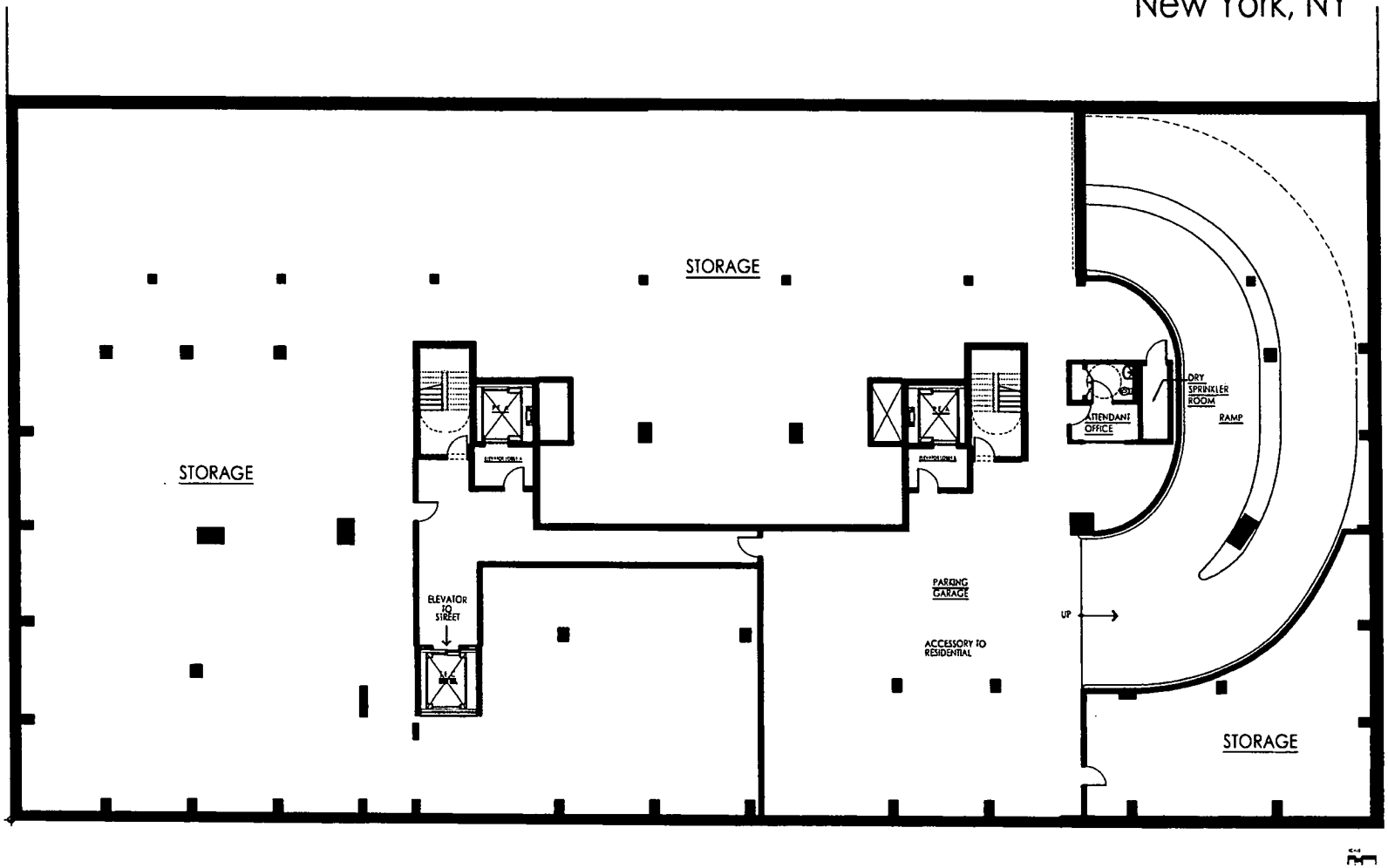
NOTARY PUBLIC

SHERRY LYNN EID
Notary Public, State of New York
No. 01EI6113413
Qualified in New York County
Commission Expires July 26, 2008

FLOOR PLANS

Sub-Cellar Plan

40 Mercer Street
New York, NY



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02-28-05

NOTE:
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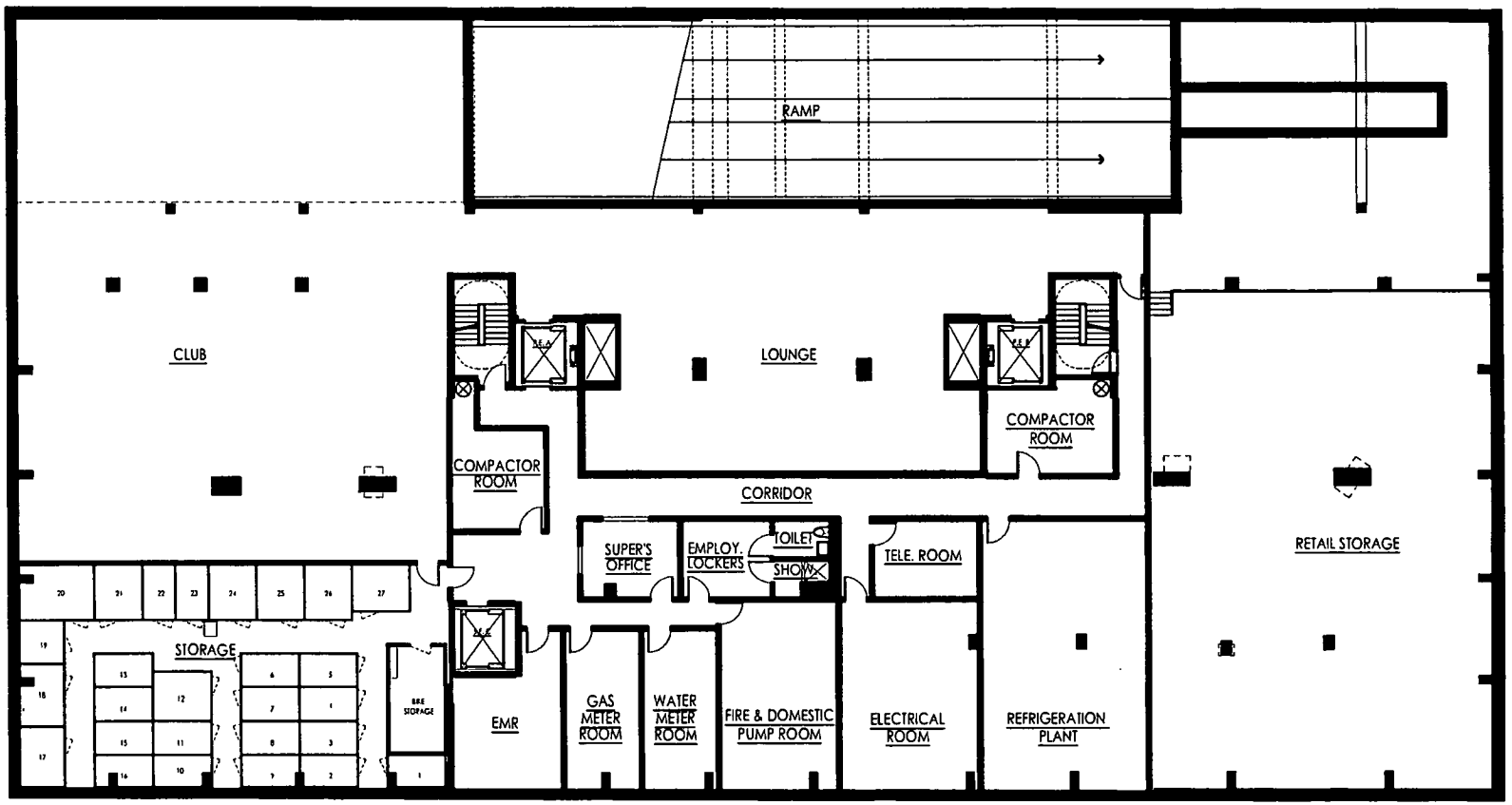
PLANS AND DIMENSIONS MAY CONTAIN MINOR VARIATIONS FROM FLOOR TO FLOOR.

Cellar Plan

40 Mercer Street
New York, NY



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02-28-05

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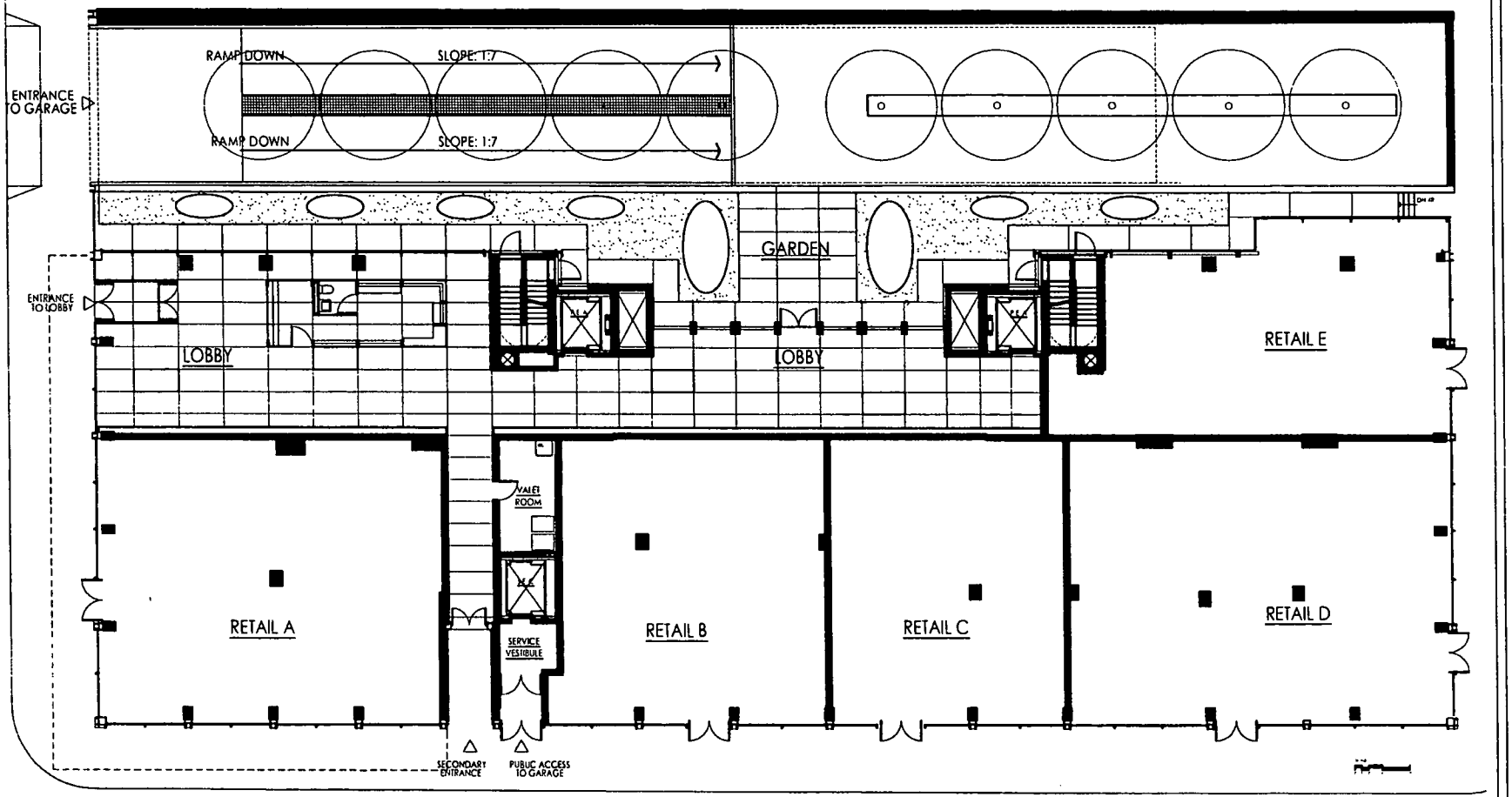
First Floor Plan

40 Mercer Street
New York, NY



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02-28-05

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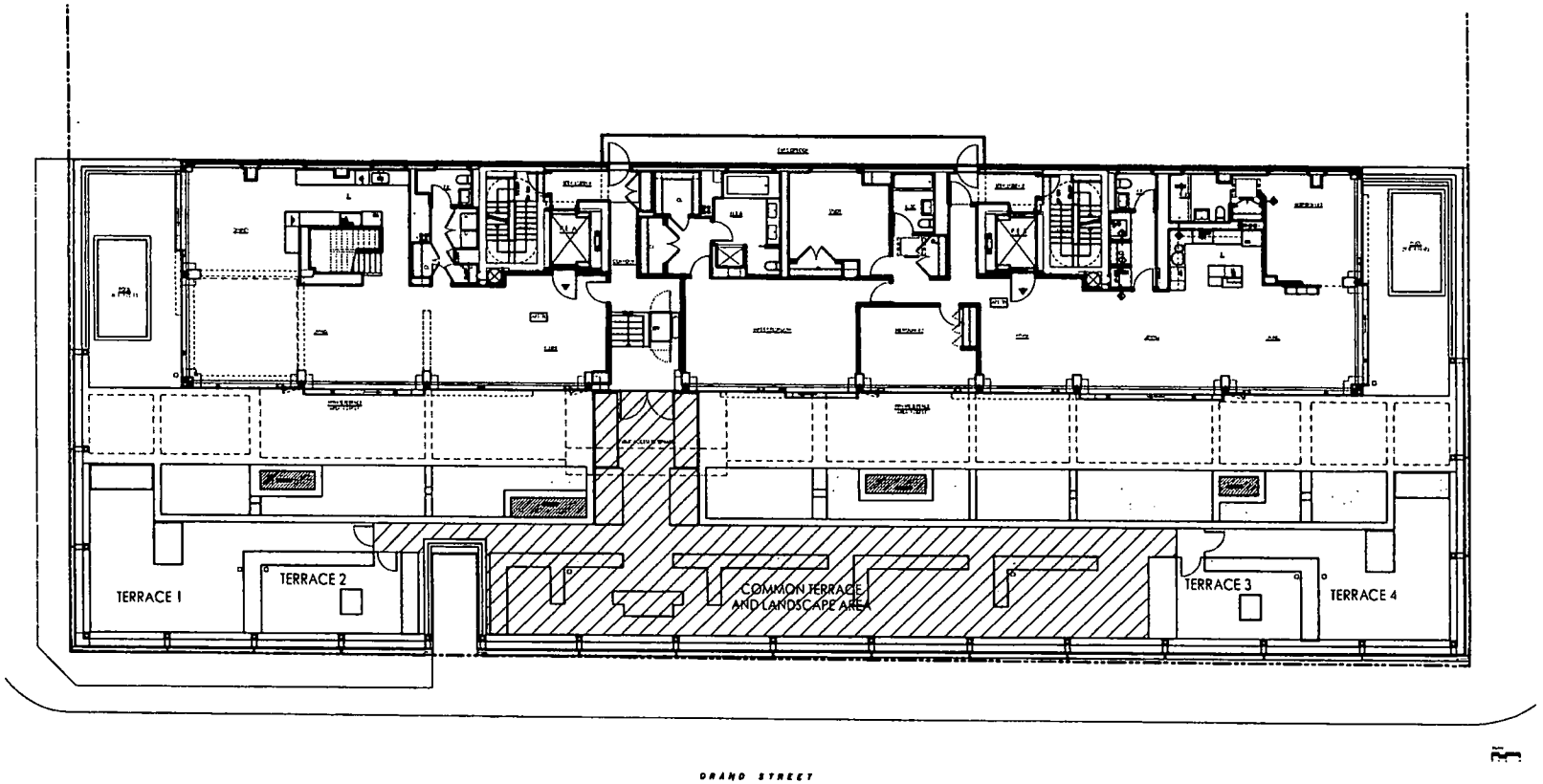
7TH FLOOR TERRACE

40 Mercer Street
New York, NY



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02-28-05

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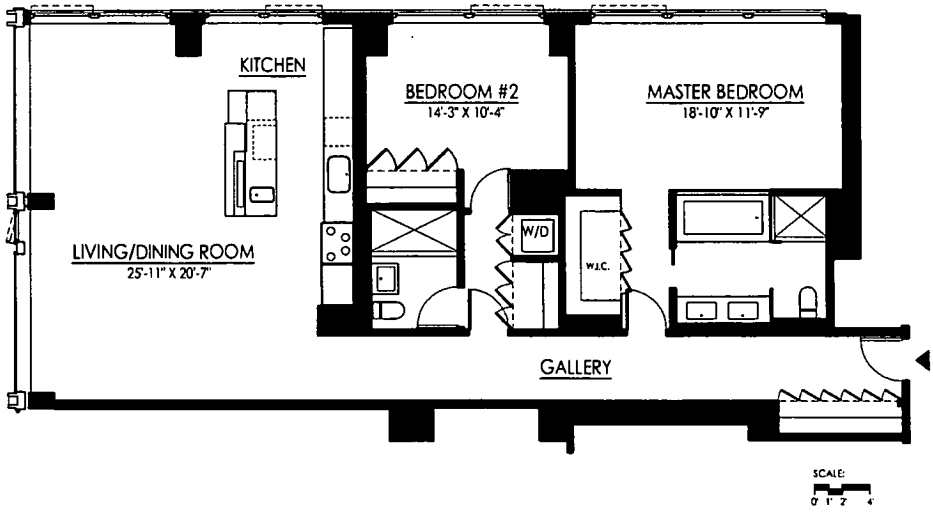
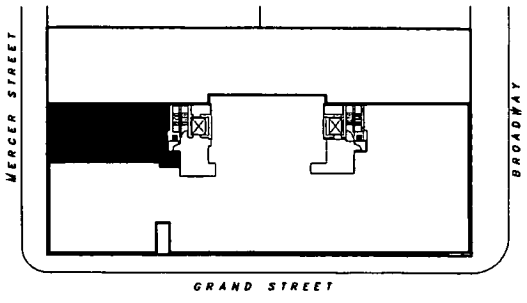
APARTMENTS 1, 7, 15, 22
FLOORS 3-6

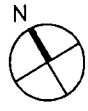
40 Mercer Street
New York, NY

2 Bedrooms
2 Baths





KEY PLAN



02-28-05

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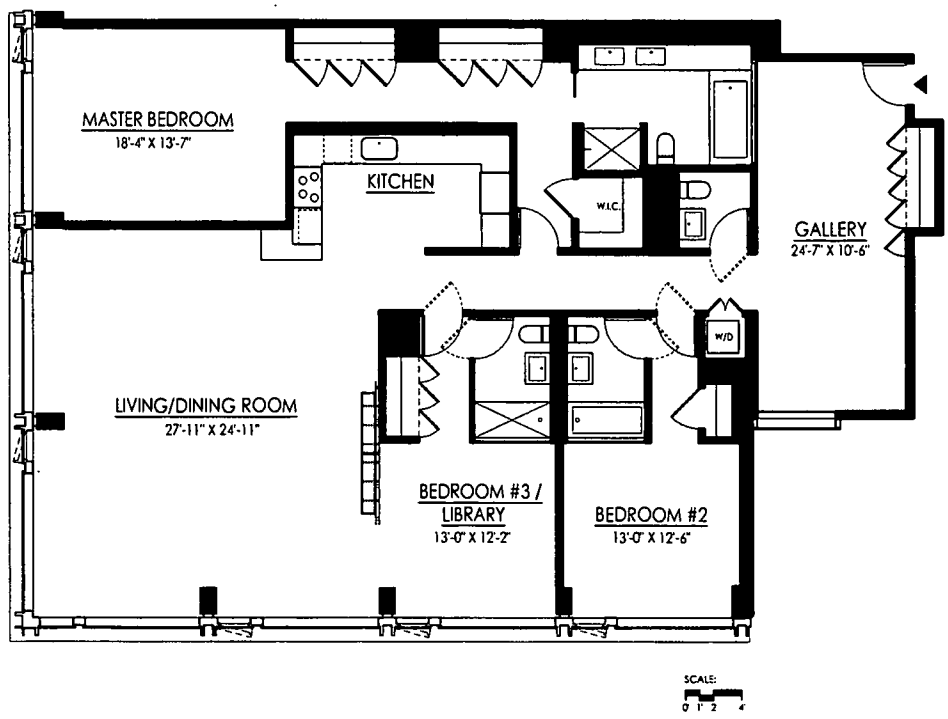
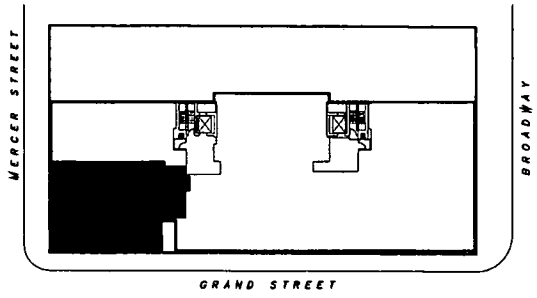
APARTMENTS 2, 8, 16, 23
FLOORS 3-6

40 Mercer Street
New York, NY

3 Bedrooms
3 Baths and Powder Room





KEY PLAN

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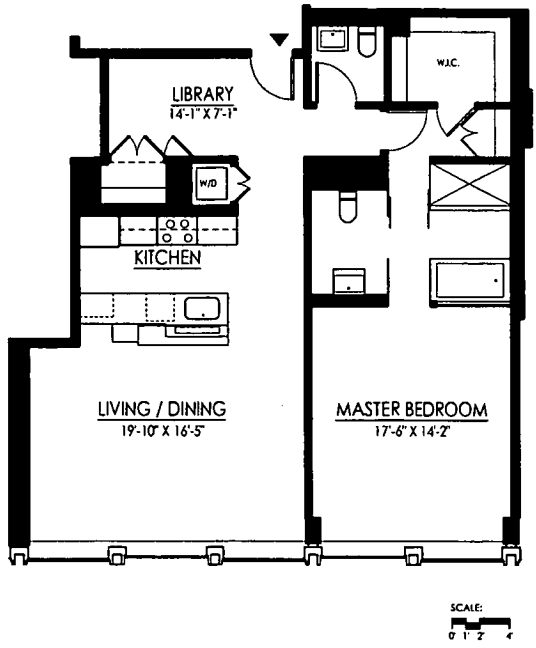
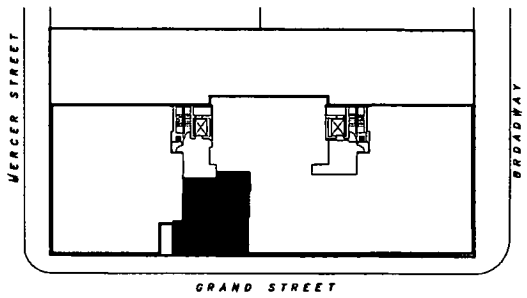
APARTMENTS 3, 9, 17, 24
FLOORS 3-6

40 Mercer Street
New York, NY

1 Bedroom
1 Bath and Powder Room





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02-28-05

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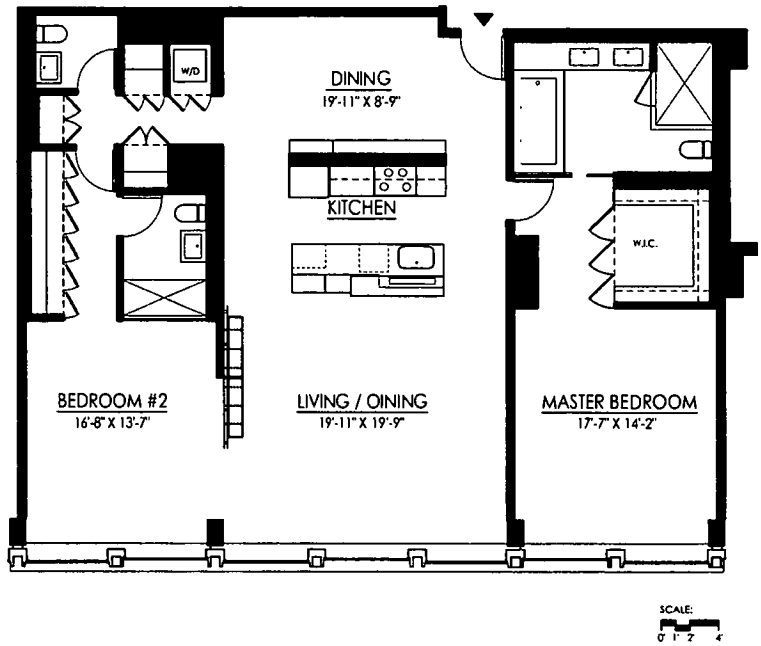
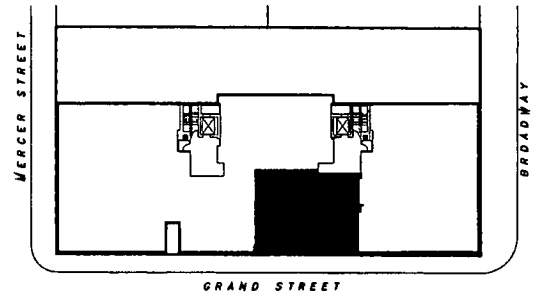
APARTMENTS 4, 10, 18, 25
FLOORS 3-6

40 Mercer Street
New York, NY

2 Bedrooms
2 Baths and Powder Room





KEY PLAN

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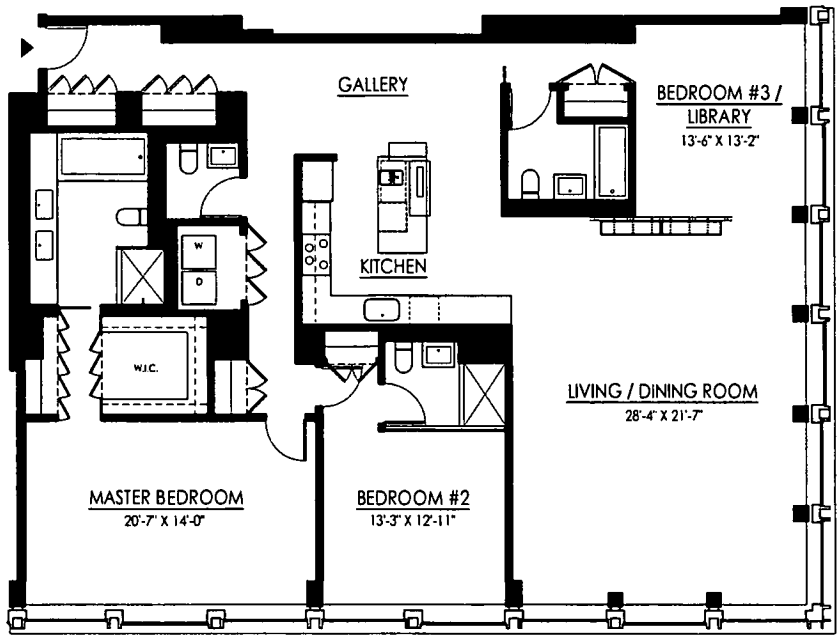
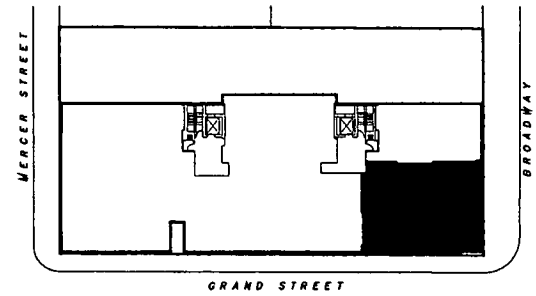
APARTMENTS 5, 11, 19, 26
FLOORS 3-6

40 Mercer Street
New York, NY

3 Bedrooms
3 Baths and Powder Room





KEY PLAN

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02-28-05

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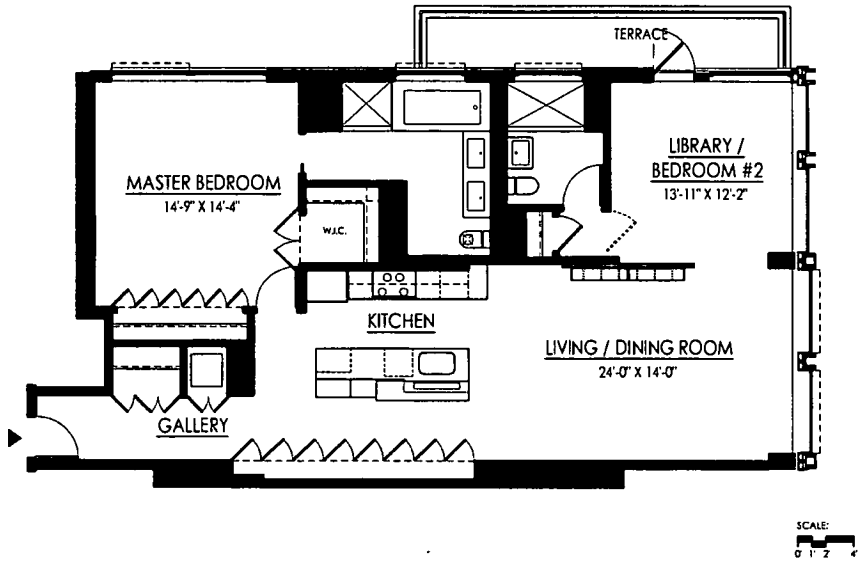
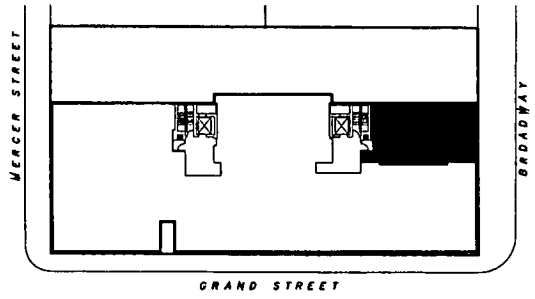
APARTMENTS 6
FLOORS 3

40 Mercer Street
New York, NY

2 Bedrooms
2 Baths
TERRACE





KEY PLAN

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02-28-05

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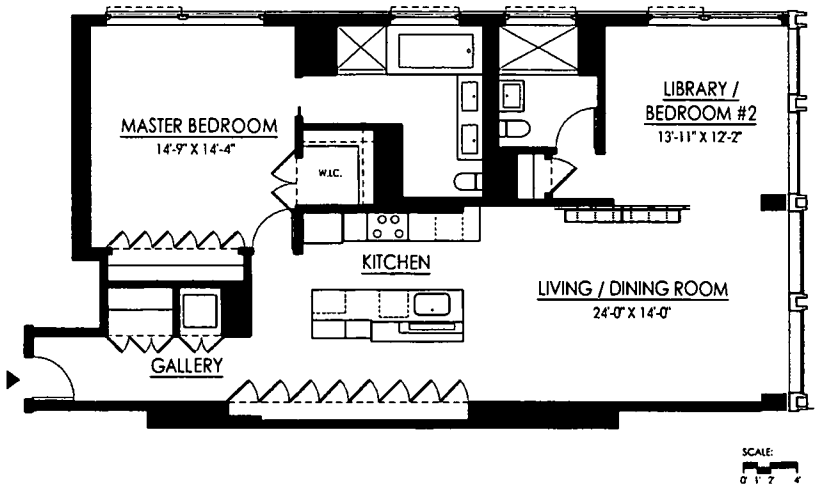
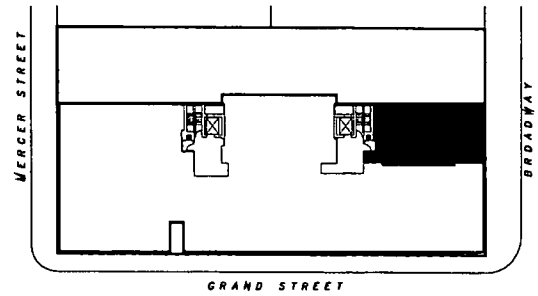
APARTMENTS 12, 20, 27
FLOORS 4,5,6,

40 Mercer Street
New York, NY

2 Bedrooms
2 Baths





KEY PLAN

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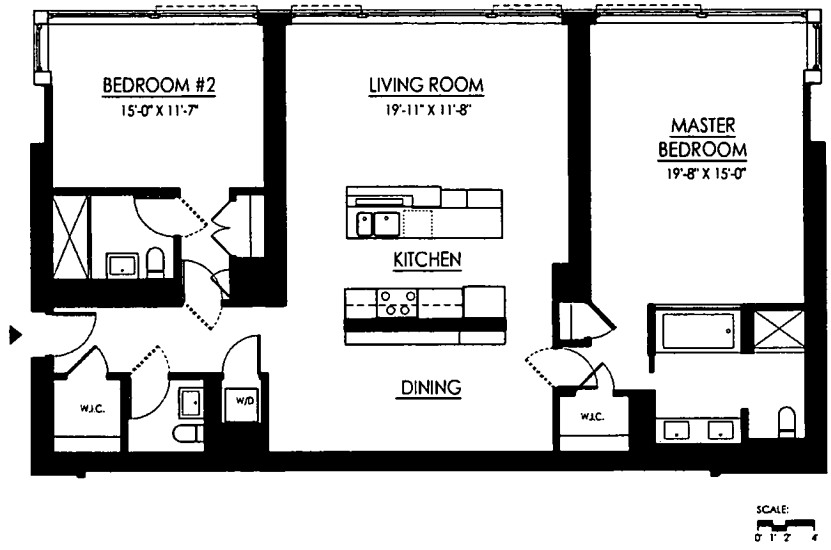
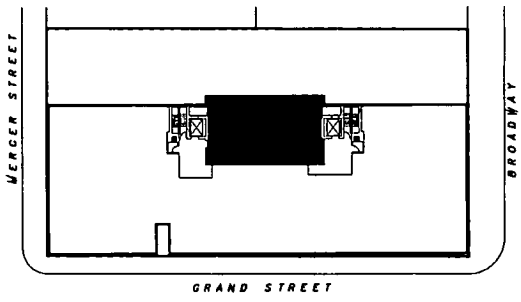
APARTMENTS 21, 28
FLOORS 5 & 6

40 Mercer Street
New York, NY

2 Bedrooms
2 Baths and Powder Room





KEY PLAN

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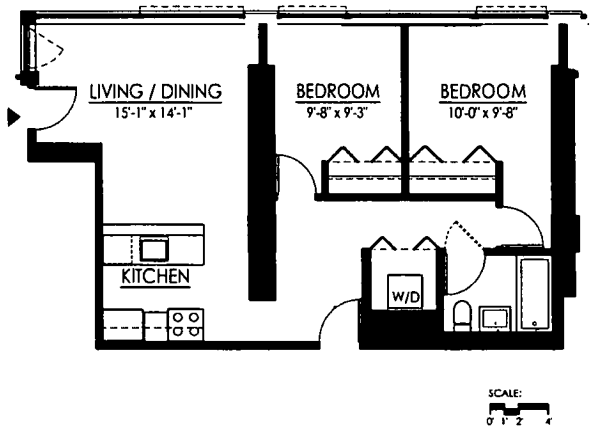
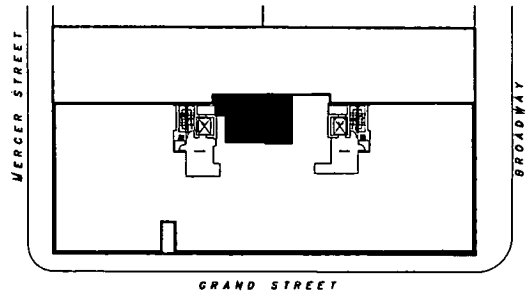
APARTMENT 14 (RESIDENT MANAGER'S APARTMENT)
FLOOR 4

40 Mercer Street
New York, NY

2 Bedrooms
1 Bath





KEY PLAN

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02-28-05

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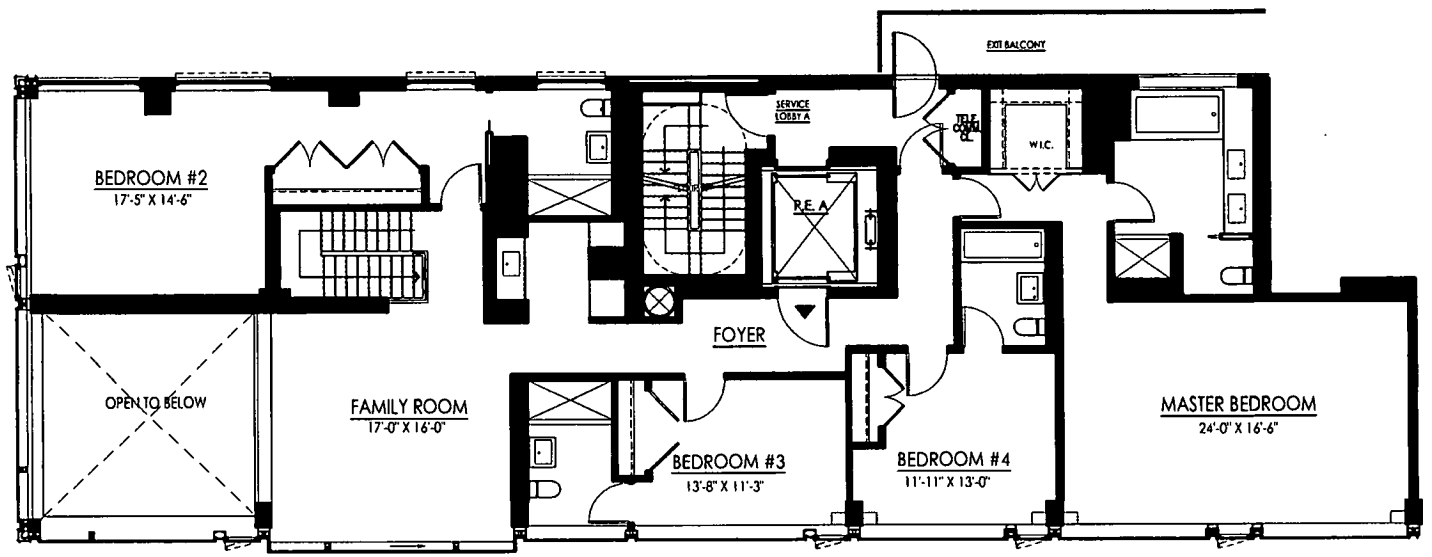
APARTMENT 29

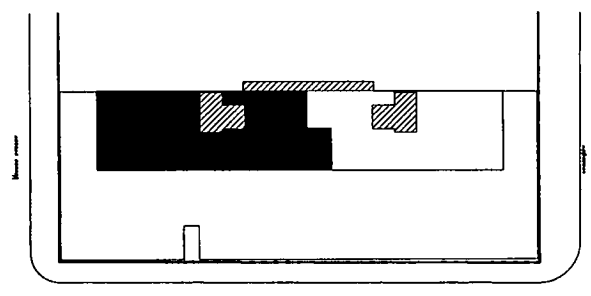
FLOORS 7 & 8

DUPLEX APARTMENT

4 Bedrooms
4 Baths and Powder Room
Terrace
Family Room

40 Mercer Street
New York, NY





KEY PLAN

APARTMENT 29
UPPER LEVEL

N

02-28-05

NOTE:
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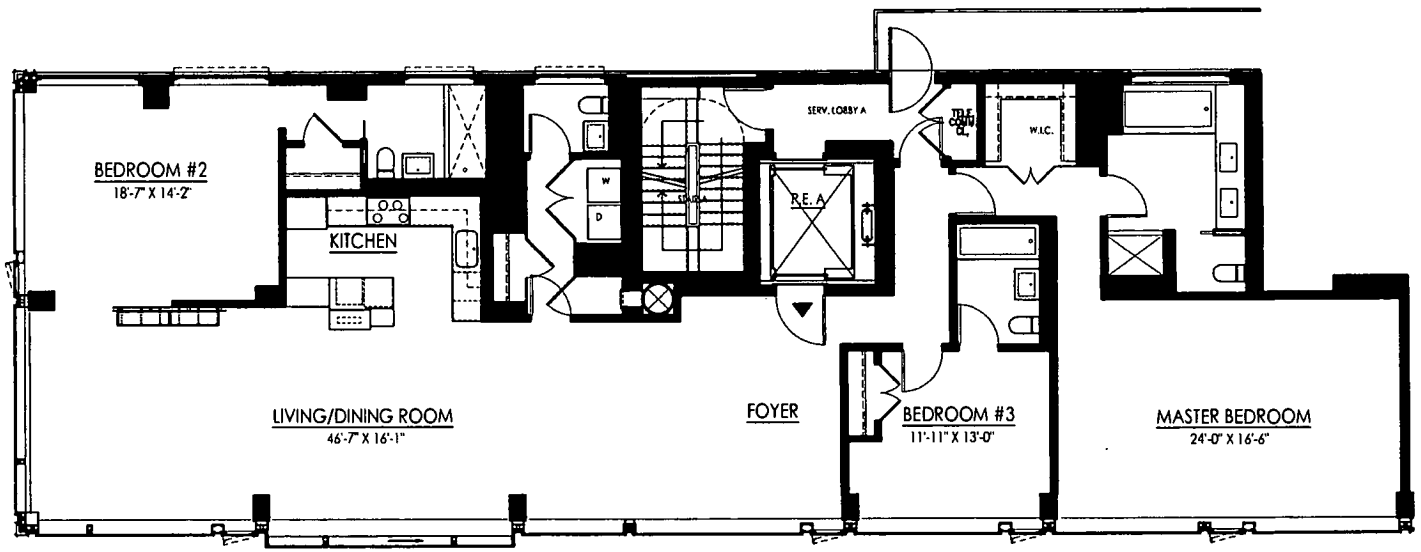
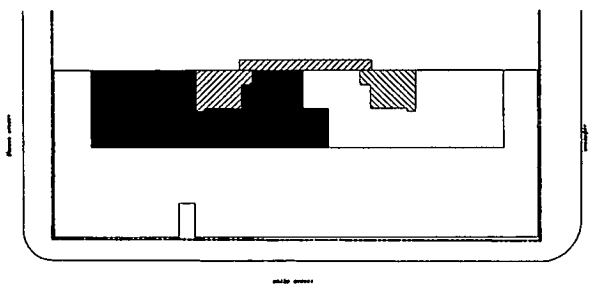
APARTMENTS 32, 34, 36, 38
FLOORS 9,10,11 & 12

40 Mercer Street
New York, NY

3 Bedrooms
3 Baths and Powder Room





KEY PLAN

SCALE:

N

02-28-05

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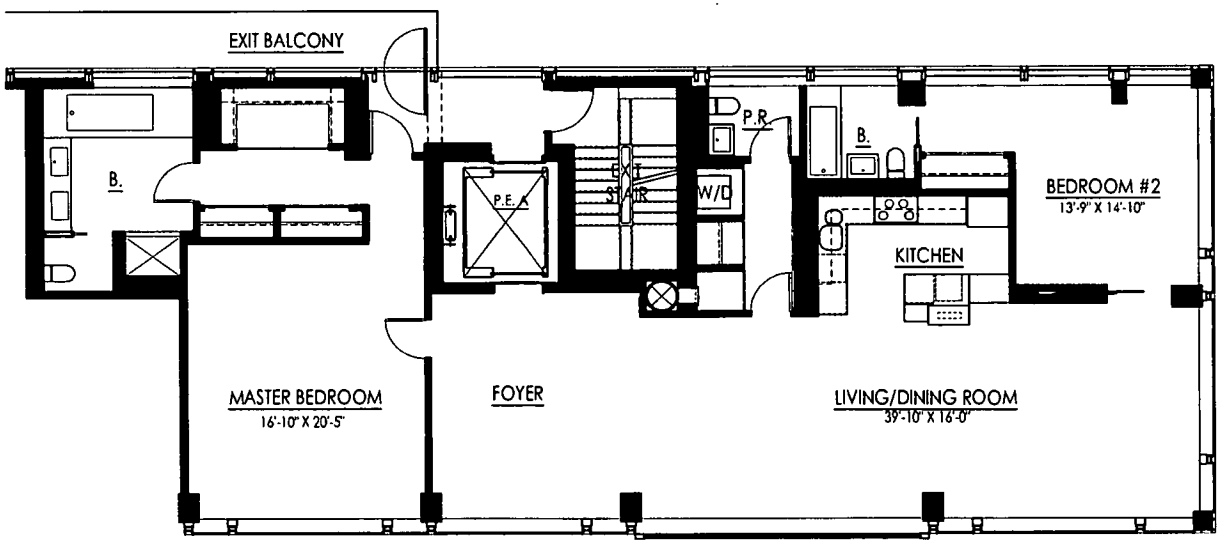
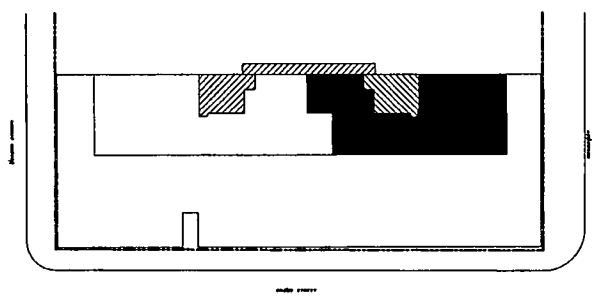
APARTMENTS 33, 35, 37, 39
FLOORS 8, 9,10,11 & 12

40 Mercer Street
New York, NY

2 Bedrooms
2 Baths and Powder Room





KEY PLAN

N

11-08-04

NOTE:
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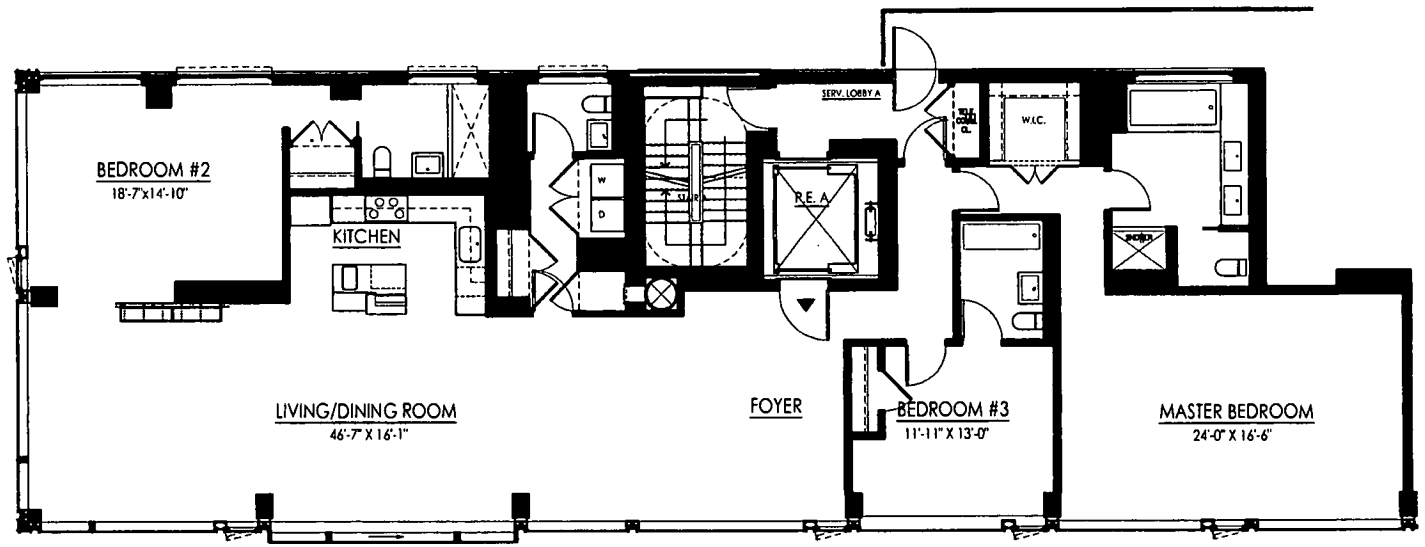
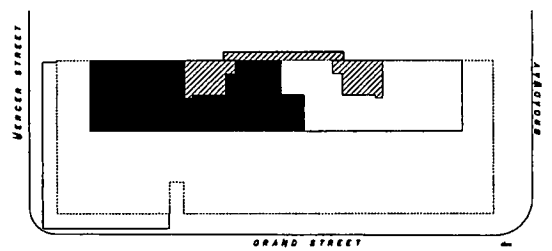
APARTMENT 40
FLOOR 14

3 Bedrooms
3 Baths and Powder Room

40 Mercer Street
New York, NY





KEY PLAN

N

02-28-05

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PENTHOUSE 1

FLOORS 14 & 15

DUPLEX APARTMENT

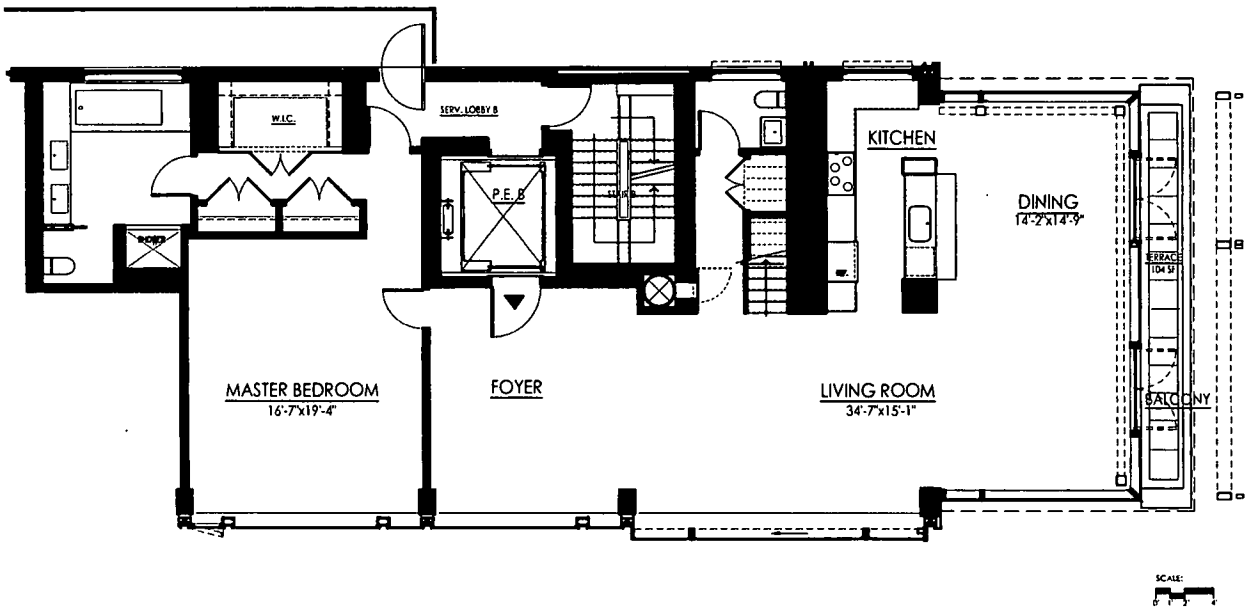
4 Bedrooms

4 Baths and Powder Room

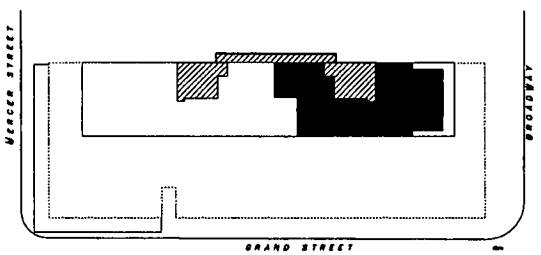
Balcony

Family Room

40 Mercer Street
New York, NY



PENTHOUSE 1
LOWER LEVEL
FLOOR 12



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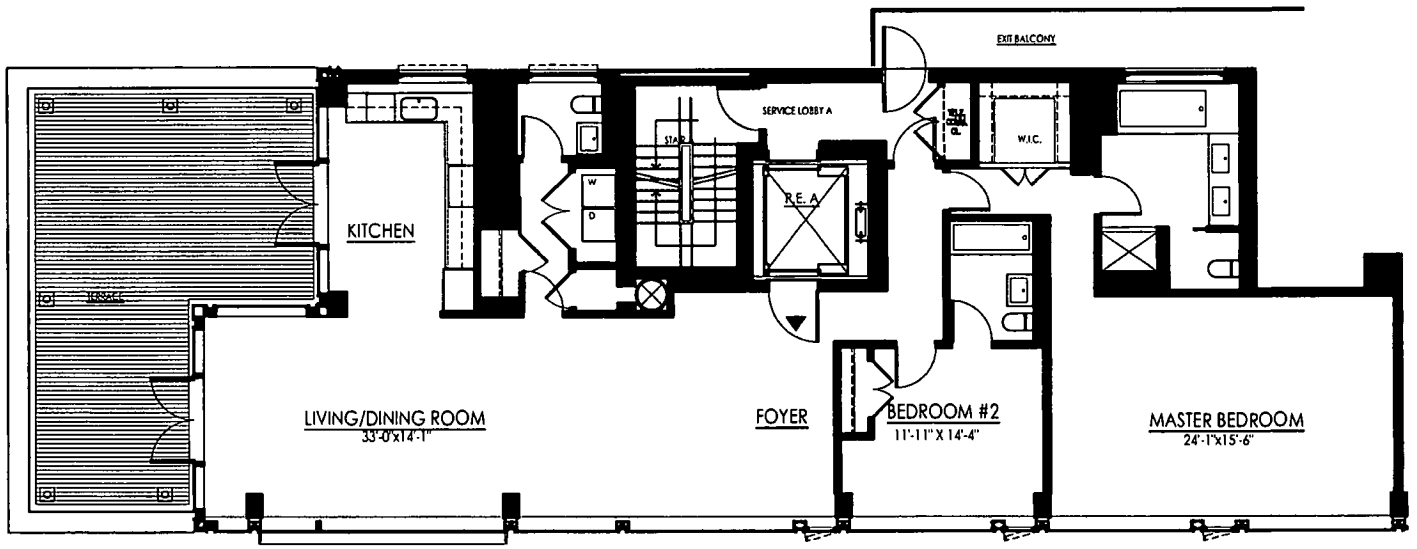
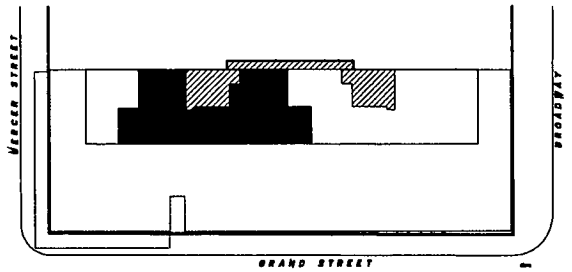
PENTHOUSE 2

FLOOR 15

2 Bedrooms
2 Baths and Powder Room
Terrace

40 Mercer Street
New York, NY





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PENTHOUSE 1

FLOORS 14 & 15

DUPLEX APARTMENT

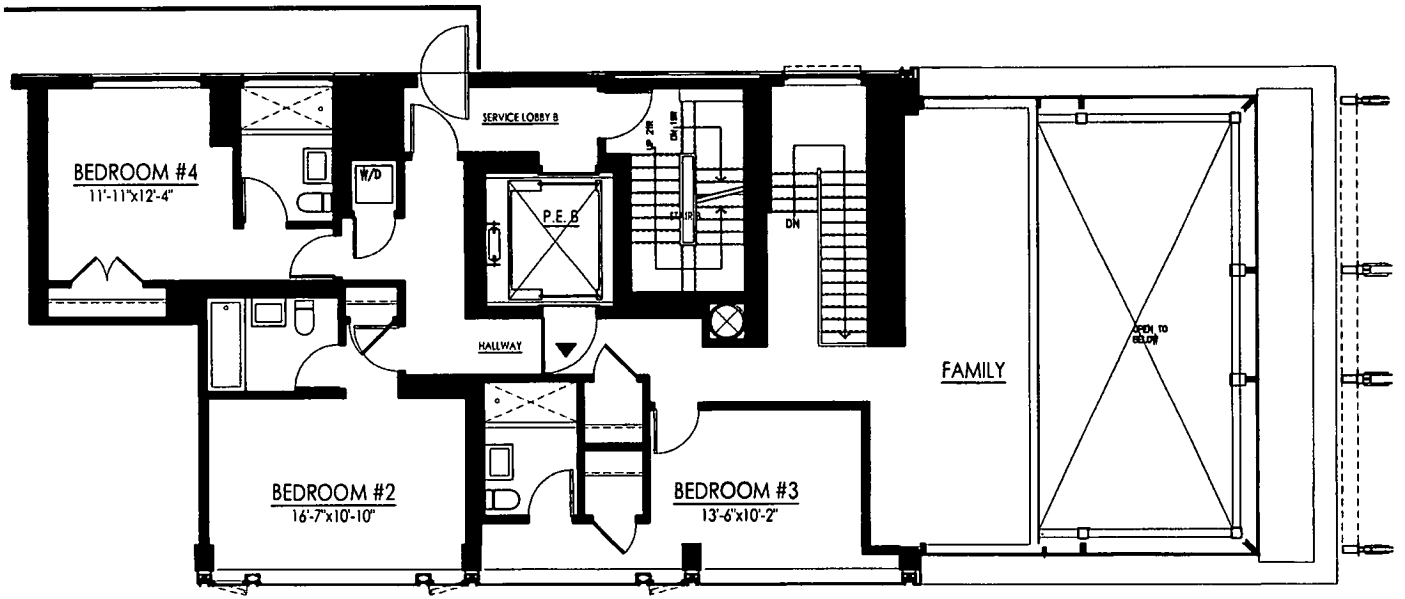
4 Bedrooms

4 Baths and Powder Room

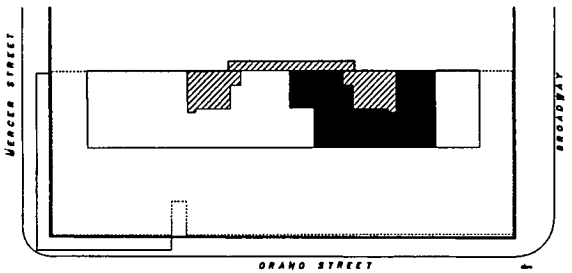
Balcony

Family Room

40 Mercer Street
New York, NY



PENTHOUSE 1
UPPER LEVEL
FLOOR 13



KEY PLAN

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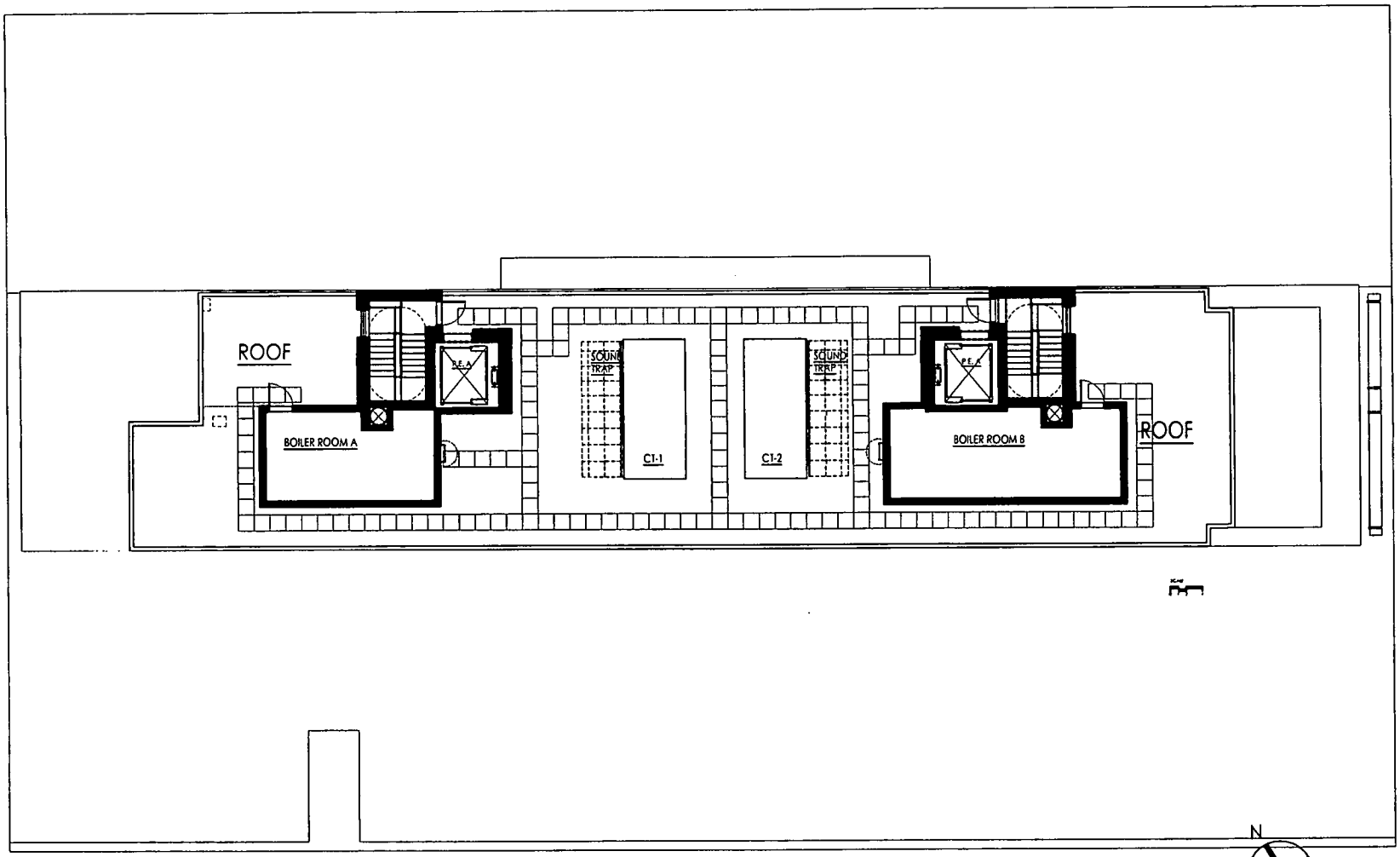
Roof Plan

40 Mercer Street
New York, NY



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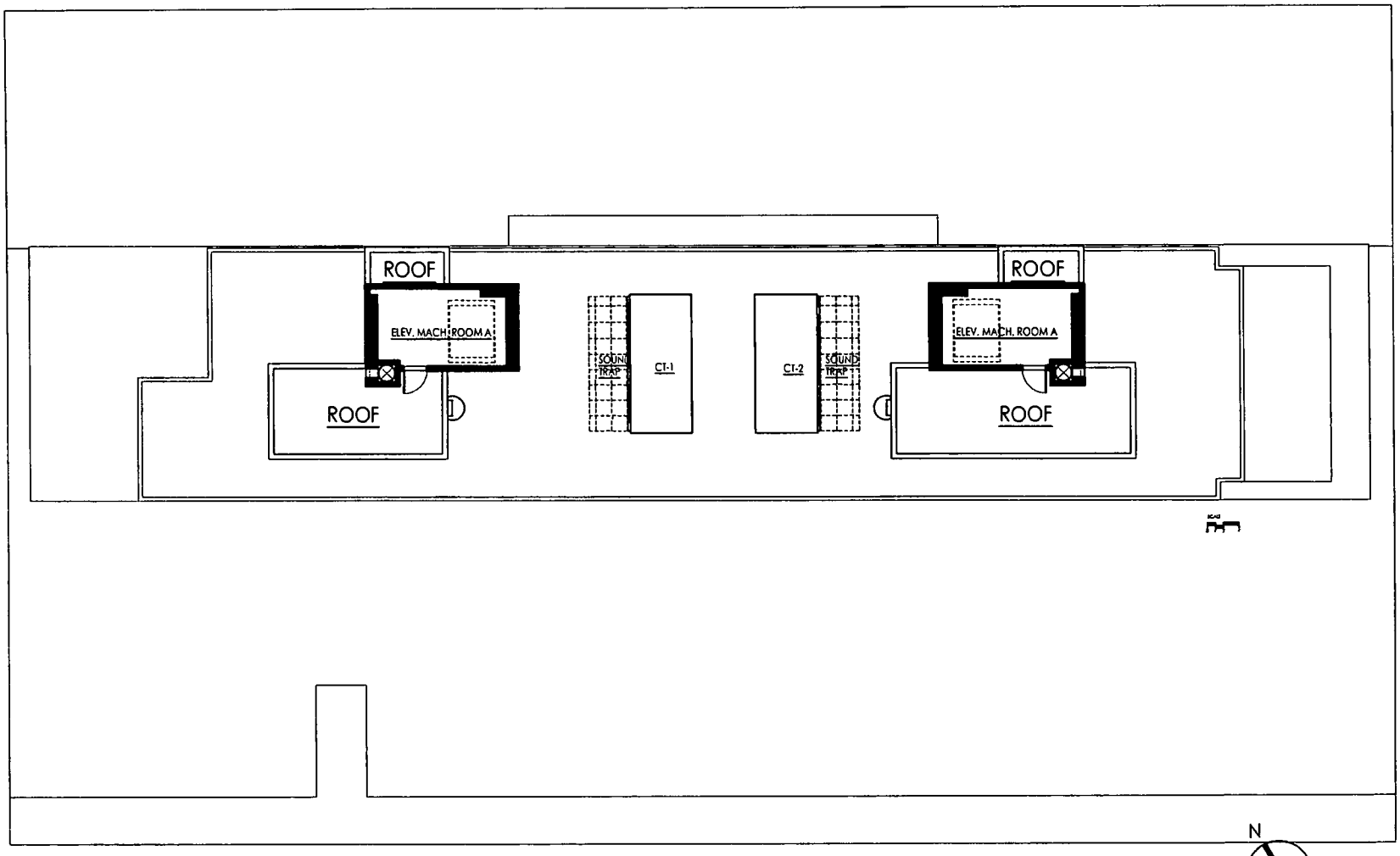
Bulkhead Plan

40 Mercer Street
New York, NY



02-28-05

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PURCHASE AGREEMENT

PURCHASE AGREEMENT

WXIV/Broadway Grand Realty, L.L.C.

Sponsor

With

_____

Purchaser

Unit Number _____

40 Mercer Street Condominium
40 Mercer Street
New York, New York 10013

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PURCHASE AGREEMENT

UNIT NUMBER _____

40 MERCER STREET CONDOMINIUM
40 Mercer Street
New York, New York 10013

AGREEMENT, made as of _____, _____, between Sponsor and Purchaser (defined below).

W I T N E S S E T H :

1. THE PLAN

Purchaser acknowledges having received and read a copy of the Offering Plan for the 40 Mercer Street Condominium dated _____, ____ and all amendments thereto, if any, filed with the Department of Law of the State of New York (hereinafter, collectively, referred to as the "Plan") at least 3 business days prior to Purchaser's signing this Agreement. If Purchaser has not received and read the Plan and all amendments thereto at least 3 business days prior to Purchaser's signing this Agreement, Purchaser shall have the right to rescind this Agreement, by sending written notice of such rescission to Sponsor by certified or registered mail, return receipt requested, or by personal delivery, in either case within 7 days from the date Purchaser delivers an executed Purchase Agreement together with the required Deposit to the Selling Agent. The Plan is incorporated herein by reference and made a part hereof with the same force and effect as if set forth at length. In the event of any inconsistency between the provisions of this Agreement and the Plan, the provisions of the Plan will govern and be binding. Purchaser hereby adopts, accepts and approves the Plan (including, without limitation, the Declaration, By-Laws and Residential Rules and Regulations contained therein) and agrees to abide and be bound by the terms and conditions thereof, as well as all amendments to the Plan duly filed by Sponsor.

2. DEFINITIONS

Terms used herein which are also used in the Plan shall have the same meanings as they do in the Plan, unless the context requires otherwise.

2.1 "Sponsor" means WXIV/Broadway Grand Realty, L.L.C., having an office at, 885 Third Avenue, New York, New York 10022. Sponsor's taxpayer identification number is 742984498.

2.2. "Purchaser" means _____ having an address at _____, _____, _____ _____. Purchaser's social security number is _____.

2.3 "Attorney for Sponsor" means Starr Associates LLP, having an address at 245 Fifth Avenue, Suite 1102, New York, New York 10016; Attention: Allan Starr, Esq. Telephone Number (212) 620-2686. Facsimile Number (212) 696-5013.

2.4 "Attorney for Purchaser" means _____, having an address at _____, _____, _____, Attention: _____, Esq. Telephone Number: (____) _____. Facsimile Number (____) _____.

2.5 "Selling Agent" means The Sunshine Group, Ltd., having an address at 41 East 57th Street, Gallery 500, New York, New York 10022. Telephone Number : (212) 750-0500.

2.6 "Co-Broker" means _____.

2.7 "Escrow Agent" means Attorney for Sponsor.

3. THE UNIT

Upon and subject to the terms and conditions set forth herein, Sponsor agrees to sell and convey, and Purchaser agrees to purchase, the unit designated as Unit ____ in the Declaration, together with its undivided _____% of interest in the Common Elements appurtenant to such unit ("Unit").

4. PURCHASE PRICE

4.1 The purchase price for the Unit ("Purchase Price") is $_____.

The Purchase Price is payable as follows:

(a) $_____ ("Initial Deposit"), due upon Purchaser's signing and delivering this Agreement, by check (subject to collection), receipt of which is hereby acknowledged;

(b) $_____ ("Additional Deposit;" the term "Deposit," as used herein, refers to both the Initial Deposit and, if the same has been paid at the time in question, the Additional Deposit), is due upon the earlier to occur of (i) 6 months after Purchaser executes this Agreement or (ii) within 15 days of the Presentation Date of the amendment declaring the Plan effective; and

(c) $_____ ("Balance of the Purchase Price"), by good certified check of Purchaser or official bank check, payable on the delivery of the deed as hereinafter provided.

(d) the terms Initial Deposit and Additional Deposit are collectively referred to as the "Deposit." If Purchaser is signing this Agreement after the Plan is declared effective, the Initial Deposit and Additional Deposit shall be due upon Purchaser's signing this Agreement.

4.2 All checks shall represent United States currency, be drawn on or issued by a United States Bank or trust company which is a member of the Federal Reserve System and shall be unendorsed. The Deposit shall be made payable to the direct order of "Starr Associates LLP, as Escrow Agent." The Balance shall be made payable to the direct order of "WXIV Broadway Grand Realty, L.L.C." (or such other party as Sponsor directs to Purchaser, in writing at least 1 business day prior to the date of closing of title). If any check is returned for insufficient funds or any other reason, such return shall be deemed to be a default by Purchaser under this Agreement and shall entitle Sponsor to exercise any of the remedies set forth in Article 13 hereof. Notwithstanding the foregoing, if the check representing the Initial Deposit is returned for insufficient funds or any other reason, such return shall be deemed to be a non-curable default by Purchaser and this Agreement shall automatically be deemed cancelled. Upon the cancellation of this Agreement, Purchaser and Sponsor will be released and discharged of all further liability and obligations hereunder and under the Plan, and the Unit may be sold to another as though this Agreement had never been made, and without any obligation to account to Purchaser for any of the proceeds of such sale.

5. DEPOSIT TO BE HELD IN TRUST

All Deposits made pursuant to this Agreement are subject to the requirements of Sections 352-e(2) (b) and 352-h of the New York General Business Law and the Attorney General's regulations

promulgated pursuant thereto. All monies received from Purchaser towards the Deposit shall be delivered to Escrow Agent and shall be held in accordance with the section of the Plan entitled "Escrow and Trust Fund Requirements." By signing this Agreement, Purchaser will not object and will be deemed to have agreed, without the need for a further written agreement, to the release of the Deposit to Sponsor in the event Sponsor and Purchaser close title under this Agreement. If Purchaser shall default on Purchaser's obligations under this Agreement, then the Deposit shall be released to Sponsor as liquidated damages, and thereafter, neither party shall have any further rights or obligations against or to each other. In the event Sponsor cannot convey title to the Unit to Purchaser by reason other than Purchaser's default, the Deposit shall be returned to Purchaser, within 30 business days of Sponsor's notification to Purchaser that it cannot convey title.

6. CLOSING DATE AND PLACE

6.1 The closing of title shall be held at Starr Associates LLP, 245 Fifth Avenue, Suite 1102, New York, New York (or such other place in the City and State of New York as Sponsor may designate to Purchaser) and on such date and hour as Sponsor may designate to Purchaser on not less than 30 days' prior written notice ("Initial Closing Notice"). If Sponsor consents to close at any other location as an accommodation to Purchaser, Purchaser shall pay to Attorney for Sponsor at closing an extra fee as set forth in the Plan. After the Initial Closing Notice, Sponsor may, from time to time, adjourn and reschedule the date and hour for closing on not less than 5 business days notice to Purchaser, which new closing notice shall fix a new date, hour and place for the closing of title and which date shall not be earlier than the date set forth in the Initial Closing Notice. Only the Initial Closing Notice shall require 30 days' prior written notice.

6.2 The term "Closing Date" "Closing" "closing of title" or words of similar import, whenever used herein, shall mean the date on which the deed to the Unit is delivered to Purchaser.

7. DELIVERY OF THE DEED, TRANSFER TAX FORMS AND UNIT POWER OF ATTORNEY

7.1 At the closing of title, Sponsor shall deliver to Purchaser a bargain and sale deed with covenant against grantor's acts conveying fee simple title to the Unit to Purchaser, subject only to the liens, encumbrances, and title conditions set forth on Schedule A annexed hereto and made a part hereof. The deed shall be prepared by Sponsor substantially in the form set forth in Part II of the Plan and shall be executed and acknowledged by Sponsor in form for recording. Purchaser shall pay all New York State and New York City real property transfer taxes, and Sponsor and Purchaser shall duly complete and execute before a notary public the New York City and New York State Transfer Tax Return Forms and any other forms then required by law, all of which shall be prepared by Sponsor.

7.2 At the closing of title and simultaneously with the delivery of the deed conveying the Unit to Purchaser, Purchaser shall execute and acknowledge a power of attorney to the Condominium Board prepared by Sponsor substantially in the form set forth in Part II of the Plan, as well as whatever other documents are reasonably necessary or customary in connection with the conveyance of a condominium unit, including but not limited to title affidavits, real property transfer tax forms, etc.

7.3 The executed deed, transfer tax forms and power of attorney shall be delivered at the Closing to the representative of the Title Company insuring Purchaser's title (or, if no such representative is present, then to the Attorney for Sponsor) for recording in the City Register's Office, which recording shall be at Purchaser's expense. After being recorded the deed shall be returned to Purchaser and the power of attorney shall be returned to the Condominium Board.

7.4 Purchaser's payment of the Balance of the Purchase Price and acceptance of a deed to the Unit shall constitute Purchaser's recognition that Sponsor has satisfactorily performed those obligations

stated in the Plan and this Agreement to be performed by Sponsor prior to closing. However, nothing herein contained shall excuse Sponsor from performing those obligations (if any) expressly stated herein or in the Plan to be performed subsequent to the closing, and nothing herein shall be in derogation of the rights of purchasers under Article 23-A of the General Business Law, the Plan, and Part 20 of the Regulations issued by the Department of Law.

8. STATUS OF TITLE

8.1 At the closing of title, Sponsor shall convey to Purchaser fee simple title to the Unit, free and clear of all liens and encumbrances other than those expressly agreed to by Purchaser or set forth in Schedule A annexed hereto and made a part hereof. Any lien and encumbrance or condition to which title is not to be subject shall not be an objection to title if (a) the instrument required to remove it of record is delivered at or prior to the closing of title to the proper party or to Purchaser's title insurance company, together with the attendant recording or filing fee, if any, or (b) Commonwealth Land Title Insurance Company (or such other title insurance company as Purchaser may utilize), is or would be willing, in a fee policy issued by it to Purchaser, to insure Purchaser that it will not be collected out of the Unit if it is a lien, or will not be enforced against the Unit if it is not a lien.

8.2 Sponsor shall be entitled to adjourn the closing to remove or correct any defect in title which is not set forth in Schedule A. However, if such defect existed at least 10 days prior to the closing and Purchaser, or Purchaser's attorney, failed to send Sponsor's attorney written notice of such defect in title at least 10 days prior to the closing of title, then, for purposes of Article 13 below, Purchaser shall be deemed at fault for not having sent timely notice, and the closing adjournment to allow Sponsor to correct or remove such title defect shall be considered as being at the request of Purchaser.

8.3 If, subsequent to the closing of title, Purchaser claims that Sponsor did not convey fee simple title to the Unit in accordance with the Plan, Purchaser must first seek recovery against Purchaser's title insurance company before proceeding against Sponsor. Sponsor and Purchaser agree that Sponsor's liability will be limited to any loss or damage not covered by Purchaser's title insurance. If Purchaser did not obtain title insurance at the closing, for purposes of this subparagraph, the amount and coverage which Purchaser could have obtained from Purchaser's title insurance company shall be deducted from the loss or damage collectable against Sponsor. Nothing contained in this subparagraph shall be construed to waive any of Purchaser's rights or abrogate any of Sponsor's obligations under the Plan or Article 23-A of the General Business Law.

9. CLOSING ADJUSTMENTS

9.1 The following adjustments shall be made as of midnight of the day preceding the Closing Date with respect to the Unit:

(a) real estate taxes and assessments, if any (including water charges and sewer rents, if separately assessed), on the basis of the period for which assessed;

(b) common charges (if common charges have been assessed by the Condominium Board) and assessments for the month in which title closes; and

(c) if Purchaser is allowed to occupy the Unit prior to Closing, accrued rent and any other charges pursuant to an interim lease or use and occupancy agreement, if any, covering the Unit.

9.2 If a Unit has been separately assessed but the closing of title occurs before the tax rate is fixed, adjustment of taxes shall be based upon the latest tax rate applied to the most recent applicable assessed valuation. Installments for tax assessments due after the delivery of the deed, if any, shall be

paid by Purchaser and shall not be considered a defect in title. If a Unit has not been separately assessed as of the Closing Date for the then current tax period, the adjustment under subsection 9.1(a) hereof shall be based upon the assessment for the Property and the percentage interest in the Common Elements appurtenant to the Unit.

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

9.4 Provided Sponsor is ready, willing and able to close title in accordance with this Agreement, if Purchaser fails for any reason to close title to the Unit on the originally scheduled Closing Date (a) the closing apportionments described in Section 9.1 of this Agreement will be made as of midnight of the day preceding the originally scheduled Closing Date, regardless of when the actual closing of title occurs, and (b) Purchaser will be required to pay to Sponsor, as a reimbursement of Sponsor's higher carrying costs for the Unit by virtue of the delay, and in addition to the other payments to be made to Sponsor under this Agreement and the Plan, an amount equal to 0.03% of the Purchase Price for each day starting from (and including) the originally scheduled Closing Date to (and including) the day before the actual Closing Date. If, through no fault of Purchaser, Sponsor postpones the originally scheduled Closing Date, these provisions shall apply to the rescheduled Closing Date if Purchaser fails for any reason to close title to the Unit on the rescheduled Closing Date.

9.5 Adjustments and apportionments shall be calculated on the basis of the actual number of days in the period for which payments were made or are due, as the case may be. The "Customs in Respect of Title Closings" recommended by The Real Estate Board of New York, Inc., as amended to date, shall apply to the adjustments and other matters therein mentioned except as otherwise provided herein in the Plan.

9.6 Any errors or omissions calculating apportionments at closing shall be corrected and, any payment shall be made to the proper party promptly after discovery. This provision shall survive the closing of title.

10. MORTGAGE TAX CREDIT

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

11. CLOSING COSTS

In addition to those costs and adjustments described in Articles 9 and 10 herein, Purchaser shall be required to pay the other closing costs which are Purchaser's responsibility as more particularly described in the Section of the Plan entitled "Closing Costs and Adjustments." All such Closing Costs shall be paid by Purchaser, at closing, by Purchaser's unendorsed personal certified check or by official bank check, in either event drawn upon a bank that is a member of the New York Clearing House Association.

12. AGREEMENT NOT A LIEN OR ENCUMBRANCE

No lien or encumbrance shall arise against the Property or the Unit as a result of this Agreement or any monies deposited hereunder, except as hereinafter set forth. In furtherance and not in limitation of the provisions of the preceding sentence, Purchaser agrees that the provisions of this Agreement are and shall be subject and subordinate to the lien of any mortgage heretofore or hereafter made, including, but not limited to, any construction or Building loan mortgage, and any advances heretofore or hereafter made thereon and any payments or expenses made or incurred or which hereafter may be made or incurred, pursuant to the terms thereof, or incidental thereto, or to protect the security thereof, to the full extent thereof, without the execution of any further legal documents by Purchaser. This subordination shall apply in all cases, regardless of the timing of, or cause for, the making of advances of money or the incurring of expenses. Sponsor shall, at its option, either satisfy such mortgages or obtain a release of the Unit and its undivided interest in the Common Elements from the lien of such mortgages on or prior to the Closing Date. The existence of any mortgage or mortgages encumbering the Property, or portions thereof, other than the Unit and its undivided interest in the Common Elements, shall not constitute an objection to title or excuse Purchaser from completing payment of the Purchase Price or performing all of Purchaser's other obligations hereunder or be the basis of any claim against, or liability of, Sponsor, provided that any such mortgage(s) is subordinated to the Declaration.

13. DEFAULT BY PURCHASER

13.1 The following shall constitute "Events of Default" hereunder:

(i) Purchaser's failure to pay the Additional Deposit on the date set forth in Article 4.1(b) hereof, Purchaser's failure to pay the Balance of the Purchase Price, or any closing adjustment or closing cost required to be paid by Purchaser as set forth in the Plan or in this Agreement, or the dishonor of any check given by Purchaser to Sponsor; or

(ii) Purchaser's failure to pay, perform or observe any of Purchaser's other obligations under this Agreement or the Plan; or

(iii) if Purchaser is permitted to become the tenant or occupant of the Unit, Purchaser's failure to pay rent or to otherwise comply with some other lease or occupancy obligation; or

(iv) Purchaser's assignment of any of Purchasers property for the benefit of creditors, or Purchaser's filing a voluntary petition in bankruptcy; or

(v) if a non-bankruptcy trustee or receiver is appointed over Purchaser or Purchaser's property, or an involuntary petition in bankruptcy is filed against Purchaser; or

(vi) if a judgment or tax lien is filed against Purchaser and Purchaser does not pay or bond the judgment or lien; or

(vii) Purchaser's assignment of this Agreement without the prior written consent of Sponsor; or

(viii) Purchaser's listing the Unit for resale or rental with any broker or advertising or otherwise offering, promoting or publicizing the availability of the Unit for sale or rental without Sponsor's prior written consent; or

(ix) an Event of Default by Purchaser beyond any applicable grace period under a Purchase Agreement between Purchaser and Sponsor for another Unit at the Property.

13.2 **TIME IS OF THE ESSENCE** with respect to Purchaser's obligations to pay the Additional Deposit, the Balance of the Purchase Price and to pay, perform or comply with Purchaser's other obligations under this Agreement. Upon the occurrence of an Event of Default, Sponsor, in its sole discretion, may elect by notice to Purchaser to (i) cancel this Agreement or (ii) seek specific performance. If Sponsor elects to cancel, Purchaser shall have 30 days from the giving of the notice of cancellation to cure the specified default. If the default is not cured within such 30 days, then this Agreement shall be deemed cancelled, and Sponsor shall have the right to retain, as and for liquidated damages, the entire Deposit and any interest earned on the Deposit. Upon the cancellation of this Agreement, Purchaser and Sponsor will be released and discharged of all further liability and obligations hereunder and under the Plan, and the Unit may be sold to another as though this Agreement had never been made, and without any obligation to account to Purchaser for any of the proceeds of such sale. If Sponsor elects to seek specific performance, then Purchaser shall have 30 days from the giving of notice of Sponsor's election to close on the Unit in accordance with this Agreement, without prejudice to Sponsor's right to recover from Purchaser all damages, losses, costs, expenses and all other lawful sums to which Sponsor is entitled (including, but not limited to, reasonable legal fees and costs of collection).

14. AGREEMENT SUBJECT TO PLAN BEING EFFECTIVE

The performance by Sponsor of its obligations under this Agreement is contingent upon the Plan having been declared effective in accordance with the terms and provisions of the Plan. The Plan may be withdrawn or abandoned by Sponsor only under certain conditions and at certain times, as set forth in the Plan. If the Plan is abandoned or if, after being declared effective, the Plan is not consummated for any reason and Purchaser is not in default under this Agreement beyond any applicable grace period, this Agreement shall be deemed cancelled and the Deposit, together with interest earned thereon, shall be returned to Purchaser. Upon such return, neither party shall have any further rights, obligations or liability to or against the other and the parties shall be released and discharged from all obligations and liability under this Agreement and the Plan.

15. SPONSOR'S INABILITY TO CONVEY THE UNIT

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

16. FIXTURES, APPLIANCES AND PERSONAL PROPERTY

Only those fixtures, appliances and items of personal property which are described in the Plan as being included in the Unit are included in this sale. No portion of the Purchase Price shall be attributable to such items.

17. CONSTRUCTION

17.1 The construction of the Building and the Unit, including the materials, equipment and fixtures to be installed therein, shall be substantially in accordance with the Plan and the Plans and Specifications, subject to the right of Sponsor to amend the Plan and the Plans and Specification 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 final certificate of occupancy for the Building shall be deemed presumptive evidence that the Building and the Unit have been fully completed in accordance with the Plan and the Plans and Specifications. However, nothing herein contained shall excuse Sponsor from its obligation to correct any defects in construction in accordance with the conditions set forth in the Section of the Plan entitled "Rights and Obligations of Sponsor."

17.2 The construction of the Building and the Unit and the correction of any defects in construction to the extent required under the Plan are the sole responsibility of Sponsor. Purchaser acknowledges and agrees that Sponsor will not be liable for, and will have no obligation to correct, certain variations from the Plan and Plans and Specifications as indicated in the Section of the Plan entitled "Rights and Obligations of 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.

17.3 The closing of title shall occur only after, or concurrently with, compliance with the prerequisites set forth under "Closing of Title to Units" in Part I of the Plan. As a result, if all other prerequisites not involving the construction of the Unit are met, Purchaser shall be obligated to close and complete payment of the full Purchase Price (without any credit against or abatement in the Purchase Price and without provision for escrow) once a temporary or permanent certificate of occupancy is issued for the Unit (notwithstanding any construction items noted on Purchaser's Inspection Statement (as hereinafter defined) remaining for Sponsor to complete and/or correct in accordance with its obligations under the Plan, and notwithstanding the incomplete construction and/or decoration of any other portions of the Building not affecting the Unit).

17.4 The actual date for the First Closing is not guaranteed or warranted, and may be earlier or later depending on the progress of construction and compliance with the other prerequisites recited in the Section of the Plan entitled "Closing of Title to Units." Purchaser acknowledges that construction may be delayed by late delivery of material or equipment, labor difficulties, unavailability of Building trades, casualty, inclement weather and other events beyond Sponsor's reasonable control. Purchaser further acknowledges that the units in the Building will be completed at varying times over a period that could extend well beyond the First Closing. The order in which these units will be completed is in the discretion of Sponsor. Purchaser acknowledges that except as otherwise provided in the Plan, Purchaser shall not be excused from paying the full Purchase Price, without credit or set-off, and shall have no claim against Sponsor for damages or losses, in the event that the First Closing occurs substantially later than the projected date or the time to complete or to close title to the Unit is delayed or is postponed by Sponsor.

18. INSPECTION OF THE UNIT

18.1 Upon receipt of the Initial Closing Notice, Purchaser shall arrange an appointment with a representative of Sponsor to inspect the Unit within the 7 calendar day period prior to the Closing Date. Purchaser or Purchaser's duly authorized agent shall attend such inspection and shall complete, date and sign the Inspection Statement (in the form set forth as Schedule B to this Agreement) and deliver same to the Sponsor's representative at the conclusion of the inspection. Failure of Purchaser either to arrange such appointment or to inspect the Unit within 7 days prior to the Closing Date or to so sign and deliver the completed Inspection Statement shall not excuse Purchaser from paying the balance of the Purchase Price when due and shall constitute Purchaser's full acceptance of the Unit as is. However, nothing herein shall relieve Sponsor of its obligations as set forth in the Section of the Plan entitled "Rights and Obligations of Sponsor."

18.2 Any work set forth on the Inspection Statement may be completed by Sponsor in a reasonable period of time following the Closing and shall not be grounds for delaying the Closing. Purchaser will be required to provide Sponsor with reasonable access to the Unit subsequent to the Closing in order to complete punchlist work. Sponsor has no obligation under the Plan to deposit any monies in escrow at Closing as a result of any punchlist items.

19. DAMAGE TO THE UNIT

If between the date of this Agreement and the closing of title the Unit is damaged by fire or other casualty, the following shall apply:

19.1 The risk of loss to the Unit by fire or other casualty until the earlier of closing of title or possession of the Unit by Purchaser is assumed by Sponsor; provided that Sponsor shall have no obligation or liability to repair or restore the Unit. If Sponsor elects to repair or restore the Unit (which election shall be made within 60 days of the damage to the Unit), this Agreement shall continue in full force and effect, Purchaser shall not have the right to reject title or receive a credit against, or abatement in, the Purchase Price and Sponsor shall be entitled to a reasonable period of time within which to complete the repair or restoration. Any proceeds received from insurance or in satisfaction of any claim or action in connection with such loss shall, subject to the rights of the Condominium Board and other Unit Owners if the Declaration has theretofore been recorded, belong entirely to Sponsor and, if such proceeds are paid to Purchaser, Purchaser shall promptly upon receipt thereof turn them over to Sponsor. The provisions of the preceding sentence shall survive the closing of title.

19.2 In the event Sponsor notifies Purchaser that it does not elect to repair or restore the Unit (which election shall be made within 60 days of the damage to the Unit), or, if the Declaration has been recorded prior thereto, the Unit Owners do not resolve to make such repairs or restoration pursuant to the By-Laws, this Agreement shall be deemed cancelled and of no further force and effect and Sponsor shall return to Purchaser all sums deposited by Purchaser hereunder, together with interest earned thereon, if any, and neither party hereto shall have any further rights, obligations or liability to or against the other hereunder or under the Plan, except that if Purchaser is then in default hereunder (beyond any applicable grace period), Sponsor shall retain all such sums deposited by Purchaser hereunder, together with any interest earned thereon, as and for liquidated damages.

20. NO REPRESENTATIONS

Purchaser acknowledges that Purchaser has not relied upon any architect's plans, sales plans, selling brochures, advertisements, representations, warranties, statements or estimates of any nature whatsoever, whether written or oral, made by Sponsor, Selling Agent or otherwise, including, but not limited to, any relating to the description or physical condition of the Property, the Building or the Unit,

or the size or the dimensions of the Unit or the rooms therein contained or any other physical characteristics thereof, the services to be provided to Unit Owners, the estimated Common Charges allocable to the Unit, the estimated real estate taxes on the Unit, the right to any income tax deduction for any real estate taxes or mortgage interest paid by Purchaser, the right to any income tax credit with respect to the purchase of the Unit, or any other data, except as herein or in the Plan specifically represented. Purchaser has relied solely on Purchaser's own judgment and investigation in deciding to enter into this Agreement and purchase the Unit. No person has been authorized to make any representations on behalf of Sponsor except as herein or in the Plan specifically set forth. No oral representations or statements shall be considered a part of this Agreement. Sponsor makes no representation or warranty as to the work, materials, appliances, equipment or fixtures in the Unit, the Common Elements or any other part of the Property other than as set forth herein or in the Plan. Except as otherwise set forth in the Plan, Purchaser agrees (a) to purchase the Unit, without offset or any claim against, or liability of, Sponsor, whether or not any layout or dimension of the Unit or any part thereof, or of the Common Elements, as shown on the Floor Plans is accurate or correct, and (b) that Purchaser shall not be relieved of any Purchaser's obligations hereunder by reason of any immaterial or insubstantial inaccuracy or error. The provisions of this Article shall survive the closing of title.

21. PROHIBITION AGAINST ADVERTISING

Prior to the closing of title, Purchaser agrees not to list the Unit for resale or rental with any broker or to advertise or otherwise offer, promote or publicize the availability of the Unit for sale or lease, without Sponsor's prior written consent, which consent may be unreasonably withheld or delayed. Any listing of the Unit or form of advertising, promotion or publicizing of the Unit by Purchaser prior to Closing of title shall be a default by Purchaser, entitling Sponsor to the default remedies set forth in this Agreement.

22. BROKER

Purchaser represents to Sponsor that Purchaser has not dealt with any broker in connection with this transaction other than the Selling Agent and the Co-Broker, if any, named in this Agreement, whose commissions shall be paid by Sponsor. Purchaser shall pay the commission of any broker with whom Purchaser may have dealt, other than the Selling Agent and the Co-Broker. Purchaser agrees that, should any claim be made against Sponsor for commissions by any broker, other than the Selling Agent or the Co-Broker, on account of any acts of Purchaser or Purchaser's representatives, Purchaser will indemnify and hold Sponsor free and harmless from and against any and all liabilities and expenses in connection therewith, including reasonable legal fees. The provisions of this Article shall survive the closing of title.

23. AGREEMENT MAY NOT BE ASSIGNED

23.1 Purchaser does not have the right to assign this Agreement without the prior written consent of Sponsor, which consent may be unreasonably withheld or delayed. Any purported assignment by Purchaser in violation of this Agreement will be voidable at the option of Sponsor. Sponsor's refusal to consent to an assignment will not entitle Purchaser to cancel this Agreement or give rise to any claim for damages against Sponsor. If Sponsor, in its sole discretion, consents to a Purchaser's request for an assignment of this Agreement, or for the addition, deletion or substitution of names on this Agreement, then Purchaser shall be required to pay to the Attorney for Sponsor a fee set forth in the Plan for preparation of an assignment and assumption agreement. Any purported assignment by Purchaser in violation of this Agreement shall be a default by Purchaser, entitling Sponsor to the default remedies set forth in this Agreement, and shall be voidable at the option of Sponsor.

23.2 Notwithstanding anything to the contrary contained in this Article, Purchaser shall have a one time right to assign Purchaser's rights under this Agreement, in whole, but not in part, to an entity "controlled" (defined below) by Purchaser, (the entity to which the rights are assignable may be a trust, limited liability company or a corporation) or to member(s) of Purchaser's Immediate Family (defined below), provided that (i) Purchaser designates such assignee at least 10 business days prior to the Closing Date; (ii) Purchaser delivers to Attorney for Sponsor the fee set forth in the Plan for its services required in connection with the preparation of the assignment and assumption agreement; (iii) the Closing is not delayed as a result of such assignment , (iv) the assignee of this Agreement assumes in writing, by an instrument prepared by Attorney for Sponsor, the obligations of Purchaser under this Agreement and (v) the assignment is made without consideration. The term "Control" shall mean the control, either directly or indirectly, of at least 51% percent of the voting shares or equity interests of such assignee, together with the authority to direct and manage the affairs of such assignee, which shall include Purchaser, being the managing general partner of such partnership or the principal manager or managing member of such limited liability company. The term "Immediate Family" shall mean Purchaser's spouse, domestic partner, their children, grandchildren, parents, grandparents, brothers or sisters, stepchildren and stepparents. The obligations of Purchaser may be performed by such assignee, and Sponsor agrees to accept such performance as if it were the performance of the Purchaser. No such assignment shall modify the named Purchaser's obligations hereunder including without limitation named Purchaser's indemnity obligations contained in this Agreement, reduce or limit any liability or obligation of the named Purchaser who shall remain primarily liable notwithstanding any liability assumed by assignee. Unless Purchaser complies with the provisions of this subparagraph, any purported assignment by Purchaser shall be null and void and of no effect as against Sponsor.

24. BINDING EFFECT

The submission of this Agreement to Purchaser does not create a binding obligation on the part of Sponsor. This Agreement shall not be binding on Sponsor until a fully executed counterpart hereof has been delivered to Purchaser or the Attorney for Purchaser. If this Agreement is not accepted within 30 days from the date hereof by the delivery to Purchaser of a fully executed counterpart, this Agreement shall be deemed to have been rejected and cancelled and the Deposit shall be promptly returned to Purchaser. Upon such refund being made, neither party shall have any further rights, obligations liability to or against the other hereunder or under the Plan. Prior to Sponsor's countersigning and returning this Agreement to Purchaser, and at any time thereafter, Purchaser agrees upon request to provide Sponsor with written information about Purchaser's employment, financial and rental/ownership history. Such information obtained prior to countersignature may be used to determine Purchaser's qualification to purchase and own the Unit, but does not constitute a reservation or binding obligation on either the applicant or Sponsor. Sponsor has the right, without incurring any liability, to reject this Agreement without cause or explanation to Purchaser. This Agreement may not be rejected due to Purchaser's sex, race, creed, color, national origin, ancestry, disability, marital status, or other ground proscribed by Law.

25. NOTICES

25.1 Any notice, election, demand, request, letter, consent or other communication hereunder or under the Plan shall be in writing and either delivered in person or sent, postage prepaid, by registered or certified mail return receipt requested or by Federal Express or other reputable overnight courier, with receipt confirmed to the Attorney for Purchaser at the address given at the beginning of this Agreement with a copy to the Purchaser at the address given at the beginning of this Agreement by regular mail, and to the Attorney for Sponsor at the address given at the beginning of this Agreement, with a copy to the Sponsor at the address given at the beginning of this Agreement by regular mail. Either party may hereafter designate to the other in writing a change in the address to which notices are to be sent. Except as otherwise expressly provided herein, a notice shall be deemed given when personal delivery or delivery

by overnight courier is effected, or in the case of mailing, the 3 days after the date of mailing, except that the date of actual receipt shall be deemed to be the date of the giving of any notice of change of address. Any notice either of the parties hereto receives from the other party's attorneys shall be deemed to be notice from such party itself.

25.2 Sponsor hereby designates and empowers both the Selling Agent and Attorney for Sponsor, as Sponsor's agents to give any notice to Purchaser under this Agreement (including, without limitation, a notice of default) in Sponsor's name, which notice so given shall have the same force and effect as if given by Sponsor itself.

25.3 Purchaser hereby designates and empowers the Attorney for Purchaser, as Purchaser's agent to give any notice to Sponsor under this Agreement in Purchaser's name, which notice so given shall have the same force and effect as if given by Purchaser.

26. JOINT PURCHASERS

The term "Purchaser" shall be read as "Purchasers" if more than one person are Purchasers, in which case their obligations shall be joint and several.

27. LIABILITY OF SPONSOR

Sponsor shall be excused from performing any obligation or undertaking provided for in this Agreement for so long as such performance is prevented, delayed or hindered by an act of God, fire, flood, explosion, war, riot, sabotage, inability to procure or general shortage of energy, labor, equipment, facilities, materials or supplies in the open market, failure of transportation, strike, lockout, action of labor unions, or any other cause (whether similar or dissimilar to the foregoing) not within the reasonable control of Sponsor. Sponsor's time to perform such obligations or undertaking shall be tolled for the length of the period during which such performance was excused.

28. FURTHER ASSURANCES

Either party shall execute, acknowledge and deliver to the other party such instruments, and take such other actions, in addition to the instruments and actions specifically provided for herein, as such other party may reasonably request in order to effectuate the provisions of this Agreement 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.

29. AGREEMENT NOT CONTINGENT UPON FINANCING

The terms and provisions of this Agreement and Purchaser's obligations hereunder are not contingent upon Purchaser securing financing of the Purchase Price (or any portion thereof), and Purchaser understands and agrees that Purchaser's failure to obtain such financing will not relieve Purchaser of Purchaser's obligations hereunder. Purchaser further understands and agrees that if Purchaser chooses to finance the purchase of the Unit through a lending institution and obtain a commitment therefrom, neither a subsequent change in the terms of such commitment, the expiration or other termination of such commitment, nor any change in Purchaser's financial status or condition shall release or relieve Purchaser of Purchaser's obligations pursuant to this Agreement and Sponsor shall have no liability as a result of any scheduling or adjournment of the Closing beyond the expiration of the loan commitment.

30. COSTS OF ENFORCING AND DEFENDING AGREEMENT

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

31. SEVERABILITY

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

32. STRICT COMPLIANCE

Any failure by either party to insist upon the strict performance by the other of any of the provisions of this Agreement shall not be deemed a waiver of any of the provisions hereof, and each party, notwithstanding any such failure, shall have the right thereafter to insist upon the strict performance by the other party of any and all of the provisions of this Agreement to be performed by such party.

33. GOVERNING LAW

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

34. WAIVER OF JURY

Except as prohibited by law, the parties shall, and they hereby do, expressly waive trial by jury in any litigation arising out of, or connected with, or relating to, this Agreement or the relationship created hereby or in the Plan. With respect to any matter for which a jury trial cannot be waived, the parties agree not to assert any such claim as a counterclaim in, nor move to consolidate such claim with, any action or proceeding in which a jury trial is waived.

35. ENTIRE AGREEMENT

This Agreement, together with the Plan, supersedes any and all understandings and agreements between the parties and constitutes the entire agreement between them with respect to the subject matter hereof.

36. CERTAIN REFERENCES

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

37. CAPTIONS

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

38. SUCCESSORS AND ASSIGNS

The provisions of this Agreement shall bind and enure to the benefit of Purchaser and Purchaser's heirs, legal representatives, successors and permitted assigns and shall bind and enure to the benefit of Sponsor and its successors and assigns.

39. CONFIDENTIALITY

Sponsor and Purchaser hereby acknowledge and agree to keep all of the terms and conditions of this Agreement confidential. Sponsor and Purchaser agree that any information which is required to be disclosed to the parties respective lawyers, architects/engineers, accountants, individuals who "need to know" or governmental agencies shall not be deemed to be a breach by Sponsor or Purchaser of the parties undertaking of confidentiality contained in this Agreement. Any failure by Purchaser to keep the terms and conditions of this Agreement confidential shall be a default by Purchaser, entitling Sponsor to the default remedies set forth in this Agreement.

40. NO ORAL CHANGES

This Agreement cannot be changed or terminated orally. Any changes or additional provisions must be set forth in a rider attached hereto or in a separate written agreement signed by the parties hereto or by an amendment to the plan.

41. PERFORMANCE

Where this Agreement by its terms requires the payment of money or the performance of a condition on a Saturday, Sunday or public holiday, such payment may be made or condition performed on the next business day succeeding such Saturday, Sunday or such public holiday, with the same force and effect as if made or performed in accordance with the terms of this Agreement.

42. WAIVER OF DIPLOMATIC OR SOVEREIGN IMMUNITY

42.1 The provisions of this Article shall survive the closing of title or the termination of this Agreement for the purpose of any suit, action, or proceeding arising directly or indirectly, out of or relating to this Agreement.

42.2 If Purchaser is a foreign government, a resident representative of a foreign government or such other person or entity otherwise entitled to diplomatic or sovereign immunity, Purchaser hereby designates a duly authorized and lawful agent to receive process for and on behalf of Purchaser in any state or Federal suit, action or proceeding in the State of New York based on, arising out of or connected with this Agreement or the Condominium Documents.

42.3 If Purchaser is a foreign mission, as such term is defined under the Foreign Missions Act, 22 U.S.C. Section 4305, Purchaser shall notify the United States Department of State prior to purchasing a Unit and provide a copy of such notice to Sponsor. Sponsor shall not be bound under this Agreement unless and until the earlier to occur of: (i) a notification of approval is received from the Department of State; or (ii) sixty (60) days after Purchaser's notice is received by the Department of State.

43. COUNTERPARTS

This Agreement may be executed in any number of counterparts. Each such counterpart shall for all purposes be deemed an original. All such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

PURCHASER(S):

_____
(signature)

_____
(signature)

SPONSOR:

WXIV/Broadway Grand Realty, L.L.C.

By: Whitehall Street Real Estate Limited Partnership XIII, its managing member

By: WH Advisors, L.L.C. XIII, managing partner

By: _____
Name: Jerome S. Karr
Title: Vice President

SCHEDULE A

PERMITTED ENCUMBRANCES

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

2. Any state of facts which an accurate survey or personal inspection of the Property would show, provided such state of facts would not prevent the use of the Unit for dwelling purposes.

3. The terms, burdens, covenants, restrictions, conditions, easements and Residential Rules and Regulations, all as set forth in the Declaration, the By-Laws (and the Residential Rules and Regulations made thereunder), the Power of Attorney from the Purchaser to the Condominium Board, and the Floor Plans as all of the same may be amended from time to time.

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

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

6. Revocability of licenses for vault space, if any, under the sidewalks and streets.

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

8. Encroachments of stoops, areas, cellar steps or doors, trim, copings, retaining walls, bay windows, balconies, sidewalk elevators, fences, fire escapes, cornices, foundations, footings and similar projections, if any, on, over, or under the Property or the streets or sidewalks abutting the Property, and the rights of governmental authorities to require the removal of any such projections and variations.

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

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

11. The lien of any unpaid assessment payable in installments (other than assessments levied by the Condominium Board), except that the Sponsor shall pay all such assessments due prior to the Closing Date (with the then current installment to be apportioned as of the Closing Date) and the Purchaser shall pay all assessments due from and after the Closing Date.

12. Any declaration or other instrument affecting the Property which the Sponsor deems necessary or appropriate to comply with any law, ordinance, regulation, zoning resolution or requirement of the Department of Buildings, the City Planning Commission, the Board of Standards and Appeals, or any other public authority, applicable to the demolition, construction, alteration, repair or restoration of the Building.

13. Any encumbrance as to which the Title Company (or such other New York Board of Title Underwriters member title insurance company which insures the Purchaser's title to the Unit) would be willing, in a fee policy issued by it to the Purchaser, to insure the Purchaser that such

encumbrance (a) will not be collected out of the Unit if it is a lien or (b) will not be enforced against the Unit if it is not a lien.

14. Any other encumbrance, covenant, easement, agreement, or restriction against the Property other than a mortgage or other lien for the payment of money, which does not prevent the use of the Unit for dwelling purposes.

15. Any lease covering the Unit(s) made from the Sponsor to the Purchaser.

16. Any violation against the Property (other than the Unit) which is the obligation of the Condominium Board, or another Unit Owner to correct.

17. Standard printed exceptions contained in the form of fee title insurance policy then issued by the Title Company.

18. Any certificate of occupancy for the Building, so long as the same permits, or does not prohibit, use of the Unit for its stated purposes.

19. Exhibit III Zoning Lot Description and Ownership Statement made by WXIV/Broadway Grand Realty, L.L.C., dated October 18, 2004 and recorded on January 12, 2005, CRFN 2005000024591, and any Zoning Lot Development Agreement which may be filed in connection therewith.

20. Exhibit I Zoning Lot Ownership Statement dated September 1, 2004 and recorded on January 12, 2005, CRFN 2005000024592, and any Zoning Lot Development Agreement which may be filed in connection therewith.

21. Any encumbrance, covenant, easement, agreement, or restriction against the Property set forth in the form of Unit Owner's Specimen Title Policy prepared by the Title Company set forth in Part II of the Plan, as the same may be updated from time to time.

SCHEDULE B

INSPECTION STATEMENT

Date: _____

WXIV/Broadway Grand Realty, L.L.C.
885 Third Avenue
New York, New York 10022

Re: 40 Mercer Street Condominium ("Condominium")

Ladies and Gentlemen:

1. On the date hereof, the undersigned has inspected the Unit set forth below which the undersigned is purchasing and have found the Unit to be in good condition, except as otherwise noted below.

2. The undersigned acknowledges that to prevent pilferage, certain items such as medicine cabinet doors, shower heads, toilet seats, kitchen cabinets, vanity knobs and mechanical chimes will be installed just prior to the date the undersigned moves into the Building. The undersigned agrees to sign-off each item requiring adjustment, or repairs, if any, as they are completed.

Unit No._____

PURCHASER(S):

_____
(signature)

_____
(signature)

_____
Sponsor's Representative

RIDER TO PURCHASE AGREEMENT

RE: STORAGE LOCKER/PRIVATE TERRACE

This Rider is made as of _____, _____ between Sponsor and Purchaser.

Re: Unit _____ ("Unit")
40 Mercer Street Condominium
40 Mercer Street
New York, New York 10013

1. LICENSE

Sponsor agrees to sell and Purchaser agrees to purchase [Storage Locker #_____] [Private Terrace #_____] for a purchase price of $_____. The License to use the [Storage Locker] [Private Terrace] shall be prepared by Sponsor substantially in the form set forth in Part II of the Plan.

The Purchase Price is payable as follows:

(a) $_____ ("Initial Deposit"), due upon Purchaser's signing and delivering this Agreement, by check (subject to collection), receipt of which is hereby acknowledged; and

(b) $_____ ("Additional Deposit"), due upon the earlier to occur of (i) 6 months after Purchasers signing and delivering this Agreement or (ii) within 15 days of the Presentation Date of the amendment declaring the Plan effective, by check (subject to collection); and

(c) $_____ ("Balance of the Purchase Price "), by good unendorsed certified check of Purchaser or official bank check or by wire transfer (at Sponsor's sole option), payable on the delivery of the License as hereinafter provided.

(d) the terms Initial Deposit and Additional Deposit are collectively referred to as the "Deposit." If Purchaser is signing this Agreement after the Plan is declared effective, the Initial Deposit and Additional Deposit shall be due upon Purchaser's signing this Agreement.

2. TEMPORARY CERTIFICATE OF OCCUPANCY

Purchaser may be required to consummate the purchase of the Storage Locker/the Private Terrace even though a temporary certificate of occupancy has not been issued, and access may not be available for the area of the Building designated for such use.

3. DAMAGE TO THE LICENSE AREA

If there is a fire or other casualty to the Storage Area and/or the Private Terrace and Sponsor does not elect to repair or restore the Storage Area following such fire or casualty, then the Purchase Agreement shall be deemed modified to provide for the closing of title with respect to the Unit only. In such event, the Purchase Price shall be reduced by the amount of the Purchase Price allocated to the Storage Locker and/or Private Terrace, as the case may be.

4. CROSS DEFAULT

A default by Purchaser under this Rider shall constitute a default under the Purchase Agreement for the Unit and any other default by Purchaser under the Purchase Agreement for the Unit shall constitute a default under this Rider entitling Sponsor to those default remedies as more fully described in the Purchase Agreement and the Plan. Notwithstanding an earlier closing of title with respect to the Unit, the provisions of the Purchase Agreement with respect to the delivery of the Storage Locker/Private Terrace shall survive the closing of the title to the Unit.

5. DEFINITIONS

All capitalized terms used in this Rider not defined herein shall have the same meanings ascribed to them in the Purchase Agreement to which this Rider is annexed or in the Plan.

6. CONFLICTS

In the event of any inconsistency between the provisions of this Rider and those contained in the Purchase Agreement to which this Rider is annexed, the provisions of this Rider shall govern and be binding.

7. FULL FORCE & EFFECT

Except as set forth in this Rider, all of the terms and conditions of the Purchase Agreement remain unchanged and in full force and effect.

PURCHASER(S):

_____
(signature)

_____
(signature)

SPONSOR:

WXIV/Broadway Grand Realty, L.L.C.

By: Whitehall Street Real Estate Limited Partnership XIII, its managing member

By: WH Advisors, L.L.C. XIII, managing partner

By: _____
Name: Jerome S. Karr
Title: Vice President

UNIT DEED

UNIT DEED

THIS INDENTURE, made the ____ day of _____, ____, between WXIV/Broadway Grand Realty, L.L.C., having an office at 885 Third Avenue, New York, New York 10022 ("Grantor") and _____ having an address at _____ ("Grantee").

WITNESSETH:

That Grantor, in consideration of Ten and 00/100 ($10.00) Dollars and other good and valuable consideration paid by Grantee, does hereby grant and release unto Grantee, the heirs or successors and assigns of Grantee, forever:

The Condominium Unit ("Unit") known as Unit No. __ in the building ("Building") known as the 40 Mercer Street Condominium ("Condominium") and by the street number 40 Mercer Street, Borough of Manhattan, County of New York, City and State of New York, said Unit being designated and described by the above Unit No. in a certain declaration dated _____, _____, made by Grantor pursuant to Article 9-B of the Real Property Law of the State of New York (the "Condominium Act") establishing a plan for condominium ownership of the Building and the land ("Land") upon which the Building is situate (which Land is more particularly described in Exhibit A annexed hereto and by this reference made a part hereof), which declaration was recorded in the New York County Office of the Register of The City of New York ("Register's Office") on _____, _____, under CFRN# _____ ("Declaration"). The Unit is also designated as Tax Lot __ in Block 474 of Section 2 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 Building, certified by _____ _____ on _____, _____, and filed with the Real Property Assessment Department of The City of New York on _____, _____, as Condominium Plan No. ____ and also filed in the Register's Office on _____, _____, as Condominium Map No. ____;

TOGETHER with an undivided ___% interest in the Common Elements (as such term is defined in the Declaration);

TOGETHER with the appurtenances and all the estate and rights of Grantor in and to the Unit;

TOGETHER with, and subject to, the rights, obligations, easements, restrictions and other provisions set forth in the Declaration and the By-Laws of the Condominium (the "By Laws"), as the same may be amended from time to time, all of which constitute covenants running with the Land and shall bind any person having at any time any interest or estate in the Unit, as though recited and stipulated at length herein.

SUBJECT also to such other liens, agreements, covenants, easements, restrictions, consents and other matters of record as pertain to the Unit, to the Land and/or to the Building (which Land and Building are collectively referred to as the "Property").

TO HAVE AND TO HOLD the same unto Grantee and the heirs or successors and assigns of Grantee forever.

If any provision of the Declaration or the By-Laws is invalid under, or would cause the Declaration or the By-Laws to be insufficient to submit the Property to, the provisions of the Condominium Act, or if any provision which is necessary to cause the Declaration and the By-Laws to be sufficient to submit the Property to the provisions of the Condominium Act is missing from the Declaration or the By-Laws, or if the Declaration and the By-Laws are insufficient to submit the Property to the provisions of the Condominium Act, the applicable provisions of the Declaration shall control.

Except as otherwise specifically permitted by the Condominium Board or provided in the Declaration or the By-Laws, the Unit is intended for residential use only.

Grantor covenants that Grantor has not done or suffered anything whereby the Unit has been encumbered in any way whatever, except as set forth in the Declaration and the By-Laws (and any Residential Rules and Regulations adopted under the By-Laws).

Grantor, in compliance with Section 13 of the Lien Law of the State of New York, covenants that Grantor will receive the consideration for this conveyance and will hold the right to receive such consideration as a trust fund for the purpose of paying the cost of the improvement and will apply the same first to the payment of the cost of the improvement before using any part of the same for any other purposes.

Grantee accepts and ratifies the provisions of the Declaration and the By-Laws (and any Residential Rules and Regulations adopted under the By-Laws) and agrees to comply with all the terms and provisions thereof.

This conveyance is made in the regular course of business actually conducted by Grantor.

The term "Grantee" shall be read as "Grantees" whenever the sense of this indenture so requires.

All capitalized terms used herein which are not separately defined herein shall have the meanings given to those terms in the Declaration or the By-Laws of the Condominium.

IN WITNESS WHEREOF, Grantor and Grantee have duly executed this Indenture as of the day and year first above written.

SPONSOR:

WXIV/Broadway Grand Realty, L.L.C.

By: Whitehall Street Real Estate Limited Partnership XIII, its managing member

By: WH Advisors, L.L.C. XIII, managing partner

By: _____
Name: Jerome S. Karr
Title: Vice President

(ACKNOWLEDGEMENT)

EXHIBIT A
TO UNIT DEED

DESCRIPTION OF THE LAND

See the Schedule A – Description of the Land in the Specimen Title Report set forth in Part II of the Plan.

STORAGE LICENSE AGREEMENT

STORAGE LICENSE AGREEMENT

AGREEMENT made the _____ day of _____, _____ ("Agreement") by and between WXIV/Broadway Grand Realty, L.L.C., having an office at 885 Third Avenue, New York, New York 10022 ("Sponsor"), and the Condominium Board of 40 Mercer Street Condominium on behalf of all Unit Owners, having an address at 40 Mercer Street, New York, New York, 10013 ("Condominium Board") (Sponsor and the Condominium Board are sometimes collectively referred to as the ("Licensor") and _____ having an address at 40 Mercer Street, Unit ____, New York, New York 10013 ("Licensee");

W I T N E S S E T H :

WHEREAS, 40 Mercer Street Condominium ("Condominium") is governed by a certain Declaration of Condominium dated _____, ____, recorded in the New York County Office of the Register of the City of New York on _____, _____ under CRFN#_____, as the same has been or may be amended from time to time (the "Declaration"), the by-laws of the Condominium, as the same has been or may be amended from time to time (the "By-Laws") and the Residential Rules and Regulations of the Condominium, as the same has been or may be amended from time to time (the "Residential Rules and Regulations") (the "Declaration," the "By-Laws" and the "Residential Rules and Regulations" are collectively, referred to as the "Condominium Documents"); and

WHEREAS, in a portion of the cellar of the Condominium there are Residential Common Elements ("Licensed Area") in which storage lockers have been installed for use by permitted Residential Unit Owners; and

WHEREAS, Licensee, owns or simultaneously herewith is acquiring Residential Unit ____ in the Condominium; and

WHEREAS, Licensee desires the right to the exclusive use of Storage Locker #_____ for so long as Licensee owns a Residential Unit in the Condominium;

NOW THEREFORE, in consideration of the sum of $10.00 and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Licensor hereby grants to Licensee, its successors and assigns, a license for the exclusive use of storage locker #___ ("License") and Licensee hereby accepts such License from Licensor for a term commencing on the date hereof.

2. The Storage Locker may only be used for the storage of personal effects of Licensee and in no event shall any food or other perishable item, or any flammable or explosive item or any item which would pose a health or safety threat or cause noxious odors, dirt or other sanitary problems or create a nuisance, be stored in a Storage Locker.

3. Except for Sponsor, a Residential Unit Owner may not own a Storage Locker without also owning a Residential Unit.

4. Licensee shall not (a) store any property in the Storage Locker outside of the designated storage area; or (b) allow any other person to use the Storage Locker except in accordance with the terms hereof.

5. This License may be assigned by Licensee at any time provided the assignee (i) is a Residential Unit Owner at the Condominium, (ii) assumes the obligations hereunder in the form annexed hereto, (iii) notification of the assignment is delivered in writing to the Condominium Board in compliance with its requirements as the same may be modified from time to time, and (iv) no outstanding monies are owed to the Condominium by the Licensee and/or the assignee. This License shall automatically terminate at such time as the Licensee no longer owns a Residential Unit in the Condominium unless this License is assigned to and assumed by another Residential Unit Owner.

6. Licensee represents that it has made a thorough inspection of the Storage Locker and the Storage Area and agrees to take same in its "as is" condition as of the date of this Agreement. Licensee shall throughout the term of this Agreement, take good care of and maintain the Storage Locker. All repairs and replacements to the Storage Locker and the Storage Area shall be performed by the Condominium Board and the cost thereof shall be a Residential Common Expense, unless such repair or replacement is necessitated by the negligence, misuse, or abuse of a Licensee, then the entire cost and expense of such repair or replacement shall be borne by such Licensee.

7. Licensor nor Licensor's agents or employees shall be liable for any theft or damage to any property stored in the Storage Locker or the Storage Area.

8. The terms of this Agreement are subject to the terms of the Condominium Documents. Nothing contained herein shall be construed as limiting the rights and obligations of the parties under the Condominium Documents. Any conflict between the provisions of this Agreement and the Condominium Documents shall be resolved in favor of the Condominium Documents.

9. If Licensee defaults in its obligations hereunder or under the Condominium Documents, the Condominium Board may, in addition to the rights and remedies set forth in the Condominium Documents, (i) deny access to and use of the Storage Locker until Licensee cures such default or (ii) terminate this Agreement upon written notice to Licensee.

10. The Condominium Board or its agents shall have the right, but not the obligation, to open the Storage Locker in an emergency at any time, and, at other reasonable times upon prior notice to Licensee, to inspect and examine the Storage Locker and to make such repairs, replacements and improvements as the Condominium Board shall deem necessary.

11. This Agreement shall constitute a license only and shall not be construed under any circumstances to be a sale of the Storage Locker or conveyance of title thereto. In no event shall a landlord/tenant relationship exist between the Licensor and the Licensee with respect to this Agreement.

12. Licensee shall indemnify and hold the Licensor and their respective officers, directors, agents and employees, harmless from and against any and all liabilities, claims, penalties and judgments, together with any related costs and expenses, including reasonable legal fees, asserted against or sustained by any of them in connection with any act, omission, or negligence of Licensee or Licensee's family, servants, employees, agents, guests and invitees in connection with this License.

13. Licensee shall be obligated to reimburse the Licensor for any legal fees and disbursements incurred by the Licensor in defending the rights of Licensor under this Agreement or, in the event Licensee defaults under this Agreement beyond any applicable grace period, enforcing Licensee's obligations hereunder.

14. Neither this Agreement nor any provision hereof may be waived, amended, discharged or terminated except by an instrument in writing signed by the party against which the enforcement of such waiver, amendment, discharge or termination is sought and then only to the extent set forth in such instrument.

15. It is understood and agreed that all understandings and agreements heretofore had between the parties hereto are merged in this Agreement, which alone fully and completely express their agreement and that this Agreement supersedes any and all such understandings and agreements with respect to the subject matter hereof.

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

17. Either party shall execute, acknowledge and deliver to the other party such instruments and take such other actions, in addition to the instruments and actions specifically provided for herein, as such other party may reasonably request in order to effectuate the provisions of this Agreement 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.

18. Any failure by the Licensor to insist upon strict performance by Licensee 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 Licensor, notwithstanding any such failure, shall have the right thereafter to insist upon strict performance by Licensee of any and all of the provisions of this Agreement to be performed by Licensee.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the day and year first above written.

Agreed to and Acknowledged by:

LICENSOR:

CONDOMINIUM BOARD OF THE
40 Mercer Street Condominium

By: _____
Name:
Title:

LICENSEE:

_____
(signature)

_____
(signature)

SPONSOR:

WXIV/Broadway Grand Realty, L.L.C.

By: Whitehall Street Real Estate Limited Partnership XIII

By: WH Advisors, L.L.C. XIII, managing member

By: _____
Name: Jerome S. Karr
Title: Vice President

PRIVATE TERRACE LICENSE AGREEMENT

PRIVATE TERRACE LICENSE AGREEMENT

AGREEMENT made the _____ day of _____, _____ ("Agreement") by and between WXIV/Broadway Grand Realty, L.L.C., having an office at 885 Third Avenue, New York, New York 10022 ("Sponsor"), and the Condominium Board of 40 Mercer Street Condominium on behalf of all Unit Owners, having an address at 40 Mercer Street, New York, New York, 10013 ("Condominium Board") (Sponsor and the Condominium Board are sometimes collectively referred to as the ("Licensor") and _____ having an address at 40 Mercer Street, Unit ____, New York, New York 10013 ("Licensee");

WITNESSETH:

WHEREAS, 40 Mercer Street Condominium ("Condominium") is governed by a certain Declaration of Condominium dated _____, ____, recorded in the New York County Office of the Register of the City of New York on _____, _____ under CRFN#_____, as the same has been or may be amended from time to time (the "Declaration"), the by-laws of the Condominium, as the same has been or may be amended from time to time (the "By-Laws") and the Residential Rules and Regulations of the Condominium, as the same has been or may be amended from time to time (the "Residential Rules and Regulations") (the "Declaration," the "By-Laws" and the "Residential Rules and Regulations" are collectively, referred to as the "Condominium Documents"); and

WHEREAS, on the 7th floor of the Building, adjacent to the common terrace, there are four (4) private terraces to be used exclusively by Purchasers of a license to use such private terrace. Each of the private terraces are Residential Common Elements ("Licensed Area"); and

WHEREAS, Licensee, owns or simultaneously herewith is acquiring Residential Unit ____ in the Condominium; and

WHEREAS, Licensee desires the right to the exclusive use of Private Terrace #_____ for so long as Licensee owns a Residential Unit in the Condominium;

NOW THEREFORE, in consideration of the sum of $10.00 and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Licensor hereby grants to Licensee, its successors and assigns, a license for the exclusive use of Private Terrace #_____ ("License") and Licensee hereby accepts such License from Licensor for a term commencing on the date hereof.

2. The Private Terrace may be used by Licensee for passive recreational use.

3. Except for Sponsor, no Unit Owner may own a Private Terrace without also owning a Residential Unit.

4. Licensee shall not (a) install any furnishings on the Private Terrace or change the furnishings located on the Private Terrace which were provided by Sponsor, without the prior written approval of the Condominium Board; or (b) allow any other person to use the Private Terrace except in accordance with the terms hereof.

5. This License may be assigned by Licensee at any time provided the assignee (i) is a Residential Unit Owner at the Condominium, (ii) assumes the obligations hereunder in the form annexed hereto, (iii) notification of the assignment is delivered in writing to the Condominium Board in compliance

with its requirements as the same may be modified from time to time, and (iv) no outstanding monies are owed to the Condominium by the Licensee and/or the assignee. This License shall automatically terminate at such time as the Licensee no longer owns a Residential Unit in the Condominium unless this License is assigned to and assumed by another Residential Unit Owner.

6. Licensee represents that it has made a thorough inspection of the Private Terrace and agrees to take same in its "as is" condition as of the date of this Agreement. Licensee shall throughout the term of this Agreement, take good care of and maintain the Private Terrace. All maintenance, repairs and replacements in or to the Private Terrace shall be performed by (i) the Condominium Board if involving structural and extraordinary maintenance, repair & replacement, or (ii) the Licensee of such Private Terrace if involving non-structural ordinary maintenance, repairs and replacements. All costs and expenses associated with non-structural, ordinary maintenance, repairs and upkeep associated with the Private Terrace shall be borne by Licensee.

7. Licensor nor Licensor's agents or employees shall be liable for any theft or damage to any property stored in the Private Terrace.

8. The terms of this Agreement are subject to the terms of the Condominium Documents. Nothing contained herein shall be construed as limiting the rights and obligations of the parties under the Condominium Documents. Any conflict between the provisions of this Agreement and the Condominium Documents shall be resolved in favor of the Condominium Documents.

9. If Licensee defaults in its obligations hereunder or under the Condominium Documents, the Condominium Board may, in addition to the rights and remedies set forth in the Condominium Documents, (i) deny access to and use of the Storage locker until Licensee cures such default or (ii) terminate this Agreement upon written notice to Licensee.

10. The Condominium Board or its agents shall have the right, but not the obligation, to enter the Private Terrace in an emergency at any time, and, at other reasonable times upon prior notice to Licensee, to inspect and examine the Private Terrace and to make such repairs, replacements and improvements as the Condominium Board shall deem necessary.

11. This Agreement shall constitute a license only and shall not be construed under any circumstances to be a sale of the Private Terrace or conveyance of title thereto. In no event shall a landlord/tenant relationship exist between the Licensor and the Licensee with respect to this Agreement.

12. Licensee shall indemnify and hold the Licensor and their respective officers, directors, agents and employees, harmless from and against any and all liabilities, claims, penalties and judgments, together with any related costs and expenses, including reasonable legal fees, asserted against or sustained by any of them in connection with any act, omission, or negligence of Licensee or Licensee's family, servants, employees, agents, guests and invitees in connection with this License.

13. Licensee shall be obligated to reimburse the Licensor for any legal fees and disbursements incurred by the Licensor in defending the rights of the Licensor under this Agreement or, in the event Licensee defaults under this Agreement beyond any applicable grace period, enforcing Licensee's obligations hereunder.

14. Neither this Agreement nor any provision hereof may be waived, amended, discharged or terminated except by an instrument in writing signed by the party against which the enforcement of such waiver, amendment, discharge or termination is sought and then only to the extent set forth in such instrument.

15. It is understood and agreed that all understandings and agreements heretofore had between the parties hereto are merged in this Agreement, which alone fully and completely express their agreement

and that this Agreement supersedes any and all such understandings and agreements with respect to the subject matter hereof.

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

17. Either party shall execute, acknowledge and deliver to the other party such instruments and take such other actions, in addition to the instruments and actions specifically provided for herein, as such other party may reasonably request in order to effectuate the provisions of this Agreement 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.

18. Any failure by the Licensor to insist upon strict performance by Licensee 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 Licensor, notwithstanding any such failure, shall have the right thereafter to insist upon strict performance by Licensee of any and all of the provisions of this Agreement to be performed by Licensee.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the day and year first above written.

Agreed to and Acknowledged by:

LICENSOR:

CONDOMINIUM BOARD OF THE
40 Mercer Street Condominium

By: _____
Name:
Title:

LICENSEE:

_____
(signature)

_____
(signature)

SPONSOR:

WXIV/Broadway Grand Realty, L.L.C.

By: Whitehall Street Real Estate Limited Partnership XIII

By: WH Advisors, L.L.C. XIII, managing member

By: _____
Name: Jerome S. Karr
Title: Vice President

ASSIGNMENT AND ASSUMPTION OF LICENSE AGREEMENT

ASSIGNMENT AND ASSUMPTION OF LICENSE AGREEMENT

THIS ASSIGNMENT AND ASSUMPTION OF LICENSE AGREEMENT made as of the _____ day of _____, _____ by and between _____ (hereinafter referred to as the "Assignor"), having an address at _____, New York, New York _____, and _____ (hereinafter referred to as the "Assignee"), having an address at _____, New York, New York _____.

W I T N E S S E T H :

WHEREAS, Assignor executed a certain License Agreement dated _____, _____ ("License Agreement") to have the exclusive right to use [Storage Locker #____ located in the cellar of the 40 Mercer Street], [Private Terrace #_____ located on the 7th floor terrace of the Condominium] located at 40 Mercer Street, New York, New York, in accordance with the terms of the Condominium Offering Plan dated _____, 2005 ("Plan") as amended to date; and

WHEREAS, the Assignor desires to assign to the Assignee all of the Assignor's right, title and interest in and to the License Agreement; and

WHEREAS, the Assignee desires to assume all of the obligations and responsibilities of the Assignor in and to the License Agreement; and

WHEREAS, the parties hereto wish to set forth their agreements with respect to this Assignment.

NOW, THEREFORE, in consideration of the mutual promises herein contained, and other good and valuable consideration, the parties hereto agree as follows:

1. ASSIGNMENT

The Assignor hereby assigns to the Assignee, from and after the date hereof, all of the Assignor's right, title and interest in and to the License Agreement, a copy of which is attached hereto and made a part hereof, for a purchase price of $_____.

2. ASSUMPTION

The Assignee hereby assumes all of the obligations, promises, covenants and responsibilities of the Assignor in and to the License Agreement as if the Assignee had signed the License Agreement originally as "Licensee."

3. AUTHORIZATION AND DIRECTION

The Assignor and the Assignee hereby authorize and direct the Condominium to have the books and records of the Condominium reflect that Assignee has the exclusive right to use Storage Locker #_____ [Private Terrace #_____].

4. EFFECTIVE DATE

This Assignment shall not be deemed effective unless and until signed by each of the parties hereto.

5. DEFINED TERMS

All terms not defined herein shall have the meanings ascribed to them in the Plan.

IN WITNESS WHEREOF, the Assignor and the Assignee have duly executed this Assignment and Assumption of License Agreement on the day and year first above written.

APPROVED BY:

CONDOMINIUM BOARD OF THE
40 MERCER STREET CONDOMINIUM

By: _____
Name:
Title:

ASSIGNOR:

_____
(signature)

ASSIGNOR:

_____
(signature)

DECLARATION OF CONDOMINIUM

DECLARATION

Establishing a Plan for Condominium Ownership

of the Premises known as

40 Mercer Street Condominium

and having a street address of

40 Mercer Street
New York, New York 10013

Pursuant to Article 9-B of the Real Property

Law of the State of New York

Name:

40 Mercer Street Condominium

Sponsor:

WXIV/Broadway Grand Realty, L.L.C.
885 Third Avenue
New York, New York 10022

Date of Declaration:

_____, _____

Prepared by:
Starr Associates LLP
Attorneys At Law
245 Fifth Avenue
New York, New York 10016
(212) 620-2680

The land affected by the within instrument lies in Section 2, Block 474 F/K/A Lot 38, N/K/A Lots _____ - _____ on the Tax Map of the Borough of Manhattan, County of New York, City of New York

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Exhibit

A	DESCRIPTION OF THE LAND
B	DESCRIPTION OF THE UNITS
C	DEFINITIONS
D	CONDOMINIUM BY-LAWS
E	UNIT POWER OF ATTORNEY

DECLARATION
OF
40 MERCER STREET CONDOMINIUM

(Pursuant to Article 9-B of the Real Property Law of the State of New York)

WXIV/Broadway Grand Realty, L.L.C., a limited liability company organized under the laws of the State of Delaware, having an office at 885 Third Avenue, New York, New York 10022 ("Sponsor"), does hereby declare as follows:

ARTICLE 1
DEFINITIONS

All capitalized terms used in this Declaration that are not otherwise defined in the Articles hereof shall have the meanings set forth in Exhibit C annexed hereto, unless the context in which they are used shall otherwise require. All capitalized terms used in this Declaration that are defined in any of the Articles hereof shall have the meanings ascribed to them in such Articles, unless the context in which the same are used shall otherwise require. Each of the said capitalized terms shall be applicable to singular and to plural nouns, as well as to verbs of any tense.

ARTICLE 2
SUBMISSION OF THE PROPERTY

Sponsor hereby submits the Property to the provisions of the Condominium Act and pursuant thereto, does hereby establish a regime for the condominium ownership of the Property as more particularly set forth herein and in the By-Laws.

ARTICLE 3
NAME OF THE CONDOMINIUM

The Condominium shall be known as the 40 Mercer Street Condominium.

ARTICLE 4
THE LAND

Included in the Property is the Land which is more particularly described in Exhibit A annexed hereto.

ARTICLE 5
THE PROPERTY AND THE BUILDING

5.1 Included in the Property is a thirteen (13) story structure above grade with 1 cellar and 1 sub-cellar ("Building"). The Building contains 41 Residential Units (including 1 Resident Manager's Unit), 5 Retail Units and 1 Garage Unit.

5.2 The Building is classified as being of fire proof construction. The Building foundation walls are reinforced concrete supported on concrete filled composite steel piles. The 13-story tower from foundation to the roof is reinforced concrete. The roof consists of an insulated membrane system.

ARTICLE 6

THE UNITS

6.1 Exhibit B annexed hereto sets forth the following data with respect to each Unit necessary for the proper identification thereof: Unit designation; tax lot number; approximate location in the Building; approximate square foot area; number of rooms; the portions of the Common Elements to which such Unit has immediate access; and the Common Interest appurtenant to such Unit. The precise location of each Unit is shown on the Floor Plans.

6.2 Each Unit consists of the area measured horizontally from the exterior side of the exterior walls (columns, mechanical pipes, shafts, shaftways, chases, chaseways and conduits are not deducted from measurement of each Unit) to the centerline of the partitions separating one Unit from another Unit, or separating one Unit from corridors, stairs, elevators and other mechanical equipment spaces or any Common Elements not within a Unit or to the exterior side of the opposite exterior walls. Each Unit consists of the area measured vertically from the top of the floor (located under the finished flooring and sub-flooring materials) to the underside of the ceiling.

6.3 Each Unit includes, and each Unit Owner shall be responsible for, the Unit side of the front entrance door and any other entrance doors to the Unit, including terrace, balcony or service doors, the interior walls, partitions, floors and floor coverings, staircases within the Unit and plastered ceilings affixed, attached or appurtenant to the Unit, smoke detectors, carbon monoxide detectors, window panes, fireplace, all plumbing, gas and heating fixtures and equipment, including, but not limited to, refrigerators, dishwashers, washers and dryers, heating, ventilating and air-conditioning units (including the fans inside the units), heating equipment, ranges and other appliances, sinks, bathtubs, waterclosets and all other Facilities as may be affixed, attached or appurtenant to the Unit and serving the Unit exclusively (including the heating, electrical, mechanical equipment and water pipes servicing or operating the swimming pools on the Terraces appurtenant to Units 29 and 30 and the liner of such swimming pools). "Plumbing, gas and heating fixtures and equipment" as used in the preceding sentence shall include exposed gas and water pipes from branch or fixture shut-off valves attached to fixtures, appliances and equipment and the fixtures, appliances and equipment to which they are attached, and any special pipes or equipment which a Unit Owner may install within the walls, ceilings, or floors, but shall not include gas, water or other pipes, conduits, wiring or ductwork within the walls, ceilings or floors unless such installations were made by the Unit Owner after such Unit Owner acquired title to the Unit, in which event such Unit Owner shall be responsible for such installations. Each Unit shall also include all lighting and electrical fixtures and appliances within the Unit and any special equipment, fixtures or Facilities affixed, attached or appurtenant to the Unit, to the extent located within a Unit from the panel and serving or benefiting only that Unit.

6.4 Each Commercial Unit also includes, in addition to the items listed in Section 6.3 above, to the extent located in such Commercial Unit, any elevator, escalator, staircase, freight or service entrance, driveway, ramp, canopy and all related facilities servicing such Commercial Unit exclusively including outdoor signage for such Commercial Unit, the exterior side of all entrances and service doors, and the exterior side of all windows in or opening from such Commercial Unit.

6.5 Any Common Elements located within a Unit shall not be considered a part of such Unit.

6.6 Notwithstanding anything contained in this Article to the contrary, each Unit Owner will have the right, subject to the provisions of the By-Laws, exercisable at any time, to install, at such Unit

Owner's sole cost and expense, decorations, fixtures and coverings (including, without limitation, painting, finishing, carpeting, pictures, mirrors, shelving and lighting fixtures) on the surfaces of the walls, ceilings and floors that face the interior of such Unit Owner's Unit and (with respect to Residential Units) to a depth of one inch behind such surfaces for the purposes of installing nails, screws, bolts and the like, provided that no such installation shall impair the consistent exterior appearance, the structural integrity, sound integrity and mechanical and electrical systems of such Unit or of the Building or violate Law.

6.7 As of the date of the filing of this Declaration with the Register's Office, fee simple absolute title shall automatically vest in Sponsor in all Units, individually and collectively, without the need to execute specific and particular deeds or indentures for each and every Unit.

ARTICLE 7

THE COMMON ELEMENTS

7.1 The Common Elements consist of the entire Property, including the Land and all parts of the Building and improvements thereon other than the Units. The Common Elements are comprised of the General Common Elements, the Residential Common Elements and the Limited Residential Common Elements.

7.2 The General Common Elements consist of the Land and those rooms, areas, corridors and other portions of the Building (other than the Units), as well as those Facilities therein, either currently or hereafter existing for the common use of the Units or of the Unit Owners or necessary for, or convenient to, the existence, maintenance, management, operation, or safety of the Property. Without intending to limit the generality of the foregoing in any respect, the General Common Elements include:

(i) the Land (including any landscaping appurtenant thereto) and any improvements thereon, together with all easements, rights and privileges appurtenant thereto.

(ii) all foundations, columns, beams, joists, supports, piles, footings, pillars, girders, exterior walls, (including glass curtain walls, and glass roofs) interior walls, partitions, floor slabs and ceilings, window casements and frames, roofs and ceilings in, on, or under the Building, separating a Unit from another Unit or a General Common Element, and that portion of all such interior walls, partitions, floors and ceilings separating a General Common Element or the Commercial Unit from a Residential Unit and/or Residential Common Element and/or a Limited Residential Common Element, from the midpoint of any such wall, partition, floor or ceiling to the boundary line of such General Common Element or the Commercial Unit, as the case may be, to the extent that the same are not expressly included as part of the Residential Common Elements pursuant to the terms of Paragraph 7.3 below or the Limited Residential Common Elements pursuant to the terms of Paragraph 7.4 below or a Unit pursuant to the terms of Article 6 hereof.

(iii) all central and appurtenant installations and Facilities for services such as power, light, telephone, intercom, gas, sewer, plumbing, drainage, hot and cold water distribution, heat, garbage disposal, master and cable television and other mechanical and electrical systems, which service both the Residential Units and the Commercial Unit and/or both the General Common Elements, the Residential Common Elements and the Limited Residential Common Elements, to the extent that the same are not expressly included as a part of the Residential Common Elements pursuant to the terms of Paragraph 7.3 below or the Limited Residential Common Elements pursuant to the terms of Paragraph 7.4 below or a Unit pursuant to the terms of Article 6 hereof.

(iv) all other parts of the Property, and all apparatus and installations now existing or hereafter constructed in the Building or on the Property, either existing for the common use of the Units

or the Unit Owners or necessary for, or convenient to, the existence, maintenance, or safety of the Property.

7.3 The Residential Common Elements consist of those portions of the Building, as well as those Facilities therein, either currently or hereafter existing for the exclusive common use of the Residential Units or of the Residential Unit Owners only. Without intending to limit the generality of the foregoing in any respect, the Residential Common Elements include:

(i) all stairways, except those wholly located within Units, passenger elevators and their respective bulkheads, shafts, pits and equipment rooms and the residential hallways and vestibules.

(ii) refuse and compactor rooms and their respective compactors, chutes, shafts and equipment.

(iii) residential lobby, residential entrances, service entrances, concierge station, package storage, mail room, all of which are located on the ground floor of the Building.

(iv) courtyard and 7th floor terrace and all of the furnishings, structural and decorative elements contained thereon.

(v) storage area and the storage lockers contained therein, each of which are located on the cellar floor of the Building.

(vi) Private Terraces located on the 7th floor terrace of the Building and all of the structural elements contained thereon.

(vii) spa facility located on the cellar floor of the Building, and all equipment and furnishings contained therein.

(viii) all walls, partitions, floors and ceilings in, on or under the Building, separating a Residential Unit from another Residential Unit or a Residential Common Element and that portion of all such masonry walls, partitions, floors and ceilings separating a Residential Common Element from a General Common Element or a Commercial Unit, from the midpoint of any such wall, partition, floor or ceiling to the boundary line of such Residential Common Element.

(ix) all central and appurtenant installations and Facilities for services such as power, light, telephone, intercom, gas, sewer, plumbing, hot and cold water distribution, heat, garbage disposal, master & cable television and other mechanical and electrical systems which serve the Residential Units and/or the Residential Common Elements and/or the Limited Residential Common Elements only.

(x) all interior portions of the Building, and all apparatus and installations now existing or hereafter constructed in the Building or on the Property, either existing for the common use of the Residential Units or the Residential Unit Owners or necessary for, or convenient to, the existence, maintenance, or safety of the Property, to the extent that the same are not expressly included as part of the General Common Elements pursuant to the terms of Paragraph 7.2 above or the Limited Residential Common Elements pursuant to the terms of Paragraph 7.4 below or a Unit pursuant to the terms of Article 6 hereof.

7.4 The Limited Residential Common Elements consist of all portions of the Land and Building (other than the Units) that are for the use of one or more specified Residential Units to the exclusion of all other Units. Without intending to limit the generality of the foregoing in any respect, the Limited Residential Common Elements include: the Terraces adjoining certain Residential Units more particularly set forth on Exhibit "B" to this Declaration entitled "Description of Units" and the skylights located on the upper floor ceilings of Units 23, 24, 25, 26 and PH1.

7.5 The Common Elements shall remain undivided, and no Unit Owner or any other Person shall bring, or shall have the right to bring, any action for partition or division thereof, except as is expressly permitted pursuant to the terms of Article 15 hereof and Section 5.5 of the By-Laws.

ARTICLE 8

DETERMINATION OF COMMON INTEREST AND RESIDENTIAL COMMON INTEREST

8.1 The undivided percentage interest of each Unit in the Common Elements is 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 the Units, but such proportion reflecting the substantially exclusive advantage enjoyed by one or more but not all Units in a part or parts of the Common Elements in accordance with subsection (ii) of the Real Property Law Section 339-i(1).

8.2 The percentage interest of all Residential Units in the Residential Common Elements is apportioned in the same proportion that the Residential Unit at the date of this Declaration bears to the then aggregate Common Interests of all of the Residential Units in the Condominium.

ARTICLE 9

USE OF UNITS

9.1 As more particularly set forth in, and subject to the provisions of, the By-Laws, the Residential Units shall be used for residential purposes only (excluding "dormitory," "bed and breakfast" or other transient hotel-type use). A Residential Unit owned or leased by an individual, corporation, partnership, fiduciary or any other entity (including, but not limited to, the United States government and any instrumentality thereof and foreign governments and any embassy, consulate, or other instrumentality thereof, any foreign government or any embassy, consulate or other instrumentality thereof) may only be occupied (unless the Condominium Board otherwise consents) by said individual, or an individual officer, director, stockholder or employee of such corporation, or by an individual partner or employee of such partnership, or by said individual fiduciary (including directors, officers, stockholders or employees of corporate fiduciaries or partners or employees of partnership fiduciaries) or by an individual beneficiary of said fiduciary, or an individual principal or employee of such other entity, respectively, or by Family Members or guests of any of the foregoing (and nothing contained in this sentence shall be deemed to prohibit the exclusive occupancy of any Residential Unit by such Family Members or guests); however, the foregoing restrictions shall not apply to Unsold Residential Units. Upon the prior written consent of Sponsor (or, where there are no longer any Unsold Residential Units, the Condominium Board), any Residential Unit may be used for any other lawful purposes, subject, however, to (1) the terms and conditions of the then existing certificate of occupancy for the Building and the By-Laws, (2) applicable Law, (3) the use of such Residential Unit shall not adversely affect the use and enjoyment of neighboring or adjacent Residential Units for residential purposes, and (4) the prior written permission of the Condominium Board is first obtained. Residential Units may only be leased in accordance with the By-Laws and the Residential Rules and Regulations.

9.2 The Commercial Units may be used for any purpose permitted by Law, including without limitation, additional residential units, retail stores, banks, theaters, spas, health clubs, parking garages and commercial and professional office space, except that, the Commercial Units may not be used as a restaurant, bar, cabaret or nightclub.

9.3 Notwithstanding the foregoing or anything contained in the By-Laws or the Residential Rules and Regulations to the contrary, Sponsor may, without the permission of the Condominium Board, (1) use or grant permission for the use of any Unsold Residential Unit as a professional office or for any other purpose, provided such use is permitted by Law, and does not violate the then existing certificate of

occupancy for the Building or any other governmental regulations, (2) use any Unsold Residential Units as model Units and offices for the selling, leasing, management, operation and promotion of the Unsold Residential Units or for any other purpose, subject only to compliance with Law and (3) lease any Unsold Residential Unit to third parties for either long term or short term stays.

9.4 Storage Lockers may be used only for the storage of personal effects of Unit Owners, and in no event shall any food or other perishable item, or any flammable or explosive item, or any item which would pose a health or safety threat or cause noxious odors, dirt or other sanitary problems or create a nuisance, be stored in Storage Locker. Except for Sponsor, a Storage Locker may not be owned unless Unit Owner also owns a Residential Unit. The Condominium Board shall have the right to promulgate additional rules regarding the use of and access to Storage Lockers and procedures for granting and assigning Storage Licenses.

9.5 Private Terraces may be used only for passive recreational use.

ARTICLE 10

EASEMENTS FOR THE ENJOYMENT OF THE COMMON ELEMENTS

10.1 Subject to the terms of this Declaration, the By-Laws and the Residential Rules and Regulations, if applicable, Sponsor, the Unit Owners, the Selling Agent, the Managing Agent, the Condominium Board and all Permitted Users of the foregoing shall have, in common with all of the others, an easement for ingress and egress through, as well as for the use and enjoyment of, all of the General Common Elements, and the General Common Elements shall be subject to such easement. Notwithstanding the foregoing, however, no Person shall use or enjoy the General Common Elements except in accordance with the reasonable purposes for which they are intended and without encroaching upon the rights of other Persons to do so.

10.2 Subject to the terms of the By-Laws and the Residential Rules and Regulations, Sponsor, the Residential Unit Owners, the Selling Agent, the Managing Agent, the Condominium Board and all Permitted Users of the foregoing shall have, in common with all of the others, an easement for ingress and egress through, as well as for the use and enjoyment of, all of the Residential Common Elements, and the Residential Common Elements shall be subject to such easement. Notwithstanding the foregoing, however, no person shall use or enjoy the Residential Common Elements except in accordance with the reasonable purposes for which they are intended and without encroaching upon the rights of other persons to do so.

10.3 Each Commercial Unit Owner and its Permitted Users shall have the right and an easement (a) for ingress and egress through all Common Elements for the purpose of accessing any portion of such Commercial Unit or any portions of the Building servicing such Commercial Unit; and (b) to erect, maintain, repair and/or replace, from time to time, any sign and/or lighting, of such size and content as such Commercial Unit Owner shall determine, in the storefronts and windows of such Commercial Unit for the purpose of advertising the sale or lease of all or any portion of such Commercial Unit and the operation of any business of a tenant or occupant of all or any portion of such Commercial Unit.

10.4 Each Residential Unit Owner whose Residential Unit has one or more appurtenant Limited Residential Common Elements shall have an exclusive easement for the use thereof. The Residential Units having the same are indicated on Exhibit B.

10.5 Sponsor and its Permitted Users shall have an easement in, over, under, through and upon the General Common Elements and Residential Common Elements (including but not limited to, residential lobbies, hallways and corridors), to use the same, without being subject to any fee or charge, for all purposes and activities in connection with the sale or renting of Unsold Residential Units including, without limitation, the right to place "for sale," "for rent" and other signs and promotional materials, of such size and content as

Sponsor shall determine. In addition, Sponsor and its Permitted Users shall have the right and easement to erect, maintain, replace, and/or repair, from time to time, any sign and/or lighting, on the Property, of such size and content as Sponsor shall determine, for the purpose of advertising the sale of any Unit, the leasing of space in any Unit or the operation of any business of a tenant or occupant of any Unit.

10.6 In addition to all other easements and rights granted herein, Sponsor, the Managing Agent, the Condominium Board and all officers, partners, agents, guests, invitees, tenants and licensees of the foregoing shall have, in common with all of the others, an easement for ingress and egress through and upon (i) the terrace appurtenant to Unit PH2, for the purpose of maintaining, repairing, altering and replacing the skylight located on the terrace, which skylight is a Limited Residential Common Element appurtenant to Unit PH2; and (ii) the terrace appurtenant to Unit PH2 for the purpose of accessing, utilizing, maintaining and replacing, the window washing equipment, the Rig sockets and davits located thereon. All maintenance, repairs, alterations and/or replacements of skylights, whether structural or non-structural, ordinary or extraordinary, in or to skylights shall be performed by the Condominium Board, the cost and expense of which shall be borne by the Unit Owner.

ARTICLE 11

OTHER EASEMENTS

11.1 Subject to the terms of the By-Laws and to the Residential Rules and Regulations, each Unit Owner shall have an easement in common with all other Unit Owners to use, maintain, repair, alter and replace all Common Elements located in any of the other Units or elsewhere on the Property which serve such Unit Owner's Unit, including an easement to connect to existing utilities, including without limitation, utilities for gas, electricity, steam and ventilation. Each Unit (including any Common Elements located therein) shall be subject to an easement in favor of all Unit Owners to use, maintain, repair, alter and replace all Common Elements located in such Unit or elsewhere on the Property which serve other Units. All easements and rights of access described in this Section shall be exercised by the Condominium Board on behalf of all Unit Owners. The Condominium Board shall have an easement and a right of access to each Unit and to the Common Elements contained therein to inspect the same, to remove violations therefrom and to install, operate, maintain, repair, alter, rebuild, restore and replace any of the Common Elements located in, over, under, through, adjacent to, or upon the same, and each Unit and the Common Elements shall be subject to such easement and right of access. Such easements and rights of access shall be exercised by the Condominium Board, to the extent practicable, in such a manner as will not unreasonably interfere with the use of the Units for their permitted purposes. Such entry shall be permitted on reasonable prior notice based on the nature of the repair or replacement but in no event on less than two days' notice, except that no notice will be necessary in the case of an "emergency" (i.e., a condition requiring repair or replacement immediately necessary for the preservation or safety of the Building or for the safety of occupants of the Building, or other persons, or required to avoid the suspension of any necessary service in the Building). Plans and specifications with respect to any such proposed work shall be submitted by the Unit Owner who has requested that the Condominium Board exercise any such easement or right of access, to the Unit Owner whose Unit is to be accessed and all work is to be prosecuted diligently to completion. In addition, the Condominium Board shall have an easement and right of access in and through the Garage Unit for the purpose of accessing the Building's pool equipment located therein. Such easement and right of access can be exercised by the Condominium Board without any prior notice to the Garage Unit Owner provided that such access does not unreasonably interfere with the use of the Garage Unit. Notwithstanding any other provision of this Declaration, the By-Laws or the Residential Rules and Regulations, any alterations carried out in connection with the easements granted hereinabove shall be such that neither the configuration nor the usable area of the affected Unit shall be materially adversely affected.

11.2 Sponsor for so long as it shall own any Unsold Residential Unit, any Commercial Unit Owner with respect to a Commercial Unit and the Condominium Board, on behalf of all Unit Owners, shall have the right to grant such additional electric, gas, steam, cable television, telephone, water, storm drainage, sewer and other utility easements in, or to relocate any existing utility easements to, any portion of the Property as Sponsor, the Commercial Unit Owner or the Condominium Board, as the case may be, shall deem necessary or desirable for the proper operation and maintenance of the Building or any portion thereof, or for the general health or welfare of the Unit Owners and their Permitted Users, provided that the granting of such additional utility easements or the relocation of existing utilities will not prevent or unreasonably interfere with the normal conduct of business carried on within any Commercial Unit or with the use of the Units for their permitted purposes, and shall not result in the imposition of any mechanic's lien against any of the Units. Any utility company and its employees and agents shall have the right of access to each Unit or the Common Elements in furtherance of such easement, provided such right of access shall be exercised in such manner as shall not unreasonably interfere with the normal conduct of business carried on within any Commercial Unit or with the use of the Units for their permitted purposes. Notwithstanding any other provision of this Declaration, the By-Laws or the Residential Rules and Regulations, any alterations carried out in connection with the easements granted hereinabove shall be such that neither the configuration nor the usable area of the affected Unit shall be materially adversely affected.

11.3 Sponsor and its Permitted Users for so long as Sponsor shall own any Unsold Residential Unit, shall have an easement for ingress and egress through all of the Common Elements in order to make alterations, additions, or improvements, whether structural or non-structural, interior or exterior, ordinary or extraordinary, in, to and upon the Unsold Residential Units and Common Elements.

11.4 Each Unit and the Common Elements shall have easements of subjacent support and necessity, and the same shall be subject to such easements in favor of all of the other Units and the Common Elements.

11.5 Sponsors and its Permitted Users shall each have an exclusive right and easement for so long as the Condominium shall remain in existence, (a) to erect, use, lease, maintain, repair, replace and operate (i) antennae, satellite dishes and other communications equipment and (ii) pipes, risers, ducts, flues and heat, air-conditioning, exhaust or ventilation, as required or as permitted by Law, on any part of the roof and/or façade of the Building and elsewhere on the Common Elements and to utilize any risers, conduits, piping, cables, ducts and electrical panels and rooms, telephone/cable panels and rooms in connection therewith. The exercise of the easement and these rights do not require the consent of the Condominium Board or the Unit Owners and shall be without charge to the Sponsor. Any obligations of Sponsor under any lease, license or other right of use granted by Sponsor with respect to the roof and/or the façade of the Building shall be the obligation of Sponsor and not of the Condominium, and any rights of Sponsor, including, without limitation, the right to receive rent or other consideration for such lease, license or other right of use, shall be the right of Sponsor, and not of the Condominium or any other Unit Owner. In connection with such easement and related rights, Sponsor and its Permitted Users shall each have, to the extent necessary or advisable for such erection, use, lease, maintenance, repair, replacement and operation, an easement in common with all Unit Owners for ingress, egress and the use of any Common Elements. The Units shall each be subject to such easement.

11.6 Subject to the terms of the By-Laws, the Commercial Unit Owners shall each have an easement to install, operate, maintain, repair, alter, rebuild, restore and replace the Commercial Units and any pipes, wires, ducts, vents, cables, conduits or other lines, equipment or facilities forming a part of or relating to the Commercial Units located in, over, under, through or upon the Common Elements or elsewhere on the Property; provided that access to the Common Elements or other portions of the Property in furtherance of such easement shall be exercised in such a manner as will not unreasonably interfere with the use of the Common Elements and such other portions of the Property for their permitted purposes.

11.7 The Condominium and Building shall be designated and known as the 40 Mercer Street Condominium. Sponsor shall own and control all rights and interest, appurtenant to the name of the Condominium and/or the Building. Only Sponsor shall have the right to change or assign the name of the Condominium subject to the consent of the Condominium Board. Sponsor shall have an exclusive easement for so long as the Condominium shall remain in existence to erect, maintain, repair and replace, from time to time, a plaque and/or sign ("Plaque"), without charge, on the exterior portion of the Building setting forth the name and address of Sponsor, or such other information as the Sponsor desires in its sole discretion. Only Sponsor shall the right to remove the Plaque, unless mandated by Law.

11.8 If (a) any portion of the Common Elements encroaches upon any Unit or upon any other portion of the Common Elements, (b) any Unit encroaches upon any other Unit or upon any portion of the Common Elements or (c) any such encroachment shall hereafter occur as a result of (i) the settling or shifting of the Building, (ii) any alteration, repair or restoration of the Common Elements made by or with the consent (when required by the By-Laws) of the Condominium Board, or made by Sponsor in accordance with this Declaration or the By-Laws or (iii) any alteration, repair or restoration of the Building (or any portion thereof) or of any Unit or Common Element after damage by fire or other casualty or any taking by condemnation or eminent domain proceedings of all any portion of any 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 as long as the Building shall stand.

11.9 In addition to the specific easements set forth in this Article 11 and in Article 10 hereof, the Property and every portion thereof shall be subject to all easements made with the City of New York or with any utility companies or other Persons in effect prior to the recording of this Declaration.

ARTICLE 12

ALTERATIONS, ADDITIONS, IMPROVEMENTS AND CHANGES TO UNSOLD UNITS

12.1 Except to the extent prohibited by Law, Sponsor shall have the right, without the vote or consent or approval of the Condominium Board, other Unit Owners, the Selling Agent, the Managing Agent or the Mortgage Representatives, if any, to:

(a) make alterations, additions, improvements, or repairs, whether structural or non-structural, interior or exterior, ordinary or extraordinary, in, to and upon Unsold Residential Units and their appurtenant Limited Residential Common Elements, if any;

(b) change the layout of, or number of rooms in, any Unsold Residential Units;

(c) amend the Certificate of Occupancy for the Building as it relates to the Unsold Residential Units;

(d) change the size and/or number of Unsold Residential Units by (w) subdividing one or more Unsold Residential Units into two or more separate Residential Units, (x) combining separate Unsold Residential Units (including those resulting from such subdivision or otherwise) into one or more Residential Units, (y) altering the boundary walls between any Unsold Residential Units, or (z) otherwise, including incorporating Residential Common Elements (such as a portion of a hallway used exclusively by the occupant(s) of such Unsold Residential Unit) which exclusively benefit an Unsold Residential Unit into such Unsold Residential Unit; and

(e) if appropriate, reapportion among the Unsold Residential Units affected by such change in size or number pursuant to the preceding clauses their Residential Common Interests and Residential Common Interest provided, however, that, with respect to any such alteration, addition, improvement, or change in, to, of, or upon any Unsold Residential Unit:

(i) no physical modifications shall be made to any other Unit and the Common Interest and Residential Common Interest (other than Unsold Residential Units), as the case may be, or interior dimensions of any other Units (other than Unsold Residential Units) shall not be changed by reason thereof, unless the Owner of such other affected Unit shall consent thereto;

(ii) Sponsor shall comply with Law;

(iii) Sponsor shall agree to hold the Condominium Board and all other Unit Owners harmless from any liability arising therefrom; and

(iv) such alteration, addition, improvement, repair or change shall not jeopardize the soundness or structural integrity of any part of the Building or the safety of any tenant or other persons at the Property.

Notwithstanding the foregoing, however, the aggregate amounts of both the Common Interests of all the Units and the Residential Common Interests of all Residential Units shall always remain at 100%, and no reapportionment of the Common Interest or Residential Common Interest appurtenant to any Unit, as the case may be, shall be made unless there is first delivered to the Condominium Board a written certification stating that the new Common Interest and, if applicable, Residential Common Interest of the affected Unit has been based upon the factors set forth in Article 8 hereof. The certification referred to in the preceding sentence shall be delivered by Sponsor or any other Person reasonably acceptable to the Condominium Board. By written permission of the Condominium Board, which permission shall not be unreasonably withheld or delayed, any other Residential Unit Owner may be given with respect to such Residential Unit the same rights and be subject to the same limitations and conditions as are set forth in this Article with respect to Unsold Residential Units. Notwithstanding the other provisions of this Article, no reapportionment of the Common Interests appurtenant to any Residential Unit shall be made unless there is first delivered to the Condominium Board a written certification stating that the new Common Interest of the affected Residential Unit has been based upon the factors set forth in Article 8 hereof. The certification referred to in the preceding sentence shall be delivered by the Residential Unit Owner or any other Person reasonably acceptable to the Condominium Board. The provisions of this Article may not be added to, amended, modified, or deleted without the prior written consent of Sponsor.

12.2 Except to the extent prohibited by Law, a Commercial Unit Owner shall have the right, without the consent or approval of the Condominium Board, the Unit Owners, the Selling Agent, the Managing Agent, or the Mortgage Representatives, if any, to:

(a) make alterations, additions, improvements, or repairs, whether structural or non-structural, interior or exterior, ordinary or extraordinary, in, to and upon a Commercial Unit (including, without limitation, to the store fronts and windows appurtenant to such Commercial Unit);

(b) change the use or layout of, or number of rooms in a Commercial Unit;

(c) amend the Certificate of Occupancy for the Building as it relates to the Commercial Unit;

(d) change the size of a Commercial Unit by (w) subdividing the Commercial Unit into 2 or more separate Units, (x) combining 2 or more separate Units resulting from such subdivision into 1 or more Units, (y) altering the boundary walls of 2 or more separate Units resulting from such subdivision or combination, or (z) otherwise; and

(e) if appropriate, reapportion among the Units affected by such change in size or number pursuant to the preceding clauses their respective Common Interests;

Provided, however, that, with respect to any such alteration, addition, improvement, or change in, to, of, or upon the Unit:

(i) no physical modification shall be made to any other Unit, and the Common Interest and Residential Common Interest, as the case may be, or interior dimensions of any other Unit shall not be changed by reason thereof, unless the Owner of such other affected Unit shall consent thereto;

(ii) the Commercial Unit Owner shall comply with Law;

(iii) the Commercial Unit Owner shall agree to hold the Condominium Board and all other Unit Owners harmless from any liability arising therefrom; and

(iv) such alteration, addition, improvement, repair or change shall not jeopardize the soundness or structural integrity of any part of the Building or the safety of any tenant or other persons at the Property.

In the event of the subdivision of a Commercial Unit into separate Commercial Units, the Owner of each such newly created Commercial Units shall have all the rights, privileges and benefits, and shall be subject to all the obligations of the original Commercial Unit Owner, as provided in this Declaration, the By-Laws and the Residential Rules and Regulations; provided, however, that the owners of such newly created Commercial Units shall continue to be entitled to designate 2 members to the Condominium Board, 1 of whom shall, collectively, be designated by the Retail Unit Owners and 1 of whom shall be designated by the Garage Unit Owner.

Notwithstanding the foregoing, however, the aggregate amounts of the Common Interest of all the Units and the Residential Common Interests of all Residential Units shall always remain at 100%, and no reapportionment of the Common Interest appurtenant to the Commercial Unit shall be made unless there is first delivered to the Condominium Board a written certification stating that the new Common Interest has been based upon the factors set forth in Article 8 hereof. The certification referred to in the preceding sentence shall be delivered, at the Commercial Unit Owner's election, by the Commercial Unit Owner, the Selling Agent, the Managing Agent, or any other Person reasonably acceptable to the Condominium Board. The provisions of this Article may not be added to, amended, modified, or deleted without the prior written consent of the Commercial Unit Owner.

ARTICLE 13

ACQUISITION OF UNIT BY THE CONDOMINIUM BOARD

If (a) any Residential Unit Owner surrenders the Residential Unit, together with its Appurtenant Interests to the Condominium Board pursuant to the terms of the By-Laws or Section 339-x of the Condominium Act, or (b) the Condominium Board, pursuant to the By-Laws or otherwise, either acquires or leases a Unit, together with its Appurtenant Interests, purchases, a Unit, together with its Appurtenant Interests, at a foreclosure or other similar sale, then, in any such event, title to any such Unit and such Appurtenant Interests shall be held by the Condominium Board or its designee, corporate or otherwise, on behalf of all Unit Owners, in proportion to their respective Common Interests. Any lease or sublease of any Unit leased or subleased by the Condominium Board or its designee shall be held by the Condominium Board or its designee, corporate or otherwise, on behalf of all Unit Owners, in proportion to their respective Common Interests.

ARTICLE 14

POWER OF ATTORNEY TO SPONSOR AND THE CONDOMINIUM BOARD

14.1 Each Unit Owner, by acceptance of a deed or otherwise succeeding to title to a Unit, shall be deemed to have irrevocably nominated, constituted and appointed as such Unit Owner's attorney in-fact, coupled with an interest and with power of substitution, (i) Sponsor, to amend the Condominium Documents pursuant to the terms of Article 18 hereof, and (ii) the Persons who shall from time to time constitute the Condominium Board, jointly, to:

(a) employ counsel for purposes of protesting the New York City real property tax assessments with the Tax Commission and instituting tax certiorari proceedings on behalf of the Unit Owners for the reduction of the assessed valuation of their Units, such Unit Owners agreeing not to protest said assessments and bring such tax certiorari proceedings at their own initiative and on their own behalf;

(b) acquire or lease or license any Unit, together with its Appurtenant Interests whose Owner desires to sell, convey, transfer, assign, lease, or surrender the same or acquire any Unit, together with its Appurtenant Interests that becomes the subject of a foreclosure or other similar sale, in the name of the Condominium Board or its designee, corporate or otherwise, on behalf of all Unit Owners;

(c) convey, sell, lease, mortgage, or otherwise deal with (but not to vote the Common Interest, appurtenant to) any Unit so acquired or to sublease any Unit so leased; and

(d) execute, acknowledge and deliver (1) any declaration or other instrument affecting the Condominium that the Condominium Board deems necessary or appropriate to comply with any law applicable to the maintenance, demolition, construction, alteration, repair, or restoration of the Condominium or (2) any consent, covenant, restriction, easement, or declaration, or any amendment thereto, affecting the Condominium or the Common Elements that the Condominium Board deems necessary or appropriate or (3) any protests and tax certiorari proceeding affecting Units.

14.2 In confirmation of the foregoing power of attorney, each Unit Owner, upon the request of either Sponsor or the Condominium Board, shall duly execute, acknowledge and deliver to the requesting party, for recording in the Register's Office, a Unit Power of Attorney in the form set forth as Exhibit E to this Declaration.

ARTICLE 15

TERMINATION OF CONDOMINIUM

The Condominium shall continue and the Property shall not be subject to an action for partition (unless terminated by casualty loss, condemnation or eminent domain, as more particularly provided in the By-Laws) until such time as withdrawal of the Property from the provisions of the Condominium Act is authorized by a vote of all of the Commercial Unit Owners and 80% in number and in Residential Common Interest of all Residential Unit Owners. No such vote shall be effective, however, without the written consent (which consent shall not be unreasonably withheld or delayed) of the Mortgage Representatives, if any. In the event said withdrawal is authorized as aforesaid, but only in such event, the Property shall be subject to an action for partition by any Unit Owner or lienor as if owned in common, in which event the net proceeds of

sale shall be divided among all Unit Owners in proportion to their respective Common Interests; provided, however, that no payment shall be made to a Unit Owner until there has first been paid from out of Unit Owner's share of such net proceeds all liens on the Unit (other than mortgages which are not Permitted Mortgages), in the order of priority of such liens.

ARTICLE 16

COVENANT OF FURTHER ASSURANCES

16.1 Any Person who is subject to the terms of this Declaration, whether such Person is a Unit Owner, a member or officer of the Condominium Board or a Permitted User of either or otherwise, shall, upon prior reasonable written request at the expense of any such other Person requesting the same, execute, acknowledge and deliver to such other Person such instruments, in addition to those specifically provided for herein, and take such other action as such other Person may reasonably request to effectuate the provisions of this Declaration or of any transaction contemplated herein or to confirm or perfect any right to be created or transferred hereunder or pursuant to any such transaction.

16.2 If any Unit Owner, the Condominium Board or any other Person who is subject to the terms of this Declaration fails or refuses, within 10 days after request therefor, either (i) to execute, acknowledge or deliver any instrument, or to take any action which the Condominium Board, Unit Owner or other Person is required to execute, acknowledge and deliver or to take pursuant to this Declaration, or (ii) to deliver a written notice to the Person requesting such execution, acknowledgement or delivery, and to the Condominium Board stating the reasons why such Unit Owner, Condominium Board or other Person refuses to execute, acknowledge or deliver such instrument or take such action, then the Condominium Board or other Person is hereby authorized as attorney-in-fact for such Unit Owner, Condominium Board or other Person, coupled with an interest, to execute, acknowledge and deliver such instrument, or to take such action in the name of such Unit Owner, Condominium Board or other Person and such document or action shall be binding on such Unit Owner, Condominium Board or other Person.

16.3 If any Unit Owner, the Condominium Board or any other Person who is subject to the terms of this Declaration fails or refuses, within 10 days after request therefor, either (i) to execute, acknowledge or deliver any instrument, or to take any action which such Unit Owner, Condominium Board or other Person is required to execute, acknowledge and deliver pursuant to this Declaration at the request of Sponsor or (ii) to deliver a written notice to Sponsor and to the Condominium Board stating the reasons why such Unit Owner, Condominium Board or other Person refuses to execute, acknowledge or deliver such instrument or take such action, then Sponsor is hereby authorized, as attorney-in-fact for such Unit Owner, Condominium Board or other Person, coupled with an interest, to execute, acknowledge and deliver such instrument or to take such action in the name of such Unit Owner, Condominium Board or other Person and such document or action shall be binding on such Unit Owner, the Condominium Board or other Person, as the case may be.

ARTICLE 17

COVENANTS RUNNING WITH THE LAND

17.1 All provisions of this Declaration, the By-Laws and the Residential Rules and Regulations which are annexed hereto and made a part hereof, including, without limitation, the provisions of this Article, shall to the extent applicable and unless otherwise expressly herein or therein provided to the contrary, be perpetual and be construed to be covenants running with the Land and with every part thereof and interest therein, and all of the provisions hereof and thereof shall be binding upon and inure to the benefit of the Owner of all or any part thereof, or interest therein, and owner's heirs, executors, administrators, legal representatives, successors and assigns, but the same are not intended to create, nor shall they be construed as creating, any rights in or for the benefit of the general public. All present and future owners, tenants,

subtenants, licensees, and other occupants of Units shall be subject to and shall comply with the provisions of this Declaration, the By-Laws and the Residential Rules and Regulations, as they may be amended from time to time. The acceptance of a deed or conveyance or the entering into of a lease or the entering into occupancy of any Unit shall constitute an agreement that the provisions of this Declaration, the By-Laws and the Residential Rules and Regulations, as they may be amended from time to time, are accepted and ratified by such owner, tenant or occupant, and all of such provisions shall be deemed and taken to be covenants running with the Land and shall bind any person having at any time any interest or estate in such Unit, as though such provisions were recited and stipulated at length in each and every deed or conveyance or lease or use and occupancy agreement thereof.

17.2 If any provision of this Declaration or the By-Laws is invalid under, or would cause this Declaration and the By-Laws to be insufficient to submit the Property to the provisions of, the Condominium Act, such provision shall be deemed deleted from this Declaration or the By-Laws, as the case may be, for the purpose of submitting the Property to the provisions of the Condominium Act but shall nevertheless be valid and binding upon and inure to the benefit of the owners of the Property and their heirs, executors, administrators, legal representatives, successors and assigns, as covenants running with the Land and with every part thereof and interest therein under other applicable Law to the extent permitted under such applicable Law with the same force and effect as if, immediately after the recording of this Declaration and the By-Laws, all Unit Owners had signed and recorded an instrument agreeing to each such provision as a covenant running with the Land. If any provision which is necessary to cause this Declaration and the By-Laws to be sufficient to submit the Property to the provisions of the Condominium Act is missing from this Declaration or the By-Laws, then such provision shall be deemed included as part of this Declaration or the By-Laws, as the case may be, for the purposes of submitting the Property to the provisions of the Condominium Act.

17.3 Subject to Section 17.2, if this Declaration and the By-Laws are insufficient to submit the Property to the provisions of the Condominium Act, the provisions of this Declaration and the By-Laws shall nevertheless be valid and binding upon and inure to the benefit of the owners of the Property, and their heirs, executors, administrators, legal representatives, successors and assigns, as covenants running with the Land and with every part thereof and interest therein under applicable Law to the extent permitted under such applicable Law with the same force and effect as if, immediately after the recording of this Declaration and the By-Laws, all Unit Owners had signed and recorded an instrument agreeing to each such provision as a covenant running with the Land.

ARTICLE 18

AMENDMENTS TO THIS DECLARATION

18.1 Subject to the provisions contained herein or in the By-Laws with respect to amendments, modifications, additions or deletions affecting Sponsor or the Commercial Unit Owners, any provision of this Declaration affecting the (i) General Common Elements or all Unit Owners may be added to, amended, modified or deleted by the affirmative vote of at least 66-2/3% in number and in Common Interest of all Unit Owners and (ii) Residential Common Elements or all Residential Unit Owners may be amended, modified or deleted by affirmative vote of at least 66-2/3% in number and Residential Common Interest of all Residential Unit Owners, taken in accordance with the provisions of the By-Laws; provided, however, that the Common Interest appurtenant to each Unit as expressed in this Declaration shall not be altered without the written consent of all Unit Owners directly affected. Subject to the provisions contained herein or in the By-Laws with respect to amendments, modifications, additions or deletions affecting Sponsor or the Commercial Unit Owners, no amendment, modification, addition or deletion shall be effective without the written consent (which consent shall not be unreasonably withheld or delayed) of the Mortgage Representatives (as defined in the By-Laws), if any. No such amendment, modification, addition or deletion shall be effective until recorded

in the Register's Office. Subject to the provisions contained herein or in the By-Laws with respect to amendments, modifications, additions or deletions affecting Sponsor or the Commercial Unit Owners, any such amendment, modification, addition or deletion shall be executed by either the Condominium Board as attorney-in-fact for the Unit Owners, coupled with an interest, and the Condominium Board is hereby authorized by such Unit Owners so to act as their attorney-in-fact. Subject to the rights of Sponsor set forth herein, this Declaration may not be amended, modified, added to or deleted unless (in addition to the consent, if required, of the Mortgage Representatives, if any, as set forth above) 80% in number and in Common Interest of all Unit Owners affected thereby, approve such amendment, modification, addition or deletion in the manner set forth above.

18.2 Sponsor shall have the right, at its sole cost and expense and without the vote or consent of any other Unit Owners, the Condominium Board, or the Mortgage Representatives (if any), to execute, acknowledge and record (or, at Sponsor's sole option, to require the Condominium Board or any other Unit Owners to execute, acknowledge and record) in the Register's Office and elsewhere, if required by Law, one or more amendments to this Declaration (including, but not limited, to Exhibit B hereto), together with such documents, plans and maps as Sponsor deems appropriate to effectuate the same:

(i) to reflect any changes in Unsold Residential Units and/or the reapportionment of the Common Interest of the affected Unsold Residential Units resulting therefrom made by Sponsor in accordance with the terms of Article 12 hereof; or

(ii) required by (x) an Institutional Lender designated by Sponsor to make a loan secured by a mortgage on any Unsold Residential Unit, (y) any governmental agency having regulatory jurisdiction over the Condominium, or (z) any title insurance company selected by Sponsor to insure title to any Unsold Residential Unit,

Provided, however, that any amendment made pursuant to the terms of subparagraph (i) or (ii) of this Section shall not (1) change the Common Interest of any Unit other than a Unit owned by Sponsor, or (2) require a material, physical modification of any Unit other than a Unit owned by Sponsor, or (3) adversely affect the priority or validity of the lien of any purchase money mortgage or any mortgage held by an Institutional Lender unless the Owner of such affected Unit (in the event described in subparagraph (1) or (2) of this Section) or the holder of such mortgage (in the event described in subparagraph (3) of this Section) shall consent thereto by joining in the execution of such amendment.

18.3 The Commercial Unit Owners shall each have the right, at their sole cost and expense and without the vote or consent of any other Unit Owners, the Condominium Board, or the Mortgage Representatives (if any), to execute, acknowledge and record in the Register's Office or elsewhere, if required by Law, one or more amendments to this Declaration (including, without limitation, to Exhibit B hereto), together with such documents, plans and maps as such Commercial Unit Owner deems appropriate to effectuate the same to reflect any changes in such Commercial Unit and/or the reapportionment of the Common Interest of such Commercial Unit resulting therefrom made by the Commercial Unit Owner in accordance with the terms of Article 12 hereof; provided, however, that any such amendment shall not (1) change the Common Interest or Residential Common Interest of any other Unit, or (2) require a physical modification of any other Unit, or (3) adversely affect the priority or validity of the lien of any mortgage held by an Institutional Lender.

18.4 Any amendment to this Declaration may be executed; (i) if on behalf of Sponsor pursuant to the terms of Section 18.2 hereof, by Sponsor, (ii) if on behalf of a Commercial Unit Owner pursuant to the terms of Section 18.3 hereof, by the Commercial Unit Owner, or (iii) if on behalf of the Unit Owners or by the Condominium Board, by any officer of the Condominium. If the amendment requires the approval of a specific percentage of Unit Owners pursuant to the terms of this Declaration or the By-Laws, then there shall be attached to such amendment an original executed Secretary's Certificate, certifying that the requisite

number and percentage of Unit Owners approved the amendment at a duly constituted meeting or (when permitted in this Declaration or the By-Laws) in writing without a meeting, in which Certificate shall be described the number and percentage of Unit Owners so consenting and (if voted upon at a meeting) the date and time of the meeting.

18.5 Notwithstanding anything contained in the Condominium Documents to the contrary, but subject to any limitation imposed by the Condominium Act, no amendment to the Condominium Documents shall be effective in any respect against the Sponsor or the Commercial Unit Owners if the same would (i) unreasonably interfere with the sale, lease, or other disposition of any Unit owned by either of them, (ii) abridge, modify, suspend, eliminate, or otherwise affect any right, power, easement, privilege, or benefit granted to Sponsor or the Commercial Unit Owners unless the Sponsor or the affected Commercial Unit Owner shall consent to such amendment in writing, or (iii) impose any discriminatory charge or fee against Sponsor or the Commercial Unit Owners, unless the Sponsor or the affected Commercial Unit Owner shall consent to such amendment in writing.

18.6 The provisions of this Article may not be modified, amended, added to or deleted, in whole or in part, without the consent of Sponsor or the Commercial Unit Owner if the same relate to Sponsor or a Commercial Unit Owner.

ARTICLE 19

CONSENTS BY SPONSOR

When the consent, approval, satisfaction, or permission of Sponsor is required under this Declaration or the By-Laws, such consent, approval, satisfaction, or permission shall not be required when Sponsor no longer owns any Unsold Residential Units.

ARTICLE 20

PERSON TO RECEIVE SERVICE

The Secretary of State of the State of New York, is hereby designated to receive service of process in any action which may be brought against the Condominium.

ARTICLE 21

INCORPORATION BY REFERENCE

The terms, covenants, conditions, descriptions and other information contained in (i) the property description annexed hereto as Exhibit A; (ii) the description of the Units annexed hereto as Exhibit B; (iii) the table of definitions annexed hereto as Exhibit C; (iv) the By-Laws annexed hereto as Exhibit D; (v) the Unit Power of Attorney annexed hereto as Exhibit E; and (vi) the Floor Plans are, by this reference, each incorporated herein and made a part of this Declaration as if set forth at length in the text hereof.

ARTICLE 22

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 23

SEVERABILITY

Subject to the provisions of Section 17.2 and 17.3 of Article 17 hereof, if any provision of the Condominium Documents is invalid or unenforceable as against any Person or under certain circumstances, the remainder of the Condominium Documents and the applicability of such provision to other Persons or circumstances shall not be affected thereby. Each provision of the Condominium Documents shall, except as otherwise herein provided, be valid and enforced to the fullest extent permitted by Law. Any conflict between any provisions of the Condominium Documents and the Condominium Act, or any questions regarding the interpretation of any of the Condominium Documents, shall be governed by the Condominium Act.

ARTICLE 24

SUCCESSORS AND ASSIGNS

The rights and/or obligations of Sponsor and the Commercial Unit Owner as set forth in this Declaration and the By-Laws shall inure to the benefit of and be binding upon any successor or assignee or designee of Sponsor and the Commercial Unit Owner or, with the consent of Sponsor and the Commercial Unit Owner, any transferee of all then Unsold Residential Units or the Commercial Unit, as applicable. Sponsor and the Commercial Unit Owner shall have the right, at any time, in their sole discretion, to assign or otherwise transfer their interest therein, whether by merger, consolidation, lease, assignment, or otherwise.

ARTICLE 25

CAPTIONS

The index hereof and the captions herein inserted are included only as a matter of convenience and for reference, and in no way define, limit or describe the scope of this Declaration or the intent of any provision hereof.

ARTICLE 26

CERTAIN REFERENCES

26.1 A reference in this Declaration to any one gender, masculine, feminine or neuter, includes the other two, and the singular includes the plural and vice versa, unless the context otherwise requires.

26.2 The terms "herein," "hereof" or "hereunder" or similar terms used in this Declaration refer to this entire Declaration and not to the particular provision in which the terms are used, unless the context otherwise requires.

26.3 Unless otherwise stated, all references herein to Articles, Sections or other provisions are references to Articles, Sections or other provisions of this Declaration.

ARTICLE 27

GENERAL

Except as required by Law, neither Sponsor nor any of its principals shall be subject to any of the restrictions and/or prohibitions with regard to the Units set forth in this Declaration or the By-Laws annexed hereto.

IN WITNESS WHEREOF, Sponsor has caused this Declaration to be executed as of the ___ day of _____, _____.

SPONSOR:

WXIV/Broadway Grand Realty, L.L.C.

By: Whitehall Street Real Estate Limited Partnership XIII

By: WH Advisors, L.L.C. XIII, managing partner

By:_____
Name: Jerome S. Karr
Title: Vice President

On the _____ day of_____ in the year _____, before me, the undersigned, personally appeared Jerome S. Karr, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

_____
Notary Public

EXHIBIT A

DESCRIPTION OF THE LAND

See the Schedule A – Description of the Land in the Specimen Title Report set forth in Part II of the Plan.

EXHIBIT B

40 MERCER STREET CONDOMINIUM
40 MERCER STREET
NEW YORK, NEW YORK 10013

DESCRIPTION OF THE UNITS

UNIT	NUMBER OF BEDROOMS/BATHS	APPROX TOTAL SQUARE FOOTAGE UNIT	TERRACE	BLOCK 474/TAX LOT NO.	PERCENTAGE OF COMMON INTEREST	LOCATION IN PORTION OF BUILDING DIRECTION SET FORTH BELOW	COMMON ELEMENTS TO WHICH UNIT HAS IMMEDIATE ACCESS
1	2/2	1649			1.4085%		
2	3/3.5	2476			2.1149%		
3	1/1.5	1222			1.0438%		
4	2/2.5	1843			1.5742%		
5	3/3.5	2370			2.0244%		
6	2/2	1415	103		1.2262%		
7	2/2	1649			1.4085%		
8	3/3.5	2476			2.1149%		
9	1/1.5	1222			1.0438%		
10	2/2.5	1843			1.5742%		
11	3/3.5	2370			2.0244%		
12	2/2	1415			1.2086%		
14 (RM)	2/1	817			0.6978%		
15	2/2	1649			1.4085%		
16	3/3.5	2476			2.1149%		
17	1/1.5	1222			1.0438%		
18	2/2.5	1843			1.5742%		

UNIT	NUMBER OF BEDROOMS/BATHS	UNIT	TERRACE	BLOCK 474/TAX LOT NO.	PERCENTAGE OF COMMON INTEREST	LOCATION IN PORTION OF BUILDING DIRECTION SET FORTH BELOW	COMMON ELEMENTS TO WHICH UNIT HAS IMMEDIATE ACCESS
19	3/3.5	2370			2.0244%		
20	2/2	1415			1.2086%		
21	2/2.5	1407			1.2018%		
22	2/2	1649			1.4085%		
23	3/3.5	2476			2.1149%		
24	1/1.5	1222			1.0438%		
25	2/2.5	1843			1.5742%		
26	3/3.5	2370			2.0244%		
27	2/2	1415			1.2086%		
28	2/2.5	1407			1.2018%		
29 (D)(T)	4/4.5	4139	1247		3.7484%		
30 (T)	3/3.5	3006	1582		2.8379%		
31	2/2.5	2206			1.8843%		
32	3/3.5	2706			2.3114%		
33	2/2.5	2206			1.8843%		
34	3/3.5	2706			2.3114%		
35	2/2.5	2206			1.8843%		
36	3/3.5	2706			2.3114%		
37	2/2.5	2206			1.8843%		
38	3/3.5	2706			2.3114%		
39	2/2.5	2206			1.8843%		
40	3/3.5	2706			2.3114%		
PH1(D)(T)	4/4.5	3515	145		3.0271%		
PH2 (T)	2/2.5	2114	575		1.9039%		
RESIDENTIAL TOTAL		**84865**	**3652**		**73.1121%**		
Retail A		2167			1.8470%	N/A	
Retail B		1805			1.5385%	N/A	

UNIT	NUMBER OF BEDROOMS/BATHS	UNIT	TERRACE	BLOCK 474/TAX LOT NO.	PERCENTAGE OF COMMON INTEREST	LOCATION IN PORTION OF BUILDING DIRECTION SET FORTH BELOW	COMMON ELEMENTS TO WHICH UNIT HAS IMMEDIATE ACCESS
Retail C		1492			1.2717%	N/A	
Retail D		2395			2.0413%	N/A	
Retail E		1641			1.3987%	N/A	
RETAIL TOTAL		**9500**			**8.0972%**	**N/A**	
GARAGE		**22046**			**18.7907%**	**N/A**	
GRAND TOTAL		**116411**	**3652**		**100%**	**$ 97,238.83**	

EXHIBIT C

DEFINITIONS

For convenience of presentation, general definitions of certain of the terms used in the Plan are set forth below, which definitions are subject in most cases to the more particular definitions of such terms set forth in the Declaration, the By-Laws and the Condominium Act. They include the following:

"Adverse Effect," or "adverse effect," shall mean, with respect to any action or proposed change and with respect to any Unit Owner or Unit Owners, that such action or change could, if realized, (i) increase the Common Charges payable by such Unit Owner or Unit Owners, (ii) materially interfere with such Unit Owner's access to the Unit, (iii) obstruct or degrade the view from the windows of such Unit Owner's Unit or (iv) otherwise materially diminish such Unit Owner's use and enjoyment of the Unit.

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

"Building" shall mean the Building located at 40 Mercer Street, New York, New York, in which the Units of the Condominium are located.

"Buildings Department" shall mean the Department of Buildings of The City of New York or any successor agency.

"By-Laws" shall mean the by-laws governing the operations of the Condominium, which are set forth as Exhibit D to the Declaration, as the same may be amended from time to time.

"Closing of Title" or "Closing" shall mean the date upon which, among other things, a Unit and is appurtenant Common Interest is conveyed pursuant to a Purchase Agreement.

"Commercial Unit" shall mean any of the 5 Retail Units and the Garage Unit located in the Building, which Units are more particularly described in Article 5 and 6 of, and Exhibit B to, the Declaration and in the Floor Plans.

"Commercial Unit Owner" shall mean any Owner of a Commercial Unit at the time in question. All such Commercial Unit Owners are, collectively, referred to as the Commercial Unit Owners.

"Common Charges" shall mean the charges allocated and assessed by the Condominium Board to the Unit Owners, pro-rata, in accordance with their respective Common Interests (except as otherwise provided in the Declaration or in the By-Laws or in the First Year's Budget) to meet the Common Expenses.

"Common Elements" shall mean the Property, other than the Units themselves, being comprised of the General Common Elements, Residential Common Elements and Limited Residential Common Elements.

"Common Expenses" shall mean all costs and expenses to be incurred generally by the Unit Owners pursuant to the Declaration and/or the By-Laws in connection with: (i) the repair, maintenance, replacement, restoration and operation of, and any alteration, addition, or improvement to, the Common Elements; (ii) the establishment and/or maintenance of a general operating reserve, or a reserve fund for working capital, for replacements with respect to the Common Elements, or to make up any deficit in the Common Charges for any prior year(s); and (iii) generally, the conduct of the affairs of the Condominium. Common Expenses

shall be either General Common Expenses attributable to all Unit Owners or Residential Common Expenses attributable to Residential Unit Owners only.

"Common Interest" shall mean the proportionate undivided interest, expressed as a numerical percentage, in the Common Elements appurtenant to each Unit, as determined in accordance with the Declaration. The total of all Common Interest percentages appurtenant to all Units equals 100%. The Common Interest attributable to each Unit is set forth on Exhibit B annexed to the Declaration.

"Condominium" shall mean 40 Mercer Street Condominium which was established pursuant to the terms of the Declaration and which is governed pursuant to the terms of the By-Laws.

"Condominium Act" shall mean the New York Condominium Act, as amended from time to time, and presently found in the New York Real Property Law, Article 9-B.

"Condominium Board" shall mean the board of managers of the Condominium who will manage the affairs of the Condominium.

"Condominium Documents" shall mean the Declaration, the By-Laws and the Residential Rules and Regulations of the Condominium.

"Declaration" shall mean the instrument creating the Condominium, as the same may be amended from time to time.

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

"Family Members" shall mean the spouse, domestic partner, their children (natural and adopted), stepchildren, grandchildren, siblings, nieces, nephews, parents, stepparents, parents-in-law and grandparents of a Unit Owner.

"Filing Date" shall mean the date a letter is issued by the Department of Law accepting the Plan or an amendment to the Plan, as the case may be, for filing.

"First Closing" shall mean the Closing of Title with respect to the first Unit to be conveyed to a Purchaser pursuant to the terms of the Plan.

"First Year's Budget" shall mean the Section of the Plan entitled "Schedule B - First Year's Budget." The First Year's Budget is sometimes referred to herein as "Schedule B."

"Floor Plans" shall mean the floor plans of the Units certified by a professional engineer or licensed architect, filed in the Register's Office simultaneously with the recording of the Declaration, together with any supplemental floor plans thereto.

"Force Majeure" shall mean delays caused by weather, casualty, labor, difficulties, (including work stoppages and strikes), late delivery or inability to obtain materials, government restrictions or other events beyond Sponsor's reasonable control.

"Garage Unit" shall mean the 1 Garage Unit in the Building which is designated as the Garage Unit in the Declaration together with its Common Interests.

"Garage Unit Owner" shall mean the Unit Owner of the Garage Unit at the time in question.

"General Common Elements" shall mean those certain portions of the Property (other than the Units), as well as those Facilities therein, either existing for the common use of the Units or the Unit Owners or necessary for, or convenient to, the existence, maintenance, or safety of the Property, as more particularly described in the Declaration and the Floor Plans.

"General Common Expenses" shall mean all costs and expenses to be incurred generally by the Unit Owners pursuant to the Declaration and/or By-Laws in connection with (i) the repair, maintenance, replacement, restoration and operation of, and any alteration, addition, or improvement to, the General Common Elements; or (ii) the establishment and/or maintenance of a general operating reserve fund for working capital, for replacements with respect to the General Common Elements.

"Initial Control Period" shall mean the period ending on the later to occur of (i) the Closing of Title with Purchasers under the Plan to Residential Units representing at least 95% in number of all Residential Units offered for sale, or (ii) the issuance of a Permanent Certificate of Occupancy.

"Institutional Lender" shall mean (i) a savings bank, savings and loan association, bank or trust company, insurance company, real estate investment trust, mortgage trust, or a group of lenders which shall include one of the foregoing, or (ii) a federal, state, municipal, teacher's or union employee, welfare, pension or retirement fund or system, or (iii) Sponsor.

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

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

"Land" shall mean the land located in Section 2 of the Borough of Manhattan on the Tax Map of the Real Property Assessment Department of The City of New York as Block 474, Lot 38 more particularly described on Exhibit A to the Declaration.

"Law" shall mean the laws and ordinances of any or all of the Federal, New York State, New York City, County and Borough governments, including, without limitation, the Landmarks Preservation Committee, the rules, regulations, orders and directives of any or all departments, subdivisions, bureaus, agencies, or offices thereof or of any other governmental, public or quasi-public authorities having jurisdiction over the Property and/or the Condominium which are applicable at the time in question.

"License" shall mean the agreement pursuant to which a Storage Locker or a Private Terrace is licensed to a Residential Unit Owner.

"Limited Residential Common Elements" shall mean those portions of the Property (other than the Units,, the General Common Elements and the Residential Common Elements, existing for the use and enjoyment of certain Residential Unit Owners to the exclusion of all other Unit Owners, as more particularly described in the Declaration and the Floor Plans.

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

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

"Managing Agent" shall mean the managing agent or manager of the Condominium at the time in question.

"Mortgage Representatives" shall mean the representatives of the holders of all mortgages encumbering Units, designated by the holders of Institutional Mortgages in accordance with the terms of the By-Laws.

"Permanent Certificate of Occupancy" shall mean the permanent certificate of occupancy to be issued by the Buildings Department for the Building.

"Permitted Encumbrances" shall mean those matters encumbering title to a Unit subject to which a Purchaser agrees to take title, as more particularly described on Schedule A annexed to the form of Purchase Agreement.

"Permitted Mortgage" shall mean a first mortgage permitted to be placed upon a Unit pursuant to the provisions of the By-Laws.

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

"Permitted User" shall mean any officer, director, member, stockholder, principal, partner, employee, agent (including managing, sales and leasing agent) guest, tenant, occupant, customer, invitee, licensee, contractor, Permitted Mortgagee or any other Person related, affiliated or designated by Sponsor, the Condominium Board or a Unit Owner who has permission to use a Unit and/or the Common Elements, subject to the terms of the Condominium Documents, whether written or oral, granted by: (i) a Unit Owner in the case of such Unit Owner's Unit and its appurtenant Common Elements; or (ii) the Condominium Board; or (iii) the Condominium Documents; or (iv) Sponsor.

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

"Plan" shall mean that certain condominium offering plan relating to the Property, as accepted for filing by the Department of Law of the State of New York pursuant to Section 352-e of the General Business Law of the State of New York and any and all amendments thereto.

"Plans and Specifications" shall mean the plans and specifications for the construction of the Building which (to the extent required by Law) have been or will be filed with the Buildings Department and which may from time to time be amended in accordance with the provisions of the Plan.

"Private Terrace" shall mean any of the 4 Private Terraces located on the 7th floor adjacent to the common terrace of the Building. Each Private Terrace will be accessed through the common terrace and shall be a Residential Common Element to be used exclusively by the Purchaser of such Private Terrace License.

"Property" shall mean the Land, the Building (and any structures attached thereto), all the improvements erected or to be erected on the Land, all easements, rights and appurtenances pertaining thereto and all other property, real, personal, or mixed, used or intended to be used in connection therewith.

"Register's Office" shall mean the Office of the Register of the City of New York of the County in which the Property is located.

"Resident Manager's Unit" shall mean the Residential Unit designated as space designated as the Resident Manager's Unit in the Declaration which Unit is more particularly described in Article 5 and 6 of, and Exhibit B to the Declaration and in the Floor Plans.

"Residential Common Elements" shall mean those portions of the Common Elements which are available for common use by all Residential Unit Owners, except with respect to the Storage Lockers and Private Terraces, which are only available for use by the licensees of such Storage Lockers and Private Terraces.

"Residential Common Expenses" shall mean all costs and expenses to be incurred generally by the Residential Unit Owners pursuant to the Declaration and/or By-Laws in connection with (i) the repair, maintenance, replacement, restoration and operation of, and any alteration, addition, or improvement to, the Residential Common Elements and/or the Limited Residential Common Elements; or (ii) the establishment and/or maintenance of a operating reserve fund for working capital, for replacements with respect to the Residential Common Elements and/or Limited Residential Common Elements.

"Residential Common Interest" shall mean the proportionate undivided interest, expressed as a numerical percentage, of each Residential Unit Owner in the Residential Common Elements. The total of all Residential Common Interest percentages appurtenant to all Residential Units equals 100%. The Residential Common Interests are the basis for determining a Residential Unit Owner's liability for such Unit Owners share of the Residential Common Expenses.

"Residential Unit" shall mean any of the Residential Units located in the Building, which Units are more particularly described in Articles 5 and 6 of, and Exhibit B to, the Declaration and Floor Plans. All such Units are, collectively, referred to as the "Residential Units."

"Residential Unit Owners" shall mean any Unit Owner of a Residential Unit at the time in question. All such Unit Owners are, collectively, referred to as the "Residential Unit Owners."

"Residential Rules and Regulations" shall mean the Residential Rules and Regulations of the Condominium, which are annexed as an addendum to the By-Laws, as any of such rules and regulations may be amended, modified, added to, or deleted from time to time pursuant to the terms of the By-Laws, provided that they are not in conflict with the terms of the Condominium Act, the Declaration, or the By-Laws.

"Retail Unit" shall mean any of the 5 Retail Units in the Building which are designated as the Retail Units in the Declaration together with such Unit's respective Common Interest.

"Retail Unit Owner" shall mean any Owner of a Retail Unit at the time in question. All such Retail Unit Owners are collectively, referred to as the Retail Units.

"Sales Office" shall mean the sales office for the Sponsor or Selling Agent, at a location to be designated by either Sponsor or Selling Agent from time to time.

"Selling Agent" shall mean the selling agent named in the Plan or any successor selling agent at the time in question.

"Special Assessments" shall mean the charges allocated and assessed by the Condominium Board to the Unit Owners, pro-rata in accordance with their respective Common Interest (except as otherwise provided in the Declaration or in the By-Laws), in accordance with the By-Laws of the Condominium.

"Sponsor" shall mean WXIV/Broadway Grand Realty, L.L.C. and any other Person designated by Sponsor.

"Storage Area" shall mean the area located in the cellar of the Building containing the Storage Lockers. The Storage Area is a Residential Common Element.

"Storage Locker" shall mean any Storage Locker located in the Storage Area in the cellar of the Building and shall include the structural framework and materials out of which the Storage Locker is constructed. A Storage Locker shall be deemed a Residential Common Element of the Condominium.

"Terrace" shall mean any terrace, balcony or garden which is appurtenant to a Residential Unit as a Limited Residential Common Element, as well as any Private Terrace, and shall include any pavers, decking and drains, hose bibs, electrical outlets, lighting and light fixtures, enclosures and dividers installed as part of the original construction of the Building.

"Unit" shall mean any "Unit," as such term is defined in the Condominium Act, located in the Building, which Units are more particularly described in Articles 5 and 6 of, and Exhibit B to, the Declaration and in the Floor Plans. All such Units are, collectively, referred to as the "Units."

"Unit Owner" shall mean any Person (including Sponsor, if Sponsor owns any Unit) who holds fee title, of record, to one or more Units at the time in question. All such Unit Owners are, collectively, referred to as the "Unit Owners."

"Unsold Residential Unit" shall mean any Residential Unit owned or retained, by way of lease or any other arrangement by which management and/or financial responsibility is retained, by Sponsor or a principal of Sponsor at the time in question. All such Unsold Residential Units are, collectively, referred to as the "Unsold Residential Units."

"Unsold Residential Unit Owner" shall mean Sponsor or a principal of Sponsor and (if applicable) a Person designated by Sponsor.

CONDOMINIUM BY-LAWS

EXHIBIT D

TO THE DECLARATION

BY-LAWS

OF

40 Mercer Street Condominium

Prepared by:

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ADDENDUM TO THE BY-LAWS RESIDENTIAL RULES AND REGULATIONS

BY-LAWS

ARTICLE 1
GENERAL

Section 1.1 *Purpose.* The purpose of these By-Laws is to set forth the rules and procedures concerning the conduct of the affairs of the Condominium. The Condominium covers the Property, which consists of: (i) the Land, which is more particularly described in Exhibit A to the Declaration; (ii) the Building, which includes, without limitation, the Units, the Common Elements and all easements, rights and appurtenances belonging thereto, and all other property, real, personal or mixed, intended for use in connection therewith; and (iii) all other property, real, personal, or mixed, intended for use in connection therewith. The Property has been submitted to the provisions of the Condominium Act by the recording of the Declaration in the Register's Office, of which Declaration these By-Laws form a part. The purpose of the Condominium is to carry on the acquisition, construction, management, maintenance and care of the Common Elements and to perform related functions with respect to the other portions of the Property.

Section 1.2 *Definitions.* All capitalized terms used in these By-Laws that are not otherwise defined in any of the Articles hereof shall have the meanings set forth in Exhibit C to the Declaration, unless the context in which the same are defined in any of the Articles hereof shall have the meanings ascribed to them in such Articles, unless the context in which the same are used shall otherwise require. Each of the aforedescribed capitalized terms shall be applicable to singular and to plural nouns, as well as to verbs of any tense.

Section 1.3 *Applicability of By-Laws.* These By-Laws are applicable to the Property and to the use and occupancy thereof.

Section 1.4 *Application of By-Laws.* All present and future Unit Owners, mortgagees, lessees, sublessees and occupants of Units, and employees and guests of Unit Owners, as well as all other Persons who may use the Property, are and shall be subject to the Declaration, these By-Laws and the Residential Rules and Regulations, as each of the same may be amended from time to time. The acceptance of a deed or other instrument of conveyance, or the succeeding to title to, or the execution of a lease or sublease for, or the act of occupancy of, a Unit shall constitute an agreement that the provisions of the Declaration, these By-Laws and the Residential Rules and Regulations, as each of the same may be amended from time to time, are accepted, ratified and will be complied with.

Section 1.5 *Principal Office of the Condominium.* The principal office of the Condominium shall be located either at the Property or at such other place reasonably convenient thereto as may be designated from time to time by the Condominium Board.

ARTICLE 2
CONDOMINIUM BOARD

Section 2.1 *General.* As more particularly set forth in Sections 2.4, 2.5 and 2.6 hereof, the affairs of the Condominium shall be govemed by the Condominium Board. In exercising its powers and performing its duties under the Declaration and these By-Laws, the Condominium Board shall act as, and shall be, the Agent of the Unit Owners, subject to, and in accordance with, the terms of the Declaration and these By-Laws.

Section 2.2 *Status of the Condominium Board.* Unless and until the Condominium Board shall incorporate in accordance with the terms of Section 2.4 hereof, the Condominium Board shall have, to the extent permitted by Law, the status conferred upon unincorporated associations under, or pursuant to, the terms of the General Association Law of the State of New York. If the Condominium Board shall incorporate in accordance with the terms of Section 2.4 hereof, the Condominium Board shall have, to the extent permitted by Law, the status conferred upon it under, or pursuant to, the terms of the applicable statutes of the State of New York. In either event, however, the Condominium Board shall also have the status conferred upon it under, or pursuant to, the terms of the Condominium Act.

Section 2.3 *Principal Office of the Condominium Board.* The principal office of the Condominium Board shall be located either at the Property or at such other place reasonably convenient thereto as may be designated from time to time by the Condominium Board.

Section 2.4 *Powers and Duties of the Condominium Board*

(A) The Condominium Board shall have all of the powers and duties necessary for, or incidental to, the administration of the affairs of the Condominium, provided, however, that the Condominium Board shall not have such powers and duties that by Law, or pursuant to the terms of the Declaration and these By-Laws, may not be delegated to the Condominium Board by the Unit Owners. Without intention to limit the generality of the foregoing in any respect, the Condominium Board shall have the following specific powers and duties:

(i) to operate, maintain, repair, restore, add to, improve, alter and replace the Common Elements, including, without limitation, as the Condominium Board shall deem necessary or proper in connection therewith, (a) the purchase and leasing of supplies, equipment and material and (b) the employment, compensation and dismissal of personnel;

(ii) to acquire, in the name of the Condominium Board or its designee, corporate or otherwise, and on behalf of the Unit Owners, all rights, titles and interests in real and personal property deemed necessary or proper by the Condominium Board for use in connection with the ownership and operation of the Property as a condominium;

(iii) to maintain complete and accurate books and records with respect to the finances and the operation of the Condominium, including without limitation: (a) detailed accounts, in chronological order, of receipts and expenditures affecting the Property; (b) detailed books of account of the Condominium Board; (c) other financial records, as well as other books of account of the Condominium, as may be required to be kept pursuant to the terms of these By-Laws; and (d) minutes and other records of all meetings held pursuant to the terms of these By-Laws;

(iv) to adopt a budget for the Condominium for each fiscal year thereof, setting forth, without limitation: (a) a detailed accounting of the anticipated Common Expenses for the ensuing fiscal year and (b) a detailed projection of all sources and amounts of income necessary to discharge the same;

(v) to approve the amount and the means and methods of payment of, and collection of, the Common Charges and Special Assessments from the Unit Owners; provided, however, that in no event shall Common Charges or Special Assessments or other funds received by the Condominium Board in connection with the General Common Elements be utilized to defray any Residential Common Expenses and in no event shall Common Charges or Special Assessments or other funds received by the Condominium Board in connection with the Residential Common Elements be utilized to defray any General Common Expenses;

(vi) to borrow money on behalf of the Condominium in accordance with Section 339-jj of the Real Property Law when required in connection with the operation, maintenance, repair, restoration, improvement, alteration and replacement of the Common Elements, provided, however, that: (a) the affirmative consent of at least 66 2/3% of the Members of the Condominium Board shall be required for the borrowing of any sum in excess of $500,000 in any one fiscal year (regardless of the balance of any loans outstanding from previous fiscal years); (b) with respect to the operation, maintenance, repair, restoration, improvement, alteration and replacement of the General Common Elements, the affirmative consent of at least 66 2/3%, in aggregate Common Interest, of all Unit Owners shall be required for the borrowing of any sum in excess of $500,000 in any one fiscal year (regardless of the balance of any loans outstanding from previous fiscal years); (c) with respect to the operation, maintenance, repair, restoration, improvement, alteration and replacement of the Residential Common Elements and/or the Limited Residential Common Elements, the affirmative consent of at least 66 2/3%, in aggregate Residential Common Interest, of all Residential Unit Owners shall be required for the borrowing of any sum in excess of $500,000 in any one fiscal year (regardless of the balance of any loans outstanding from previous fiscal years) and the Commercial Unit Owner will not be liable for the repayment of any portion of such loan; (d) no lien to secure repayment of any sum borrowed may be created on any Unit or its Appurtenant Interests without the consent of the Owner of such Unit; and (e) the documentation executed in connection with any such borrowing shall provide that, if any sum borrowed by the Condominium Board pursuant to this subparagraph (vi) shall not be repaid by the Condominium Board, any Unit Owner who pays to the creditor thereunder such proportion of the then outstanding indebtedness represented or secured thereby as such Unit Owner's Common Interest or Residential Common Interest, as applicable, bears to the aggregate Common Interests of all Unit Owners or Residential Common Interests of all Residential Unit Owners, as applicable, shall be entitled to obtain from the creditor a release of any judgment or other lien that the said creditor shall have filed, or shall have the right to file against such Unit Owner's Unit;

(vii) to open and maintain bank accounts on behalf of the Condominium and to designate the signatories required therefor which shall at no time be less than two and that each check drawn on such account shall need at least two signatures;

(viii) to use the Common Charges and Special Assessments collected from Unit Owners, as well as all other funds held by the Condominium Board or received in connection with the operation of the Property, for the administration of the Condominium, including, without limitation: (a) the payment of Common Expenses and (b) the making of restorations, additions, alterations and improvements to the Common Elements;

(ix) to obtain insurance for the Property, including the Units, pursuant to the terms of Section 5.4 hereof;

(x) to adjust and settle claims under insurance policies obtained pursuant to the terms of Section 5.4 hereof, and to execute and deliver releases upon such adjustment and settlement on behalf of: (a) all Unit Owners (except as otherwise provided herein); (b) all holders of mortgages and other liens on Units; and (c) all holders of any other interest in the Property;

(xi) to make, or to contract with others for the making of, repairs, maintenance, additions and improvements to, and alterations, restorations and replacements of, the Property after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings, all in accordance with the terms of these By-Laws;

(xii) to obtain and keep in force fidelity bonds, in amounts deemed appropriate by the Condominium Board, but in no event less than $100,000, for: (a) all members of the Condominium Board; (b) all officers and employees of the Condominium; and (c) the Managing Agent, and the premiums on all such fidelity bonds shall constitute a part of the Common Expenses;

(xiii) to accept the surrender of any Residential Unit pursuant to the terms of paragraph (C) of Section 6.2 hereof, in the name of the Condominium Board or its designee, corporate or otherwise, and on behalf of all Residential Unit Owners;

(xiv) to purchase, lease, or otherwise acquire Residential Units, Storage Lockers and Private Terraces, offered for sale, lease or assignment by their owners, in the name of the Condominium Board or its designee, corporate or otherwise, and on behalf of all Residential Unit Owners but only with the consent of a Majority of Residential Unit Owners;

(xv) to purchase Units at foreclosure or other judicial sales, in the name of the Condominium Board or its designee, corporate or otherwise and on behalf of all Unit Owners but only with the consent of a Majority of Unit Owners;

(xvi) to sell, lease, license, mortgage and otherwise deal with Residential Units, Storage Lockers and Private Terraces, if any, acquired by, and to sublease Residential Units leased by, the Condominium Board or its designee, corporate or otherwise, on behalf of all Unit Owners, provided, however, that the Condominium Board or its designees shall in no event be entitled to vote the interest appurtenant to any such Residential Unit;

(xvii) to adopt and amend the Residential Rules and Regulations and to levy and authorize collection of fines against Unit Owners for violations of the Residential Rules and Regulations and these By-Laws(any such fines and fees shall be deemed to constitute Common Charges payable by Unit Owners of the Unit against which they are levied);

(xviii) to enforce by legal means the terms, covenants and conditions contained in the Condominium Documents and to bring or defend against any proceedings that may be instituted on behalf of, or against, the Unit Owners;

(xix) to incorporate, to the extent and in the manner provided in the Condominium Act, provided, however, that: (a) the certificate of incorporation and By-Laws of any such resulting corporation shall conform as closely as practicable to the terms of the Declaration and these By-Laws and (b) the terms of the Declaration and these By-Laws shall prevail in the event of any inconsistency or conflict between the terms thereof and the terms of such certificate of incorporation and By-Laws;

(xx) to organize corporations to act as the designees of the Condominium Board in acquiring title to, or leasing of, Units and in acquiring rights, titles and interests in real and personal property for use in connection with the ownership and operation of the Property as a condominium;

(xxi) to execute, acknowledge and deliver: (a) any and all declarations (including a declaration of single zoning lot) or other instrument affecting the Property that the Condominium Board deems necessary or appropriate to comply with any law applicable to the maintenance, demolition, construction, alteration, repair, or restoration of the Building and (b) any consent,

covenant, restriction, easement, or declaration affecting the Property that the Condominium Board deems necessary or appropriate;

(xxii) to prepare, execute, acknowledge and record on behalf of all Unit Owners, as their attorney in fact, coupled with an interest, a restatement of the Declaration or these By-Laws, whenever, in the Condominium Board's estimation, it is advisable to consolidate and restate all amendments, modification, additions and deletions theretofore made to the same;

(xxiii) to prepare, execute, acknowledge and institute on behalf of all Residential Unit Owners, as their attorney-in-fact, coupled with an interest, protests of real property tax assessments and tax certiorari proceedings with respect to all Units and to assess any costs incurred thereby as a Common Expense;

(xxiv) to commence summary eviction proceedings in the name of or on behalf of the Condominium Board and/or a Unit Owner or Unit Owners, as the case may be, against an authorized guest and/or a Tenant of a Unit Owner if such authorized Guest and/or Tenant does not conform to the Residential Rules and Regulations of the Condominium, annexed hereto as Schedule A, as said Residential Rules and Regulations may at any time and from time to time, be modified, amended or added to in accordance with the terms of these By-Laws. All costs in connection with the removal of the authorized guest and/or Tenant, including reasonable attorney's fees, shall be borne by the Unit Owner;

(xxv) to impose move-in fees and charges and transfer fees in connection with the sale or lease of a Residential Unit, provided no such fees or charges or other conditions of transfer or lease may be imposed upon Sponsor;

(xxvi) to purchase and maintain the Resident Manager's Unit and otherwise deal in any way with respect to such Resident Manager's Unit, including without limitation the execution, replacement or refinance of the purchase money mortgage(s) and note(s) with respect to the acquisition of such Resident Manager's Unit from Sponsor including, without limitation, the right to (i) assign to Sponsor and/or the institutional lender as additional collateral for the loan, the Condominium's rights in and to receive future income of all types, including the common charges; (ii) create a security interest in, assign, pledge, mortgage or otherwise encumber funds or other real or personal property that it holds; (iii) agree to increase common charges to the extent necessary to pay the amounts due under the loans; and (iv) agree that common charges be treated as trust funds to the extent necessary to make required payments to either Sponsor or the institutional lender;

(xxvii) to prepare, execute and administer Storage Licenses and Private Terrace Licenses and assignments thereof;

(xxviii) to carry out any other duties imposed upon the Condominium Board pursuant to the Declaration and these By-Laws.

(xxix) to acquire in the name of the Condominium Board or its designee, corporate or otherwise, and on behalf of all Residential Unit Owners, Storage Licenses and Private Terrace Licenses terminated or surrendered by their licensee to the Condominium; and

(B) The Condominium Board shall be responsible for carrying out the duties imposed upon it under the Condominium Documents regardless of whether a Unit is vacant or occupied by the Owner thereof or by a permitted lessee or other permitted occupant.

Section 2.5 *Certain Limitations on the Powers of the Condominium Board.*

(A) Notwithstanding anything to the contrary contained in these By-Laws, so long as Sponsor shall continue to own at least 25% both in number and in aggregate Common Interests of all Residential Units, but in no event later than 5 years after the First Closing, the Condominium Board may not, without Sponsor's prior written consent:

(i) make any addition, alteration, or improvement to the Common Elements or to any Unit, unless the same shall be required by Law;

(ii) assess any Common Charges or Special Assessments for the creation or replacement of, or the addition to, all or any part of a reserve, contingency, or surplus fund;

(iii) increase or decrease the number of, or change the kind of employees from those described in the First Years Budget;

(iv) enter into any service or maintenance contracts for work or otherwise contract for work or otherwise provide services in excess of those described the First Year's Budget set forth in the Plan, except as is required to reflect normal annual increases in operating services incurred in the ordinary course of business;

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

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

The written consent of Sponsor shall not be necessary to perform any function or take any action described in clauses (i) through (vi) above, if, and only if, the performance of such action or the carrying out of such action is necessary (and no other alternative is available) to enable the Condominium Board to: (i) comply with Law; or (ii) remedy any notice of violation; or (iii) remedy any work order of the Condominium's insurer.

(B) Notwithstanding anything to the contrary contained in these By-Laws, all determinations of the Condominium Board which affect only the:

(i) Residential Units and do not materially and adversely affect the use and operation of the Commercial Unit shall be made by the Members of the Condominium Board elected or designated by the Residential Unit Owners; and

(ii) Commercial Units and do not materially and adversely affect the use and operation of the Residential Units shall be made by the members of the Condominium Board designated by such Commercial Unit Owners.

Any dispute as to whether or not a determination materially and adversely affects any Units shall be settled by arbitration in accordance with the provisions of these By-Laws. No dispute with respect to whether a determination materially and adversely affects a Unit shall be deemed to exist unless the objecting party specifies the grounds for its objection in writing to the Condominium Board within 10 business days of receipt by it of notice of such determination.

Section 2.6 *Exercise and Delegation of Powers and Duties.*

(A) Any act within the power of the Condominium Board to perform, and deemed necessary or desirable to be performed by the Condominium Board, shall be performed by the Condominium

Board or shall be performed on its behalf and at its direction by the agents, employees, or designees of the Condominium Board.

(B) The Condominium Board may appoint an Executive Committee by duly adopted resolution, which Executive Committee shall have, and may exercise, all of the powers of the Condominium Board, subject to both the exceptions and limitations as the Condominium Board may from time to time deem appropriate, during the intervals between the meetings of the Condominium Board. In addition, the Condominium Board may from time to time appoint, by duly adopted resolutions, such other committees as the Condominium Board may deem appropriate to perform such duties and services as the Condominium Board shall direct, each of which committees shall have, and may exercise, all of the powers delegated to it in its enabling resolution, subject, however, to the exceptions and limitations contained in paragraph (D) of this Section 2.6. The Executive Committee and each other committee shall consist of 3 Members of the Condominium Board.

(C) The Condominium Board may employ a Managing Agent to serve at a compensation approved by the Condominium Board and to perform such duties and services as the Condominium Board shall direct. Subject to the exceptions and limitations contained in paragraph (D) of this Section 2.6, the Condominium Board may delegate to the Managing Agent any of the powers granted to the Condominium Board in these By-Laws.

(D) Notwithstanding anything to the contrary contained in this Section 2.6, the Executive Committee and the Managing Agent shall neither have nor be entitled to exercise, and the Condominium Board shall not delegate to either of them or to any other committee, the powers or duties described in subparagraphs (ii), (iv), (v), (vi), (xiii), (xiv), (xv), (xvi) and (xvii) of paragraph (A) of Section 2.4 hereof. In addition, neither the Managing Agent nor any of the committees described in subsection (B) of this Section 2.6 shall have, or be entitled to exercise, any of the powers of the Condominium Board, except to the extent permitted by Law.

Section 2.7 *Number, Election and Qualification of Members.* Until the first annual meeting of the Residential Unit Owners held pursuant to the terms of Section 4.1 hereof, the Condominium Board shall consist of 3 individuals, all of which are to be designated from time to time by Sponsor. From and after the first annual meeting of the Unit Owners and for so long as Sponsor continues to own at least 1 Unsold Residential Unit, the Condominium Board shall consist of 7 individuals, 5 of whom shall be elected and/or designated in accordance with the terms of these By-Laws by the Residential Unit Owners (including Sponsor) (collectively, the "Residential Members"), 1 of whom shall, collectively, be designated by the Retail Unit Owners and 1 of whom shall be designated by the Garage Unit Owner (collectively, the "Commercial Members"). Except for Members designated by Sponsor and/or the Commercial Unit Owners pursuant to the terms of this Section 2.7 or of Section 2.10 or 4.9 hereof, all Members of the Condominium Board shall be either: (i) individual Residential Unit Owners or adult family members of an individual Residential Unit Owner; or (ii) individual Permitted Mortgagees; or (iii) officers, directors, shareholders, partners, principals, employees, or beneficiaries of corporations, partnerships, fiduciaries, or any other entities that are Unit Owners or Permitted Mortgagees. After the Initial Control Period, a majority of the Residential Members of the Condominium Board must be owner-occupants of the Building who are unrelated to Sponsor or its principals. In addition, no individual may be elected to serve on the Condominium Board, (nor may continue to serve on the Condominium Board) if the Condominium Board has perfected a lien against such Unit and the amount necessary to release such lien has not been paid at the time of such election, or so long as such lien remains unpaid. In no event may more than one individual of a designated unit serve on the Condominium Board or as an officer of the Condominium Board at the same time during the term of office.

Section 2.8 *Term of Office of Members.* The term of office of the 3 members of the Condominium Board designated by Sponsor prior to the first annual meeting of the Residential Unit Owners shall expire when the 7 individuals to be elected and/or designated at such meeting are so elected and

qualified or designated, as the case may be. The term of office of each of the 7 individuals elected and qualified or designated, as the case may be, at the first annual meeting of the Unit Owners pursuant to the terms of Section 4.9 hereof, shall be fixed at 1 year. Notwithstanding anything to the contrary contained in this Section 2.8, however, each member of the Condominium Board shall serve until a successor shall be elected and qualified or designated, as the case may be.

Section 2.9 *Removal and Resignation of Members.*

(A) Any member of the Condominium Board who was elected thereto either by the Residential Unit Owners, pursuant to the terms of Section 4.9 hereof, or by the Condominium Board, pursuant to the terms of Section 2.10 hereof, may be removed from office, with or without cause, by a vote of a Majority of Residential Unit Owners. Any member of the Condominium Board who was designated as such by Sponsor pursuant to the terms of Section 2.7, 2.10, or 4.9 hereof, may be removed, with or without cause, only by Sponsor. If any member of the Condominium Board who was designated by Sponsor is removed, the successor shall also be designated by Sponsor. Any member of the Condominium Board who was designated by the Commercial Unit Owners may be removed, with or without cause, only by such Commercial Unit Owners. If any member of the Condominium Board who was designated by a Commercial Unit Owner, is removed, the successor shall also be designated by the Commercial Unit Owners. Any Residential Member of the Condominium Board whose proposed removal is to be acted upon at a meeting of the Residential Unit Owners shall be given prior written notice thereof and an opportunity to be present and heard thereat.

(B) Any member of the Condominium Board may resign such member's membership at any time by giving written notice thereof to the Condominium Board. In addition, any member of the Condominium Board who shall cease to be qualified for membership pursuant to the terms of Section 2.7 hereof shall be deemed to have resigned such member's membership effective as of the date upon which such qualification shall cease.

Section 2.10 *Vacancies.*

(A) Any vacancy on the Condominium Board that is caused by the removal, resignation, or death of a member who was elected thereto by the Residential Unit Owners shall be filled by an individual who is qualified to be a member pursuant to the terms of Section 2.7 hereof and who is elected by a vote of the majority of the Members of the Condominium Board elected or designated by the Residential Unit Owners then in office. A special meeting of the Condominium Board shall be held for the purpose of filling any such vacancy promptly after the occurrence thereof, and the election held thereat shall be effective to fill such vacancy even if the number of Members present at such meeting shall not constitute a quorum.

(B) Any vacancy on the Condominium Board that is caused by the removal, resignation, or death of a member who was designated as such or elected by Sponsor shall be filled by an individual designated by Sponsor. Any vacancy on the Condominium Board that is caused by the removal, resignation or death of a member who was designated by the Commercial Unit Owners shall be filled by an individual designated by the Commercial Unit Owners.

(C) Each member of the Condominium Board who is elected thereto or designated as such to fill a vacancy pursuant to the terms of paragraph (A) or (B), respectively, of this Section 2.10 shall serve as a member of the Condominium Board for the remainder of the term of the member replaced and until a successor shall be selected and qualified at the appropriate annual meeting of the Residential Unit Owners pursuant to the terms of Section 4.9 hereof.

Section 2.11 *Organizational Meeting of the Condominium Board.* The first meeting of the Condominium Board following each annual meeting of the Residential Unit Owners shall be held within 10

days of such annual meeting, at such time and place as shall be both fixed informally by a majority of the Members of the Condominium Board and designated by the Secretary in a written notice given to all Members thereof by personal delivery, mail, or telegram not later than five business days prior to such date. At such meeting, the officers of the Condominium Board shall be elected.

Section 2.12 *Regular Meetings of the Condominium Board.* Regular meetings of the Condominium Board may be held at such time and place as shall be determined from time to time by a majority of the Members thereof, provided that at least 4 such meetings shall be held during each fiscal year. Written notice of all regular meetings of the Condominium Board shall be given by the Secretary to each member thereof by personal delivery, mail, overnight courier, facsimile or e-mail, at least 5 business days prior to the day named for such meeting.

Section 2.13 *Special Meetings of the Condominium Board.* The President may call a special meeting of the Condominium Board whenever the President deems the same to be necessary or desirable. However, the President shall call such a meeting upon the written request of 3 or more Members of the Condominium Board. Written notice of all special meetings shall be given by the Secretary to each member thereof by personal delivery, mail, overnight courier, facsimile, or e-mail at least 3 business days prior to the day named for such meeting, which notice shall state the time, place and purpose of the meeting.

Section 2.14 *Waiver of Notice of Meetings.* Any member of the Condominium Board may, at any time, waive notice of any meeting thereof in writing, and such waiver shall be deemed equivalent to the giving of notice. Attendance by a member of the Condominium Board at any meeting thereof shall constitute a waiver by the member of notice of the time and place thereof. If all of the Members of the Condominium Board are present at any meeting thereof, no notice of such meeting shall be required and any business may be transacted at such meeting.

Section 2.15 *Quorum of the Condominium Board.* A quorum of the Condominium Board is required to be present at a Condominium Board meeting in order to make any determination or to transact any business. To constitute a quorum of the Condominium Board, the following majority of the Members of the Condominium Board shall be present at the Condominium Board meeting:

(A) Attendance of a majority of all of the members of the Condominium Board will be required for any business relating to the General Common Elements, the General Common Expenses, or, all or a portion of both the Residential Units and the Commercial Units.

(B) Attendance of a majority of the Residential Members of the Condominium Board will be required for any business relating solely to the Residential Common Expenses, the Residential Common Elements, or, all or a portion of the Residential Units.

In connection therewith, one or more members of the Condominium Board may participate in any meeting thereof by means of a conference telephone or similar communications equipment permitting all individuals participating in the meeting to hear each other at the same time, and such participation shall constitute presence at such a meeting for all purposes. If, at any meeting of the Condominium Board, there shall be less than a quorum present, a majority of the members of the Condominium Board in attendance may adjourn the meeting from time to time. At any such adjourned meeting at which a quorum is present, any business that might have been transacted at the meeting originally called but for the lack of a quorum may be transacted without further notice.

Section 2.16 *Conduct of Meetings.* The President shall preside at all meetings of the Condominium Board, and the Secretary shall faithfully record the minutes thereof, which minutes shall include the full text of all resolutions duly adopted by the Condominium Board and a record of all transactions and proceedings occurring thereat. The then current edition of Robert's Rules of Order, or any

other rules of procedure from time to time acceptable to a majority of the Condominium Board, shall govern the conduct of the meetings of the Condominium Board unless the same shall be in conflict with the terms of the Declaration, these By-Laws, or the Condominium Act.

Section 2.17 *Decisions by the Condominium Board.* Except as otherwise provided in the Declaration or these By-Laws:

(A) The vote of a majority of the members attending a duly constituted meeting of the Condominium Board at which a quorum is present shall decide all matters on behalf of the Condominium Board relating solely to the General Common Elements; the General Common Expenses, or, all or a portion of both the Residential Units and the Commercial Units.

(B) The vote of a majority of those Residential Members attending a duly constituted meeting of the Residential Members at which a quorum is present shall decide all matters on behalf of the Condominium Board relating solely to the Residential Common Expenses; the Residential Common Elements; or, all or a portion of the Residential Units.

Alternatively, any decision that is required or permitted to be made by the Condominium Board may be made without a meeting thereof if all of the members of the Condominium Board shall individually or collectively consent in writing to such decision, and all such written consents shall be duly filed by the Secretary of the Condominium in the minutes of the Condominium Board.

Section 2.18 *Compensation of Members.* No member of the Condominium Board shall receive any compensation from the Condominium for acting as such.

Section 2.19 *Common or Interested Members of the Condominium Board.* Each member of the Condominium Board shall perform duties, and shall exercise powers, in good faith and with a view to the interests of the Condominium. To the extent permitted by Law, no contract or other transaction between the Condominium Board and either (i) any of its members or (ii) any corporation, partnership, fiduciary, firm, association, or other entity in which any of the members of the Condominium Board are officers, directors, employees, partners, fiduciaries, beneficiaries, or principals, or are otherwise interested, pecuniarily or otherwise, shall be deemed either void or voidable because either (a) any such member of the Condominium Board was present at the meeting or meetings of the Condominium Board during which such contract or transaction was discussed, authorized, approved, or ratified, or (b) the vote of any such member was counted for such purpose, provided, however, that either:

(x) the fact thereof is disclosed to, or known by, the Condominium Board or a majority of the Members thereof and noted in the minutes thereof, and the Condominium Board shall authorize, approve, or ratify such contract or transaction in good faith by a vote of a majority of the entire Condominium Board, less the number of such members; or

(y) the fact thereof is disclosed to, or known by, a Majority of Unit Owners, and a Majority of Unit Owners shall authorize, approve, or ratify such contract or transaction.

Any such member of the Condominium Board may be counted in determining the presence of a quorum of any meeting of the Condominium Board that authorizes, approves, or ratifies any such contract or transaction, but no such member shall be entitled to vote thereat to authorize, approve, or ratify such contract or transaction.

Section 2.20 *Indemnification.*

2.20-1 Indemnification of Board Members and Officers.

2.20-1.1To the extend permitted by Law, the Members of the Condominium Board shall have no personal liability with respect to any contract, act or omission of the Condominium Board or of any Managing Agent or manager in connection with the affairs or operation of the Condominium (except in their capacities as Unit Owners) and the liability of any Unit Owner with respect thereto shall be limited as set forth in Section 4.13 hereof. Every contract made by the Condominium Board or by the Managing Agent shall state that it is made by the Condominium Board or the Managing Agent, only as agent for all Unit Owners and that the members of the Condominium Board or the Managing Agent shall have no personal liability thereon (except in their capacities as Unit Owners). Any such contract may also provide that it covers the assets, if any, of the Condominium Board. To the extent permitted by Law, the Members of the Condominium Board shall have no liability to Unit Owners except that a member of the Condominium Board shall be liable for such member's own bad faith or willful misconduct. All Unit Owners shall jointly and severally, to the extent of their respective interests in their Units and their appurtenant Common Interests, indemnify each member of the Condominium Board against any liability or claim except those arising out of such member's own bad faith or willful misconduct. The Condominium Board may contract or effect any other transaction with any member of the Condominium Board, any Unit Owner, Sponsor or any affiliate of any of them without incurring any liability for self-dealing, except in cases of bad faith or willful misconduct.

2.20-1.2Neither the Condominium Board nor any member thereof shall be liable for either:

(i) any failure or interruption of any utility or other services to be obtained by, or on behalf of, the Condominium Board or to be paid for as a Common Expense except when any such failure or interruption is cause by the acts of bad faith or willful misconduct of the Condominium Board or any member thereof; or

(ii) any injury, loss or damage to any individual or property, occurring in or upon either a Unit or the Common Elements and either: (a) caused by the elements, by any Unit Owner, or by any other Person; (b) resulting from electricity, water, snow, or ice that may leak or flow from a Unit or any portion of the Common Elements; or (c) arising out of theft or otherwise.

ARTICLE 3

OFFICERS

Section 3.1 *General.* The principal officers of the Condominium shall be the President, the Vice President, the Secretary and the Treasurer. The Condominium Board may appoint an Assistant Treasurer, an Assistant Secretary and such other officers as in its discretion may be necessary or desirable. All agreements, contracts, deeds, leases, checks and other instruments of the Condominium shall be executed, upon the direction of the Condominium Board, by any two officers of the Condominium or by such lesser number of officers or by such other Person or Persons as may be designated from time to time by the Condominium Board.

Section 3.2 *President.* The President shall be the chief executive officer of the Condominium and shall preside at all meetings of the Unit Owners and of the Condominium Board. The President shall have all of the general powers and duties that are incident to the office of president of a stock corporation organized under the Business Corporation Law of the State of New York (hereinafter referred to as the "BCL"), including, but not limited to, the power to appoint the members of all committees created by the Condominium Board from amongst the Unit Owners from time to time as the President may decide, in the President's discretion, are appropriate to assist in the conduct of the affairs of the Condominium.

Section 3.3 *Vice President.* The Vice President shall take the place of the President and perform the President's duties whenever the President shall be absent or unable to act. If both the President and the

Vice President are unable to act, the Condominium Board shall appoint some other member of the Condominium Board to act in the place of the President on an interim basis. The Vice President shall also perform such other duties as shall be imposed upon the Vice President from time to time by the Condominium Board or by the President.

Section 3.4 *Secretary*. The Secretary shall keep the minutes of all meetings of the Unit Owners and of the Condominium Board. The Secretary shall have charge of such books and papers as the Condominium Board shall direct and, in general, shall perform all of the duties that are incident to the office of secretary of a stock corporation organized under the BCL.

Section 3.5 *Treasurer*. The Treasurer shall have the care and custody of the funds and securities of the Condominium and shall be responsible for keeping full and accurate financial records and books of account thereof, showing all receipts and disbursements necessary for the preparation of all required financial data. The Treasurer shall be responsible for the deposit of all funds and other securities in the name of the Condominium Board or in the name of the Managing Agent in such depositories as may from time to time be designated by the Condominium Board and, in general, shall perform all of the duties incident to the office of treasurer of a stock corporation organized under the BCL.

Section 3.6 *Election, Term of Office and Qualification of Officers*. Each of the officers of the Condominium shall be elected annually by a majority vote of all Members of the Condominium Board taken at the organizational meeting of each new Condominium Board, and shall serve at the pleasure of the Condominium Board. The President, Vice President, and the Treasurer shall be elected from amongst the Members of the Condominium Board. Such officers need not be Unit Owners and need not have any interest in the Condominium if they are designated by Sponsor. Such officers must be Unit Owners if they are elected by the other Unit Owners. The other officers of the Condominium Board need not be Unit Owners and need not have any interest in the Condominium.

Section 3.7 *Removal and Resignation of Officers*. Any officer of the Condominium Board may be removed from office, with or without cause, by an affirmative vote of a majority of the Members of the Condominium Board. In addition, any officer may resign at any time by giving written notice to the Condominium Board. Finally, if the President, Vice President, or the Treasurer of the Condominium shall cease to be or shall be suspended as a member of the Condominium Board during their term of office, such officer shall be deemed to have resigned office effective upon the date upon which the membership shall cease.

Section 3.8 *Vacancies*. Any vacancy in an office shall be filled by a majority vote of the Condominium Board at any regular meeting of the Condominium Board or at a special meeting thereof called for such purpose.

Section 3.9 *Compensation of Officers*. No officer of the Condominium shall receive any compensation from the Condominium for acting as such.

Section 3.10 *Indemnification of Officers*. Each officer shall be indemnified as set forth in Paragraph 2.20.

ARTICLE 4

UNIT OWNERS

Section 4.1 *Annual Meetings of the Unit Owners*. The first annual meeting of the Unit Owners shall be held approximately 30 days after the later to occur of (i) the second anniversary of the First Closing;

or (ii) the Closing of Title with Purchasers under the Plan of Residential Units representing at least 50% in number of all Residential Units offered for sale. At such meeting, a 7 member Condominium Board shall be elected, as provided both in this Article 4 and in Article 2 hereof. Thereafter, annual meetings of the Unit Owners shall be held on or about the anniversary date of the first annual meeting. At each such subsequent meeting, the Unit Owners (including Sponsor) shall elect successors to the members of the Condominium Board whose term of office expires on the day of such meeting and shall transact such other business as may properly come before such meeting.

Section 4.2 *Special Meetings of the Unit Owners*. The President shall call a special meeting of the Unit Owners whenever so directed by a duly adopted resolution of the Condominium Board or upon receipt by the Secretary of a petition calling for such a meeting signed by Unit Owners having, in the aggregate, not less than 40% of the Common Interests of all Residential Unit Owners (excluding the Common Interests appurtenant to the Commercial Unit). Each such resolution or petition shall set forth, in reasonable detail, the purposes for calling such a meeting, and no business shall be transacted at such special meeting except business reasonably related to such stated purposes.

Section 4.3 *Place of Meetings*. Meetings of the Unit Owners shall be held at the principal office of the Condominium or at such other suitable and convenient place in the Borough in which the Property is located as may be designated by the Condominium Board.

Section 4.4 *Notice of Meetings*.

(A) The Secretary of the Condominium shall give notice of each annual or special meeting of the Unit Owners to all Unit Owners then of record entitled to vote at such meeting, which notice shall set forth the purpose, time and place of such meeting. Such notice may be given to any Unit Owner by personal delivery, mail, or telegram addressed to the Unit Owner's address at the Property, not less than 10 nor more than 40 days prior to the day fixed for the meeting. Any Unit Owner may designate an address for the giving of notice other than such Unit Owner's address at the Property by giving written notice thereof to the Secretary of the Condominium not less than 10 days prior to the giving of notice of the applicable meeting.

(B) If the business to be conducted at any meeting of the Unit Owners shall include the consideration of a proposed amendment to the Declaration or to these By-Laws, the notice of such meeting shall be mailed to all Unit Owners at least 30 days prior to the day fixed for such meeting and shall be accompanied by a copy of the text of such proposed amendment.

Section 4.5 *Quorum of the Unit Owners*. Except as otherwise provided in these By-Laws, the presence, in person or by proxy, of Unit Owners owning Units to which 40% or more of the aggregate Common Interests appertain (excluding the Common Interests appurtenant to the Commercial Units) shall constitute a quorum at all meetings of the Unit Owners. If, at any meeting of the Unit Owners, there shall be less than a quorum present, a majority of the Unit Owners present at such meeting, either in person or by proxy, may adjourn the meeting to a time not less than 48 hours from the time fixed for the original meeting.

Section 4.6 *Conduct of Meetings*. The President shall preside at all meetings of the Unit Owners, and the Secretary shall faithfully record the minutes thereof, which minutes shall include the full text of all resolutions duly adopted by the Unit Owners and a record of all transactions and proceedings occurring thereat. The then current edition of Robert's Rules of Order, or any other rules of procedure acceptable to a majority of the Unit Owners present at any meeting, in person or by proxy, shall govern the conduct of the meetings of the Unit Owners, unless the same shall be in conflict with the terms of the Declaration, these By-Laws, or the Condominium Act. All votes of the Unit Owners shall be tallied by the persons appointed by the presiding officer of the meeting.

Section 4.7 *Order of Business.* The order of business at all meetings of the Unit Owners shall be as follows:

(A) Roll call;

(B) Proof of notice of meeting;

(C) Reading of the minutes of the preceding meeting (unless waived);

(D) Reports of officers of the Condominium;

(E) Reports of Members of the Condominium Board;

(F) Reports of committees;

(G) Election of inspectors of election (when so required);

(H) Election of Members of the Condominium Board (when so required);

(I) Unfinished business; and

(J) New business.

The order of business at meetings of Unit Owners can be adjusted in the sole discretion of the Condominium Board.

Section 4.8 *Voting.*

(A) Subject to the terms of Section 4.9 hereof, each Unit Owner (including Sponsor for so long as Sponsor shall own any Unsold Residential Unit) shall be entitled to cast 1 vote at all meetings of the Unit Owners for each .0001 percentage of Common Interest attributable to such Unit Owner's Unit(s).

(B) Notwithstanding the terms contained in paragraph (A) hereof, no Unit Owner may vote at any meeting of the Unit Owners if the Condominium Board has perfected a lien against such Unit Owner's Unit and the amount necessary to release such lien has not been paid at the time of such meeting. In addition, neither the Condominium Board nor any designee thereof shall be entitled to vote the Common Interest appurtenant to any Unit owned by the Condominium Board or such designee. The Common Interests of all Units whose owners are precluded from voting pursuant to the terms of this paragraph (B) will be excluded when computing the aggregate Common Interests of all Unit Owners for voting purposes.

(C) A fiduciary shall be the voting member with respect to a Unit owned in a fiduciary capacity. In addition, if 2 or more Persons own a Unit, they shall designate 1 Person amongst them to vote the Common Interest appurtenant to their Unit in a writing given to the Secretary of the Condominium, and the vote of such designee shall be binding upon all of such Persons. Failing such a designation, all of such Persons shall mutually vote such Common Interest under 1 ballot without division, and the concurrence of all such Persons shall be conclusively presumed if any one of them purports to vote such Common Interest without protest being contemporaneously made to the individual presiding over the meeting at which such vote is taken. If protest is made, the Common Interest appurtenant to such Unit shall be counted solely for the purpose of determining whether a quorum is present for such voting.

(D) The Owner of any Unit may designate any Person to act as a proxy on such Unit Owner's behalf. The designation of any such proxy shall be made in a written notice both signed and dated by the designator and delivered to the Secretary of the Condominium at or before the appointed time for the meeting(s) during which the same is to be effective. Any such designation shall be revocable at any time upon written notice given to the Secretary of the Condominium; however, no revocation of such designation

shall be effective with respect to any votes cast by such proxy prior to the receipt of such revocation notice by the Secretary of the Condominium or, if such revocation is made at a meeting of the Unit Owners during which the Secretary of the Condominium is not in attendance, by the individual acting as the secretary of such meeting, except with respect to the designation of a Permitted Mortgagee to act as the proxy of its mortgagor(s), no designation to act as a proxy shall be effective for a period in excess of 6 months after the date thereof.

Section 4.9 *Election of Members to the Condominium Board.*

(A) When voting for members of the Condominium Board, each Unit Owner (including Sponsor for so long as Sponsor shall own any Unsold Residential Units) shall be entitled to cast 1 vote for each .0001% of Common Interest attributable to the Unit(s) per member to be elected. However, nothing contained herein shall be deemed either to permit any Unit Owner to cumulate the votes attributable to the ownership of a Unit in favor of any 1 or more members to be elected. In addition, the terms of paragraphs (B), (C) and (D) of Section 4.8 hereof shall apply to all elections of members of the Condominium Board.

(B) All elections of members of the Condominium Board shall be by written ballot, and each ballot cast shall state: (i) the name of the voting Residential Unit Owner and, if such ballot is cast by proxy, the name of the proxy; (ii) the designation number(s) of the Residential Unit(s) owned by the voting Unit Owner; (iii) the percentage(s) of the Common Interest appurtenant to such Unit(s); and (iv) the names of the candidates for whom such ballot is cast (the number of which names shall not exceed the number of Members to be elected). Any ballot that is not cast in conformity with this paragraph (B) shall not be counted. All election ballots shall be retained in the records of the Condominium, appropriately segregated by election for a period of 2 years.

(C) Subject to the terms of paragraph (D) of this Section 4.9, all elections of members of the Condominium Board shall be determined by plurality vote of Unit Owners present, in person or by proxy, at a duly convened meeting.

(D) At meetings of the Unit Owners, Sponsor will have the right to vote all of the Common Interests attributable to the Unsold Residential Units as it sees fit. However, at elections of members to the Condominium Board held during the Initial Control Period, Sponsor shall have the right to designate 3 of the 5 Residential Members to the Condominium Board, and Sponsor, and all other Unit Owners shall have the right to vote for the remaining Residential Members of the Condominium Board.

Subsequent to the Initial Control Period, and for so long as Sponsor continues to own at least 1 Unsold Residential Unit, Sponsor shall have the right to designate 1 Residential Member to the Condominium Board, and shall have the right to vote its Common Interest attributable to the Unsold Residential Units for the remaining Residential Members of the Condominium Board. There is no restriction on the right of the Sponsor to vote for Residential Members of the Condominium Board who are not related to or affiliated with Sponsor.

(E) Within 30 days after the Initial Control Period, 1 of the 3 Residential Members of the Condominium Board who was designated by Sponsor shall resign and a replacement shall be filled by a vote of the Residential Unit Owners (including Sponsor for so long as Sponsor shall own any Unsold Residential Unit) at a special meeting called for such purpose.

Section 4.10 *Designation of Commercial Members to the Condominium Board.*

(A) The Garage Unit Owner shall be entitled to designate 1 Commercial Member to the Condominium Board.

(B) The Retail Unit Owners shall, collectively, have the right to designate 1 Commercial Member to the Condominium Board.

Section 4.11 *Action Without a Meeting.* Any action required or permitted to be taken by the Unit Owners at a duly constituted meeting may be taken without such a meeting if the number of Unit Owners sufficient (both in absolute number and in aggregate Common Interests whenever applicable) to approve such an action at a duly constituted meeting of the Unit Owners pursuant to the Declaration or to these By-Laws consent in writing to the adoption of a resolution approving such action. All written consents given by Unit Owners pursuant to this Section 4.11 shall be retained in the records of the Condominium together with a true copy of the resolutions to which they relate.

Section 4.12 *Title to Units.* Title to any Unit may be taken by any Person or by any two or more Persons as joint tenants, tenants in common, or tenants by the entirety, as may be appropriate. The sale of a Unit to a corporation, partnership, limited partnership, trust or any other entity (including any entity or person entitled to diplomatic or sovereign immunity) shall require the delivery to the Condominium Board or its managing agent at closing (i) any and all documents as are reasonably requested by the Condominium Board, including without limitation, a personal guaranty, a subjection to jurisdiction, occupancy agreement and escrow agreement; and (ii) an amount equal to the current common charge for such Unit for a period of 2 years, to be held in escrow by the Condominium Board, as security for the faithful observance by such Unit Owner of the terms, provisions and conditions contained in these By-Laws.

Section 4.13 *Contractual Liability of Unit Owners.* Every contract made by the Condominium Board, by any officer of the Condominium, or by any superintendent or Managing Agent of the Building shall state (if obtainable and in addition to the limitation of liability of the Members of the Condominium Board and the officers of the Condominium pursuant to the terms of Sections 2.20 and 3.10 hereof, respectively) that the liability of any Unit Owner with respect thereto shall be limited to: (i) such proportionate share of the total liability thereunder as the Common Interest of such Unit Owner bears to the aggregate Common Interests of all Unit Owners in the case of a contract relating to the General Common Elements, (ii) such proportionate share of the total liability thereunder as the Residential Common Interest of such Residential Unit Owner in a case relating to the Residential Common Elements, and (iii) such Unit Owner's interest in the Unit and its Appurtenant Interests, unless otherwise provided by Law.

ARTICLE 5

OPERATION OF THE PROPERTY

Section 5.1 *Maintenance and Repairs.*

(A) Except as otherwise provided in the Declaration or in these By-Laws, all painting, decorating, maintenance, repairs and replacements, whether structural or non-structural, ordinary or extraordinary:

(i) in or to any Unit and all portions thereof (including, but not limited to, the interior walls, partitions, ceilings and floors in the Unit, kitchen and bathroom fixtures and appliances, window panes, fireplace and flue, all entrance doors and their frames and saddles, exposed plumbing, gas and heating fixtures and equipment, heating and cooling systems, air-conditioning units, lighting and electrical fixtures and any Common Elements incorporated therein pursuant to paragraph (B) of Section 5.8 hereof, but excluding any other Common Elements contained therein, as well as the swimming pools located on the terraces appurtenant to Units 29 and 30, including the swimming pool liners, all heating, electrical and mechanical

equipment, as well as all pipes servicing the swimming pools) shall be performed by the Owner of such Unit at such Unit Owner's sole cost and expense; and

(ii) in or to the General Common Elements (other than any General Common Elements incorporated into one or more Units pursuant to the terms of paragraph (B) of Section 5.8 hereof) shall be performed by the Condominium Board and the cost and expense thereof shall be charged to all Unit Owners as a General Common Expense;

(iii) in or to the Residential Common Elements (with the exception of the Private Terraces and other than any Residential Common Elements incorporated into one or more Units pursuant to the terms of paragraph (B) of Section 5.8 hereof) shall be performed by the Condominium Board and the cost and expense thereof shall be charged to all Residential Unit Owners as a Residential Common Expense; and

(iv) in or to the Limited Residential Common Elements (and the Private Terraces) shall be performed (a) by the Condominium Board as a Residential Common Expense, if involving structural or extraordinary maintenance, repairs, or replacements (including, but not limited to, the repair of any leaks that are not caused by the acts or omissions of the Residential Unit Owner having direct and exclusive access thereto), or (b) by the Residential Unit Owner having direct and exclusive access thereto at such Residential Unit Owner's sole cost and expense, if involving painting, decorating and non-structural ordinary maintenance, repairs or replacements, (including without limitation, the removal of snow, ice and accumulation of water on any Terrace), except for the skylights located on the upper floor ceilings of Units 23, 24, 25, 26 and PH1, which shall be performed by the Condominium Board and the costs and expenses thereof shall be borne by such Unit Owners.

For the purpose of maintenance, repairs, replacements and alterations, the Private Terraces shall be treated as Limited Residential Common Elements.

Promptly upon obtaining knowledge thereof, each Unit Owner shall report to the Condominium Board or to the Managing Agent any defect or need for repairs for which the Condominium Board is responsible pursuant to the terms hereof. All painting, decorating, maintenance, repairs and replacements performed hereunder or otherwise, whether by or at the behest of a Unit Owner or the Condominium Board, shall be performed in such a manner as shall not unreasonably disturb or interfere with any Unit Owners or the tenants and occupants of any Units.

(B) Notwithstanding anything to the contrary provided in paragraph (A) of this Section 5.1, if any painting, decorating, maintenance, repairs, or replacements to the Property or any part thereof, whether structural or non-structural, ordinary or extraordinary, is necessitated by the negligence, misuse, or abuse of (i) any Unit Owner, the entire cost and expense thereof shall be borne by such Unit Owner, or (ii) the Condominium Board, the entire cost and expense thereof shall be borne by the Condominium as a General Common Expense attributable to all Unit Owners if relating to the General Common Elements, and as a Residential Common Expense attributable to all Residential Unit Owners if relating to the Residential Common Elements and/or the Limited Residential Common Elements except, in all events, to the extent that such cost and expense is covered by the proceeds of any insurance maintained pursuant to the terms of these By-Laws. Similarly, each Unit Owner shall be responsible for any and all damage to any Unit or to the Common Elements resulting from such Unit Owner's failure to maintain, repair, or replace the Unit or any portion thereof as required herein.

(C) Each Unit and all portions of the Common Elements shall be kept in first-class condition, order and repair (and free of snow, ice and accumulation of water with respect to any roof, Terrace, or other part of the Property exposed to the elements) by the Unit Owner or the Condominium Board, whichever is responsible for the maintenance thereof as set forth herein, and such Unit Owner or the

Condominium Board, as the case may be, shall promptly make or perform, or cause to be made or performed, all maintenance work, including, without limitation, painting, repairs and replacements that is necessary in connection therewith. The Condominium Board shall be responsible for the maintenance and repair of all sidewalks surrounding the Building (including, cleaning and snow and ice removal) as if the sidewalks were General Common Elements. The exterior and interior glass surfaces of all windows located in any Residential Unit shall not be colored or painted by the Unit Owner. All interior glass surfaces are to be washed and cleaned by the Unit Owner at such Unit Owner's sole cost and expense. All exterior glass surfaces are to be washed and cleaned by the Condominium Board and the cost and expense thereof shall be charged to all Residential Unit Owners as a Residential Common Expense. All exterior and interior glass surfaces located in any Commercial Unit shall be maintained, repaired, washed and cleaned by the Owner of such Commercial Unit at such Unit Owner's sole cost and expense. Any replacement of glass windows in any Residential Unit because of breakage or otherwise shall be made by the Unit Owner thereof (except curtain wall glass windows which shall be made by the Condominium Board), at the sole cost and expense of the Unit Owner (unless such breakage is caused by the Condominium Board or any other Unit Owner, in which event such replacement of glass windows will be at the sole cost and expense of the Condominium Board or such Unit Owner). Notwithstanding the foregoing, prior to the replacement of any glass window, which window must be replaced with the same windows as installed by Sponsor, the Unit Owner must obtain the prior written approval of the Condominium Board, with respect to such replacement. In addition, the public areas of the Building and those residential areas exposed to public view shall be kept in good appearance, in conformity with the dignity and character of the Building, as determined by the Condominium Board in its sole discretion. To promote a consistent appearance of the Building from the outside, (x) no Residential Unit Owner shall be permitted to enclose, erect a greenhouse and/or alter a Terrace appurtenant to a Unit, or a Private Terrace in such a way that will alter the conformity of the Building, or (y) install different window shades other than those provided by Sponsor, without the prior written approval of the Condominium Board in each instance. Additionally, the type, size, quantity of plantings and other installations to be placed on Terraces shall be subject to the prior written approval of the Condominium Board and shall be in compliance with Law. Each Commercial Unit Owner shall be responsible, at its sole cost and expense, for washing, cleaning and replacing the exterior and interior glass surfaces of windows located in such Commercial Unit (unless the breakage is caused by the Condominium Board or any other Unit Owner, in which event the replacement of glass windows will be at the sole cost and expense of the Condominium Board or such Unit Owner).

(D) In the event that any Unit Owner, after receipt of written notice from the Condominium Board, fails or neglects in any way to perform any of its obligations with respect to the painting, decorating, maintenance, repair or replacement of its Unit as provided in this Section 5.1 (or of any Common Elements for which such Unit Owner is responsible under the Declaration or these By-Laws), the Condominium Board may perform or cause to be performed such painting, decorating, maintenance, repair or replacement unless such Unit Owner, within 5 days after receiving notice of such default by the Condominium Board, cures such default, or in the case of a default not reasonably susceptible to cure within such period, commences and thereafter prosecutes to completion, with due diligence, the curing of such default. All sums expended and all costs and expenses incurred in connection with the making of any such painting, decorating, maintenance, repair or replacement in such Unit Owner's Unit or to any such Common Element for which such Unit Owner is responsible, together with interest thereon at the rate of 2% per month (but in no event in excess of the maximum rate permitted by Law), shall be immediately payable by such Unit Owner to the Condominium Board and shall, for all purposes hereunder, constitute Common Charges payable by such Unit Owner.

Section 5.2 *Alterations, Additions, Improvements, or Repairs in and to Units.*

(A) Subject to the terms of paragraph (B) of this Section 5.2, no Residential Unit Owner may make any structural alteration, addition, improvement or repair, in or to the Residential Unit or its

appurtenant Limited Residential Common Elements without the prior written approval of the Condominium Board and the Landmarks Preservation Commission, if applicable. Prior to, and as a condition of, the granting of any such approval, the Condominium Board may, at its sole option, require the Residential Unit Owner to; (i) procure and agree to maintain during the course of such work such insurance as the Condominium Board may reasonably prescribe; and (ii) to execute an alteration agreement, in form and substance satisfactory to the Condominium Board, setting forth the terms and conditions under which such alteration, addition, improvement or repair, may be made, including, without limitation, the indemnity referred to in paragraph (D) hereof and the days and hours during which any such work may be done. The Condominium Board shall have the right to approve Unit Owner's contractors and materialmen. The Condominium Board may impose charges upon the Residential Unit Owner to reimburse the Condominium for architectural, engineering, legal and other fees incurred in reviewing the Residential Unit Owner's request for approval and in monitoring the work performed until completion and a fee payable to the Managing Agent for processing the alteration application.

(B) Notwithstanding anything to the contrary contained in paragraph (A) of this Section 5.2, however, Sponsor shall have the right, pursuant to the terms of Article 12 of the Declaration, to (i) make any alterations, additions, improvements, or repairs in or to any Unsold Residential Unit or its appurtenant Limited Residential Common Elements, whether structural or non-structural, interior or exterior, ordinary or extraordinary, and (ii) subdivide, combine and change the boundary walls of any Unsold Residential Units, all without the approval of the Condominium Board. In addition, the Commercial Unit Owners shall have the right, pursúant to the terms of Article 12 of the Declaration, to (i) make any alterations, additions, improvements or repairs in or to such Commercial Unit, whether structural or non-structural, interior or exterior, ordinary or extraordinary, and (ii) subdivide, combine and change the boundary walls of such Commercial Unit, all without the approval of the Condominium Board. Notwithstanding the foregoing, all Unit Owners, including Sponsor and the Commercial Unit Owners, prior to the making of any alteration, addition, improvement or repair in or to their respective Unit and its appurtenant Limited Residential Common Elements, if any, must (i) procure and maintain such insurance as the Condominium Board may reasonably require, (ii) indemnify the Condominium Board and the Managing Agent against any liability arising from the work and (iii) comply with Law.

(C) All alterations, additions, improvements and repairs by Unit Owners shall be made in compliance with Law. In connection therewith, the Condominium Board shall execute applications to any departments of the City of New York, or to any other governmental agencies having jurisdiction thereof, for any and all permits required in connection with the making of alterations, additions, improvements, or repairs in or to a Unit provided that, with respect to all such work of a structural nature to a Residential Unit or its appurtenant Limited Residential Common Elements (but other than that of the nature described in paragraph (B) hereof), the same was approved by the Condominium Board pursuant to the terms of paragraph (A) hereof.

(D) Neither the Condominium Board nor any Unit Owner (other than the Unit Owner making any alterations, improvements, additions, or repairs, or causing any of the same to be made, in or to the Unit and appurtenant Limited Residential Common Elements) shall incur any liability, cost, or expense either (i) in connection with the preparation, execution, or submission of the applications referred to in paragraph (C) hereof; (ii) to any contractor, subcontractor, materialperson, architect, or engineer on account of any alterations, improvements, additions, or repairs made or caused to be made by any Unit Owner; or (iii) to any Person asserting any claim for personal injury or property damage arising therefrom. Any Unit Owner making any alterations, improvements, additions, or repairs, or causing any of the same to be made, in or to the Unit and appurtenant Limited Residential Common Elements, if any, shall agree (in a writing executed and delivered to the Condominium Board, if the Condominium Board shall so request), and shall be deemed to agree (in the absence of such writing), to indemnify and hold the Condominium Board, the Members of the Condominium Board, the officers of the Condominium, the Managing Agent and all other Unit Owners harmless from and against any such liability, cost and expense.

(E) In addition to the requirements set forth above in this Section 5.2, until a permanent certificate of occupancy is obtained for the Building, no Residential Unit Owner shall make any alterations in or to the Residential Unit without first notifying Sponsor in writing and complying with Sponsor's requirements with respect to the alterations. Such requirements may include, but need not be limited to, the requirements that:

(i) such work not include any change that would result in a delay in obtaining a temporary or permanent certificate of occupancy for the Building, or any amendment to, or extension of, the certificate of occupancy if theretofore issued;

(ii) the Residential Unit Owner post a bond or other similar security that is reasonably acceptable to Sponsor in any amount sufficient (in Sponsor's reasonable judgment) to insure the diligent completion of the work and the filing of any required notices or certificates with all governmental authorities having jurisdiction with respect to such work and the completion of the work;

(iii) such work not be commenced until the Residential Unit Owner causes all required plans, specifications, notices and/or certifications to be filed with all governmental authorities having jurisdiction, procures all required permits and licenses with respect to the same, and delivers copies of all such plans, specifications, notices, certifications, permits and licenses to Sponsor;

(iv) such work be diligently prosecuted to completion in compliance with all plans, specifications, notices and/or certifications and in conformity with all permits and licenses;

(v) Sponsor and its representatives shall be given reasonable opportunity, from time to time, to inspect such work as it progresses;

(vi) promptly after the completion of such work, all necessary inspections and approvals of the work shall be obtained, all necessary notices and/or certifications shall be filed with the appropriate governmental authorities and Sponsor shall be given a copy of all such inspections, approvals, notices and certifications;

(vii) the Residential Unit Owner shall indemnify and hold Sponsor harmless from any cost, expense, claim, or liability arising, directly or indirectly, from such work, including, without limitation, any cost, expense, claim, or liability incurred or suffered by Sponsor due to any violation of Law or due to any delay in obtaining a temporary or permanent certificate of occupancy for the Building (or any amendment to, or extension of, the certificate of occupancy if theretofore issued) as a result of such work or the failure to make all appropriate governmental filings in connection with same; and

(viii) all contractors shall be duly licensed to the extent required by applicable Law and, if required under any contract with any union whose Members are performing services at the Building (including, without limitation, services directly or indirectly at the behest, for the benefit, or for the account of Sponsor, any other Unit Owner, or the Condominium Board), such work shall be performed solely by union members.

If any Residential Unit Owner commences any such alterations in violation of the foregoing terms and conditions, or fails to comply with the reasonable requirements of Sponsor in connection with the alterations, Sponsor shall be entitled to cause such work by the Residential Unit Owner to be halted, including, without limitation, to cause the Managing Agent to deny access to the Building to the Residential Unit Owner's workers and suppliers, until the Residential Unit Owner complies with the same. During the period until the Residential Unit Owner is permitted hereunder to resume its work, Sponsor shall have the

right to perform any and all work in and to the Residential Unit as shall be necessary, in Sponsor's sole judgment, in order to avoid any delay in obtaining a temporary or permanent certificate of occupancy for the Building (or any amendment to, or extension of, the certificate of occupancy if theretofore issued), whether or not such work shall be in compliance with the plans and specifications for the work theretofore performed by, or on behalf of, such Residential Unit Owner. The cost and expense of any such work performed by Sponsor shall be borne by such Residential Unit Owner and shall be paid to Sponsor within 15 days of Sponsor's written demand therefore.

Section 5.3 *Alterations, Additions, or Improvements to the Common Elements.* Except as otherwise provided in the Declaration or in these By-Laws, all necessary or desirable alterations, additions, or improvements in or to any of the Common Elements shall be made by the Condominium Board, and the cost and expense thereof shall constitute a General Common Expense attributable to all Unit Owners, if relating to the General Common Elements, or a Residential Common Expense attributable to all Residential Unit Owners, if relating to the Residential Common Elements and/or Limited Residential Common Elements. Notwithstanding the foregoing, however, whenever the cost and expense of such alterations, additions, or improvements would, in the judgment of the Condominium Board, exceed $500,000 with respect to the General Common Elements or the Residential Common Elements and/or the Limited Residential Common Elements, at any one time, in any fiscal year, such proposed alterations, additions or improvements shall not be made unless first approved by the Unit Owners if relating to the General Common Elements, or the Residential Unit Owners, if relating to the Residential Common Elements and/or the Limited Residential Common Elements (including Sponsor if Sponsor then owns any Unsold Residential Unit) owning 66 2/3% of the aggregate Common Interests or Residential Common Interests, as applicable, at a duly constituted meeting of the Unit Owners or the Residential Unit Owners, as applicable, and by the Mortgage Representatives, if any. Except as otherwise provided in the Declaration and in these By-Laws, all such alterations, additions, or improvements costing $500,000 or less, in any fiscal year may be made as aforesaid without the approval of either the Unit Owners or any Mortgage Representatives. Notwithstanding the foregoing, no additions, alterations, or improvements shall be made to any of the Common Elements, regardless of the cost thereof, unless the prior written consent of Sponsor is first obtained, provided, however, that Sponsor's written consent is not necessary if such additions, alterations, or improvements to the Common Elements is required to (i) comply with Law; or (ii) remedy any notice of violation; or (iii) remedy any work order of the Condominium's issuer. In no event will the limitations imposed in the preceding sentence continue beyond the earlier to occur of (i) 5 years from the First Closing or (ii) until such time as Sponsor no longer owns 25% in number of all Residential Units.

Section 5.4 *Insurance.*

(A) If the same shall be obtainable, the Condominium Board shall obtain, and shall maintain in full force and effect, special multi-peril insurance policies including fire with extended "all risk" coverage, replacement cost coverage and agreed valuation, vandalism and malicious mischief endorsements, insuring the entire Building (other than the space defined by the dimensions of the Units and any appliances, fixtures, improvements or any furniture, furnishings, decorations, belongings, or other personal property contained therein) together with all service machinery contained therein and covering the interests of the Condominium, the Condominium Board, all of the Unit Owners and all Permitted Mortgagees, as their respective interest may appear. Each of the said policies shall contain:

(i) waivers of (a) subrogation, (b) any defense based upon co-insurance or other insurance, (c) invalidity arising out of any acts of the insured, and (d) pro-rata reduction of liability;

(ii) a provision that any adjustment of loss will be made by the Condominium Board and that all proceeds thereof shall be paid to either the Condominium Board or the Insurance Trustee, as provided in Section 5.5 hereof.

(iii) a New York standard mortgagee clause in favor of each Permitted Mortgagee, which shall provide that the proceeds thereof shall be paid to such Permitted Mortgagee as its interest may appear, subject, however, to the loss payment provisions in favor of the Condominium Board and the Insurance Trustee set forth in subparagraph (ii) above and in Section 5.5 hereof; and

(iv) a provision that such policy may not be either canceled or substantially modified except upon at least 30 days prior written notice to the Condominium Board and all insureds who may have requested such notice, including Permitted Mortgagees.

Duplicate originals or certificates of insurance of all such policies and of all renewals thereof, together with proof of payment of premiums, shall be on file at the office of the Managing Agent. Copies thereof shall be delivered to any Unit Owner or Permitted Mortgagee on written request thereof.

(B) The Condominium Board shall also obtain and maintain, to the extent it deems practicable:

(i) comprehensive general liability insurance, covering all claims for personal injury or property damage arising out of any occurrence on the Property and listing as co-insureds (a) the Condominium Board and each member thereof, (b) the Managing Agent or manager (if any), (c) each officer and employee of the Condominium and (d) each Unit Owner (except, however, that such insurance shall not cover any liability of a Unit Owner arising from occurrences within the own Unit or its Limited Residential Common Elements, if any);

(ii) rent insurance;

(iii) worker's compensation and New York State disability benefits insurance;

(iv) boiler and machinery insurance;

(v) water damage insurance;

(vi) officers and directors liability insurance;

(vii) fidelity insurance and bonds covering all officers, directors and employees of the Condominium and Managing Agent;

(viii) plate glass insurance;

(ix) elevator liability and collision insurance;

(x) Commercial umbrella insurance; and

(xi) such other insurance as the Condominium Board shall from time to time determine.

Each of the aforementioned policies of insurance shall also cover cross-liability claims of one insured against another.

(C) All policies of insurance to be maintained by the Condominium Board shall contain such limits as the Condominium Board shall from time to time determine, provided, however, that:

(i) with respect to insurance policies maintained by the Condominium Board pursuant to paragraph (A) hereof, the coverage shall be in an amount equal to not

less than 80% of the full replacement cost of the Building, exclusive of footings and foundations, without deduction for depreciation, as approved by a fire insurance company, a qualified insurance broker, or another qualified source;

(ii) with respect to insurance policies maintained by the Condominium Board pursuant to subparagraph (i) of paragraph (B) hereof, such policies shall contain single limits of not less than $1,000,000 in the aggregate; and

(iii) with respect to insurance policies maintained by the Condominium Board pursuant to subparagraph (ii) of paragraph (B) hereof, the coverage shall be in an amount equal to the aggregate of all of the Unit Owners' Common Charges for one year.

Any insurance policies maintained by the Condominium Board may also provide for such deductible amounts as the Condominium Board shall determine. The Condominium Board shall review the limits of each insurance policy, as well as the amount of any deductible sum thereunder, at least once each year.

(D) The cost of all insurance maintained by the Condominium Board pursuant to this Section 5.4, together with the fees and disbursements of any Insurance Trustee appointed by the Condominium Board pursuant to the terms of these By-Laws, shall be borne by the Unit Owners as a General Common Expense or the Residential Unit Owner's as a Residential Common Expense, depending on the item to which the coverage relates.

(E) Unit Owners are required to carry other insurance, at their expense, insuring the contents of their Units and their respective Limited Residential Common Elements and liability insurance with respect to acts occurring therein. All such policies shall contain waivers of subrogation and provide that the liability of the carriers issuing the insurance maintained by the Condominium Board shall not be affected or diminished by reason of any such additional insurance carried by any Unit Owner. In addition, the Owners of Units 29 and 30 will be required to deliver at Closing, insurance covering the swimming pools located on the Terraces appurtenant to their respective Units in such amounts as shall be determined by the Condominium Board. Each Residential Unit Owner shall be required to maintain insurance for their Storage Lockers and Private Terraces in amounts sufficient to cover the property located therein. All such certificates of insurance shall name the Condominium Board, the Condominium and Sponsor as additional insureds.

Section 5.5 *Casualty or Condemnation.*

(A) In the event that either (i) the Building or any part thereof is damaged or destroyed by fire or other casualty ("Casualty Loss") or (ii) the General Common Elements and/or Residential Common Elements and/or Limited Residential Common Expense, or any part thereof is taken in condemnation or by eminent domain ("Taking"), the net insurance proceeds payable under the insurance policies maintained by the Condominium Board pursuant to the terms of Section 5.4 hereof by reason of such Casualty Loss or the net condemnation awards receivable by reason of such Taking, as the case may be, shall be payable either to the Condominium Board, if the same shall be $1,000,000 or less in the aggregate, or to the Insurance Trustee, if the same shall exceed $1,000,000 in the aggregate. In either instance, all such monies actually received ("Trust Funds") shall be held in trust for the benefit of all Unit Owners, with respect to the portion thereof allocated to a Casualty Loss to or Taking of the General Common Elements and the Units, and for the benefit of all Residential Unit Owners with respect to the portion thereof allocated to a Casualty Loss to or Taking of the Residential Common Elements, the Limited Residential Common Elements and the Residential Units, and their Permitted Mortgagees and shall be disbursed pursuant to the terms of this Section 5.5. Notwithstanding anything to the contrary contained either in this paragraph (A) or elsewhere in this Section 5.5, however, no Unit Owner whose Unit, its appurtenant Limited Residential Common Elements, if any, or any portion thereof are taken in condemnation or by eminent domain (whether or not all or a part of the

Common Elements are contemporaneously taken) shall be deemed to have waived whatever rights that the Unit Owner may have to pursue a separate claim against the condemning authority by reason thereof.

(B) Subject to the terms of paragraph (D) hereof, the Condominium Board shall arrange for the prompt repair or restoration ("Work") of: (i) in the event of a Casualty Loss, the portion(s) of the Building (including all Units and the bathroom and kitchen fixtures installed therein on the date of recording the Declaration and all service machinery contained therein, but not including appliances, fixtures, improvements made therein by a Unit Owner, or any furniture, furnishings, decorations, belongings, or other personal property supplied or installed by either Unit Owners or the tenants of Unit Owners) affected by such Casualty Loss, or (ii) in the event of a Taking, the portion(s) of the Common Elements or the Units affected by such Taking. If, pursuant to the immediately preceding sentence, Work is to be performed in or to Units, Common Elements that service or enclose Units and other Common Elements, or any combination of the foregoing, the Work shall be performed to the extent practicable, first in or to the Units, next in or to the Common Elements that service or enclose Units and then in or to the balance of the Common Elements. Each Unit Owner whose Unit, its appurtenant Limited Residential Common Elements, if any, or any portion thereof, shall be the subject of all or part of any Work shall have the right subject to the terms of Section 5.2 hereof, to supervise any redecorating of the Unit or of such Limited Residential Common Element, if any.

(C) In the event that Work shall be performed pursuant to the terms of paragraphs (B) and (D) of this Section 5.5, the Condominium Board or the Insurance Trustee, as the case may be, shall disburse the Trust Funds to the contractors engaged in the Work in appropriate progress payments. If the Trust Funds shall be less than sufficient to discharge the cost and expense of performing the Work, the Condominium Board shall levy a Special Assessment against all Unit Owners for the amount of such deficiency in proportion to their respective Common Interests, for Work to the General Common Elements and against all Residential Unit Owners, and all proceeds of such Special Assessment shall become part of the Trust Funds. If, conversely, the Trust Funds shall prove to be more than sufficient to discharge the cost and expense of performing the Work, such excess shall be paid to all Unit Owners in proportion to their respective Common Interests, with respect to Work to the Common Elements, except that no payment shall be made to a Unit Owner until there has first been paid, out of such Unit Owner's share of such excess, such amounts as may be necessary to reduce unpaid liens on the Unit Owner's Unit (other than mortgages that are not Permitted Mortgages) in the order of priority of such liens. Notwithstanding the foregoing, however, in the event that the Unit Owners are assessed pursuant to the terms of the second sentence of this paragraph (C) for any projected deficiency in the amount of the Trust Funds available to the Condominium Board and, after the payment of all costs and expenses incurred in connection with the Work, any portion of the Trust Funds remaining unspent, such excess Trust Funds shall, to the extent of such Special Assessment, be deemed to be, and shall constitute, an unspent Special Assessment and shall be paid to the Unit Owners so assessed in proportion to their respective Common Interests, with respect to Work to the Common Elements, free of any claim of any lienor (including without limitation, any Permitted Mortgagee).

(D) If either 75% or more of the Building is destroyed or substantially damaged by fire or other casualty or 75% or more of the Common Elements are taken in a Taking, the Work shall not be performed unless 75% or more of all Unit Owners (including Sponsor if Sponsor shall then own any Units), in aggregate Common Interests, shall promptly resolve to proceed with the same. In the event that a sufficient number of Unit Owners shall so resolve, the Work shall be performed pursuant to the terms of paragraphs (B) and (C) hereof. Conversely, in the event that a sufficient number of Unit Owners shall either fail or refuse to so resolve, the Work shall not be performed and the Property shall be subject to an action for partition by any Unit Owner or lienor, as if owned in common, in which event the net proceeds of the resulting sale, together with any Trust Funds, shall be paid to all Unit Owners in proportion to their respective Common Interest, to the extent allocated to destroyed or damaged portions of the General Common Elements and to all Residential Unit Owners in proportion to their respective Residential Common Interest, to the extent allocated to destroyed or damaged portions of the Residential Units or the Residential Common Elements or the Limited Residential Common Elements, and to the Commercial Unit Owners to the extent

allocated to destroyed or damaged portions of the Commercial Units, except that no payment shall be made to a Unit Owner until there first has been paid, out of such Unit Owner's share of such funds, such amounts as may be necessary to pay off any Permitted Mortgage and other unpaid liens on the Unit Owner's Unit in the order of priority of such liens.

(E) In the event that the damage resulting from a Casualty Loss shall (i) render one or more Units wholly or partially unusable for the purposes permitted and in the Declaration or (ii) destroy the means of access to one or more Units, the installments of Common Charges otherwise payable by the Owner of any Unit so affected thereby shall proportionately abate until such Unit shall again be rendered usable for such purposes and/or until the means of access thereto shall be restored, as the case may be. Notwithstanding the foregoing, however, if such Casualty Loss shall be caused by the act, the omission to act, or the negligence of the Owner of a Unit so affected thereby, by a Family Member of such Unit Owner, or by a tenant or other occupant of such Unit, such installments of Common Charges shall abate only to the extent of any proceeds of rent insurance actually collected by the Condominium Board with respect to such Unit.

(F) If (i) a portion of any Unit shall be taken in condemnation or by eminent domain and (ii) the Condominium shall not be terminated by reason of a simultaneous Taking pursuant to the terms of paragraph (D) hereof, the Common Interest and Residential Common Interest, where applicable, appurtenant to such Unit shall be adjusted in the proportion that the total floor area of such Unit and its appurtenant Limited Residential Common Elements, if any, after such Taking bears to the total floor area of such Unit and its appurtenant Limited Residential Common Elements, if any, prior to such Taking. The Condominium Board shall promptly prepare and record an amendment to the Declaration reflecting the new Common Interest and new Residential Common Interest, where applicable, appurtenant to such Unit, which amendment shall be executed by the Owner of such Unit together with the holders of record of any liens thereon (or, in lieu of execution by such Unit Owner and lienors, the same may execute a consent to such amendment in recordable form). Following the Taking of a portion of a Unit and the recording of the aforementioned amendment to the Declaration, the votes appurtenant to such Unit shall be based upon the new Common Interest and new Residential Common Interest, where applicable, of such Unit, and, in the event of a Taking of an entire Unit, the right to vote appurtenant to such Unit shall wholly terminate. In either event, the Common Interests and Residential Common Interest, where applicable, of the other remaining Units shall be adjusted accordingly and reflected in an amendment to the Declaration duly executed and acknowledged by the Condominium Board and the owners of all of the other or remaining Units together with the holders of the Permitted Mortgages.

(G) As used in this Section 5.5, the terms:

(i) "Prompt repair or restoration" shall mean that the Work is to be commenced not more than either: (a) 60 days after the date upon which the Insurance Trustee notifies the Condominium Board that it has received Trust Funds sufficient to discharge the estimated cost and expense of the Work, or (b) 90 days after the date upon which the Insurance Trustee notifies the Condominium Board that it has received Trust Funds insufficient to discharge the estimated cost and expense of the Work, or (c) in the event that the Trust Funds are payable to the Condominium Board pursuant to the terms of paragraph (A) of this Section 5.5, 60 days after the date upon which the Condominium Board notifies the Unit Owners that it has received the Trust Funds, whether or not the same are sufficient to discharge the cost and expense of the Work;. In the event there are insufficient Trust Funds to discharge the estimated cost and expense of the Work, the Condominium Board shall levy a Special Assessment for the amount of such deficiency in accordance with paragraph (C) of this Section 5.5; and

(ii) "Promptly resolve" shall mean that a resolution shall be duly made not more than 60 days after the date upon which the Condominium Board notifies the Unit Owners

that it has received the Trust Funds and that the same are or are not sufficient to discharge the estimated cost and expense of the Work, as the case may be.

(H) Any dispute that may arise under this Section 5.5 between Unit Owners or between any Unit Owner(s) and the Condominium Board shall be resolved by arbitration pursuant to the terms of Article 10 hereof.

Section 5.6 *Use of the Property.*

(A) No nuisance shall be allowed on the Property, nor shall any use or practice be allowed that either is a source of annoyance to its residents or interferes with the peaceful possession or proper use of the Property by its residents or occupants. No immoral, improper, offensive, or unlawful use shall be made of the Property or any portion thereof, and all valid Laws relating to any portion of the Property shall be complied with at the sole cost and expense of the respective Unit Owners or the Condominium, whoever shall have the obligation to maintain or repair such part of the Property.

(B) Nothing shall be done or kept in any Unit or in any of the Common Elements that would increase the rate of insurance for the Property, except upon the prior written consent of the Condominium Board. In the event that the rate of insurance for the Property is increased as a direct result of a particular or unique use being made of the Commercial Units, and not as a result of the typical uses for which the Commercial Units may be occupied or for which Commercial spaces in similar Building is normally occupied, the Commercial Unit Owners shall be obligated to pay the amount of such increase in the rate of insurance. No Unit Owner shall permit anything to be done or kept in a Unit or in the Common Elements that will result in the cancellation of insurance on the Property or the contents thereof, or that would be in violation of any Law. No waste shall be committed in the Common Elements.

(C) Nothing shall be done in any Unit or in, on, or to the Common Elements that will impair the structural integrity of the Property or will structurally change the Building, except as is otherwise provided in the Declaration or in these By-Laws. In no event shall interior partitions contributing to the support of any Unit or the Common Elements be altered or removed.

Section 5.7 *Use of the Units.*

(A) In order to provide for congenial occupancy of the Property and for the protection of the values of the Units, the use of Units shall be restricted to, and shall be in accordance with, the terms contained in the balance of this Section 5.7.

(B) Subject to the terms of paragraphs (C) and (D) of this Section 5.7, each Residential Unit shall be used for residential use only and not more than one family may occupy a Residential Unit at any one time; and the Commercial Unit may be used for any purpose permitted by Law. A Residential Unit may not be used for any "dormitory", "bed and breakfast" or other transient hotel-type use. A Residential Unit owned or leased by an individual, corporation, partnership, fiduciary, or any other entity (including, but not limited to embassies and consulates of foreign governments) may only be occupied only by an individual, or by an individual officer, director, stockholder, or employee of such corporation, or by an individual partner or employee of such partnership, or by an individual fiduciary (including directors, officers, stockholders, or employees of corporate fiduciaries and partners and employees of partnership fiduciaries), or by an individual beneficiary of said fiduciary, or by an individual principal or employee of such other entity, respectively, or by the Family Members and guests of any of the foregoing (and nothing herein contained shall be deemed to prohibit the exclusive occupancy of any such Unit by such Family Members and guests). Notwithstanding the foregoing, Sponsor (or, when there are no longer any Unsold Residential Units, the Condominium Board) may, in its sole discretion, permit Persons other than those set forth above to occupy a Residential Unit. In no event, however, shall a portion of a Residential Unit (as opposed to the entire Residential Unit) be sold, conveyed, leased, or subleased.

(C) The Condominium Board may, in its sole discretion, consent to the use of a Residential Unit as a professional or business office or for any purpose other than that set forth in paragraph (B) hereof, provided that the nature and manner of such use complies with Law and does not violate the then existing Certificate of Occupancy covering the Building. Any such consent shall be in writing and shall be personal to such Residential Unit Owner. Any lessee of, or successor in title to, such Residential Unit Owner shall be required to obtain the prior written consent of the Condominium Board before using such Residential Unit for any purpose other than that set forth in paragraph (B) hereof.

(D) Notwithstanding anything to the contrary contained in this Section 5.7, Sponsor may, without the consent of either the Condominium Board or the Unit Owners:

(i) grant permission for the use of any Unsold Residential Unit as a professional or business office or for any other purpose, provided that the nature and manner of such use complies with Law and the user thereof complies with all applicable governmental regulations; and

(ii) use any one or more Unsold Residential Unit as model Units and offices for the sales promotion, rental, management and operation of the Unsold Residential Units or for any other purpose, subject only to compliance with Law.

(E) The Commercial Units may be used for any purpose permitted by Law.

Section 5.8 *Use of the Common Elements.*

(A) Subject to the terms of paragraphs (B) and (C) of this Section 5.8, the Common Elements (including, without limitation, the electrical, heating, gas, plumbing and other mechanical systems and equipment of the Building and the Facilities) may be used only for the furnishing of the services and facilities, and for the other uses, for which they are reasonably suited and capable. In addition, no furniture, packages, or objects of any kind shall be placed in the lobbies, vestibules, public halls, stairways, public elevators, or any other part of the Common Elements (except for those areas designated as storage areas) without the prior written consent of the Condominium Board. The lobbies, vestibules, public halls, stairways and public elevators shall be used only for normal passage through them. Accordingly, all Unit Owners shall require their tradesperson to utilize exclusively the elevator and entrance designated by the Condominium Board for transporting packages, merchandise, or other objects.

(B) The owner or owners of any 2 or more Residential Units, which Residential Units are the only Units serviced or benefited by any Residential Common Element adjacent or appurtenant to such Residential Units (for example, that portion at the end of any residential hallway that is directly adjacent to any such Residential Units located on opposite sides of such hallway) shall, with the consent of the Condominium Board (which consent shall not be unreasonably withheld or delayed), have the right to use such Residential Common Elements exclusively, as if it were a part of such Residential Units (including the right, in the above example of a portion of a hallway, to enclose such portion), and no amendment to the Declaration or reallocation of Common Interests shall be made by reason thereof. In such event, however, such owner or owners shall, at such owner's or their sole cost and expense, both (i) operate, maintain and repair such Residential Common Element for so long as such owner or owners exercise such exclusive right of use and (ii) restore such Residential Common Element to its original condition, reasonable wear and tear excepted, after such owner or owners cease to exercise such exclusive right of use.

(C) The terms of paragraph (A) of this Section 5.8 shall not apply to Sponsor for so long as there are any Unsold Residential Units. Sponsor shall have the right, without charge or limitation, to: (i) erect and maintain signs, of any size or content determined by Sponsor on or about any portion of the Common Elements chosen by Sponsor including, the area adjacent to the main entrance of the Building; (ii) have its employees, contractors, subcontractors and sales agents present on the Property; and (iii) do all things

necessary or appropriate, including the use of the Common Elements (such as lobbies, corridors and the like), to sell, lease, manage, or operate Unsold Residential Units, to complete any work or repairs to the Building expressly undertaken by Sponsor and to comply with Sponsor's obligations under the Plan and the Condominium Documents. In no event, however, shall Sponsor be entitled to use any Common Elements in such a manner as will unreasonably interfere with the use of any Unit for its permitted purposes.

(D) Storage Lockers may be used only for the storage of personal effects of Residential Unit Owner, and in no event shall any food or other perishable item, or any flammable or explosive item, or any item which would pose a health or safety threat or cause noxious odors, dirt or other sanitary problems or create a nuisance, be stored in a Storage Locker. Except for Sponsor, a Storage Locker may not be owned unless Unit Owner also owns a Residential Unit. The Condominium Board shall have the right to promulgate additional rules regarding the use of and access to Storage Lockers and procedures for granting and assigning Storage Licenses.

(E) Each Private Terrace may be used by the licensee of such Private Terrace for passive recreational use, and shall be subject to such rules and regulations as may be promulgated by the Condominium Board, from time to time, including restrictions on the hours of access and use. For the purpose of promoting a harmonious appearance from the exterior of the Building, any and all changes to the furnishings located on the Private Terraces which were provided by Sponsor, shall be subject to the prior written approval of the Condominium Board. Except for Sponsor, no Private Terrace may be licensed independently of the ownership of a Residential Unit.

(F) The Condominium Board has the authority to promulgate additional rules regarding the use of, and access, to the Storage Lockers and Private Terraces and the procedures for assigning such Storage Lockers and Private Terraces. A Residential Unit Owner may transfer or surrender a License to the Condominium Board which shall be authorized to reissue such License to another Residential Unit Owner for such consideration as the Condominium Board shall deem appropriate.

(G) Notwithstanding anything to the contrary contained in this Section 5.8, Sponsor may, without the consent of either the Condominium or the Unit Owners, use any Unsold Storage Locker or Private Terrace for any purpose, provided such use is permitted by Law.

Section 5.9 *Rights of Access.*

(A) Each Unit Owner shall grant to the Condominium Board, to the Managing Agent or manager (if any), to the Resident Manager or to any other Person authorized by any of the foregoing a right of access (including the right of forced entry if required in the discretion of the party seeking such entry) to the Unit and its appurtenant Limited Residential Common Elements, if any, the Storage Locker or Private Terrace, for the purposes of:

(i) making inspections of, or removing violations noted or issued by any governmental authority against, the Common Elements or any other part of the Property;

(ii) curing defaults hereunder or under the Declaration or violations of the Residential Rules and Regulations committed by such Unit Owner or correcting any conditions originating in the Unit and threatening another Unit or all or a portion of the Common Elements;

(iii) performing maintenance, installations, alterations, repairs, or replacements to the structural elements, mechanical or electrical services, or other portions of the Common Elements located within the Unit or elsewhere in the Building;

(iv) reading, maintaining, or replacing utility meters relating to the Common Elements, to the Unit, or to any other Unit; or

(v) correcting any condition that violates the provisions of any Permitted Mortgage encumbering another Unit.

Except in cases of emergency (that is, a condition requiring repairs or replacement immediately necessary for the preservation or safety of the Building or for the safety of the occupants of the Building or other individuals, or required to avoid the suspension of any necessary service in the Building), the foregoing rights of access shall be exercised only upon not less than 1 day's advance notice and only in such a manner as will not unreasonably interfere with the normal conduct of business of the Commercial Unit Owners or other occupants of the Commercial Units or with the use of the Residential Units and their appurtenant Limited Residential Common Elements for their permitted purposes. In cases of emergency, however, such rights of access may be exercised immediately, without advance notice and whether or not the Unit Owner is present.

(B) Each Unit Owner shall grant a right of access to the Unit and its appurtenant Limited Residential Common Elements, if any, and the Condominium Board shall grant rights of access to the Common Elements, to Sponsor and its contractors, subcontractors, agents and employees for the purpose of fulfilling Sponsor's obligations as set forth in the Plan or in any amendment thereto, provided that access thereto shall not be exercised, with respect to any Unit and its appurtenant Limited Residential Common Elements, if any, in such a manner as will unreasonably interfere with the use of such Unit and its appurtenant Limited Residential Common Elements, if any, for their permitted purposes.

Section 5.10 *Modification of the Residential Rules and Regulations.* The Condominium Board shall have the right to amend, modify, add to, or delete any of the Residential Rules and Regulations from time to time, provided, however, that any such amendment, modification, addition, or deletion may be overruled by a vote of at least 66 2/3% of all Residential Unit Owners, in number and Common Interest. Copies of the text of any amendments, modifications, additions, or deletions to the Residential Rules and Regulations shall be furnished to all Unit Owners not less than 30 days prior to the effective date thereof. Notwithstanding the foregoing, the Condominium Board shall not have the right to amend, modify, add to, or delete any of the Residential Rules and Regulations if the same would materially and adversely affect Sponsor and/or the Commercial Unit Owners, without the prior written consent of Sponsor or the affected Commercial Unit Owner. Notwithstanding the foregoing, the Condominium Board shall not have the right to amend, modify, add to, or delete any of the Residential Rules and Regulations if the same would adversely affect a Commercial Unit and the use thereof, without the prior written consent of the affected Commercial Unit Owner.

Section 5.11 *Real Estate Taxes.* Unless and until real estate taxes are billed directly to Unit Owners by the City Collector, the Condominium Board shall promptly pay such taxes as a Common Expense. In the event of a proposed sale of any Unit, the Condominium Board (for so long as the Condominium Board is still paying such real estate taxes) shall, upon the written request of the selling Unit Owner, execute and deliver to the purchaser of such Unit, or to such purchaser's title company, a letter agreeing to promptly pay all such real estate taxes affecting such Owner's Unit to the date of the closing of title to such Unit.

Section 5.12 *Fuel.* Unless and until fuel is billed directly to Unit Owners by the supply company, in accordance with and subject to the provisions of the Plan, the cost and expense of fuel (for heating and cooling) serving or benefiting any Unit and/or Common Element shall be: (i) considered part of the expense of maintaining such Unit and/or Common Element, (ii) determined by the Condominium Board, (iii) paid by the Condominium Board, and (iv) charged to: (a) the Unit Owners as a General Common Expense for such portion attributable to the General Common Elements, (b) the Commercial Unit Owners as a General

Common Expense for such portion attributable to the Commercial Units, and (c) the Residential Unit Owners as a Residential Common Expense for such portion attributable to the Residential Units and/or the Residential Common Elements and/or the Limited Residential Common Elements. In addition, the cost of submetering shall be a Residential Common Expense if pertaining to Residential Units only a General Common Expense if pertaining to all Units. In the event there is a particular or unique use being made of a Unit and/or Common Element, the Condominium Board shall cause a new survey to be made the cost of which shall be borne by the Unit Owners as a General Common Expense.

Section 5.13 *Water Charges and Sewer Rents.* Unless and until water is separately metered in a Unit and water charges and sewer rents are billed directly to a Unit Owner by the City Collector, in accordance with and subject to the provisions of the Plan, the cost and expense of water serving or benefiting a Unit and/or Common Element shall be: (i) considered part of the expense of maintaining such Unit and/or Common Element, (ii) determined by the Condominium Board, (iii) paid by the Condominium Board, and (iv) charged to: the Residential Unit Owners as a Residential Common Expense for such portion attributable to the Residential Units and/or Residential Common Elements and/or Limited Residential Common Elements, and (b) the Unit Owners as a General Common Expense for such portion attributable to the General Common Elements. In addition, the cost of submetering shall be a Residential Common Expense if pertaining to Residential Units only or a General Common Expense if pertaining to all Units.

Section 5.14 *Electricity.*

(A) Electricity for each Residential Unit and the Commercial Units (including tenants occupying portions of the Commercial Units) shall be either individually direct metered or submetered for each Unit (or portion thereof).

(B) If individually direct metered, each Unit Owner shall be required to pay the billing utility directly for electricity consumed in such Unit Owner's Unit (or portion thereof) and in the Limited Residential Common Elements to which such Residential Unit has exclusive access.

(C) If the Residential Units or the Commercial Units are submetered, each Unit Owner shall be required to pay bills for electricity consumed in such Unit Owner's Unit either to the Condominium Board or to the utility company or to the servicing company engaged by the Condominium Board to perform such services all at the direction of the Condominium Board. The Common Expenses shall include fees for administering and servicing the submeters. In the event that a Unit Owner fails to pay for its submetered electricity, the Condominium Board shall be responsible to pay such expense on the Unit Owner's behalf and such electricity charges shall be deemed Common Charges allocable to the defaulting Unit Owner and the Condominium Board shall have a lien for non-payment of the expense as provided in Article 6.4 of these By-Laws.

(D) Electricity for the Residential Common Elements shall be supplied through one or more separate meters therefore and the cost thereof will be paid by the Condominium Board and will be borne by the Residential Unit Owners as Residential Common Charges.

(E) The cost of sub-metering shall be a Residential Common Expense if pertaining to Residential Units only or a General Common Expense if pertaining to all Units.

(F) Any disputes with respect to submetering rates and billing must be submitted to Arbitration pursuant to Article 10 of these By-Laws."

Section 5.15 *Record and Audits.*

(A) The Treasurer of the Condominium, or the Managing Agent under the supervision of such Treasurer, shall keep full, detailed and accurate records and books of account with respect to the

financial affairs of the Condominium, which records and books of account shall include, without limitation, (i) a listing of all receipts of and expenditures by the Condominium Board and the Managing Agent and (ii) a separate listing for each Unit, setting forth, among other things, the amount of each assessment of Common Charges and Special Assessments levied against such Unit, the date when due, the amounts paid thereon and the balance, if any, remaining unpaid, as well as all Permitted Mortgages having an interest in such Unit.

(B) Within 4 months after the end of each fiscal year of the Condominium, the Condominium Board shall submit to each Unit Owner, and, if so requested, to any Permitted Mortgagee, an annual report of the receipts and expenditures of the Condominium prepared and certified by an independent certified public accountant. The cost of preparing and distributing each such report shall be borne by the Condominium Board as a General Common Expense. The fiscal year of the Condominium shall be a calendar year.

ARTICLE 6

COMMON CHARGES

Section 6.1 *Determination of Common Expenses and Fixing of Common Charges*

(A) From time to time, but not less frequently than once a year, the Condominium Board shall: (i) prepare and adopt a budget for the Condominium, subject, in all respects, to the strictures set forth in Section 2.5 hereof; (ii) determine the aggregate amount of Common Charges necessary to be charged to the Unit Owners in order to meet the Common Expenses; and (iii) allocate and assess such Common Charges amongst the Unit Owners in accordance with allocations set forth in the First Year's Budget. The Condominium Board shall advise all Unit Owners promptly thereafter in writing of the amount of Common Charges payable by each of them, not later than 10 days prior to the date upon which the first installment of newly-determined Common Charges is due, shall furnish copies of the budget (in a reasonably itemized form) upon which such Common Charges are based to all Unit Owners and to their respective Permitted Mortgagees whenever requested in writing by such Permitted Mortgagees. The Condominium Board may, subject to paragraph (E) of this Section 6.1, at its sole discretion, from time to time increase or decrease the amount of Common Charges allocated to the Units and payable by the Unit Owners and may modify its prior determination of the Common Expenses for any fiscal year so as to increase or decrease the amount of Common Charges payable for such fiscal year or portion thereof; however, no such revised determination of Common Expenses shall have a retroactive effect on the amount of Common Charges payable by Unit Owners for any period prior to the date of such new determination. Notwithstanding the foregoing, however, the Condominium Board shall not reduce the Common Charges payable during any fiscal year occurring within the Initial Control Period solely as a result of either reducing the number of employees of the Condominium below the number employed (or anticipated in the First Year's Budget) for the Property on the date of recording the Declaration except with the Sponsor's prior written consent, or eliminate or reduce the insurance coverage below that provided for the Property on such date, except with the concurrence of a majority of the Members of the Condominium Board elected by Unit Owners other than Sponsor. All Unit Owners will be given a copy of the proposed annual budget of the Condominium at least 10 days prior to the date set for adoption thereof by the Condominium Board.

(B) The failure or delay of the Condominium Board to prepare or adopt a budget or to determine the Common Expenses for any fiscal year or portion thereof shall not be deemed a waiver or modification in any respect of the covenants and provisions hereof or a release of any Unit Owner from the obligation to pay Common Charges. In such event, the Common Charges that were computed on the basis of the Common Expenses last determined for any fiscal year or portion thereof shall continue thereafter to be the Common Charges payable by the Unit Owners until a new determination of the Common Expenses shall be made.

(C) In addition to the foregoing duty to determine the amount of and assess Common Charges, the Condominium Board shall have the right, subject, in all respects, to the strictures contained in Section 2.5 hereof, to levy Special Assessments to meet the Common Expenses. All Special Assessments relative to the General Common Elements shall be levied against all Unit Owners in proportion to their respective Common Interests and all Special Assessments relative to the Residential Common Elements and/or the Limited Residential Common Elements shall be levied against all Residential Unit Owners in proportion to their Residential Common Interests, except with respect to any Special Assessments relative to the Storage Licenses and/or Private Terrace Licenses which shall be levied solely against the licensees of such Licenses in equal shares relating to the number of such Licensees in the Storage Area and/or the affected Private Terrace, as the case may be. Special Assessments may be payable either in one lump sum or in installments, as the Condominium Board shall determine, provided, however, that the Condominium Board shall give each Unit Owner not less than 15 days' written notice prior to the date upon which such Special Assessment, or the first installment thereof, shall be due and payable, which notice shall set forth, in reasonable detail, the nature and purpose thereof. The Condominium Board shall have all rights and remedies for the collection of Special Assessments as are provided herein for the collection of Common Charges (including, without limitation, the provisions of Section 6.4 hereof).

(D) The excess of all rents, profits and revenues derived from the rental or use of any space forming a part of, or included in, any, General Common Element, or Residential Common Element remaining after deduction of all expenses incurred in connection with generating the same shall constitute income of the Unit Owners or the Residential Unit Owners, as applicable and shall be collected on behalf of the Unit Owners or Residential Unit Owners, as applicable by the Condominium Board and applied against the General Common Expenses attributable to the General Common Elements, or the Residential Common Expenses attributable to the Residential Common Elements, or the Limited Residential Common Elements, as appropriate for the fiscal year in which collected. In the event that such net rents, profits and revenues, together with the Common Charges and any Special Assessments collected from the Unit Owners, for any year of operation shall exceed the Common Expenses for such year, then such excess shall be applied by the Condominium Board against the General Common Expenses attributable to the General Common Elements, or the Residential Common Expense attributable to the Residential Common Elements or the Limited Residential Common Elements depending on whether the excess relates to the General Common Elements or the Residential Common Elements or the Limited Residential Common Elements for the next succeeding year(s) of operation. No Unit Owner shall be entitled to a distribution of any portion of such excess unless the Condominium Board shall determine to distribute all or part of such excess to all Unit Owners pro-rata, in proportion to their respective Common Interests, or Residential Common Interests, as appropriate and any such distributions must be made out of the Common Charges collected from Unit Owners.

(E) Common Expenses have been allocated amongst the Residential Units (in the aggregate) and the Retail Unit and the Garage Unit, on the basis of usage rather than Common Interest. The First Year's Budget sets forth the percentage for each line item, if any, to be paid for by the Residential Units and the Commercial Units, which percentages are deemed presumptive evidence of reasonableness. The Condominium Board may not modify these allocations without the consent of a Majority of the Commercial Unit Owners. Any new line items which may be added to budget by the Condominium Board in the future shall be paid for on the same basis.

Section 6.2 *Payment of Common Charges*

(A) All Unit Owners (including Sponsor with respect to Unsold Residential Units for so long as the same are owned thereby) shall be obligated to pay Common Charges and Special Assessments assessed by the Condominium Board pursuant to the terms of Section 6.1 hereof at such time or times (but not less than annually) as the Condominium Board shall determine. Unless otherwise determined by the Condominium Board, Common Charges shall be payable in installments on the first day of every month in advance. To the extent permitted by Law, the Condominium Board shall have a lien on each Unit, on behalf

of all Unit Owners, for unpaid Common Charges and Special Assessments assessed against such Unit. Such lien, however, shall be subordinate, to the extent required by Law, to any liens for real estate taxes assessed against such Unit and any sums unpaid on a Permitted Mortgage recorded against the Unit.

(B) Notwithstanding anything to the contrary contained in subparagraph (A) above, during the Initial Control Period, the Condominium Board, in its sole discretion, shall have the right to waive Unit Owner's obligations to pay Common Charges from and after the First Closing for a period to be determined by the Condominium Board, provided during such period, the basic operating costs of the Condominium (exclusive of reserves) are paid from the Working Capital Fund and any balance by Sponsor.

(C) No Unit Owner shall be liable for the payment of any part of the Common Charges and any Special Assessments assessed against the Unit subsequent to a sale, transfer, or other conveyance by Unit Owner of such Unit, together with its Appurtenant Interests, made in compliance with the terms of Article 7 hereof. A purchaser or other successor-in-title to the owner of a Unit shall be liable for the payment of all Common Charges and any Special Assessments accrued and unpaid against such Unit prior to such purchaser's acquisition thereof, except that, to the extent permitted by Law, a Permitted Mortgagee acquiring title to a mortgaged Unit or a purchaser at a mortgage foreclosure sale held with respect to a Permitted Mortgage shall not be liable, and such mortgaged Unit shall not be subject to a lien, for the payment of any Common Charges and Special Assessments assessed subsequent to the recording of such Permitted Mortgage and prior to the acquisition of title to such Unit by the Permitted Mortgagee or by such purchaser. However, in the event of a foreclosure of a Permitted Mortgage (whether by sale, deed in lieu of foreclosure, or otherwise), the defaulting Unit Owner shall remain fully liable for the payment of all unpaid Common Charges and Special Assessments that accrued prior to such foreclosure or sale. Any excess proceeds from such foreclosure or sale shall be paid directly to the Condominium Board in payment of all unpaid Common Charges and Special Assessments. In the case of a Residential Unit, any remaining unpaid Common Charges and Special Assessments that are not collected from such foreclosure sale or from the defaulting Residential Unit Owner shall be deemed a Residential Common Expense, collectible from all those who are Residential Unit Owners at the time the same is levied. In the case of the Commercial Unit, any remaining unpaid Common Charges and Special Assessments that are not collected from such foreclosure or sale or from the defaulting Commercial Unit Owner shall be deemed a Common Expense, collectible from all those who are Unit Owners at the time that the same is levied.

(D) Subject to the terms and conditions contained in these By-Laws, any Unit Owner may convey the Unit, together with its Appurtenant Interests, to the Condominium Board or to its designee, corporate or otherwise, on behalf of all Unit Owners, without being compensated therefor, and, in such event, be exempt from the payment of Common Charges and Special Assessments thereafter accruing, provided, however, that: (i) all Common Charges and any Special Assessments then due and payable with respect to such Residential Unit have been paid; (ii) such Residential Unit is free and clear of all liens and encumbrances other than a Permitted Mortgage and the statutory lien for unpaid Common Charges and Special Assessments; and (iii) no violation of any provision of the Condominium Documents then exists with respect to such Residential Unit. However, in no event shall Sponsor be permitted to convey any Unsold Residential Unit to the Condominium Board and thereby exempt itself from Common Charges and any Special Assessments attributable to such Residential Unit thereafter accruing unless the aggregate Residential Common Interests then appertaining to the Unsold Residential Units constitute 15% or less of the total Residential Common Interests then appertaining to all Residential Units, at least five years shall have elapsed from the date of the First Closing and, at the time of conveyance, Sponsor shall pay to the Condominium Board an amount equal to the product of the then current monthly Common Charges for the Unsold Residential Unit(s) being conveyed multiplied by 24.

(E) No Unit Owner shall be exempted from liability for the payment of Common Charges or Special Assessments by waiving the use or enjoyment of any or all of the Common Elements or by abandoning the Unit (except with respect to a conveyance of the same to the Condominium Board,

without compensation, pursuant to the terms of paragraph (C) hereof). Except as expressly provided to the contrary in paragraph (E) of Section 5.5 hereof, no Unit Owner shall be entitled to a diminution or abatement in the Common Charges or Special Assessments payable thereby for any inconvenience or discomfort arising from: (i) the failure or interruption of any utility or other services; (ii) the making of repairs or improvements to the Common Elements or any Unit (including, without limitation, such Unit) pursuant to the terms of Section 5.1, 5.2, or 5.3 hereof; or (iii) any action taken by the Condominium Board or the officers of the Condominium to comply with Law.

Section 6.3 *Statement of Common Charges.* The Condominium Board shall promptly provide a written statement of unpaid Common Charges due from any Unit Owner upon its receipt of a written request therefor from such Unit Owner. In addition, each Unit Owner shall be permitted to examine the books of account of the Condominium at reasonable times on business days, but not more frequently than once a month.

Section 6.4 *Common Charge Deposit for Foreign Owners.* Any Unit Owner that is a foreign government, a resident representative of a foreign government or such other person or entity otherwise entitled to the immunities from suit enjoyed by a foreign government (i.e., diplomatic or sovereign immunity) shall deposit with the Condominium Board an amount equal to two (2) times the then current annual Common Charges for such Unit, subject to increase from time to time as such Common Charges increase, together with the full amount of any special assessment levied against, or allocable to, such Unit, as security for the faithful observance by such Unit Owner of the terms, provisions and conditions of these By-Laws. In the event that such Unit Owner defaults in respect of the terms, provisions and conditions of these By-Laws, the Condominium Board may use, apply or retain the whole or any part of the security so deposited, to the extent required for the payment of any Common Charges or any other sum to which such Unit Owner is in default. In the Condominium Board applies or retains any part of said security, the Unit Owner in question, within ten (10) days after notice from the Condominium Board, shall deposit with the Condominium Board the amount so applied or retained so that such Condominium Board has the full amount of said security on hand at all times.

Section 6.5 *Default in Payment of Common Charges.*

(A) The Condominium Board shall take prompt action to collect any Common Charges due to the Condominium Board that remain unpaid for more than 15 days after the due date for the payment thereof, including, but not limited to the imposition of late charges, notice fees and the institution of such actions for the recovery of interest and expenses as provided in this Article 6. All costs and expenses incurred by the Condominium Board (including reasonable attorney's fees) as a result of its attempt to collect unpaid Common Charges and/or Special Assessments shall be borne by the Unit Owner and shall constitute Common Charges payable by such Unit Owner. In connection therewith, the Condominium Board shall have the right and obligation to cause liens for all sums due and owing to the Condominium Board to be filed in the Register's Office pursuant to the terms of Section 339-z of the Condominium Act, to cause such liens to be foreclosed in the manner provided in Section 339-aa of the Condominium Act and/or to institute all other proceedings deemed necessary or desirable by the Condominium Board to recover all such unpaid Common Charges, together with all additional sums of money collectible by the Condominium Board by reason of such nonpayment pursuant to the terms of paragraph (B) hereof. A suit to recover a money judgment for unpaid Common Charges, however, shall be maintainable without foreclosing or waiving the lien securing such charges.

(B) In the event that any Unit Owner shall fail to make prompt payment of Common Charges, such Unit Owner shall be obligated to pay: (i) interest thereon at the rate of 1.5% per month of such unpaid amounts (less any late "charges" theretofore collected), to be computed from the due date thereof until paid in full, together with all costs and expenses paid or incurred by the Condominium Board, the Managing

Agent, or the manager (if any) in connection with collecting such unpaid Common Charges with interest as aforesaid and/or in foreclosing the aforementioned lien, including, without limitation, reasonable attorneys' fees and disbursements and court costs; (ii) a late charge of $150 per month for Common Charges which remain unpaid for more than 10 days after the date when due, plus all expenses of collection including but not limited to reasonable attorney's fees, in such amount as may be determined by the Condominium Board from time to time, to be computed from the due date thereof until paid in full. In addition, if the Condominium Board shall bring an action to foreclose the aforementioned lien, the defaulting Unit Owner will be required to pay a reasonable rental for the use of the Unit, and the plaintiff in such foreclosure action shall be entitled to the appointment of a receiver to collect the same. All such late charges, interest, costs and expenses and rentals shall be added to and shall constitute Common Charges payable by such Unit Owner.

(C) In any action brought by the Condominium Board to foreclose a lien on a Unit because of unpaid Common Charges, the Condominium Board shall have, on behalf of all Unit Owners, the power to purchase such Unit at the foreclosure sale thereof and to acquire, hold, lease, mortgage, convey, or otherwise deal with such Unit (but not to vote the votes appurtenant to the same). In the event that the net proceeds received on such foreclosure (after deduction of all legal fees and disbursements, advertising costs, brokerage commissions, court costs and other costs and expenses paid or incurred in connection therewith) shall be insufficient to satisfy the defaulting Unit Owner's obligations to the Condominium, such Unit Owner shall remain liable for the deficit. Any surplus on such foreclosure shall be paid to the defaulting Unit Owner after first paying all liens on such Unit Owner's Unit in the order of priority of such liens.

(D) If the Unit Owner shall at any time lease the Unit and shall default in the payment of any Common Charges or additional Common Charges, the Condominium Board may, at its option, so long as such default shall continue, demand and receive from the tenant the rent due or becoming due from such tenant to the Unit Owner, and apply the amount to pay sums due and to become due from the Unit Owner to the Condominium. Any payment by a tenant to the Condominium shall constitute a discharge of the obligation of such tenant to the Unit Owner, to the extent of the amount so paid. The acceptance of rent from any tenant shall not be deemed a consent to or approval of any leasing by the Unit Owner, or a release or discharge of any of the obligations of the Unit Owner hereunder. In the event the tenant fails to pay the rent to the Condominium after demand by the Condominium Board, the Condominium Board shall have the right to commence summary eviction proceedings in the name of or on behalf of the Unit Owner, against the tenant. All costs and expenses incurred by the Condominium Board (including reasonable attorney's fees) in connection therewith, shall be borne by the Unit Owner and shall constitute Common Charges payable by such Unit Owner.

ARTICLE 7

SELLING AND LEASING OF UNITS; ASSIGNMENT OF LICENSES

Section 7.1 *General.* Subject to the terms of Section 7.5 hereof, each Residential Unit Owner may (i) sell the Residential Unit and (ii) lease the Residential Unit for periods of not less nor more than 1 year, provided however, no Residential Unit Owner may sell or lease the Residential Unit except in compliance with the applicable provisions of this Article 7. Any purported sale or lease consummated in default in the applicable terms hereof shall be voidable at the sole election of the Condominium Board, and, if the Condominium Board shall so elect, the selling or leasing Residential Unit Owner shall be deemed to have authorized and empowered the Condominium Board to institute legal proceedings to eject the purported purchaser (in the event of an unauthorized sale) or to evict the purported tenant (in the event of an unauthorized lease) in the name of such Residential Unit Owner. Such Residential Unit Owner shall reimburse the Condominium Board for all costs and expenses paid or incurred in connection with such proceedings, including, without limitation, reasonable attorneys' fees and disbursements and court costs.

Section 7.2 *Right of First Refusal.*

(A) Subject to the terms of Sections 7.5 and 7.9 hereof, any contract to sell a Residential Unit together with its Appurtenant Interests and any lease of a Residential Unit ("Sale Agreement" or "Lease Agreement") shall contain the following language: "THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER ARE HEREBY MADE EXPRESSLY SUBJECT TO THE RIGHTS IF ANY, OF THE CONDOMINIUM BOARD OF THE CONDOMINIUM WITH RESPECT TO THE TRANSACTION EMBODIED HEREIN PURSUANT TO THE TERMS OF SECTIONS 7.2 AND 7.3 OF THE BY-LAWS OF THE CONDOMINIUM, AS THE SAME MAY HAVE BEEN AMENDED." Promptly after any such bona fide Sale Agreement or Lease Agreement shall be fully executed, the Residential Unit Owner executing the same ("Offeree Unit Owner") shall send written notice thereof to the Condominium Board by certified or registered mail, return receipt requested, which notice shall be accompanied by a fully executed, original counterpart of the Sale Agreement or Lease Agreement, as the case may be, containing all of the terms offered in good faith by the prospective purchaser or tenant ("Outside Offeror").

(B) The sending of the notice referred to in paragraph (A) of this Section 7.2 shall constitute an offer by the Offeree Unit Owner to sell the Residential Unit, together with its Appurtenant Interests, or to lease the Residential Unit, as the case may be, to the Condominium Board or to its designee, corporate or otherwise, on behalf of all Residential Unit Owners, subject, however, to any variance therefrom provided in Section 7.3 hereof. The giving of such notice shall further constitute a representation and warranty by the Offeree Unit Owner to the Condominium Board, on behalf of all Unit Owners, that such Offeree Unit Owner believes the Sale Agreement or Lease Agreement to be bona fide in all respects. Thereafter, upon the written demand of the Condominium Board, the Offeree Unit Owner shall submit to the Condominium Board, in writing, such further information with respect to the Outside Offeror and the Sale Agreement or Lease Agreement as the Condominium Board may reasonably request.

(C) The Condominium Board may elect, by sending written notice thereof to the Offeree Unit Owner by certified or registered mail not later than 30 days (in the event of a proposed sale) and 30 days (in the event of a proposed lease) after receipt of the notice referred to in paragraph (A) hereof together with such further information as may have been requested pursuant to the terms of paragraph (B) hereof, to purchase such Residential Unit together with its Appurtenant Interests or to lease such Residential Unit, as the case may be (or to cause the same to be purchased or leased by its designee, corporate or otherwise) on behalf of all Residential Unit Owners upon the same terms and conditions as were contained in the Sale Agreement or Lease Agreement and stated in the response(s) by the Offeree Unit Owner to any requests for additional information pursuant to the terms of paragraph (B) hereof. Notwithstanding anything to the contrary contained herein, however, the Condominium Board shall not exercise any option set forth in this Section 7.2 to purchase or lease any Residential Unit without the prior approval of a Majority of all Unit Owners.

(D) The Condominium Board 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 connection with its exercise of its right of first refusal with respect to the sale or lease of a Unit.

Section 7.3 *Acceptance of Offer*

(A) In the event that the Condominium Board shall elect, within the time and in the manner provided in Section 7.2 hereof, to purchase a Residential Unit together with its Appurtenant Interests, to lease such Residential Unit, or to cause the same to be purchased or leased by its designee, title shall close or a lease shall be executed, in either event in accordance with the terms of the Sale Agreement or Lease

Agreement, at the office of the attorneys for the Condominium Board within 45 days after the day upon which the Condominium Board shall give notice of its election to accept such offer.

(B) If such Residential Unit and its Appurtenant Interests are to be purchased by the Condominium Board or its designee on behalf of all Residential Unit Owners, such purchase may be made from the funds deposited in the capital and/or expense accounts of the Condominium. If the funds in such accounts are insufficient to effectuate such purchase, the Condominium Board may levy a Special Assessment against each Residential Unit Owner (other than the Offeree Unit Owner) in accordance with the terms of paragraph (C) of Section 6.1 hereof and/or the Condominium Board may, in its discretion, finance the acquisition of such Residential Unit; provided, however, that no such financing may be secured by an encumbrance on or a hypothecation of any portion of the Property other than the Residential Unit to be purchased together with its Appurtenant Interests. In addition, if the Outside Offeror was to assume or to take title to the Residential Unit subject to the Offeree Unit Owner's existing mortgage or mortgages pursuant to the Sale Agreement, the Condominium Board may purchase the Residential Unit and assume or take title thereto subject to such mortgage or mortgages as the case may be. At the closing of title, the Offeree Unit Owner shall convey the Residential Unit, together with its Appurtenant Interests, to the Condominium Board or to its designee, on behalf of all Residential Unit Owners, by deed in the form required by Section 399-o of the Condominium Act with all tax and/or documentary stamps affixed at the expense of the Offeree Unit Owner, who shall also pay all other transfer taxes arising out of such sale (including, if applicable, the New York State Real Property Transfer Gains Tax, the New York State Documentary Stamp Tax and the New York City Real Property Transfer Tax) notwithstanding any terms of the Sale Agreement to the contrary. Real estate taxes, mortgage interest (if applicable) and Common Charges shall be apportioned between the Offeree Unit Owner and the Condominium Board or its designee as of the closing date, notwithstanding any terms of the Sale Agreement to the contrary. Thereafter, such Residential Unit shall be held, so long as the same is owned by the Condominium Board or its designee, on behalf of all Residential Unit Owners, as tenants-in-common, and all such Unit Owners shall be deemed to have waived all rights of partition with respect to such Residential Unit and the entire Property, as herein provided.

(C) In the event that such Residential Unit is to be leased by the Condominium Board or its designee on behalf of all Residential Unit Owners, the Offeree Unit Owner shall execute and deliver to the Condominium Board or such designee a lease covering such Residential Unit by and between the Offeree Unit Owner, as landlord, and the Condominium Board or such designee, as tenant. Such lease shall be in the then current form of apartment lease recommended by the Real Estate Board of New York, Inc., and shall contain all of the terms and conditions of the Lease Agreement not in conflict with such form of lease, including, without limitation, the rental and term provided for therein. Notwithstanding anything to the contrary set forth hereinabove or in the Lease Agreement, however, such lease shall expressly provide that the Condominium Board or such designee may enter into a sublease of the premises demised thereunder without consent of the landlord.

Section 7.4 *Failure to Accept Offer.*

(A) In the event that the Condominium Board shall fail to accept an offer made pursuant to the terms of Section 7.2 hereof within the respective times set forth in paragraph (C) thereof, the Offeree Unit Owner shall be free to consummate the transaction embodied in the Sale Agreement or Lease Agreement within 60 days after (i) notice of refusal is sent to the Offeree Unit Owner by the Condominium Board or (ii) the expiration of the period within which the Condominium Board or its designee might have accepted such offer, as the case may be. If the Offeree Unit Owner shall fail to consummate the transaction embodied in the Sale Agreement or Lease Agreement within such 60 day period, then, should the Offeree Unit Owner thereafter elect to sell such Residential Unit together with its Appurtenant Interests or to lease such Unit, the Offeree Unit Owner shall be required again to comply with all of the terms and provisions of Section 7.2, 7.3 and 7.4 hereof, but not more often than once in any 12 month period, except the Condominium Board shall have the right to waive this for good cause shown, in its sole discretion.

(B) Any deed of a Residential Unit and its Appurtenant Interests to an Outside Offeror shall expressly provide that the acceptance thereof by the grantee shall constitute an assumption of all of the terms of the Condominium Documents, and, in the absence of such express language, the same shall be conclusively deemed to have been included herein.

(C) Each lease of a Residential Unit to an Outside Offeror shall be in the then current form of apartment lease recommended by the Real Estate Board of New York, Inc., subject to such modifications as may be approved in writing by the Condominium Board or such other form approved in writing by the Condominium Board. Notwithstanding the foregoing, however, each such lease shall be consistent with the Condominium Documents and shall expressly provide that:

(i) such lease may not be amended, modified, or extended without the prior written consent of the Condominium Board in each instance;

(ii) the tenant thereunder shall not assign the tenant's interest in such lease or sublet the premises demised thereunder or any part thereof without the prior written consent of the Condominium Board in each instance; and

(iii) the Condominium Board shall have the power to terminate such lease and/or to bring summary proceedings to evict the tenant in the name of the landlord thereunder in the event of (a) a default by the tenant in the performance of its obligations under such lease or (b) a foreclosure of the lien granted by Section 339-z of the Condominium Act.

Section 7.5 *Termination of, and Exceptions to, the Right of First Refusal.*

(A) A certificate executed and acknowledged by the Secretary of the Condominium or the Managing Agent, stating that the provisions of Section 7.2 hereof have been met by a Residential Unit Owner or that the right of first refusal provided for therein has been duly released or waived by the Condominium Board and that, as a result thereof, the rights of the Condominium Board thereunder have terminated, shall be conclusive upon the Condominium Board and all Unit Owners in favor of all persons who rely upon such certificate in good faith. After the due issuance of such a certificate, the Residential Unit to which the same shall relate, together with its Appurtenant Interests, may be sold, conveyed, or leased free and clear of the terms and conditions contained in Section 7.2 hereof. The Condominium Board shall furnish or cause the Managing Agent to furnish without charge, such certificate upon written request to any Residential Unit Owner in respect to whom the provisions of Sections 7.2 hereof have, in fact, been terminated. In no event, however, shall the right of first refusal described in Section 7.2 hereof be deemed released or waived by the Condominium Board (as opposed to satisfied pursuant to the express terms of Sections 7.2, 7.3 and 7.4 hereof) in the absence of the certificate that has been duly executed, acknowledged and issued by the Secretary of the Condominium or the Managing Agent as aforesaid.

(B) The terms and conditions contained in Section 7.2, 7.3 and 7.4 hereof shall not apply with respect to any sale, lease or conveyance of a Residential Unit, together with its Appurtenant Interests, by:

(i) the Residential Unit Owner thereof to any adult Family Members, to any combination of the same, or to a trust for the benefit of any of them (in which case the Condominium Board shall have the right to review the trust documents and provide for such terms and restrictions on such transfer as the Condominium Board deems advisable), provided, however, that if the succeeding Residential Unit Owner is an infant or a person judicially declared incompetent of managing affairs, then such Residential Unit shall be held by the personal representative of such infant or incompetent, or in the case of a Residential Unit Owner that is not an individual, to any entity or individual that owns more than 50% of the legal and

beneficial interests of such Residential Unit Owner or to any entity with respect to which such Residential Unit Owner (individual or otherwise) owns more than 50% of the legal and beneficial interest thereof;

(ii) Sponsor;

(iii) the Condominium Board;

(iv) any proper officer conducting the sale of a Residential Unit in connection with the foreclosure of a mortgage or other lien covering such Residential Unit or delivering a deed in lieu of such foreclosure; or

(v) any Permitted Mortgagee or its nominee, who has acquired title to any Residential Unit at any foreclosure sale of its Permitted Mortgage or by deed in lieu thereof delivered in a bona fide transaction;

provided, however, that each succeeding Residential Unit Owner shall be bound by, and the Residential Unit shall be subject to, all of the terms and conditions of this Article 7.

(C) The terms and conditions contained in Section 7.2, 7.3 and 7.4 hereof shall not apply with respect to any sale, lease or conveyance of a Commercial Unit, together with its Appurtenant Interests.

Section 7.6 *No Severance of Ownership.* No Unit Owner shall execute any deed or other instrument conveying title to the Unit without including therein its Appurtenant Interests, it being the intention to prevent any severance of such combined ownership. Any deed or other instrument purporting to affect one or more such interests shall be taken to include the interest or interests so omitted, even though the latter shall not be expressly mentioned or described therein. No part of the Appurtenant Interests of any Unit may be sold, conveyed, or otherwise disposed of, except as part of a sale, conveyance, or other disposition of the Unit to which such interests are appurtenant or as part of a sale, conveyance, or other disposition of such part of the Appurtenant Interests of all Units. Nothing contained in this Section 7.6, however, shall prohibit the lease of any Unit without the simultaneous lease of its Appurtenant Interests.

Section 7.7 *Payment of Common Charges.* No Unit Owner shall be permitted to convey or lease the Unit unless the Unit Owner shall have paid in full to the Condominium Board all unpaid Common Charges and Special Assessments theretofore assessed against such Unit and shall have satisfied all unpaid liens, other than that of Permitted Mortgages, levied against such Unit. However, where the payment of such unpaid Common Charges and/or Special Assessments is made by the grantee or provided for out of the proceeds of the sale, a sale may take place notwithstanding the foregoing.

Section 7.8 *Power of Attorney.* At the time of acquiring title to a Unit and as a condition thereof, the new Unit Owner shall duly execute, acknowledge and deliver to the representative of the title insurance company (or, if no such representative is present, to the Condominium Board) for recording in the Register's Office (at such Unit Owner's sole cost and expense), the Unit Owner's Power of Attorney required in Article 14 of the Declaration, in the form set forth as Exhibit E to the Declaration.

Section 7.9 *Gifts and Devises, Etc.* Any Unit Owner shall be free to convey or transfer the Unit, together with its Appurtenant Interests, by gift, or to devise the same by will or to have the same pass by intestacy, without restriction, provided, however, that each succeeding Unit Owner shall be bound by, and the Unit shall be subject to, the provisions of this Article 7.

Section 7.10 *Commencement of Time.* The period of time set forth in Section 7.2 for which the Condominium Board has to waive its right of first refusal shall not commence until such time as the

Condominium Board or its managing agent has received a completed sales or lease package, including all fees set forth therein, as the case may be, from a Residential Unit Owner. If the information provided by the Unit Owner or prospective purchaser or tenant, as the case may be, is incomplete, the Condominium Board shall have the right to request additional information and the 30 day period will commence on receipt by the Condominium Board of the additional information.

Section 7.11 *Costs and Expenses.* All costs and expenses incurred by the Condominium Board, including, without limitation, attorneys' fees and disbursements paid or incurred by the Condominium Board or by its Managing Agent in connection with any action taken by the Condominium Board with regard a violation of this Article 7, shall be bome by the Unit Owner as an Additional Common Charge.

Section 7.12 *Assignment of Licenses*

(A) No Residential Unit Owner shall be permitted to assign, convey or lease a Storage Locker and/or Private Terrace to anyone other than a Residential Unit Owner. Such licenses may be assigned by a Unit Owner at any time (and not subject to any right of first refusal by the Condominium Board) provided (i) the assignee is a Residential Unit Owner at the Condominium; (ii) the assignee assumes the obligations under the License Agreement; (iii) notification of the assignment is promptly delivered to the Condominium Board in compliance with its requirements; and (iv) all unpaid Common Charges and Special Assessments and other obligations due to the Condominium have been paid in full.

(B) If the Condominium Board terminates a License or a Residential Unit Owner surrenders a License without assigning the License to another Residential Unit Owner, the Condominium Board shall have the right to issue a new License to the Storage Locker and/or Private Terrace, as the case may be, to another Residential Unit Owner, in its sole discretion and the surrendering Unit Owner shall not be entitled to any compensation.

Section 7.13 *Sale or Lease of Commercial Units*

(A) The Commercial Unit Owners may sell, lease or convey their respective Units without the consent of the Condominium Board, the Managing Agent, the other Unit Owners or any other Person.

(B) Any proper officer conducting the sale of a Commercial Unit in connection with the foreclosure of a mortgage or other lien covering such Unit or delivering a deed in lieu of such foreclosure, or any Permitted Mortgagee or its nominee, who has acquired title to any Unit at any foreclosure sale of its Permitted Mortgage or by deed in lieu thereof in a bona fide transaction shall have the same rights as the Commercial Unit Owners to sell or lease such Unit as provided in paragraph (A) above.

(C) Upon the written request of a Commercial Unit Owner, the Condominium Board shall deliver to such Commercial Unit Owner or any designee, a statement ("Estoppel Certificate") indicating that such Commercial Unit Owner is current in its payment of all amounts due under the Declaration and the By-Laws, that no written notice of default has been sent to such requesting party and to the knowledge of the Condominium Board, no such default exists. Any such statement may be relied upon by any mortgagee or purchaser of the Commercial Unit. In addition, upon the written request of a Commercial Unit Owner accompanied by such documentation as is reasonably sufficient to allow the Condominium Board to proceed as hereinafter described, the Condominium Board will enter into a non-disturbance and attornment agreement ("Non-Disturbance Agreement") in a form reasonably satisfactory to such requesting Unit Owner with any tenant ("Tenant") of the Commercial Unit Owner which provides that: (i) the Tenant shall be entitled to continued undisturbed possession of such Unit or portion thereof leased by such Tenant, (ii) the Tenant's rights and privileges under the lease for such Unit or portion thereof ("Lease") shall not be diminished or

interfered with by the Condominium Board for any reason whatsoever during the term of the Lease or any extensions or renewals thereof, and (iii) except as provided in the last paragraph of this paragraph (C), the Condominium Board will not join the Tenant as a party defendant in any action or proceeding to foreclose upon the Unit or to enforce any rights or remedies of the Condominium Board under the Declaration and By-Laws which would cut-off, destroy , terminate or extinguish the Lease, provided that (a) the Tenant is not in default (beyond any applicable grace periods) in the payment of rent or additional rent or in the performance or observance of any of the other terms, covenants, provisions or conditions of the Lease, (b) the Tenant is not in default of any of the provisions of the Declaration and By-Laws, both at the time of the request and at the time of execution of the Non-Disturbance Agreement, (c) the Lease is in full force and effect, (d) the Tenant attorns to the Condominium Board and pays to the Condominium Board, all rentals and other monies due and to become due to the Commercial Unit Owner, under the terms of the Lease but only to the extent of a percentage of the unpaid Common Charges due from the Commercial Unit Owner, equal to the percentage of the total square footage of the Commercial Unit leased by such Tenant, it being understood that without affecting the Tenant's rights and protection afforded by the Non-Disturbance Agreement, the Tenant shall not be required to pay any rentals or other monies otherwise due or to become due to the Commercial Unit Owner to the Condominium Board if such payment is prohibited by the terms of any non-disturbance agreement granted to such Tenant by the mortgagee of any such Commercial Unit holding a first mortgage on such Commercial Unit. The Non-Disturbance Agreement shall be executed by the Tenant and the Condominium Board and prepared by the Condominium Board at the expense of the Unit Owner requesting the Non-Disturbance Agreement, which expense shall be limited to reasonable actual out-of-pocket expenses incurred by the Condominium Board, including reasonable attorneys' fees and disbursements.

Notwithstanding the foregoing, if it would be procedurally disadvantageous for the Condominium Board not to name or join the Tenant in a foreclosure proceeding with respect to the Commercial Unit, the Condominium Board may name or join the Tenant without in any way diminishing or otherwise affecting the rights and privileges granted to, or inuring to the benefit of, the Tenant under this Article.

ARTICLE 8

MORTGAGING OF UNITS

Section 8.1 *General.* Each Unit Owner shall have the right to mortgage the Unit, subject only to the terms and conditions contained in Section 8.2 hereof. Any Unit Owner who mortgages the Unit, or the holder of such mortgage, shall supply the Condominium Board with the name and address of the mortgagee and shall file a conformed copy of the note and mortgage with the Condominium Board. Any Unit Owner who satisfies a mortgage covering the Unit shall so notify the Condominium Board and shall file a conformed copy of the satisfaction of mortgage with the Condominium Board. The Secretary of the Condominium shall maintain such information in a book entitled "Mortgages of Units." The terms and conditions contained in this Section 8.1, however, shall not apply to Sponsor or the Commercial Unit Owners.

Section 8.2 *Restrictions on Mortgaging*

(A) No Unit Owner shall be permitted to mortgage, pledge, or hypothecate the Unit unless and until the Unit Owner shall have paid in full to the Condominium Board all unpaid Common Charges and Special Assessments theretofore assessed against such Unit and shall have satisfied all unpaid liens, except the liens of Permitted Mortgages levied against such Unit.

(B) No Unit Owner shall execute any mortgage or other document mortgaging, pledging, or hypothecating title to the Unit without including therein its Appurtenant Interests, it being the intention to prevent any severance of such combined ownership. Any mortgage or other instrument purporting to affect one or more of such interests without including all such interests shall be deemed and

taken to include the interest or interests so omitted, even though the latter shall not be expressly mentioned or described therein.

(C) Any mortgage covering a Unit shall be substantially in the form used by any Institutional Lender.

(D) Any mortgage covering a Unit shall be made by an Institutional Lender, Sponsor, or by a Unit Owner providing purchase money financing in connection with the sale of the Unit.

Section 8.3 *Notice of Unpaid Common Charges and Default.* Whenever requested in writing by a Permitted Mortgagee, the Condominium Board shall promptly report to such Permitted Mortgagee any default by the Permitted Mortgagee's mortgagor in the payment of Common Charges or Special Assessments or in the observance or performance of any of the provisions of the Condominium Documents as to which the Condominium Board has knowledge then exists. The Condominium Board shall, when giving notice to a Unit Owner of any such default, also send a copy of such notice to the Permitted Mortgagee, if so requested. However, the Condominium Board shall have no liability for any failure, through oversight or negligence, in notifying a Permitted Mortgagee of any default by the mortgagor under the Condominium Documents, provided that (i) the Condominium Board shall advise such Permitted Mortgagee of the default promptly after discovering such failure and (ii) if the Condominium Board shall foreclose a lien on such mortgagor's Unit Pursuant to the terms of Section 6.4 hereof by reason of such default, the Condominium Board shall pay to such Permitted Mortgagee any net proceeds of any foreclosure sale of such Unit (after retaining all sums due and owing to the Condominium Board pursuant to the Condominium Documents) or such lesser sum as shall be due and owing to such Permitted Mortgagee.

Section 8.4 *Performance by Permitted Mortgagees.* Any sum of money to be paid or any act to be performed by a Unit Owner pursuant to the terms of the Condominium Documents may be paid or performed by the Permitted Mortgagee, and the Condominium Board shall accept such Permitted Mortgagee's payment or performance with the same force and effect as if the same were paid or performed by such Unit Owner.

Section 8.5 *Examination of Books.* Each Permitted Mortgagee shall be permitted to examine the books of account of the Condominium at reasonable times on business days, but not more frequently than once a month.

Section 8.6 *Consent of Mortgagees; Designation of Mortgage Representatives.*

(A) Except as otherwise expressly provided for herein or in the Declaration, no consent or approval by any mortgagee shall be required with respect to any determination or act of the Condominium Board or any Unit Owner, provided, however, that nothing contained herein shall be deemed to limit or affect the rights of any mortgagee against Unit Owner's mortgagor. In the event that any such consent or approval shall be expressly required pursuant to the terms of the Declaration or these By-Laws, the decision of a majority of the Mortgage Representatives, if any are designated pursuant to the terms of paragraph (B) of this Section 8.6, shall be deemed binding upon the holders of all mortgages encumbering Units.

(B) The holders of Institutional Mortgages constituting a majority in principal amount of all Institutional Mortgages may, if they so elect, designate not more than 3 Mortgage Representatives by giving written notice thereof to the Condominium Board, which Mortgage Representatives shall thereby be empowered to act as the representatives of the holders of all mortgages encumbering Units with respect to any matter requiring the consent or approval of mortgagees under the Declaration or these By-Laws. Any designation of a Mortgage Representative pursuant to the terms of this paragraph (B) shall be effective until any successor Mortgage Representative is designated pursuant to the terms hereof and written notice thereof is given to the Condominium Board. Unless otherwise required by Law, no holders of mortgages (which are

not Institutional Mortgages) shall be entitled to participate in the designation of Mortgage Representatives, but all holders of mortgages encumbering Units shall be subject to all determinations made by the Mortgage Representatives pursuant to the terms of the Declaration or these By-Laws.

ARTICLE 9

CERTAIN REMEDIES

Section 9.1 *Self Help.* If any Unit Owner shall violate or breach any of the provisions of the Condominium Documents on Unit Owner's part to be observed or performed, including, without limitation, any breach of Unit Owner's obligation to paint, decorate, maintain, repair, or replace the Unit or its appurtenant Limited Residential Common Elements, if any, pursuant to the terms of Article 5 hereof, and shall fail to cure such violation or breach within 5 days after receipt of written notice of the same from the Condominium Board, the Managing Agent, or any manager (or, with respect to any violation or breach of the same not reasonably susceptible to cure within such period, to commence such cure within such 5 day period and, thereafter, to prosecute such cure with due diligence to completion), the Condominium Board shall have the right to enter such Unit Owner's Unit and/or its appurtenant Limited Residential Common Elements, if any, and summarily to abate, remove, or cure such violation or breach without thereby being deemed guilty or liable in any manner of trespass. In addition, in the event that the Condominium Board shall determine that the abatement, removal, or cure of any such violation or breach is immediately necessary for the preservation or safety of the Building or for the safety of the occupants of the Building or other individuals or is required to avoid the suspension of any necessary service in the Building, the Condominium Board may take such action immediately, without prior notice and without allowing the said Unit Owner any period of time within which to cure or to commence to cure such violation or breach.

Section 9.2 *Abatement and Enjoinment.*

(A) In the event that any Unit Owner shall violate or breach any of the provisions of the Condominium Documents on Unit Owner's part to be observed or performed, the Condominium Board shall have the right (i) to enter any Unit or Common Elements 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 resulting in such violation or breach and the Condominium Board shall not thereby be deemed guilty or liable in any matter of trespass, and/or (ii) to enjoin, abate, or remedy the continuance or repetition of any such violation or breach by appropriate proceedings brought either at law or in equity, provided that the Condominium Board gives the Unit Owner notice (which may be by telephone or in writing) that such violation exists, that repairs or replacements are necessary and that the Condominium Board will complete such repairs or replacements in the event the Unit Owner does not promptly act or complete the repairs or replacements, and/or (iii) to levy such fines and penalties as the Condominium Board may deem appropriate, and the Condominium Board shall have the same remedies for non-payment of such fines and penalties as for non-payment of Common Charges.

(B) The violation or breach of any of the terms of the Condominium Documents with respect to any rights, easements, privileges, or licenses granted to Sponsor or the Commercial Unit Owners shall give to Sponsor or the Commercial Unit Owners the right to enjoin, abate, or remedy the continuation or repetition of any such violation or breach by appropriate proceedings brought either at law or in equity.

Section 9.3 *Remedies Cumulative.* The remedies specifically granted to the Condominium Board or to Sponsor or the Commercial Unit Owners in this Article 9 or elsewhere in the Condominium Documents shall be cumulative, shall be in addition to all other remedies obtainable at law or in equity and may be exercised at one time or at different times, concurrently or in any order, in the sole discretion of the

Condominium Board or Sponsor or the Commercial Unit Owners, as the case may be. Further, the exercise of any remedy shall not operate as a waiver, or preclude the exercise, of any other remedy.

Section 9.4 *Costs and Expenses.* All sums of money expended, and all costs and expenses incurred, by (i) the Condominium Board in connection with the abatement, enjoinment, removal, or cure of any violation, breach, or default committed by a Unit Owner pursuant to the terms of Section 9.1 or paragraph (A) of Section 9.2 hereof or (ii) Sponsor or the Commercial Unit Owners in connection with any abatement, enjoinment, or remedy of any violation or breach of the Condominium Documents pursuant to the terms of paragraph (B) of Section 9.2 hereof, shall be immediately payable by (a) in the event set forth in subparagraph (i) hereof, such Unit Owner to the Condominium Board or (b) in the event set forth in subparagraph (ii) hereof, the offending party (i.e., the Condominium Board or the Unit Owner) to Sponsor or the Commercial Unit Owners, as the case may be, which amount shall, in either event, bear interest (to be computed from the date expended) at the rate of 2% per month (but in no event in excess of the maximum rate chargeable to such Unit Owner pursuant to Law). All sums payable by a Unit Owner to the Condominium Board pursuant to the terms of this Section 9.3 shall, for all purposes hereunder, constitute Common Charges payable by such Unit Owner.

ARTICLE 10

ARBITRATION

Section 10.1 *Procedure.* Any matter required or permitted to be determined by arbitration pursuant to the terms of the Condominium Documents shall be submitted for resolution by a single arbitrator in a proceeding held in the City of New York in accordance with the then existing rules of the American Arbitration Association or any successor organization thereto. In the event that the American Arbitration Association shall not then be in existence and has no successor organization, any such arbitration shall be held in the City of New York before 1 arbitrator appointed, upon the application of any party, by any Justice of the highest court of appellate jurisdiction then located in the City of New York. The decision of the arbitrator so chosen shall be given within 10 days after selection or appointment. Any arbitrator appointed or selected in connection with any arbitration to be conducted hereunder shall be a member of a law firm having at least 5 Members whose principal office is located in the City of New York.

Section 10.2 *Variation by Agreement.* The parties to any dispute required or permitted to be resolved by arbitration pursuant to the terms of the Condominium Documents may, by written agreement, vary any of the terms of Section 10.1 hereof with respect to the arbitration of such dispute or may agree to resolve their dispute in any manner, including, without limitation, the manner set forth in Section 3031 of the New York Civil Practice Law and Rules and known as "New York Simplified Procedure for Court Determination of Disputes."

Section 10.3 *Binding Effect.* The decision in any arbitration conducted pursuant to the terms of Section 10.1 and 10.2 hereof shall be binding upon all of the parties thereto and may be entered in any court of appropriate jurisdiction.

Section 10.4 *Costs and Expenses.*

(A) The fees, costs and expenses of the arbitrator shall be borne by the losing party in the arbitration or, if the position of neither party to the dispute shall be substantially upheld by the arbitrator, such fees, costs and expenses shall be borne equally by the disputants. Each disputant shall also bear the fees and expenses of disputant's counsel and expert witnesses.

(B) All costs and expenses paid or incurred by the Condominium Board in connection with any arbitration held hereunder, including, without limitation, the fees and expenses of counsel and expert witnesses, shall constitute General Common Expenses, to be borne by all Unit Owners, if such arbitration relates to the Units, generally, or to the General Common Elements, and shall constitute Residential Common Expenses, to be borne by all Residential Unit Owners if such arbitration relates solely to the Residential Units or the Residential Common Elements or the Limited Residential Common Elements.

ARTICLE 11

NOTICES

Section 11.1 *General.* All notices required or desired to be given hereunder (except for notices of regular annual or special meetings of the Residential Unit Owners and except all meetings of the Condominium Board) shall be sent by registered or certified mail, return receipt requested, postage prepaid addressed:

(i) if to the Condominium Board, to the Condominium Board at its principal office as set forth in Section 1.5 hereof, with a copy sent by regular first class mail to the Managing Agent (if any) at its principal office address as aforesaid;

(ii) if to a Unit Owner other than Sponsor, to such Unit Owner at Unit Owner's address at the Property;

(iii) if to Sponsor, to Sponsor at its principal office as set forth in the Plan;

(iv) if to a Permitted Mortgagee, to such Permitted Mortgagee at its latest address designated in writing to the Condominium Board.

Any of the foregoing parties may change the address to which notices are to be sent, or may designate additional addresses for the giving of notice, by sending written notice to the other parties as aforesaid. All notices sent pursuant to the terms of this Section 11.1 shall be deemed given when mailed in the State of New York, provided, however, that notices of change of address, notices designating additional addresses and notices deposited in a United States Postal Service depository located outside of the State of New York shall be deemed to have been given when received.

Section 11.2 *Waiver of Service of Notice.* Whenever any notice is required to be given by Law or pursuant to the terms of the Condominium Documents, a waiver thereof in writing, signed by the Persons entitled to such notice, whether before or after the time stated therein, shall be deemed the equivalent thereof.

ARTICLE 12

AMENDMENTS TO BY-LAWS

Section 12.1 *General.*

(A) Subject to the terms of paragraph (B) hereof and subject, further, to any provisions contained in the Declaration or these By-Laws with respect to any amendments ("Special Amendments") affecting or in favor of Sponsor, the Commercial Unit Owners, the Commercial Units and/or any Permitted Mortgagee, any provision of these By-Laws may be amended, modified, added to, or deleted by the affirmative vote of not less than 66 2/3% in number and aggregate Common Interest of all Residential Unit Owners either taken at a duly constituted meeting thereof or given in writing without a meeting as provided in Section 4.10 hereof. Each duly adopted amendment, modification, addition, or deletion hereof or hereto shall

be effectuated in an instrument executed and recorded in the Register's Office by or on behalf of the Condominium Board as attorney-in-fact of all Unit Owners, which power-of-attorney shall be deemed irrevocable and coupled with an interest. Attached to each such instrument shall be an original, executed Secretary's Certification, certifying that the requisite number and percentage (where applicable) of Residential Unit Owners approved the amendment, modification, addition, or deletion set forth therein either at a duly constituted meeting of Residential Unit Owners or in writing without a meeting pursuant to the terms of Section 4.10 hereof, in which Secretary's Certification there shall be described the number and percentage (where applicable) of Residential Unit Owners approving the same and, if voted at a meeting, the date, time and place of such meeting. No such amendment, modification, addition, or deletion shall be effective unless and until such an instrument shall be duly recorded in the Register's Office.

(B) Notwithstanding anything to the contrary contained in paragraph (A) hereof, but still subject to any provision contained in the Declaration or these By-Laws with respect to Special Amendments:

(i) the Common Interest and Residential Common Interest, if any, appurtenant to any Unit, as set forth in the Declaration, shall not be altered without the consent of the Unit Owner thereof, except as otherwise provided in paragraph (E) of Section 5.5 hereof; and

(ii) the terms of Section 5.7 hereof may not be amended, modified, added to, or deleted unless not less than 80% in number and in aggregate Common Interests of all Unit Owners affected thereby shall approve such amendment, modification, addition or deletion in writing.

Section 12.2 *Special Amendments.*

(A) Any amendment, modification, addition, or deletion of or to any of the provisions of these By-Laws that, pursuant to the terms of the Declaration or these By-Laws, may be effected by Sponsor or the Commercial Unit Owners, without the consent of the Condominium Board or the Unit Owners, shall be embodied in an instrument executed and recorded in the Register's Office by Sponsor or the Commercial Unit Owners, as the case may be, as attorney-in-fact of both the Condominium Board and all Unit Owners, which power-of-attorney shall be deemed to be irrevocable and coupled with an interest. Attached to each such instrument shall be an original, executed Certification by Sponsor or the Commercial Unit Owners certifying that the amendment, modification, addition, or deletion set forth therein was effectuated by Sponsor or the Commercial Unit Owners pursuant to the terms of the Declaration and/or these By-Laws, in which Certification there shall be set forth the Article and/or Section of the Declaration or these By-Laws pursuant to which the same was effectuated. No such amendment, modification, addition, or deletion shall be effective unless and until such an instrument shall be duly recorded in the Register's Office.

(B) Notwithstanding any provision contained herein to the contrary, no amendment, modification, addition, or deletion of or to these By-Laws shall be effective in any respect against Sponsor or the Commercial Unit Owners, unless and until Sponsor or the affected Commercial Unit Owner shall consent to the same in writing.

(C) Notwithstanding any provision contained herein to the contrary, no amendment, modification, addition, or deletion of or to Section 5.4 or 5.5, paragraph (B) of Section 6.2, subparagraph (iv) or (v) of paragraph (B) of Section 7.5 or Article 8 hereof shall be effective with respect to the holder of any Permitted Mortgage theretofore made unless and until such Permitted Mortgagee shall have given its written consent thereto.

(D) Amendments, modifications, additions or deletions of or to the Declaration, these By-Laws and the Residential Rules and Regulations may be necessary, appropriate or desirable in connection with the operation of the Commercial Units or the subdivision of or combination of, or altering of, or

improvement to the Commercial Units and it is contemplated that in connection therewith a Commercial Unit Owner will cause the Declaration, these By-Laws and the Residential Rules and Regulations to be so amended, modified, added to or deleted from and that the resulting provisions thereof may be similar or dissimilar to those affecting the Residential Units and the Residential Unit Owners. In the case of any such amendment, modification, addition or deletion which does not adversely affect the Residential Units or the Residential Unit Owners, such Commercial Unit Owner shall be the attorney-in-fact for the Residential Unit Owners (including Sponsor so long as Sponsor owns any Unsold Residential Units), coupled with an interest, for the purpose of approving, executing and recording any instrument effecting such amendment, modification, addition or deletion.

ARTICLE 13

FURTHER ASSURANCES

Section 13.1 *General.* Any Person that is subject to the terms of these By-Laws, whether such Person is a Unit Owner, a lessee or sublessee of a Unit Owner, an occupant of a Unit, a member of the Condominium Board, an officer of the Condominium, or otherwise, shall, at the expense of any other Person requesting the same, execute, acknowledge and deliver to such other Person such instruments, in addition to those specifically provided for herein, and take such other action as such other Person may reasonably request in order either to effectuate the provisions of these By-Laws or any transaction contemplated herein or to confirm or perfect any right to be created or transferred hereunder or pursuant to any such transaction.

Section 13.2 *Failure to Deliver or Act.*

(A) If any Unit Owner or other Person that is subject to the terms of these By-Laws fails to execute, acknowledge, or deliver any instrument, or fails or refuses, within 10 days after request therefor, to take any action that such Unit Owner or Person is required to execute, acknowledge and deliver or to take pursuant to these By-Laws, then the Condominium Board is hereby authorized, as attorney-in-fact for such Unit Owner or other Person, coupled with an interest, to execute, acknowledge and deliver such instrument, or to take such action, in the name of such Unit Owner or other Person, and such document or action shall be binding on such Unit Owner or other Person.

(B) If the Condominium Board, any Unit Owner, or other Person that is subject to the terms of these By-Laws fails to execute, acknowledge, or deliver any instrument, or fails or refuses, within 10 days after request therefor, to take any action that the Condominium Board, such Unit Owner, or Person is required to execute, acknowledge and deliver or to take pursuant to these By-Laws at the request of Sponsor or a Commercial Unit Owner, as the case may be, then Sponsor, or a Commercial Unit Owner, as the case may be, is hereby authorized, as attorney-in-fact for the Condominium Board, such Unit Owner, or other Person, coupled with an interest, to execute, acknowledge and deliver such instrument, or to take such action, in the name of the Condominium Board, such Unit Owner or other Person, and such document or action shall be binding on the Condominium Board, such Unit Owner, or other Person. The Condominium Board shall not unreasonably withhold or delay its consent or approval with respect to any matter contained in these By-Laws which requires the consent or approval of the Condominium Board.

ARTICLE 14

MISCELLANEOUS

Section 14.1 *Inspection of Documents.* Copies of the Declaration, these By-Laws, the Residential Rules and Regulations and the Floor Plans, as the same may be amended from time to time, shall

be maintained at the office of the Condominium Board and shall be available for inspection by Unit Owners and their authorized agents during reasonable business hours.

Section 14.2 *Waiver.* No provision contained in these By-Laws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, regardless of the number of violations or breaches that may occur.

Section 14.3 *Conflict.* In the event that any provision of these By-Laws or of the Residential Rules and Regulations shall be construed to be inconsistent with any provision of the Declaration or of the Condominium Act, the provision contained in the Declaration or in the Condominium Act shall control.

Section 14.4 *Severability.* If any provision of these By-Laws is invalid or unenforceable as against any Person or under certain circumstances, the remainder of these By-Laws and the applicability of such provision to other Persons or circumstances shall not be affected thereby. Each provision of these By-Laws shall, except as otherwise provided herein, be valid and enforced to the fullest extent provided by Law.

Section 14.5 *Successors and Assigns.* The rights and/or obligations of Sponsor as set forth herein shall inure to the benefit of, and shall be binding upon, any successor or assignee of Sponsor or, with the consent of Sponsor, any transferee of all of the then Unsold Residential Units. The rights and/or obligations of the Commercial Unit Owners as set forth herein shall inure to the benefit of, and shall be binding upon, any successor or assignee of such Commercial Unit Owner or, with the consent of such Commercial Unit Owner, any transferee of such Commercial Unit.

Section 14.6 *Gender.* A reference in these By-Laws to any one gender, masculine or feminine, includes the other one, and the singular includes the plural, and vice-versa, unless the context otherwise requires.

Section 14.7 *Captions.* The index hereof and the captions herein inserted are included only as a matter of convenience and for reference, and in no way define, limit, or describe the scope of these By-Laws or the intent of any provision hereof.

ARTICLE 15

TAX STATUS AS A HOMEOWNERS ASSOCIATION

Section 15.1 *General.* The Condominium Board intends to act in a manner consistent with enabling the Condominium to be eligible to elect to be treated as a "homeowners association" under Section 528 of the Internal Revenue Code of 1986, as amended.

Section 15.2 *Organization.* The Condominium is and will be organized and operated to provide for the acquisition, construction, management, maintenance and care of the Property.

Section 15.3 *Inurement.* No part of the Condominium's net earnings shall inure, and the Condominium Board will act in a manner such that no part of such earnings will inure to the benefit of any private shareholder or individual (other than by acquiring, constructing, or providing management, maintenance, and care of the Property, and other than by rebate of excess membership dues, fees, or assessments).

Section 15.4 *Residential Use.* Substantially all of the Units are and will be used by individuals for residences.

ADDENDUM TO THE BY-LAWS

RESIDENTIAL RULES AND REGULATIONS

1. The sidewalks, entrance passages, public halls, elevators, vestibules, corridors and stairways of or appurtenant to the Building shall not be obstructed or used for any purpose other than ingress to and egress from the Residential Units.

2. No bicycles, rollerblades, scooters, skateboards or similar vehicle shall be taken into or from the Building through the main entrance or shall be allowed in any of the elevators of the Building other than the elevator designated by the Condominium Board or the Managing Agent for such purpose or ridden in the Building or the courtyard. No baby carriages or any of the above-mentioned vehicles shall be allowed to stand in the public halls, passageways, or other public areas of the Building.

3. All service and delivery persons will be required to use the service entrances or such other entrances of the Building designated by the Condominium Board or the Managing Agent. In addition, all servants, messengers and tradespeople visiting the Building shall use the elevator designated by the Condominium Board or the Managing Agent for the purposes of ingress and egress, and shall not use any of the other elevators for any purpose, provided, however, that nurses in the employ of Residential Unit Owners or their Family Members, guests, tenants, subtenants, licensees, or invitees may use any of the other elevators when accompanying said Unit Owners, Family Members, guests, subtenants, licensees, or invitees.

4. Trunks and heavy baggage shall be taken in or out of the Building only by the elevator designated by the Condominium Board or the Managing Agent for the purpose and only through the service entrances.

5. No article (including, but not limited to, garbage cans, bottles or mats) shall be placed or stored in any of the halls or on any of the staircases or fire tower landings of the Building, nor shall any fire exit thereof be obstructed in any manner.

6. No Residential Unit may be used for the storage of any flammable materials or any other materials the storage of which may constitute a Building code violation or which will increase the insurance requirements for the Building.

7. No refuse from the Residential Units shall be sent to the service area of the Building, except at such times and in such manner as the Condominium Board or the Managing Agent may direct. Nothing shall be hung or shaken from any doors, windows, or placed upon the window sills, of the Building, and no Residential Unit Owner shall sweep or throw, or permit to be swept or thrown, any dirt, debris or other substance therefrom.

8. There shall be no playing or lounging in the entrances, passages, public halls, elevators, vestibules, corridors, stairways, or fire towers of the Building.

9. The Condominium Board or the Managing Agent may, from time to time, curtail or relocate any portion of the Common Elements devoted to storage or service purposes in the Building.

10. Nothing shall be done or kept in any Residential Unit or in the Common Elements that will increase the rate of insurance of the Building, or the contents thereof. No Residential Unit Owner shall permit anything to be done or kept in the Residential Unit or in the Common Elements that will result in the cancellation of insurance on the Building, or the contents thereof, or that would be in violation of any Law. No Residential Unit Owner or any Family Members, agents, servants, employees, licensees, or visitors shall, at any time, bring into or keep in the Residential Unit any inflammable, combustible, or explosive fluid,

material, chemical, or substance, except as shall be necessary and appropriate for the permitted uses of the Residential Unit.

11. There shall be no barbecuing in the Residential Units, in their appurtenant Limited Residential Common Elements, if any, or in the Common Elements.

12. No Residential Unit Owner shall make, cause, or permit any unusual, disturbing, or objectionable noises or odors to be produced upon or to emanate from the Residential Unit or its appurtenant Limited Residential Common Elements, if any, or permit anything to be done therein that will interfere with the rights, comforts, or conveniences of the other Residential Unit Owners. No Residential Unit Owner shall play upon or suffer to be played upon any musical instrument, or shall operate or permit to be operated a phonograph, radio, television set, or other loudspeaker in such Unit Owner's Unit or its appurtenant Limited Residential Common Elements, if any, between 11:00 P.M. and the following 9:00 A.M., if the same shall disturb or annoy other occupants of the Building, and in no event shall any Residential Unit Owner practice of suffer to be practiced either vocal or instrumental music between the hours of 10:00 P.M. and the following 9:00 A.M.. No construction, repair work, or other installation involving noise shall be conducted in any Residential Unit except on weekdays (not including legal holidays) and only between the hours of 9:00 A.M. and 5:00 P.M., unless such construction or repair work is necessitated by an emergency.

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

14. In no event shall any animal be permitted in any public elevator of the Building, other than the elevator designated by the Condominium Board or the Managing Agent for that purpose, or in any of the public portions of the Building, unless carried or on leash. No pigeons or other birds or animals shall be fed from the window sills, or other public portions of the Building, or on the sidewalk or street adjacent to the Building.

15. No group tour, open house or exhibition of any Residential Unit or its contents shall be conducted, nor shall any auction sale be held in any Residential Unit, without the consent of the Condominium Board or the Managing Agent in each instance. In the event that any Residential Unit shall be used for home occupation purposes in conformance with the Declaration and the By-Laws, no patients, clients, or other invitees shall be permitted to wait in any lobby, public hallway, or vestibule.

16. Unless expressly authorized by the Condominium Board in each instance, not less than 80% of the total floor area of each room of each Residential Unit (excepting only kitchens, pantries, bathrooms, closets and foyers) must be covered with rugs, carpeting, or equally effective noise reducing material.

17. No window guards or other window decorations shall be used in or about any Residential Unit, except such as shall have been approved in writing by the Condominium Board or the Managing Agent, which approval shall not be unreasonably withheld or delayed. In no event, however, shall any windows of any Residential Unit be colored or painted.

18. No ventilator or air-conditioning device shall be installed in any Residential Unit or its appurtenant Limited Residential Common Elements, if any, without the prior written approval of the Condominium Board, which approval may be granted or refused in the sole discretion of the Condominium Board.

19. No radio or television aerial shall be attached to or hung from the exterior of the Building, and no sign, notice, advertisement, or illumination (including, without limitation, "For Sale," "For Lease," or "For Rent" signs) shall be inscribed or exposed on or at any window or other part of the Building, except such as are permitted pursuant to the terms of Declaration and/or the By-Laws or shall have been approved in writing by the Condominium Board or the Managing Agent. Nothing shall be projected from any window of a Residential Unit without similar approval.

20. 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.

21. Water-closets and other water apparatus in the Building shall not be used for any purpose other than those for which they were designed, and no sweepings, rubbish, rags or any other article shall be thrown into same. Any damage resulting from misuse of any water-closets or other apparatus in a Unit shall be repaired and paid for by the Owner of the Residential Unit.

22. Each Residential Unit Owner shall keep the Residential Unit and its appurtenant Limited Residential Common Elements, if any, in a good state of preservation, condition, repair and cleanliness in accordance with the terms of the By-Laws.

23. The agents of the Condominium Board or the Managing Agent, and any contractor or workperson authorized by the Condominium Board or the Managing Agent, may enter any room or Unit at any reasonable hour of the day, on at least 1 day's prior notice to the Residential Unit Owner, for the purpose of inspecting such Residential Unit for the presence of any vermin, insects, or other pests and for the purpose of taking such measures as may be necessary to control or exterminate any such vermin, insects, or other pests; however, such entry, inspection and extermination shall be done in a reasonable manner so as not to unreasonably interfere with the use of such Residential Unit for its permitted purposes.

24. The Condominium Board or the Managing Agent may retain a pass-key to each Residential Unit. If any lock is altered or a new lock is installed, the Condominium Board or the Managing Agent shall be provided with a key thereto immediately upon such alteration or installation. If the Residential Unit Owner is not personally present to open and permit an entry to the Residential Unit at any time when an entry therein is necessary or permissible under these Residential Rules and Regulations or under the By-Laws, and has not furnished a key to the Condominium Board or the Managing Agent, then the Condominium Board or Managing Agent or their agents (but, except in an emergency, only when specifically authorized by an officer of the Condominium or an officer of the Managing Agent) may forcibly enter such Unit without liability for damages or trespass by reason thereof (if, during such entry, reasonable care is given to such Residential Unit Owner's property).

25. If any key or keys are entrusted by a Unit Owner, by any Family Member thereof, or by an agent, servant, employee, licensee, or visitor to an employee of the Condominium or of the Managing Agent, whether for the Residential Unit or an automobile, trunk, or other item of personal property, the acceptance of the key shall be at the sole risk of such Residential Unit Owner, and neither the Condominium Board nor the Managing Agent shall (except as provided in Rule 22 above) be liable for injury, loss, or damage of any nature whatsoever, directly or indirectly resulting therefrom or connected therewith.

26. Residential Unit Owners and their respective Family Members, guests, servants, employees, agents, visitors, or licensees shall not at any time or for any reason whatsoever, enter upon, or attempt to enter upon, the roof of the Building unless such roof is part of a lawful terrace.

27. No occupant of the Building shall send any employee of the Condominium or of the Managing Agent out of the Building on any private business.

28. Any consent or approval given under these Residential Rules and Regulations may be amended, modified, added to, or repealed at any time by resolution of the Condominium Board. Further, any such consent or approval may, in the discretion of the Condominium Board or the Managing Agent, be conditional in nature.

29. No Residential Unit Owner shall install any plantings on any Terrace or roof without the prior written approval of the Condominium Board. Plantings shall be placed in containers impervious to dampness and standing on supports at least two inches from the Terrace or roof surface, and if adjoining a wall, at least three inches from such wall. Suitable weep holes shall be provided in the containers to draw off water. In special locations, such as a corner abutting a parapet wall, plantings may be contained in containers which shall be at least three inches from the parapet and flashing, with the floor of drainage tiles and suitable weep holes at the sides to draw off water. Such masonry planting beds shall not, however, rest directly upon the surface of such Terrace or roof but shall stand on supports at least two inches above such surface. No planting shall be permanently affixed to a Terrace or roof surface but shall be able to be easily moved. It shall be the responsibility of the Residential Unit Owner to maintain the containers in good condition, and the drainage tiles and weep holes in operating condition. Such Residential Unit Owner shall pay the cost of any repairs rendered necessary by or damage caused by such plantings. The Condominium Board shall have an easement and a right of access to the Terrace appurtenant to the a Unit to inspect the same and to remove violations therefrom and to install, operate, maintain, repair, alter, build, restore, and replace any of the Common Elements located in, over, under through, adjacent to, or upon the same.

30. No Residential Unit Owner shall enclose, erect a greenhouse and/or alter the Terrace appurtenant to a Residential Unit in any way, without the prior written consent of the Condominium Board.

31. Complaints regarding the service of the Condominium shall be made in writing to the Condominium Board and the Managing Agent.

32. The licensees of the Private Terraces shall be restricted at all times from erecting, building, and/or placing any structure or object on such Private Terrace which would in any way restrict, impair, diminish, obstruct, or interfere with the light, air and views enjoyed by the occupants of the floors located above the Private Terraces. Notwithstanding the foregoing the licensees of the Private Terraces shall not be prohibited from placing non-permanent outdoor furniture and plantings on the Private Terraces in accordance with the rules and regulations promulgated by the Condominium Board.

EXHIBIT E

TO THE DECLARATION

UNIT POWER OF ATTORNEY

UNIT POWER OF ATTORNEY

Terms used in this Unit Power of Attorney which are used (a) in the declaration (the "Declaration") establishing a plan for condominium ownership of the premises known as 40 Mercer Street Condominium ("Condominium") and by the street number 40 Mercer Street, New York, New York under Article 9-B of the Real Property Law of the State of New York, dated _____, ____, and recorded in the New York County Office of the Register of The City of New York on _____, ____ under CRFN# _____, or (b) in the By-Laws of 40 Mercer Street Condominium ("By-Laws") attached to, and recorded together with, the Declaration, shall have the same meanings in this Power of Attorney as in the Declaration or the By-Laws.

The undersigned, _____, (having an office at) (residing at) _____, the owner of Unit __ (the "Unit") in the 40 Mercer Street Condominium which is designated and described as Unit No. _____ in the Declaration and also designated as Tax Lot ____ in Block 474 of Section 2 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, do(es) hereby nominate, constitute and appoint the persons who may from time to time constitute the Condominium Board, true and lawful attorneys-in-fact for the undersigned, coupled with an interest, with power of substitution, in their own names, as Members of the Condominium Board or in the name of their designee (corporate or otherwise), on behalf of all Unit Owners, in accordance with such Unit Owners' respective interests in the Common Elements, subject to the provisions of the By-Laws then in effect, (1)(a) following due authorization by a Majority of Unit Owners, to acquire or lease any Unit, together with its Appurtenant Interests, from any Unit Owner desiring to sell, convey, transfer, assign, surrender or lease the same, (b) to acquire any Unit, together with its Appurtenant Interests, from any Unit Owner who elects to surrender the same pursuant to the By-Laws, and (c) following due authorization by a Majority of Unit Owners, to acquire any Unit, together with its Appurtenant Interests, which becomes the subject of a foreclosure or other similar sale, all on such terms and at such price or rental, as the case may be, as said attorneys-in-fact shall deem proper, in the name of the Condominium Board or its designee, corporate or otherwise, on behalf of all Unit Owners, and, after any such acquisition or leasing, to convey, sell, lease, sublease, mortgage or otherwise deal with (but not vote the interest appurtenant thereto) any such Unit so acquired by them, or to sublease any Unit so leased by them without the necessity of further authorization by the Unit Owners, on such terms as said attorneys-in-fact may determine, granting to said attorneys-in fact the power to do all things in the said premises which the undersigned could do if the undersigned were personally present, (2) to commence, pursue, appeal, settle and/or terminate administrative and certiorari proceedings to obtain reduced real estate tax assessments with respect to Units, including retaining counsel and taking any other actions which the Condominium Board deems necessary or appropriate, and (3) to execute, acknowledge and deliver (a) any declaration or other instrument affecting the Property which the Condominium Board deems necessary or appropriate to comply with any law, ordinance, regulation, zoning resolution or requirement of the Buildings Department, the City Planning Commission, the Board of Standards and Appeals, or any other public authority, applicable to the maintenance, demolition, construction, alteration, repair or restoration of the Property or (b) any consent, covenant, restriction, easement or declaration, or any amendment thereto, affecting the Property or the Common Elements which the Condominium Board deems necessary or appropriate.

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

The undersigned (does) (do) hereby irrevocably nominate, constitute and appoint WXIV/Broadway Grand Realty, L.L.C. (hereinafter referred to as "Sponsor") as attorney-in-fact for the undersigned, coupled with an interest, with power of substitution, to amend from time to time the Declaration, By-Laws and the Residential Rules and Regulations of the Condominium, or any of said documents, when such amendment

(1) shall be required to reflect any changes in Unsold Residential Units and/or the reapportionment of the Common Interests of the affected Unsold Residential Units resulting therefrom made by Sponsor in accordance with the Declaration or (2) shall be required by (a) an Institutional Lender designated by Sponsor to make a mortgage loan secured by a mortgage on any Unit, (b) any governmental agency having regulatory jurisdiction over the Condominium, or (c) any title insurance company selected by Sponsor to insure title to any Unit provided, however, that any amendment made pursuant to the terms of subdivision (1) or (2) of this paragraph shall not (i) change the Common Interest of the Undersigned's Unit, (ii) require a material, physical modification to the Undersigned's Unit, or (iii) adversely affect the priority or validity of the lien of any mortgage held by an Institutional Lender covering the Undersigned's Unit unless the undersigned (in the event described in subdivision (i) or (ii) of this paragraph) or the holder of such mortgage (in the event described in subdivision (iii) of this paragraph shall consent thereto by joining in the execution of such amendment. The terms, covenants and conditions contained in, and the powers granted pursuant to, this paragraph shall remain in full force and effect until such time as Sponsor shall cease to own any Unit in the Condominium.

This Power of Attorney shall be irrevocable.

IN WITNESS WHEREOF, the undersigned has/have executed this Power of Attorney as of the ____ day of _____, ____.

_____

(ACKNOWLEDGEMENT)

ATTORNEY'S INCOME TAX OPINION

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February 18, 2005

WXIV/Broadway Grand Realty, L.L.C.
885 Third Avenue
New York, New York 10022

Re: 40 Mercer Condominium

Gentlemen:

In connection with the offering of condominium units under a plan entitled Condominium Offering Plan for 40 Mercer Condominium (the "Plan"), you have requested our opinion as special tax counsel to the Plan concerning certain tax matters. Specifically, you have requested our opinion as to the deductibility for federal and New York State income tax purposes of payments of mortgage interest and real estate taxes by individual Unit Owners. You have also asked for our opinion as to the tax status of the condominium association.

All capitalized terms not otherwise defined herein shall have the same meaning ascribed to them in the Plan.

We understand that under the Plan each Unit Owner will hold title to his Unit and an undivided interest in the Common Elements of the Property in fee simple. Under New York State law, each Unit and its interest in the Common Elements will be taxed as a separate parcel for real estate tax purposes. Each Unit Owner may place a separate mortgage on his Unit and, by doing so, incur direct liability for the interest payable on such mortgage.

In our opinion under present law, subject to the limitations discussed in the following paragraph and subject to limitations imposed on the deduction of itemized deductions, interest on a mortgage secured by a Residential Unit paid or accrued by owner of such Residential Unit who is liable for the interest payment on such mortgage and who uses the Residential Unit exclusively as his personal residence will be deductible for federal income tax purposes in the appropriate year according to his method of accounting, provided that he itemizes his deductions. In rendering this opinion we assume that such interest is not prepaid, that the mortgage proceeds were used by the Residential Unit Owner to purchase the Residential Unit, that the Residential Unit is the owner's principal residence and that the Residential Unit Owner is an individual.

However, interest will not be deductible on funds used to purchase a Storage License or Private Terrace License.

Except as provided below, residential interest is deductible if paid or accrued during the taxable year on indebtedness which is secured by either the taxpayer's principal residence, as defined for purposes of exclusion of gain on sale under Internal Revenue Code ("Code") Section 121, or on certain designated second homes. However, a ceiling is placed on the amount of indebtedness which may be taken into account for purposes of this deduction. In general, with respect to indebtedness incurred in purchasing a Unit, this ceiling is $1,000,000, or $500,000 in the case of a married individual filing a separate return. In addition, an individual may deduct interest on an additional $100,000 of indebtedness in excess of the $1,000,000 limit mentioned above as interest on home equity indebtedness. However, special limitations may apply to the deductibility of points and prepaid interest if any.

It is also our opinion under present law that real estate taxes assessed against a Residential Unit Owner's Unit, Storage License or Private Terrace License which are paid or accrued by such owner will be deductible for federal income tax purposes in the appropriate year according to his method of accounting, provided that he itemizes his deductions.

We note that in some cases the amount of mortgage interest deductible by an individual Residential Unit Owner subject to the alternative minimum tax may be less than the amount deductible by a Residential Unit Owner subject to the regular income tax and that no deduction is allowed for real estate taxes paid by a taxpayer subject to the alternative minimum tax.

The mortgage interest and real estate taxes described above will also be allowable as deductions for New York State income tax purposes to a resident individual. We express no opinion with respect to these items under the New York State personal income tax on nonresidents. We also express no opinion as to the taxation of Residential Unit Owners who are not individuals.

We have reviewed various documents included as exhibits in the Plan relating to the organization of the Condominium Board of 40 Mercer Condominium (the "Association"), including the Declaration of Condominium and By-Laws of the Condominium (which are the instruments which will create the Association).

Our opinion has been requested as to whether the Association will be eligible to qualify as a tax-exempt organization for federal income tax purposes. In order for the Association to qualify as an exempt organization for federal income tax purposes under Code Section 528 (a "homeowners association"), it must meet the following six conditions:

(1) The Association must be organized and operated to provide for the acquisition, construction, management, maintenance, and care of the Association's property.

(2) Sixty percent (60%) or more of the Association's gross income for the taxable year must consist solely of amounts received as membership dues, fees or assessments from owners of Residential Units.

(3) Ninety percent (90%) or more of the expenditures of the Association for the taxable year must be expenditures for the acquisition, construction, management, maintenance, and care of the Association's property.

(4) No part of the net earnings of the Association may inure to the benefit of any private shareholder or individual, other than by acquiring, constructing, or providing management, maintenance, and care of the Association's property and other than by a rebate of excess membership dues, fees, or assessments.

(5) The Association must qualify as a "condominium management association," which is an organization meeting the requirements of condition (1), above, with respect to a condominium project substantially all the units of which are used by individuals for residences.

(6) The Association must properly elect to have Code Section 528 apply for the taxable year.

"Substantially all the units" of a condominium management association will be considered as used by individuals for residences if at least eighty-five percent (85%) of the total square footage of all Units within the project is used by individuals for residential purposes. Units that are used for purposes auxiliary to residential use are considered as used for residential purposes. These auxiliary purposes include laundry areas, storage rooms, and areas used by maintenance personnel. A special limitation is established for transient use. No building or Unit will be considered as used for residential purposes if, for more than one half the days in the Association's taxable year, such Unit or building is occupied by a person or series of persons each of whom occupies the Unit or building for less than thirty days.

You have advised us that less than 85% of the total square footage of the Premises will be used by individuals for residential purposes. Accordingly, the "substantially all" test will not initially be met. As a result, the Association will not be eligible to elect to qualify as a tax exempt organization under Code § 528.

Since the Association fails to qualify as a "homeowners association", its status for tax purposes is unclear. It is possible that in such event the Association may be taxable as a corporation or partnership for federal income tax purposes.*

This opinion deals only with the specific tax matters discussed above, which do not necessarily comprise all tax matters which may be significant to purchasers of Units. We express no views as to any federal, New York State or New York City tax consequences other than as explicitly discussed in this opinion or as to the tax status or tax consequences of the Plan under the laws of any foreign jurisdiction. Accordingly, it is recommended that each prospective purchaser of a Unit consult with his own tax advisor concerning the federal, New York State, and New York City tax consequences of the purchase and ownership of a Unit.

* Due to recent amendments to the Income Tax Regulations, Section 301.7701-2 and 3, the Association may be able to elect to be treated as a corporation for federal income tax purposes if it files Form 8832 with the IRS within 75 days of its formation. If such election is not made, then the Association may be treated as a partnership and all Unit Holders would pay tax on their proportionate share of the income of the Association.

This opinion is based solely on the facts and documents referred to above. No warranties are made that the tax laws upon which counsel bases this opinion will not change. In no event will the Sponsor, counsel to Sponsor, special tax counsel to the Sponsor, the Association, or any other person be liable if, by reason of future changes in fact or applicable law, regulations, decisional law, or Internal Revenue Service rulings, the tax consequences described previously should change.

Sincerely yours,

Olshan Grundman Frome Rosenzweig & Wolosky LLP

OLSHAN GRUNDMAN FROME
ROSENZWEIG & WOLOSKY, LLP

REAL ESTATE TAX PROJECTION OPINION

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December 17, 2004

WXIV/Broadway Grand Realty, L.L.C.
c/o Hines
855 Third Avenue
Suite 2700
New York, New York 10022

Re: Post Construction Real Estate Tax Projection
38-42 Mercer Street
A/K/A 106-12 Grand Street
A/K/A 463-469 Broadway
Block 474, Lot 38
Borough of Manhattan

Dear Gentlemen:

You have asked us to project the real estate tax liability of the above-captioned proposed residential and commercial space (hereafter referred to as the subject property) for the first year of condominium operation commencing August 1, 2006 (i.e., after the completion of construction), and after the condominium declaration has been filed.

It has been the policy of the Property Division (formerly the Real Property Assessment Bureau) of the New York City Department of Finance to review the assessed valuation of newly constructed and reconstructed properties. While there are formula which have been used by Property Division personnel in the past in the assessment of such properties, they have not been employed in a consistent manner, and it is therefore not possible to estimate or determine the post-construction assessed valuation of this property with any degree of certainty. However, the estimates that are presented below are based upon the current policies and practice of the Property Division.

All prospective purchasers are advised that although the estimate of assessed valuation upon

completion of construction is a good faith estimate, such assessed valuation, when actually made, may be less or greater than as estimated on the following pages.

The Actual and Transitional Assessed Valuations for Block 474, Lot 38, Borough of Manhattan for tax year 2003/2004 are set forth as follows:

	Land	Total
Actual Assessed Valuation	$ 1,755,000	$ 1,755,000
Transitional Assessed Valuation	$ 1,399,500	$ 1,399,500

Pursuant to New York State Real Property Tax Law, Section 1805, the taxable assessed valuation is the lower of the Actual or Transitional Assessed Valuation. In this instance, the taxable assessed valuation is the lower Transitional Assessed Valuation of $1,399,500.

The Actual and Transitional Assessed Valuations for Block 474, Lot 38, Borough of Manhattan for tax year 2004/2005 are set forth as follows:

	Land	Total
Actual Assessed Valuation	$ 1,535,085	$ 1,539,000
Transitional Assessed Valuation	$ 1,481,517	$ 1,485,900

The taxable assessed valuation for tax year 2004/2005 is the lower Transitional Assessed Valuation of $1,485,900.

You have advised us of the following facts with respect to the project:

1) WXIV/Broadway Grand Realty, L.L.C. is constructing a thirteen (13) story structure with two (2) cellars. The subject property will consist of forty-one (41) residential apartment units including the superintendent's apartment, five (5) retail units and one (1) garage unit.

2) The total gross square footage, as reported by Gloria Glass of SLCE Architects, Architect of the residential portion, of the subject property including residential lobby area, common area hallways, elevator shafts, etc. is approximately 117,637. The actual residential apartments are to be located on floors two though thirteen and some residential common area will also be located below grade. The retail units will contain approximately 9,500 gross square feet. The garage unit will contain approximately 26,820 gross square feet.

3) WXIV/Broadway Grand Realty, L.L.C. is the owner of the site. The site contains

approximately 21,384 square feet of total land area.

4) The subject property will be separate individual condominium units.

We commence our analysis by noting that there are three (3) recognized appraisal methods which are used by the assessors employed by the New York City Department of Finance's Property Division in the determination of the full market value of income producing real property for real property tax purposes. These methods, or approaches to value, are the original cost approach, the capitalization of income approach and the sales price comparison approach.

The original cost approach is based on the theory that the value of a given parcel of real property is reflected by its cost of construction plus the acquisition cost of the underlying land. This method of valuation is considered a highly significant indicator of value with respect to new buildings and buildings which have undergone substantial reconstruction or rehabilitation. Relevant data used in the cost approach to value include material and labor ("hard") costs, and financing, engineering, architectural, testing and professional fees as well as construction period taxes ("soft") costs.

The capitalization of income approach to value is based upon the proposition that the annual net income generated by a parcel of real estate, when divided by the rate of return an investor at a given point in time would accept for his money in competing investments, yields a realistic estimate of the market value of the property.

The sales price comparison approach to value is based upon the belief that the value of a parcel of real estate can be ascertained by surveying the sales prices of similar parcels of real estate. Market value has been defined as that price which a property would bring in a competitive and open market, with both the buyer and seller acting prudently, knowledgeably, under ordinary circumstances with neither party being under duress. In the case of condominium apartment units this approach is the most valid in determining the market value of an apartment unit up for sale. However, the use of sales prices to determine full market value for the purpose of assessing residential condominiums or cooperative housing corporations for real property tax purposes is prohibited by State Law (see New York State Real Property Tax Law, Section 581 and Real Property Law, Section 339-y).

Since tax year 1982/1983, in Special Assessing Units (which include New York City and Nassau County), Real Property Tax Law, Section 1805 (3) has mandated that most increases in assessed valuation must be phased-in over a five-year period, resulting in two (2) Assessed Valuations appearing on the assessment rolls of New York City and Nassau County. The first is the Actual Assessed Valuation and the second is the Transitional Assessed Valuation which reflects the phase-in mechanism. However, this same statute states that increases in assessed valuation due to physical changes in the property (new construction, renovation, rehabilitation, and/or the addition of square footage to existing structures or buildings) are added to the taxable assessed valuation

without being phased-in.

In arriving at the assessed valuation for each unit in a Condominium, the building is first assessed as an entirely. This overall assessed valuation is then apportioned among the respective units, each of which will be assigned a tax lot designation once the Condominium Declaration has been recorded and the floor plans have been filed with the City Register. The apportionment will be based in part upon the proportion the projected selling price presented in the Offering Plan for each residential unit bears to the gross sellout price for all residential units available for purchase in the project and in part upon extrinsic indicia of value as determined by the assessor's office, including location, square footage, amenities, income producing potential and existing leases on particular units (hereinafter, the "Proportionate Valuation").

Reconciliation of the assessed valuations generated by the three (3) approaches to value enumerated above, including a review of final 2004/2005 assessed valuations of comparable recently constructed and reconstructed mixed-use residential apartment buildings in the vicinity of the subject, results in an estimated projected overall assessed valuation for the entire residential portion of the completed project (including "land" and "building") of $11,763,700, or approximately $100 per square foot of gross residential building area (117,637 gross square feet). The overall assessed valuation for the retail portion of the project, upon completion, is projected to be $1,187,500, or approximately $125 per square foot of gross retail building area (9,500 gross square feet). The overall assessed valuation for the garage portion of the project, upon completion, is projected to be $2,011,500, or approximately $75 per square foot of gross garage building area (26,820 gross square feet).

Since construction is not expected to commence until February 2005 and will not be completed until the second quarter of 2006, the assessed valuation for tax years 2004/2005, 2005/2006 and 2006/2007 will not reflect the completed structure, consistent with the taxable status of the property as of January 5, 2004, January 5, 2005 and January 5, 2006 (see New York City Charter, Section 1507). Therefore, the first tax year reflecting the full assessed valuation of the entire project will be 2007/2008 (i.e., the first tax year with a taxable status date after completion of construction, in this case, January 5, 2007).

REAL PROPERTY TAX LIABILITY WITHOUT REAL PROPERTY TAX LAW, SECTION 421-a BENEFITS

Real property is assessed for real property tax purposes based upon its ownership and condition as of January 5th of each year. The tentative assessed valuation is published on or about January 15th of each year and the final assessed valuation is published on or about May 25th.

Real property taxes are payable semi-annually, on July 1 and January 1 (the City of New York operates on a fiscal year commencing July 1 and ending on June 30). Taxes payable on July 1, 2007 will consist of one-half of the real property taxes due for tax year 2007/2008.

Final real property tax rates for tax year 2004/2005 have just been set by the New York City Council. The first half 2004/2005 real property tax bills were mailed out using the final blended tax rates for tax year 2003/2004. The blended real property tax rate for tax year 2003/2004 was 12.620% (first half, 12.517% and second half, 12.723%) for residential real property. The blended real property tax rate for tax year 2003/2004 was 11.431% (first half, 11.580%, and second half 11.282%) for commercial real property. The revised 2004/2005 real property tax rates were 12.216% for residential real property and 11.558% for commercial real property. For purposes of the following real property tax projections, the following estimated tax real property tax rates have been utilized:

Tax Year	Residential (Tax Class 2) Tax Rate	Commercial (Tax Class 4) Tax Rate
2005/2006	12.338%	11.674%
2006/2007	12.461%	11.790%
2007/2008	12.586%	11.908%

Real property taxes payable during tax year 2004/2005 are projected as follows:

Final Actual Assessed Valuation (having no component parts): $1,485,900.00
Estimated real property taxes payable @ 11.558% real property tax rate: $ 171,740.32

Real property taxes payable during tax year 2005/2006 are projected as follows:

Final Actual Assessed Valuation (not broken down into component parts): $1,399,500.00
Estimated real property taxes payable @ 11.674% real property tax rate: $ 163,377.63

Real property taxes payable during tax year 2006/2007 are projected as follows:

Final Actual Assessed Valuation (not broken down into component parts): $1,399,500.00
Estimated real property taxes payable @ 11.790% real property tax rate: $ 165,001.05

PROJECTED POST-CONSTRUCTION REAL ESTATE TAXES

As stated above, the estimated real property taxes payable for the fiscal years 2004/2005, 2005/2006 and 2006/2007 do not reflect a fully completed structure. Therefore, assuming that construction is complete by January 5, 2007, i.e., the taxable status date for tax year 2007/2008, the first fully assessed tax year will be 2007/2008.

Real property taxes payable during tax year 2007/2008 by all residential units are projected

as follows:

Estimated Actual Assessed Valuation (residential units):	$11,763,700
Estimated Real Property Taxes Payable @ 12.586% Tax Rate:	$ 1,480,579.28

Estimated real property tax liability for individual residential unit = $1,480,579.28 x Proportionate Valuation.

Real property taxes payable during tax year 2007/2008 by all retail units are projected as follows:

Estimated Actual Assessed Valuation (retail units):	$ 1,187,500.00
Estimated Real Property Taxes Payable @ 11.908% Tax Rate:	$ 141,407.50

Estimated real property tax liability for individual retail unit = $ 141,407.50 x Proportionate Valuation.

Real property taxes payable during tax year 2007/2008 by the garage unit is projected as follows:

Estimated Actual Assessed Valuation (garage unit):	$ 2,011,500.00
Estimated Real Property Taxes Payable @ 11.908% Tax Rate:	$ 239,529.42

Estimated real property tax liability for individual garage unit = $ 239,529.42 x Proportionate Valuation.

REAL PROPERTY TAX LAW, SECTION 421-a PARTIAL TAX EXEMPTION BENEFITS

Those eligible projects which meet the requirements of the statute and the applicable rules and regulations promulgated by the New York City Department of Housing Preservation And Development ("HPD") receive 421-a benefits which consist of partial exemption from real property taxation. Eligible projects are entitled to one hundred per cent (100%) of such increase being exempt during the course of construction (provided construction does not exceed 3 years), and for two years subsequent to completion. Beginning in the third year following completion of construction, the percentage of exemption decreases by 20% every two years for a period of eight years. Full real property taxes are payable in the eleventh year following completion of construction.

Throughout the exemption period, real property taxes will be based upon the tax rate fixed annually by the New York City Council on or about June 15th, and any subsequent amendments to such tax fixing resolution, multiplied by the addition of (a) the taxable assessed valuation of the property as of the tax year prior to the commencement of construction (tax year 2003/2004 or

$1,399,500, known as the projected "mini-tax assessed valuation"), and (b) the current assessed valuation less the applicable exempt percentage.

Where the aggregate amount of commercial, community facility and accessory use space exceeds 12% of the aggregate floor area, the amount of real property tax exemption shall be reduced by an amount equal to the percentage by which such space exceeds 12% of the aggregate floor area. Based upon representations by WXIV/Broadway Grand Realty, L.L.C. to the law firm of D'Agostino, Levine and Landesman, L.L.P., that firm has opined in a letter dated November 22, 2004 that the aggregate amount of commercial, community facility and accessory use space will not exceed 12% of the aggregate floor area and therefore the amount of exemption will not be diminished due to the amount of the aggregate amount of commercial, community facility and accessory use space within the project.

IMPACT OF REAL PROPERTY TAX LAW, SECTION 421-a BENEFITS

Assuming that the property will qualify for Real Property Tax Law, Section 421-a benefits, the assessment during construction and for the two post construction tax years will be 100% exempt. Real property taxes during these tax years will be based upon each unit's pro-rata share of the min-tax assessed valuation, as discussed *supra*.

Assuming that (1) a Temporary Certificate of Occupancy for all residential space in the building has not been obtained prior to January 5, 2006, as represented in paragraph 3 on page 4, *supra*; and (2) the New York City Department of Finance implements the tax benefits in accordance with the rules and regulation promulgated by HPD, then tax years 2005/2006 and 2006/2007 will be granted construction period exemption benefits. Tax year 2007/2008 will then be the first year of post-construction exemption benefits.

We assume but can not guarantee that the Department of Finance will apportion the taxable assessed valuation of the "mini-tax" year to each of the post-construction condominium units in the same proportion that each condominium unit's post-construction assessed valuation bears to the aggregate post-construction assessed valuation of the property taken as a whole.

Real property taxes payable by all residential units combined are estimated as follows for tax year 2007/2008:

Estimated mini-tax assessed valuation applicable to residential units*: $1,100,286.90

Estimated 2007/08 real property taxes payable @12.586% est. 2007/08 tax rate: $ 138,482.11

* $11,763,700 divided by $14,962,700 means the residential units comprise 78.62% of the total post-construction assessed valuation at the site.

The tax liability of a particular residential unit, assuming (a) the mini-tax assessed valuation estimated above; (b) the Proportionate Valuation is calculated in accordance with the guidelines set forth above; (c) tax rates as estimated above and (d) timely implementation of Real Property Tax Law, Section 421-a benefits, may be estimated as follows for the fiscal period 2007/2008:

Estimated tax liability for individual residential unit = $ 138,482.11 x Proportionate Valuation.

Real property taxes payable by a particular retail the unit is estimated as follows for tax year 2007/2008:

Estimated mini-tax assessed valuation applicable to retail units*: $ 110,980.35

Estimated 2007/08 real property taxes payable @11.908% est. 2007/08 tax rate: $ 13,215.54

* $1,187,500 divided by $14,962,700 means the retail units comprise approximately 7.93% of the total post-construction assessed valuation at the site.

The tax liability of a particular retail unit, assuming (a) the mini-tax assessed valuation estimated above; (b) the Proportionate Valuation is calculated in accordance with the guidelines set forth above; (c) tax rates as estimated above and (d) timely implementation of Real Property Tax Law, Section 421-a benefits, may be estimated as follows for the fiscal period 2007/2008:

Estimated tax liability for individual retail unit = $ 13,215.54 x Proportionate Valuation.

Real property taxes payable by the garage unit is estimated as follows for tax year 2007/2008:

Estimated mini-tax assessed valuation applicable to garage unit**: $ 188,092.80

Estimated 2007/08 real property taxes payable @11.908% est. 2007/08 tax rate: $ 22,398,09.

** $2,011,500 divided by $14,962,700 means the garage unit comprises approximately 13.44% of the total post-construction assessed valuation at the site.

The tax liability of the garage unit, assuming (a) the mini-tax assessed valuation estimated above; (b) the Proportionate Valuation is calculated in accordance with the guidelines set forth above; (c) tax rates as estimated above and (d) timely implementation of Real Property Tax Law, Section 421-a benefits, may be estimated as follows for the fiscal period 2007/2008 at $22,398.09.

This letter was prepared at the request of WXIV/Broadway Grand Realty, L.L.C. Certain figures set forth herein are approximations derived from material provided to this office by the

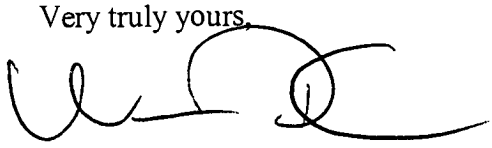
sponsor and are subject to change and variation. We have not passed upon the accuracy of any figures or estimates contained within the Plan, and offer no warranties of the amount of actual tax liability for any tax period.

The opinions expressed above are based on our interpretation of the Real Property Tax Law, The Charter and Administrative Code of the City of New York, and the rules and regulations of the New York City Department of Finance in effect as of the date of this letter. While we believe that our opinions are well founded, they are not intended, and should not be construed as representations or warranties. You should be aware that the laws, regulations and practices and procedures of the New York City Department of Finance upon which this opinion is predicated may in the future be revised in a manner adverse to your interests, or that there may be an adverse interpretation of the law or regulations by one or more agencies of the City of New York, or by a Court of competent jurisdiction.

The foregoing analysis is based upon our experience with the Property Division of the New York City Department of Finance and the Tax Commission of the City of New York, and their assessment policies and procedures regarding newly constructed or newly renovated properties held in condominium form of ownership. Application of a particular approach to valuation by an individual assessor employed by the Property Division may yield a different result. This would necessitate commencement of real property tax assessment review proceedings at the New York City Tax Commission and possibly in the Supreme Court of the State of New York to bring the assessed valuation in line with the estimates contained herein.

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

Very truly yours,



William K. Block, P.C.

WKB:idi

ATTORNEY'S 421- A REAL ESTATE TAX EXEMPTION BENEFITS OPINION

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November 22, 2004

WXIV/Broadway Grand Realty, L.L.C.
c/o Hines
885 Third Avenue, Suite 2700
New York, New York 10022

Re: 421-a Partial Real Estate Tax Exemption
Premises: 38-42 Mercer Street
a/k/a 106-114 Grand Street
a/k/a 463-469 Broadway
Block: 474; Lots:38
Borough of Manhattan

Gentlemen:

We have been retained by WXIV/Broadway Grand Realty, L.L.C. (hereinafter collectively the "Sponsor") to render our opinion as to the eligibility of the above-referenced premises (the "Project") to receive partial real estate tax exemption benefits pursuant to Section 421-a of the Real Property Tax Law of the State of New York, Section 11-245 of the Administrative Code of the City of New York and the Rules and Regulations governing the 421-a program (collectively, "the 421-a Program") and the procedures for obtaining such benefits. Unless specifically stated otherwise, the analyses and conclusions set forth herein are based on facts represented to us by the Sponsor or its agents.

The 421-a Program was enacted with the specific intent to encourage residential construction. It does so by providing for partial real estate tax exemption on increases in assessed valuation of eligible property which result from the new construction of Class "A" Multiple Dwellings, during the construction period and on a descending sliding scale for a period of ten (10) years after completion of construction. The owner of the property must, at all times, continue to pay real estate taxes on the assessed valuation of the property in effect for the fiscal year prior to the tax year in which construction commences and on any subsequent valuation for local improvements.

We have been advised that the Project is to be developed and owned as a mixed use condominium building and is expected to contain forty-one (41) residential units, five (5) retail units and one (1) garage unit.

Additionally, the Sponsor has represented to us the following:

The Premises consists of one (1) parcel, Tax Lot 38, which is one (1) zoning lot (hereinafter the "Project Site".) The Project Site encompasses an area of approximately 21,384 square feet. Currently, and in the past three (3) years, the Project Site has been used as a parking lot (Use Group 8), is not mapped as a public park and has not been utilized for ten (10) or more consecutive years prior to October 1, 1971 as a private park.

The Site is also located within the Soho-Cast Iron Historic District. No new building may be constructed in the Historic District without approval from the New York City Landmarks Preservation Commission ("LPC").

New Building Permits for the entire Project Site have not yet been issued. Sponsor anticipates construction to commence by June 30, 2005. Upon completion of construction, one (1) new Certificate of Occupancy will be obtained for the Project Site. The one (1) Certificate of Occupancy will provide for (i) forty-one (41) J2 Class "A" residential apartments, including the superintendent's apartment, (ii) five (5) retail units and (iii) one (1) garage unit.

No portion of the condominium will be used as a hotel or for single room occupancy. The Premises is not receiving tax exemption and/or tax abatement under any other state or local program.

In order for the completed Project to be eligible for partial real estate tax exemption benefits pursuant to the 421-a Program, the following major requirements will have to be satisfied:

1. The Project must consist of a newly constructed multiple dwelling containing not less than three (3) dwelling units. Section §6-02(e)(1) of the Rules and Regulations governing the 421-a Program provides that, to be eligible for 421-a benefits, a multiple dwelling must contain at least three (3) dwelling units (i.e., the number of dwelling units specified in §6-02(b)(1) of the Rules and Regulations).

We have been advised by you that upon completion of the building, one (1) new Certificate of Occupancy will be obtained for the Project Site. As contemplated and set forth in the current proposed plans for the new building, dated September 30, 2004, which were prepared by SLCE, registered architects (the "Plans"), the one (1) Certificate of Occupancy will provide for (i) forty-one (41) J2 Class "A" residential apartments, (ii) five (5) retail units and (iii) one (1) garage unit. This opinion assumes that the Plans will be finalized and approved by the Department of Buildings of the City of New York as drawn and the building will be constructed in accordance with those Plans. Further you have advised us the new building will not result from the conversion or rehabilitation of any existing building or structure.

2. The new building may not be used as a hotel or for single room occupancy. You have advised us that the Project will be owned as a condominium and the individual units occupied for permanent residential use. Therefore, based upon your representation, this requirement will be satisfied.

3. The commencement of construction of an eligible project must meet the definition of "commencement of construction" as contained in the §421-a Rules and Regulations. That definition requires that "... construction shall not commence prior to issuance by the Department of Building of ... a building ... permit for the construction of an entirely new multiple dwelling, the footprint of which consisted entirely of vacant and unimproved land upon such date ..." In addition, the Rules and Regulations provide that commencement "... shall mean the date upon which excavation and the construction of initial footings and foundations commences in good faith ..." and that "... an architect or professional engineer licensed in the State of New York shall certify that such construction commenced on such date and that such construction was thereafter completed without undue delay." You have advised us that the concrete for the initial footings shall be poured subsequent to July 1, 2004 but prior to June 30, 2005, pursuant to a permit to be issued by the Department of Buildings for the entire building, and that such date will be certified to by the Project's architect of record.

4. The land over which the Project is to be constructed must have been vacant, predominantly vacant, under-utilized, or improved with a non-conforming use on the operative date, i.e., thirty-six (36) months prior to the commencement of construction. It may not be mapped as a public park or utilized for ten (10) or more consecutive years prior to October 1, 1971 as a private park.

Based upon your representation, which will subsequently be certified by the Project's architect, that construction of the Project shall commence subsequent to July 1, 2004 but prior to June 30, 2005, the "Operative Date" is assumed to be June 30, 2005. A review of the official records of the City of New York indicate that on the Operative Date the Project site was designated as Block 474; Lot 38.

As of the Operative Date, Lot 38 was a parking lot with no building structures situated thereon. Section 6-02(f)(3) of the 421-a Rules and Regulations provide that vacant land "... is land, including land under water, which contains no enclosed, permanent improvement. Fences, sheds, garage attendant's booths, piers, bulkheads, lighting fixtures, and similar items, or any improvement having an Actual Assessed Valuation of less than $2,000, shall not constitute an enclosed, permanent improvement."

The official records of the New York City Department of Finance indicate that in the 2000/2001, 2001/2002 and 2002/2003 fiscal tax years, the Actual Assessed Valuations of the Project Site were as follows:

	Land	Building	Total
2000/2001	$1,350,000	0	$1,350,000
2001/2002	$1,507,500	0	$1,507,000
2002/2003	$1,260,000	0	$1,260,000

Therefore, on the Operative Date, the total Actual Assessed Valuation of the Land equaled one hundred percent (100%) of the total Actual Assessed Valuation of the Project Site, thereby meeting the statutory and regulatory definition of vacant land and satisfying the site requirement for Lot 38.

Further, you have certified to us that the land over which the Project is to be built is not mapped as a public park and has not been utilized for ten (10) or more consecutive years prior to October 1, 1971 as a private park.

5. Section 6-02(e)(3) of the rules and regulations provide that if construction takes place on land which was improved with a residential building or buildings that have since been demolished, and the new building contains more than twenty (20) dwelling units, such new building must contain at least five (5) dwelling units for

each Class A dwelling unit in existence immediately prior to demolition. Inasmuch as the Project site was vacant land, this requirement is not applicable to the Project.

6. The construction, as that term is defined in the 421-a Rules and Regulations, of the Project must commence before December 31, 2007. We have been advised that construction will commence in accordance with the Plans before June 30, 2005 and therefore prior to December 31, 2007. The commencement of the Project within the aforesaid time period will satisfy this requirement.

7. On November 29, 1984, the Board of Estimate approved Local Laws 78 and 79 of 1984, now Section 11-245 of the Administrative Code of the City of New York. That Section provides that 421-a tax exemption benefits shall not be available for construction commenced after November 29, 1985 if the property is located in the therein described geographic exclusion area. The Project is not located within that geographic exclusion area as it currently exists under the local law and therefore the exclusion is not applicable to the Project.

8. The Application for the Preliminary Certificate of Eligibility must be filed with the Department of Housing Preservation and Development ("HPD") after the commencement of construction but prior to completion of construction or any occupancy of the new building. As the Project will be owned as a condominium, the Application for a Final Certificate of Eligibility must be filed with HPD prior to the first taxable status date following completion of construction. The Final Application must be completed within ninety (90) days of the issuance of a Permanent Certificate of Occupancy or a Temporary Certificate of Occupancy covering all residential space in the building or buildings. Both the Preliminary and Final Certificates of Eligibility must be filed with the Real Property Assessment Bureau of the New York City Department of Finance ("DOF"). We have assumed that all filings and required supporting documents will be filed in a timely fashion and that all required submissions to the Community Board and HPD will be made by Sponsor.

Although there are a number of additional criteria for determining eligibility for 421-a Program benefits, they are not applicable to buildings to be owned as condominiums, or to buildings containing less than one hundred (100) dwelling units. Specifically, the 421-a Rules and Regulations provides that rents of units contained within a building receiving 421-a benefits must be rent stabilized for the 421-a benefit period, unless exempt from rent regulation by reason

of the cooperative or condominium status of the units. However, in the case of a building for which a prospectus for condominium or cooperative formation has been submitted to the Attorney General at the time of the Final Application for 421-a benefits, an affidavit will be required stating that the sponsor will register the units as rent stabilized with the New York State Division of Housing and Community Renewal within fifteen (15) months of the issuance of the Final Certificate of Eligibility if a cooperative or condominium has not been declared effective within such fifteen (15) month time period. With respect to incidental requirements applicable to this Project, such as the current payment of water and sewer charges and real estate taxes, the payment of HPD filing fees, equal to four tenths of one percent (.4%) of total development costs, and the availability of books and records in the event the project is selected for audit by HPD, we have assumed that they will be satisfied by Sponsor.

If the foregoing information and assumptions are accurate and valid, and all of the 421-a requirements discussed herein are met, the Project should receive a partial exemption from taxation for local purposes, other than assessments for local improvements, for the construction period as defined under the 421-a Program, not to exceed (3) three years, and for ten (10) years after the taxable status date immediately following the completion of construction, or the three (3) year maximum construction period, which ever is less. The real estate taxes on the Project will be partially exempted in declining percentages during the ten (10) years following completion of construction as set forth below:

Year Following Completion of Construction	Percentage of Value Which is Exempt
1-2	100%
3-4	80%
5-6	60%
7-8	40%
9-10	20%
11	0%

These percentages of exemption will be diminished to the extent that the commercial, community facility and accessory use space ("Commercial Space") exceeds twelve percent (12%) of the aggregate floor area of the Project. In the event the Commercial Space exceeds twelve percent (12%) of the aggregate floor area of the Project, the exemption will be diminished by that percentage by which the Commercial Space exceeds twelve percent (12%) of the aggregate floor area. You have represented to us that the Commercial Space as defined by the 421-a Program will not exceed twelve percent (12%) of the aggregate floor area of the Project. As the

Commercial Space of the Project does not exceed such twelve percent (12%), the exemption will not be diminished.

In addition to the foregoing taxes, the Real Property Tax Law requires that taxes shall be paid in each tax year during which 421-a benefits are received in an amount equal to the taxable assessed value of the land and any improvements thereon during the tax year preceding the tax year of commencement of construction, this amount being referred to as the "mini-tax," payable at the then current tax rate. As construction shall commence subsequent to July 1, 2004 but prior to June 30, 2005, the "mini-tax" will be based upon the assessed valuation of the Premises in fiscal year 2003/2004. In that year the Actual and Transitional Assessed Valuations of the Project site were as follows:

Lot	Actual	Transitional
38	$1,755,000.00	$1,399,500.00

Therefore, for the period of construction as defined under the 421-a Program, not to exceed three (3) years, and for two (2) years following completion, or three (3) years of construction which ever occurs first, the real estate taxes for the Project will be based on the Transitional Assessed Valuation of $1,399,500.00, payable at the tax rate in effect in the year it is due.

This letter was prepared at the Sponsor's request. The opinions set forth herein are approximations derived from material and/or factual information submitted by the Sponsor or its agents and are subject to variation. We have not passed on the accuracy of any figures or estimates contained in the Offering Plan, and offer no warranties on real estate taxes for any period. If any of the foregoing requirements or conditions should not be met to the satisfaction of HPD and/or ("DOF"), or if any of the foregoing representations or statements should prove to be inaccurate, then the building would not be eligible for real property tax exemption under the 421-a Program. We make no representations and express no opinion as to whether or not any or all of the requirements and conditions set forth herein will be fulfilled by you.

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

This opinion is not a guarantee. No warranties are made herein that HPD will approve the Section 421-a application or that the laws or regulations or policies and practices upon which this opinion is based will not be changed after the date of this opinion. We assume no obligation to advise you of any such changes of law or fact that may occur after the date hereof, notwithstanding that such changes may affect the legal analysis or conclusions contained herein. In addition, we do not warrant or represent the amount of tax savings if the project receives partial real estate tax exemption benefits.

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

Very truly yours,
D'Agostino, Levine & Landesman, L.L.P.

D'Agostino Levine & Landesman, LLP

UNIT OWNER'S SPECIMEN TITLE POLICY

ISSUED BY
COMMONWEALTH LAND TITLE INSURANCE COMPANY

OWNER'S POLICY OF TITLE INSURANCE

Commonwealth
A LANDAMERICA COMPANY

SPECIMEN

SUBJECT TO THE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS FROM COVERAGE CONTAINED IN SCHEDULE B AND THE CONDITIONS AND STIPULATIONS, COMMONWEALTH LAND TITLE INSURANCE COMPANY, a Pennsylvania corporation, herein called the Company, insures, as of Date of Policy shown in Schedule A, against loss or damage, not exceeding the Amount of Insurance stated in Schedule A, sustained or incurred by the insured by reason of:

1. Title to the estate or interest described in Schedule A being vested other than as stated therein;
2. Any defect in or lien or encumbrance on the title;
3. Unmarketability of the title;
4. Lack of a right of access to and from the land.

The Company will also pay the costs, attorneys' fees and expenses incurred in defense of the title, as insured, but only to the extent provided in the Conditions and Stipulations.

IN WITNESS WHEREOF, COMMONWEALTH LAND TITLE INSURANCE COMPANY has caused its corporate name and seal to be hereunto affixed by its duly authorized officers, the Policy to become valid when countersigned by an authorized officer or agent of the Company.

COMMONWEALTH LAND TITLE INSURANCE COMPANY

Attest: Wm. Chadwick Perrine
Secretary

By: Janet A. Alpert
President

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the affect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.

   (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:

   (a) created, suffered, assumed or agreed to by the insured claimant;

   (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;

   (c) resulting in no loss or damage to the insured claimant;

   (d) attaching or created subsequent to Date of Policy; or

   (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the estate or interest insured by this policy.
4. Any claim, which arises out of the transaction vesting in the Insured the estate or interest insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:

   (a) the transaction creating the estate or interest insured by this policy being deemed a fraudulent conveyance or fraudulent transfer; or

   (b) the transaction creating the estate or interest insured by this policy being deemed a preferential transfer except where the preferential transfer results from the failure:

      (i) to timely record the instrument of transfer; or

      (ii) of such recordation to impart notice to a purchaser for value or a judgment or lien creditor.

CONDITIONS AND STIPULATIONS

SPECIMEN

1. DEFINITION OF TERMS.

The following terms when used in this policy mean:

(a) "insured": the insured named in Schedule A, and, subject to any rights or defenses the Company would have had against the named insured, those who succeed to the interest of the named insured by operation of law as distinguished from purchase including, but not limited to, heirs, distributees, devisees, survivors, personal representatives, next of kin, or corporate or fiduciary successors.

(b) "insured claimant": an insured claiming loss or damage.

(c) "knowledge" or "known": actual knowledge, not constructive knowledge or notice which may be imputed to an insured by reason of the public records as defined in this policy or any other records which impart constructive notice of matters affecting the land.

(d) "land": the land described or referred to in Schedule A, and improvements affixed thereto which by law constitute real property. The term "land" does not include any property beyond the lines of the area described or referred to in Schedule A, nor any right , title, interest, estate or easement in abutting streets, roads, avenues, alleys, lanes, ways or waterways, but nothing herein shall modify or limit the extent to which a right of access to and from the land is insured by this policy.

(e) "mortgage": mortgage, deed of trust, trust deed, or other security instrument.

(f) "public records": records established under state statutes at Date of Policy for the purpose of imparting constructive notice of matters relating to real property to purchasers for value and without knowledge. With respect to Section 1(a) (iv) of the Exclusions From Coverage, "public records" shall also include environmental protection liens filed in the records of the clerk of the United States district court for the district in which the land is located.

(g) "unmarketability of the title": an alleged or apparent matter affecting the title to the land, not excluded or excepted from coverage, which would entitle a purchaser of the estate or interest described in Schedule A to be released from the obligation to purchase by virtue of a contractual condition requiring the delivery of marketable title.

2. CONTINUATION OF INSURANCE AFTER CONVEYANCE OF TITLE.

The coverage of this policy shall continue in force as of Date of Policy in favor of an insured only so long as the insured retains an estate or interest in the land, or holds an indebtedness secured by a purchase money mortgage given by a purchaser from the insured, or only so long as the insured shall have liability by reason of covenants of warranty made by the insured in any transfer or conveyance of the estate or interest. This policy shall not continue in force in favor of any purchaser from the insured of either (i) an estate or interest in the land, or (ii) an indebtedness secured by a purchase money mortgage given to the insured.

3. NOTICE OF CLAIM TO BE GIVEN BY INSURED CLAIMANT.

The insured shall notify the Company promptly in writing (i) in case of any litigation as set forth in Section 4(a) below, (ii) in case knowledge shall come to an insured hereunder of any claim of title or interest which is adverse to the title to the estate or interest, as insured, and which might cause loss or damage for which the Company may be liable by virtue of this policy, or (iii) if title to the estate or interest, as insured, is rejected as unmarketable. If prompt notice shall not be given to the Company, then as to the insured all liability of the Company shall terminate with regard to the matter or matters for which prompt notice is required; provided, however, that failure to notify the Company shall in no case prejudice the rights of any insured under this policy unless the Company shall be prejudiced by the failure and then only to the extent of the prejudice.

4. DEFENSE AND PROSECUTION OF ACTIONS; DUTY OF INSURED CLAIMANT TO COOPERATE.

(a) Upon written request by the insured and subject to the options contained in Section 6 of these Conditions and Stipulations, the Company, at its own cost and without unreasonable delay, shall provide for the defense of an insured in litigation in which any third party asserts a claim adverse to the title or interest as insured, but only as to those stated causes of action alleging a defect, lien or encumbrance or other matter insured against by this policy. The Company shall have the right to select counsel of its choice (subject to the right of the insured to object for reasonable cause) to represent the insured as to those stated causes of action and shall not be liable for and will not pay the fees of any other counsel. The Company will not pay any fees, costs or expenses incurred by the insured in the defense of those causes of action which allege matters not insured against by this policy.

(b) The Company shall have the right, at its own cost, to institute and prosecute any action or proceeding or to do any other act which in its opinion may be necessary or desirable to establish the title to the estate or interest, as insured, or to prevent or reduce loss or damage to the insured. The Company may take any appropriate action under the terms of this policy, whether or not it shall be liable hereunder, and shall not thereby concede liability or waive any provision of this policy. If the Company shall exercise its rights under this paragraph, it shall do so diligently.

(c) Whenever the Company shall have brought an action or interposed a defense as required or permitted by the provisions of this policy, the Company may pursue any litigation to final determination by a court of competent jurisdiction and expressly reserves the right, in its sole discretion, to appeal from any adverse judgment or order.

(d) In all cases where this policy permits or requires the Company to prosecute or provide for the defense of any action or proceeding, the insured shall secure to the Company the right to so prosecute or provide defense in the action or proceeding, and all appeals therein, and permit the Company to use, at its option, the name of the insured for this purpose. Whenever requested by the Company, the insured, at the Company's expense, shall give the Company all reasonable aid (i) in any action or proceeding, securing evidence, obtaining witnesses, prosecuting or defending the action or proceeding, or effecting settlement, and (ii) in any other lawful act which in the opinion of the Company may be necessary or desirable to establish the title to the estate or interest as insured. If the Company is prejudiced by the failure of the insured to furnish the required cooperation, the Company's obligations to the insured under the policy shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, with regard to the matter or matters requiring such cooperation.

5. PROOF OF LOSS OR DAMAGE.

In addition to and after the notices required under Section 3 of these Conditions and Stipulations have been provided the Company, a proof of loss or damage signed and sworn to by the insured claimant shall be furnished to the Company within 90 days after the insured claimant shall ascertain the facts giving rise to the loss or damage. The proof of loss or damage shall describe the defect in, or lien or encumbrance on the title, or other matter insured against by this policy which constitutes the basis of loss or damage and shall state, to the extent possible, the basis of calculating the amount of the loss or damage. If the Company is prejudiced by the failure of the insured claimant to provide the required proof of loss or damage, the Company's obligations to the insured under the policy shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, with regard to the matter or matters requiring such proof of loss or damage.

In addition, the insured claimant may reasonably be required to submit to examination under oath by any authorized representative of the Company and shall produce for examination, inspection and copying, at such reasonable times and places as may be designated by any authorized representative of the Company, all records, books, ledgers, checks, correspondence and memoranda, whether bearing a date before or after Date of Policy, which reasonably pertain to the loss or damage. Further, if requested by any authorized representative of the Company , the insured claimant shall grant its permission, in writing, for any authorized representative of the Company to examine , inspect and copy all records, books, ledgers, checks, correspondence and memoranda in the custody or control of a third party, which reasonably pertain to the loss or damage. All information designated as confidential by the insured claimant provided to the Company pursuant to this Section shall not be disclosed to others unless, in the reasonable judgement of the Company, it is necessary in the administration of the claim. Failure of the insured claimant to submit for examination under oath, produce other reasonably requested information or grant permission to secure reasonably necessary information from third parties as required in this paragraph shall terminate any liability of the Company under this policy as to that claim.

6. OPTIONS TO PAY OR OTHERWISE SETTLE CLAIMS; TERMINATION OF LIABILITY.

In case of a claim under this policy, the Company shall have the following additional options:

(a)To Pay or Tender Payment of the Amount of Insurance.

To pay or tender payment of the amount of insurance under this policy together with any costs, attorneys' fees and expenses incurred by the insured claimant, which were authorized by the Company, up to the time of paymant or tender of payment and which the Company is obligated to pay.

Upon the exercise by the Company of this option, all liability and obligations to the insured under this policy, other than to make the payment required, shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, and the policy shall be surrendered to the Company for cancellation.

(b) To Pay or Otherwise Settle With Parties Other than the Insured or With the Insured Claimant.

(i) to pay or otherwise settle with other parties for or in the name of an insured claimant any claim insured against under this policy, together with any costs, attorneys' fees and expenses incurred by the insured claimant which were authorized by the Company up to time of payment and which the Company is obligated to pay; or

(ii) to pay or otherwise settle with the insured claimant the loss or damage provided for under this policy, together with any costs, attorneys' fees and expenses incurred by the insured claimant which were authorized by the Company up to the time of payment and which the Company is obligated to pay.

Upon the exercise by the Company of either of the options provided for in paragraphs (b)(i) or (ii), the Company's obligations to the insured under this policy for the claimed loss or damage, other than the payments required to be made, shall terminate, including any liability or obligation to defend, prosecute or continue any litigation.

Conditions and Stipulations Continued Inside Cover

CONTROL NO 206-0005286

Commonwealth

COMMONWEALTH LAND TITLE INSURANCE COMPANY

SCHEDULE A

Amount of Insurance: $_____ **Policy/Title No.** NY041491

Date of Policy: _____

SPECIMEN

1. **Name of Insured:** _____

2. **The estate or interest in the land which is covered by this policy is:**

   Fee Simple

3. **Title to the estate or interest in the land is vested in the Insured by means of:**

   Deed from WXV/Broadway Grand Realty, L.L.C. -to- _____, dated _____ and recorded on _____ under CRFN _____.

4. **The land referred to in this policy is described on the annexed schedule.**

COMMONWEALTH LAND TITLE INSURANCE COMPANY

Countersigned:_____
Authorized Officer or Agent

Valid Only if Schedule B and Cover Are Attached

Date Printed November 1, 2004

Policy/Title No. NY041491

SCHEDULE A - ITEM 4

The Condominium Unit (the "Unit") in the Building known as _____ located at and known as and by street number 40 Mercer Street in New York, New York, designated and described as Unit No. _____ in the Declaration establishing a plan for condominium ownership of said Building and the land upon which it is situate under Article 9-B of the Real Property Law of the State of New York, dated _____ and recorded _____ in the Office of the Register of the City of New York, County of New York under CRFN _____, said Unit also being designated as Tax Lot ____ in Block 474 of Section 2 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 said Building, certified by _____, on _____ and filed in the Real Property Assessment Department of the City of New York on _____ as Condominium Plan No. _____ and also filed in the City Register's Office on _____ as Condominium Map No. _____.

TOGETHER with an undivided _____ percent interest in Common Elements of the Condominium as described in the Declaration.

The land upon which the Building containing the Unit is situate is described as follows:

ALL that certain plot, piece or parcel of land, situate, lying and being in the Borough of Manhattan, County, City and State of New York, bounded and described as follows:

BEGINNING at the corner formed by the intersection of the northerly side of Grand Street and the westerly side of Broadway;

RUNNING THENCE westerly along the northerly side of Grand Street for a distance of 200 feet 5-1/2 inches to the easterly side of Mercer Street;

THENCE northerly along the easterly side of Mercer Street a distance of 107 feet;

THENCE easterly parallel with Grand Street, a distance of 200 feet 5 inches to the westerly side of Broadway;

THENCE southerly along the westerly side of Broadway, a distance of 107 feet to the point or place of BEGINNING.

SPECIMEN

Policy/Title No. NY041491

SCHEDULE B
Exceptions from Coverage

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of the following:

1. Any state of facts which an accurate Survey of the building and the unit would show, but policy insures that any encroachments by the Insured Unit on any adjoining Unit or on common areas may remain undisturbed as long as it shall stand.

2. Terms, covenants and conditions set forth in the Declaration of Condominium and By-Laws dated _____ and recorded on _____ under CRFN _____, but policy insures against loss or damage occasioned by the premises not being a part of a Condominium validly created pursuant to Article 9B of the Real Property Law.

SPECIMEN

Commonwealth

COMMONWEALTH LAND TITLE INSURANCE COMPANY

File/Policy No. NY041491

STANDARD NEW YORK ENDORSEMENT
(OWNER'S POLICY)

1. The following is added to the insuring provisions on the face page of this policy:

   "5. Any statutory lien for services, labor or materials furnished prior to the date hereof, and which has now gained or which may hereafter gain priority over the estate or interest of the insured as shown in Schedule A of this policy."

2. The following is added to Paragraph 7 of the Conditions and Stipulations of this policy:

   "(d) If the recording date of the instruments creating the insured interest is later than the policy date, such policy shall also cover intervening liens or incumbrances, except real estate taxes, assessments, water charges and sewer rents."

Nothing herein contained shall be construed as extending or changing the effective date of the policy unless otherwise expressly stated.

SPECIMEN

IN WITNESS WHEREOF the Company has caused its corporate name and seal to be hereunto affixed by its duly authorized officers on the ___ day of _____.

Countersigned

COMMONWEALTH LAND TITLE INSURANCE COMPANY

By: Janet A. Alpert
President

Attest Wm. Chadwick Perrine
Secretary

By _____
Authorized Officer or Agent

CONDITIONS AND STIPULATIONS

7. DETERMINATION, EXTENT OF LIABILITY AND COINSURANCE.

This policy is a contract of indemnity against actual monetary loss or damage sustained or incurred by the insured claimant who has suffered loss or damage by reason of matters insured against by this policy and only to the extent herein described.

(a) The liability of the Company under this policy shall not exceed the least of:

(i) the Amount of Insurance stated in Schedule A; or,

(ii) the difference between the value of the insured estate or interest as insured and the value of the insured estate or interest subject to the defect, lien or encumbrance insured against by this policy.

(b) In the event the Amount of Insurance stated in Schedule A at the Date of Policy is less than 80 percent of the value of the insured estate or interest or the full consideration paid for the land, whichever is less, or if subsequent to the Date of Policy an improvement is erected on the land which increases the value of the insured estate or interest by at least 20 percent over the Amount of Insurance stated in Schedule A, then this Policy is subject to the following:

(i) where no subsequent improvement has been made, as to any partial loss, the Company shall only pay the loss pro rata in the proportion that the amount of insurance at Date of Policy bears to the total value of the insured estate or interest at Date of Policy; or

(ii) where a subsequent improvement has been made, as to any partial loss, the Company shall only pay the loss pro rata in the proportion that 120 percent of the Amount of Insurance stated in Schedule A bears to the sum of the Amount of Insurance stated in Schedule A and the amount expended for the improvement.

The provisions of this paragraph shall not apply to costs, attorneys' fees and expenses for which the Company is liable under this policy, and shall only apply to that portion of any loss which exceeds, in the aggregate, 10 percent of the Amount of Insurance stated in Schedule A.

(c) The Company will pay only those costs, attorneys' fees and expenses incurred in accordance with Section 4 of these Conditions and Stipulations.

8. APPORTIONMENT.

If the land described in Schedule A consists of two or more parcels which are not used as a single site, and a loss is established affecting one or more of the parcels but not all, the loss shall be computed and settled on a pro rata basis as if the amount of insurance under this policy was divided pro rata as to the value on Date of Policy of each separate parcel to the whole, exclusive of any improvements made subsequent to Date of Policy, unless a liability or value has otherwise been agreed upon as to each parcel by the Company and the insured at the time of the issuance of this policy and shown by an express statement or by an endorsement attached to this policy.

9. LIMITATION OF LIABILITY.

(a) If the Company establishes the title, or removes the alleged defect, lien or encumbrance, or cures the lack of a right of access to or from the land, or cures the claim of unmarketability of title, all as insured, in a reasonably diligent manner by any method, including litigation and the completion of any appeals therefrom, it shall have fully performed its obligations with respect to that matter and shall not be liable for any loss or damage caused thereby.

(b) In the event of any litigation, including litigation by the Company or with the Company's consent, the Company shall have no liability for loss or damage until there has been a final determination by a court of competent jurisdiction, and disposition of all appeals therefrom, adverse to the title as insured.

(c) The Company shall not be liable for loss or damage to any insured for liability voluntarily assumed by the insured in settling any claim or suit without the prior written consent of the Company.

10. REDUCTION OF INSURANCE; REDUCTION OR TERMINATION OF LIABILITY.

All payments under this policy, except payments made for costs, attorneys' fees and expenses, shall reduce the amount of the insurance pro tanto.

11. LIABILITY NONCUMULATIVE

It is expressly understood that the amount of insurance under this policy shall be reduced by any amount the Company may pay under any policy insuring a mortgage to which exception is taken in Schedule B or to which the insured has agreed, assumed, or taken subject, or which is hereafter executed by an insured and which is a charge or lien on the estate or interest described or referred to in Schedule A, and the amount so paid shall be deemed a payment under this policy to the insured owner.

12. PAYMENT OF LOSS.

(a) No payment shall be made without producing this policy for endorsement of the payment unless the policy has been lost or destroyed, in which case proof of loss or destruction shall be furnished to the satisfaction of the Company.

(Continued)

(b) When liability and the extent of loss or damage has been definitely fixed in accordance with these Conditions and Stipulations, the loss or damage shall be payable within 30 days thereafter.

13. SUBROGATION UPON PAYMENT OR SETTLEMENT.

(a) The Company's Right of Subrogation.

Whenever the Company shall have settled and paid a claim under this policy, all right of subrogation shall vest in the Company unaffected by any act of the insured claimant.

The Company shall be subrogated to and be entitled to all rights and remedies which the insured claimant would have had against any person or property in respect to the claim had this policy not been issued. If requested by the Company, the insured claimant shall transfer to the Company all rights and remedies against any person or property necessary in order to perfect this right of subrogation. The insured claimant shall permit the Company to sue, compromise or settle in the name of the insured claimant and to use the name of the insured claimant in any transaction or litigation involving these rights or remedies.

If a payment on account of a claim does not fully cover the loss of the insured claimant, the Company shall be subrogated to these rights and remedies in the proportion which the Company's payment bears to the whole amount of the loss.

If loss should result from any act of the insured claimant, as stated above, that act shall not void this policy, but the Company, in that event, shall be required to pay only that part of any losses insured against by this policy which shall exceed the amount, if any, lost to the Company by reason of the impairment by the insured claimant of the Company's right of subrogation.

(b) The Company's Rights Against Non-insured Obligors.

The Company's right of subrogation against non-insured obligors shall exist and shall include, without limitation, the rights of the insured to indemnities, guaranties, other policies of insurance or bonds, notwithstanding any terms or conditions contained in those instruments which provide for subrogation rights by reason of this policy.

14. ARBITRATION

Unless prohibited by applicable law, either the Company or the insured may demand arbitration pursuant to the Title Insurance Arbitration Rules of the American Arbitration Association. Arbitrable matters may include, but are not limited to, any controversy or claim between the Company and the insured arising out of or relating to this policy, any service of the Company in connection with its issuance or the breach of a policy provision or other obligation. All arbitrable matters when the Amount of Insurance is $1,000,000 or less shall be arbitrated at the option of either the Company or the insured. All arbitrable matters when the Amount of Insurance is in excess of $1,000,000 shall be arbitrated only when agreed to by both the Company and the insured. Arbitration pursuant to this policy and under the Rules in effect on the date the demand for arbitration is made or, at the option of the insured, the Rules in effect at Date of Policy shall be binding upon the parties. The award may include attorneys' fees only if the laws of the state in which the land is located permit a court to award attorneys' fees to a prevailing party. Judgment upon the award rendered by the Arbitrator(s) may be entered in any court having jurisdiction thereof.

The law of the situs of the land shall apply to an arbitration under the Title Insurance Arbitration Rules.

A copy of the Rules may be obtained from the Company upon request.

15. LIABILITY LIMITED TO THIS POLICY; POLICY ENTIRE CONTRACT.

(a) This policy together with all endorsements, if any, attached hereto by the Company is the entire policy and contract between the insured and the Company. In interpreting any provision of this policy, this policy shall be construed as a whole.

(b) Any claim of loss or damage, whether or not based on negligence, and which arises out of the status of the title to the estate or interest covered hereby or by any action asserting such claim, shall be restricted to this policy.

(c) No amendment of or endorsement to this policy can be made except by a writing endorsed hereon or attached hereto signed by either the President, a Vice President, the Secretary, an Assistant Secretary, or validating officer or authorized signatory of the Company.

16. SEVERABILITY.

In the event any provision of the policy is held invalid or unenforceable under applicable law, the policy shall be deemed not to include that provision and all other provisions shall remain in full force and effect.

17. NOTICES, WHERE SENT.

All notices required to be given the Company and any statement in writing required to be furnished the Company shall include the number of this policy and shall be addressed to COMMONWEALTH LAND TITLE INSURANCE COMPANY, 1700 Market Street, Philadelphia, PA 19103-3990.

SAMPLE

NEW YORK STATE OFFICE
655 Third Avenue
New York, New York 10017
(212) 949-0100

OWNER'S POLICY OF TITLE INSURANCE

AMERICAN LAND TITLE ASSOCIATION
(10-17-92)

SPECIMEN

ISSUED BY
COMMONWEALTH LAND TITLE INSURANCE COMPANY

Commonwealth

Title Insurance Since 1876

HOME OFFICE:
1700 Market Street | Philadelphia, PA 19103-3990

B 1190-3

NEW YORK OFFICES

NEW YORK CITY
655 Third Avenue
New York, New York 10017
(212) 949-0100

ALBANY
286 Washington Ave. Extension
Corporate Plaza West
Albany New York 12203
(518) 452-4525

BUFFALO
298 Main Street
Buffalo, New York 14202
(716) 853-6800

GARDEN CITY
1325 Franklin Ave. Suite 101
Garden City, New York 11530
(516) 742-7474

NEW CITY
17 Squadron Boulevard
New City, New York 10956
(914) 634-7070

RIVERHEAD
177 Old Country Road
Riverhead, New York 11901
(516) 727-7760

WHITE PLAINS
50 Main Street
White Plains, New York 10606
(914) 949-0002

NATIONAL TITLE SERVICE
655 Third Avenue
New York, New York 10017
(212) 949-0100

FORM W-8
(CERTIFICATION OF FOREIGN STATUS)

Form **W-8BEN**
(Rev. December 2000)
Department of the Treasury
Internal Revenue Service

Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding

▶ Section references are to the Internal Revenue Code. ▶ See separate instructions.
▶ Give this form to the withholding agent or payer. Do not send to the IRS.

OMB No. 1545-1621

Do not use this form for: — **Instead, use Form:**

- A U.S. citizen or other U.S. person, including a resident alien individual W-9
- A person claiming an exemption from U.S. withholding on income effectively connected with the conduct of a trade or business in the United States W-8ECI
- A foreign partnership, a foreign simple trust, or a foreign grantor trust (see instructions for exceptions) . . . . . W-8ECI or W-8IMY
- A foreign government, international organization, foreign central bank of issue, foreign tax-exempt organization, foreign private foundation, or government of a U.S. possession that received effectively connected income or that is claiming the applicability of section(s) 115(2), 501(c), 892, 895, or 1443(b) (see instructions) . . . . . W-8ECI or W-8EXP

Note: *These entities should use Form W-8BEN if they are claiming treaty benefits or are providing the form only to claim they are a foreign person exempt from backup withholding.*

- A person acting as an intermediary W-8IMY

Note: *See instructions for additional exceptions.*

Part I Identification of Beneficial Owner (See instructions.)

1 Name of individual or organization that is the beneficial owner

2 Country of incorporation or organization

3 Type of beneficial owner: ☐ Individual ☐ Corporation ☐ Disregarded entity ☐ Partnership ☐ Simple trust ☐ Grantor trust ☐ Complex trust ☐ Estate ☐ Government ☐ International organization ☐ Central bank of issue ☐ Tax-exempt organization ☐ Private foundation

4 Permanent residence address (street, apt. or suite no., or rural route). **Do not use a P.O. box or in-care-of address.**

City or town, state or province. Include postal code where appropriate.

Country (do not abbreviate)

5 Mailing address (if different from above)

City or town, state or province. Include postal code where appropriate.

Country (do not abbreviate)

6 U.S. taxpayer identification number, if required (see instructions) ☐ SSN or ITIN ☐ EIN

7 Foreign tax identifying number, if any (optional)

8 Reference number(s) (see instructions)

Part II Claim of Tax Treaty Benefits (if applicable)

9 **I certify that (check all that apply):**

a ☐ The beneficial owner is a resident of ..... within the meaning of the income tax treaty between the United States and that country.

b ☐ If required, the U.S. taxpayer identification number is stated on line 6 (see instructions).

c ☐ The beneficial owner is not an individual, derives the item (or items) of income for which the treaty benefits are claimed, and, if applicable, meets the requirements of the treaty provision dealing with limitation on benefits (see instructions).

d ☐ The beneficial owner is not an individual, is claiming treaty benefits for dividends received from a foreign corporation or interest from a U.S. trade or business of a foreign corporation, and meets qualified resident status (see instructions).

e ☐ The beneficial owner is related to the person obligated to pay the income within the meaning of section 267(b) or 707(b), and will file Form 8833 if the amount subject to withholding received during a calendar year exceeds, in the aggregate, $500,000.

10 **Special rates and conditions** (if applicable—see instructions): The beneficial owner is claiming the provisions of Article ..... of the treaty identified on line 9a above to claim a .....% rate of withholding on (specify type of income): .....

Explain the reasons the beneficial owner meets the terms of the treaty article: .....

.....

Part III Notional Principal Contracts

11 ☐ I have provided or will provide a statement that identifies those notional principal contracts from which the income is **not** effectively connected with the conduct of a trade or business in the United States. I agree to update this statement as required.

Part IV Certification

Under penalties of perjury, I declare that I have examined the information on this form and to the best of my knowledge and belief it is true, correct, and complete. I further certify under penalties of perjury that:

- I am the beneficial owner (or am authorized to sign for the beneficial owner) of all the income to which this form relates.
- The beneficial owner is not a U.S. person.
- The income to which this form relates is not effectively connected with the conduct of a trade or business in the United States or is effectively connected but is not subject to tax under an income tax treaty, and
- For broker transactions or barter exchanges, the beneficial owner is an exempt foreign person as defined in the instructions.

Furthermore, I authorize this form to be provided to any withholding agent that has control, receipt, or custody of the income of which I am the beneficial owner or any withholding agent that can disburse or make payments of the income of which I am the beneficial owner.

Sign Here ▶ Signature of beneficial owner (or individual authorized to sign for beneficial owner) — Date (MM-DD-YYYY) — Capacity in which acting

FORM W-9 (REQUEST FOR TAXPAYER IDENTIFICATION NUMBER)

Form **W-9**
(Rev. January 2005)
Department of the Treasury
Internal Revenue Service

Request for Taxpayer Identification Number and Certification

Give form to the requester. Do not send to the IRS.

Print or type
See Specific Instructions on page 2.

Name (as shown on your income tax return)

Business name, if different from above

Check appropriate box: ☐ Individual/ Sole proprietor ☐ Corporation ☐ Partnership ☐ Other ▶ ..... ☐ Exempt from backup withholding

Address (number, street, and apt. or suite no.)

Requester's name and address (optional)

City, state, and ZIP code

List account number(s) here (optional)

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on Line 1 to avoid backup withholding. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN* on page 3.

Note. *If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.*

Social security number

or

Employer identification number

Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
3. I am a U.S. person (including a U.S. resident alien).

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the Certification, but you must provide your correct TIN. (See the instructions on page 4.)

Sign Here **Signature of U.S. person ▶** **Date ▶**

Purpose of Form

A person who is required to file an information return with the IRS, must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

U.S. person. Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),

2. Certify that you are not subject to backup withholding, or

3. Claim exemption from backup withholding if you are a U.S. exempt payee.

Note. *If a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.*

For federal tax purposes you are considered a person if you are:

- An individual who is a citizen or resident of the United States,
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States, or
- Any estate (other than a foreign estate) or trust. See Regulations sections 301.7701-6(a) and 7(a) for additional information.

Foreign person. If you are a foreign person, do not use Form W-9. Instead, use the appropriate Form W-8 (see Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities).

Nonresident alien who becomes a resident alien. Generally, only a nonresident alien individual may use the terms of a tax treaty to reduce or eliminate U.S. tax on certain types of income. However, most tax treaties contain a provision known as a "saving clause." Exceptions specified in the saving clause may permit an exemption from tax to continue for certain types of income even after the recipient has otherwise become a U.S. resident alien for tax purposes.

If you are a U.S. resident alien who is relying on an exception contained in the saving clause of a tax treaty to claim an exemption from U.S. tax on certain types of income, you must attach a statement to Form W-9 that specifies the following five items:

1. The treaty country. Generally, this must be the same treaty under which you claimed exemption from tax as a nonresident alien.

2. The treaty article addressing the income.

3. The article number (or location) in the tax treaty that contains the saving clause and its exceptions.

APPLICATION TO ATTORNEY GENERAL FOR DETERMINATION OF THE DISPOSITION OF DOWNPAYMENTS

APPLICATION TO THE ATTORNEY GENERAL FOR A DETERMINATION ON THE DISPOSITION OF DOWNPAYMENTS

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 structured as

- ☐ a conversion of occupied premises
- ☐ newly constructed or rehabilitated
- ☐ vacant (as is)

6. The project is structured as

- ☐ a cooperative.
- ☐ a condominium.
- ☐ a homeowners association.
- ☐ a timeshare.
- ☐ other: _____

7. Name and Address of Sponsor: _____

_____

8. Name and Address of Escrow Agent: _____

_____

9. If downpayments are maintained in an escrow account:

(a) Name of Account _____

(b) Name and Address of Bank _____

_____

(c) Account Number (if known) _____

(d) Initial interest rate (if known)_____

10. If downpayments have been secured by bonds:

(a) Name and Address of Bond Issuer or Surety: _____

_____

(b) Copy of bond included in this application. (DO NOT SEND ORIGINAL BOND.) If not included, explain: _____

_____

11. If downpayments have been secured by a Letter of Credit:

(a) Name and address of bank which issued the Letter of Credit: _____

_____

_____

(b) Date of expiration of the Letter of Credit, if known: _____

12. Plan information:

(a) Date of filing of plan: _____

(b) Plan

☐ has been declared effective. Approximate date: _____
☐ has not been declared effective.

(c) If effective, the plan

☐ has closed or the first unit has closed. Approx. 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: _____

_____

ESCROW AGREEMENT

OP: ESCROW AGREEMENT FOR OFFERING PLAN RE: SPONSOR

AGREEMENT made as of the filing date of the Offering Plan (defined below), between WXIV/Broadway Grand Realty, L.L.C. ("SPONSOR") as SPONSOR of the Offering Plan and Starr Associates LLP ("ESCROW AGENT") as escrow agent.

WHEREAS, SPONSOR is the SPONSOR of an offering plan for premises known as and located at 40 Mercer Street, New York, New York ("Offering Plan"); and

WHEREAS, Starr Associates LLP is authorized to act as an escrow agent hereunder in accordance with General Business Law ("GBL") Sections 352-e(2-b) and 352-h 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 or subscribers, pursuant to the terms of this Agreement and the Offering Plan.

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 ESCROW AGENT will establish a master escrow account for the purpose of holding deposits, downpayments, advances or payments ("Deposits") made by purchasers or subscribers ("Purchasers") pursuant to the Offering Plan at a commercial or savings bank having a branch located in New York City entitled Starr Associates LLP ("Master Escrow Account").

1.2 All Deposits will be placed initially in a non-interest bearing checking portion of the Master Escrow Account. If ESCROW AGENT receives a completed and signed Form W-9 (Request for Taxpayer Identification Number) or Form W-8 (Certificate of Foreign Status), as applicable, from a Purchaser at the time the Deposit is delivered to ESCROW AGENT, the Deposit of such Purchaser will be promptly transferred from the non-interest bearing checking portion of the Master Escrow Account into an individual interest bearing sub-escrow account in the name of such Purchaser. At such time as the Deposit is released, the Deposit will be transferred from the individual sub-escrow savings account to the non-interest bearing checking portion of the Master Escrow Account so that checks may be drawn thereon.

1.3 Partners in ESCROW AGENT are the sole signatories on the Master Escrow Account.

1.4 The Master Escrow Account is not an IOLA account established pursuant to Judiciary Law Section 497.

1.5 All interest will be credited to Purchaser at such time as: (i) there is a closing under

the Contract of Sale (defined below), or (ii) Purchaser is entitled to a return of the Deposit. All interest will be credited to SPONSOR only in the event there is a "consummation of the Offering Plan" (as such term is defined in the Attorney General's regulations) and Purchaser defaults.

2. DEPOSITS INTO THE ESCROW ACCOUNT.

2.1 All funds received from 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 into the Master Escrow Account. All instruments to be deposited into the Master Escrow Account shall be made payable directly to the order of "Starr Associates LLP, as Escrow Agent". Endorsed instruments will not be accepted. Any instrument payable other than as required hereby, and which cannot be deposited into the Master Escrow Account, shall be returned to the 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 or subscription agreement ("Contract of Sale"), ESCROW AGENT shall notify the Purchaser of the deposit of such funds in the Master Escrow Account, 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 Contract of Sale and rescind within ninety (90) days after tender of the Deposit, or may apply to the Attorney General for relief. Rescission may not be afforded where proof satisfactory to the Attorney General is submitted establishing that the Deposit was 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 Deposit of a defaulting Purchaser until after consummation of the Offering Plan. Consummation of the Offering Plan shall not relieve SPONSOR of its fiduciary obligations pursuant to GBL Section 352-h.

3.2 ESCROW AGENT shall continue to hold the Deposit in escrow until otherwise directed in (a) a writing signed by both SPONSOR and Purchaser or (b) a determination of the Attorney General or (c) a judgment or order of a court of competent jurisdiction or until released pursuant to the regulations of the Attorney General pertaining to release of escrowed funds.

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

3.4 In the event SPONSOR and a Purchaser close title under the Contract of Sale, ESCROW AGENT shall be entitled to release the Deposit to SPONSOR without the need for a written agreement from Purchaser.

3.5 Except as otherwise set forth above, if there is no written agreement between the parties to release the Deposit, 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 Deposit 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 ESCROW AGENT has received notice from the Purchaser in accordance with such provisions.

4. RECORDKEEPING.

4.1 ESCROW AGENT shall maintain all records concerning the Master Escrow Account for seven (7) years after release of the funds.

4.2 Upon the dissolution of ESCROW AGENT, the former partners 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 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 Master Escrow Account under its direct supervision and control.

5.2 A fiduciary relationship shall exist between ESCROW AGENT and Purchasers, and ESCROW AGENT acknowledges its fiduciary obligations.

5.3 ESCROW AGENT shall not be liable to SPONSOR for any error in judgment, mistake of fact or law or for any act or omission on ESCROW AGENT'S part, including, without limitation, any act or omission which permits a Purchaser to rescind a Contract of Sale, unless taken or suffered in bad faith or in willful disregard of this Agreement or involving gross negligence on the part of ESCROW AGENT.

5.4 ESCROW AGENT shall be permitted to act as counsel for SPONSOR in any dispute as to the disbursement of the Deposit or any other dispute between SPONSOR and a Purchaser whether or not ESCROW AGENT is in possession of the Deposit and continues to act as ESCROW AGENT.

5.5 ESCROW AGENT may rely upon any paper or document which may be submitted to

it in connection with its duties under this Agreement and which is believed by ESCROW AGENT to be genuine and to have been signed or presented by the proper party or parties and shall have no liability or responsibility with respect to the form, execution or validity thereof.

5.6 ESCROW AGENT may consult with legal counsel selected by it and the opinion of such counsel shall be full and complete authorization and protection to ESCROW AGENT in respect of any action taken or omitted in good faith by ESCROW AGENT hereunder in accordance with the opinion of such counsel.

5.7 The provisions of paragraphs 5.5 and 5.6 shall apply only to SPONSOR and nothing contained therein shall be in derogation of the rights of a purchaser under Article 23-A of the General Business Law.

6. RESPONSIBILITIES OF SPONSOR.

6.1 SPONSOR agrees that SPONSOR and its agents, including any selling agents, shall deliver all Deposits received by them prior to closing of an individual transaction to a designated attorney who is a partner of or attorney or legal assistant employed by ESCROW AGENT within two (2) business days of tender of the Deposit by a Purchaser, using such transmittal forms as required by ESCROW AGENT from time to time.

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.

6.3 SPONSOR shall obtain or cause the selling agent under the Offering Plan to obtain a completed and signed Form W-9 or W-8, as applicable, from each Purchaser and deliver such form to ESCROW AGENT together with the Deposit and Contract of Sale.

7. TERMINATION OF AGREEMENT.

7.1 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 Offering 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. Such resignation shall take effect on the date set forth in the notice from ESCROW AGENT, except such resignation shall take effect only upon the filing of an amendment to the Offering Plan with the Department of Law providing for a successor escrow agent with respect to Deposits held in the Master Escrow Account on the date of such resignation; or

(c) all units offered by SPONSOR pursuant to the Offering Plan have been sold and no Deposits of Purchasers from SPONSOR remain in the Master Escrow Account.

7.2 Upon termination of the duties of ESCROW AGENT as described in paragraph 7.1 (a) or (b) above, ESCROW AGENT shall deliver any and all funds held by ESCROW AGENT in escrow and any and all contracts or documents maintained by ESCROW AGENT relating to such funds to the new escrow agent.

8. SUCCESSORS AND ASSIGNS.

This Agreement shall be binding upon SPONSOR and ESCROW AGENT and their respective successors and assigns.

9. GOVERNING LAW.

This Agreement shall be construed in accordance with and governed by the laws of the State of New York.

10. ESCROW AGENT'S COMPENSATION.

SPONSOR agrees to pay ESCROW AGENT for services rendered by its attorneys and paralegals and expenses incurred by ESCROW AGENT in connection with this Agreement, including, without limitation, disputes arising with respect to the Deposit. SPONSOR shall not be charged with any administrative costs for maintenance of the Master Escrow Account. ESCROW AGENT'S fees and disbursements shall neither be paid by SPONSOR from the Deposit nor deducted from the Deposit by any financial institution under any circumstance.

11. SEVERABILITY.

If any provision of this Agreement or the application thereof to any person or circumstance is determined to be invalid or unenforceable, the remaining provisions of this Agreement or the application of such provision to other persons or to other circumstances shall not be affected thereby and shall be valid and enforceable to the fullest extent permitted by law.

12. INDEMNIFICATION.

SPONSOR agrees to defend, indemnify and hold ESCROW AGENT harmless from and against all costs, claims, expenses and damages incurred in connection with or arising out of this Agreement or the performance or non-performance of ESCROW AGENT'S duties under this Agreement, except with respect to actions or omissions taken or suffered by ESCROW AGENT in bad faith or in willful disregard of this Agreement or involving gross negligence of Escrow Agent. This indemnity includes, without limitation, disbursements and attorneys' fees either paid to retain attorneys or representing the hourly billing rates with respect to legal services rendered by ESCROW AGENT to itself.

13. ALTERNATE SECURITY

In the event SPONSOR is authorized by the Department of Law to post a Letter of Credit or Surety Bond as alternate security to secure all or a portion of the Deposits, Escrow Agent agrees to be the beneficiary of the Letter of Credit or Surety Bond, and to act as fiduciary with respect to such Letter of Credit or Surety Bond for the benefit of Purchasers under the Offering Plan whose Deposits were released from escrow in accordance with the "Escrow and Trust Fund " section of the Offering Plan or an amendment to the Offering Plan.

14. ENTIRE AGREEMENT.

This Agreement, read together with GBL Sections 352-e(2-b) and 352-h 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:

STARR ASSOCIATES LLP

By: _____
Name: Allan Starr, Esq.
Title: Partner

SPONSOR:

WXIV/BROADWAY GRAND REALTY, L.L.C.

By: WHITEHALL STREET REAL ESTATE LIMITED PARTNERSHIP XIII
By: WH Advisors, L.L.C. XIII, general partner

By: _____
Name: Jerome S. Karr
Title: Vice President

By: WHITEHALL PARALLEL REAL ESTATE LIMITED PARTNERSHIP XIII
By: WH Parallel Advisors, L.L.C. XIII, general partner

By: _____
Name: Jerome S. Karr
Title: Vice President

CERTIFICATION OF SPONSOR AND PRINCIPALS

PART 20: CERTIFICATION OF SPONSOR AND PRINCIPALS

New York State Department of Law
Investment Protection Bureau
23rd Floor - 120 Broadway
New York, New York 10271

Re: Condominium Offering Plan
40 Mercer Street Condominium
40 Mercer Street
New York, New York

We are the sponsor and the principals of sponsor of the condominium offering plan for the captioned property.

We understand that we have primary responsibility for compliance with the provisions of Article 23-A of the General Business Law, the regulations promulgated by the Department of Law in Part 20 and such other laws and regulations as may be applicable.

We have read the entire offering plan. We have investigated the facts set forth in the offering plan and the underlying facts. We have exercised due diligence to form a basis for this certification. We jointly and severally certify that the offering plan does, and that documents submitted hereafter by us which amend or supplement the offering plan will:

(i) set forth the detailed terms of the transaction and be complete, current and accurate;

(ii) afford potential investors, purchasers and participants an adequate basis upon which to found their judgment;

(iii) not omit any material fact;

(iv) not contain any untrue statement of a material fact;

(v) not contain any fraud, deception, concealment, suppression, false pretense or fictitious or pretended purchase or sale;

(vi) not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;

(vii) not contain any representation or statement which is false, where we:

(a) knew the truth;

(b) with reasonable effort could have known the truth;

(c) made no reasonable effort to ascertain the truth; or

(d) did not have knowledge concerning the representation or statement made.

This certification is made under penalty of perjury for the benefit of all persons to whom this offer is made. We understand that violations are subject to the civil and criminal penalties of the General Business Law and Penal Law.

SPONSOR: WXIV/BROADWAY GRAND REALTY, L.L.C.

By: WHITEHALL STREET REAL ESTATE LIMITED PARTNERSHIP XIII
By: WH Advisors, L.L.C. XIII, managing partner

By: _____
Name: Jerome S. Karr
Title: Vice President

By: WHITEHALL PARALLEL REAL ESTATE LIMITED PARTNERSHIP XIII
By: WH Parallel Advisors, L.L.C. XIII, managing partner

By: _____
Name: Jerome S. Karr
Title: Vice President

By: HOTELSAB I, LLC

By: _____
Name: Andre Balazs
Title: Member

By: HINES BROADWAY GRAND LIMITED PARTNERSHIP

By: _____
Name: Kenneth Hubbard
Title: Executive Vice President

[SIGNATURE PAGES TO FOLLOW]

[SIGNATURE PAGE #1 TO CERTIFICATION OF SPONSOR AND PRINCIPALS]

SPONSOR: WXIV/BROADWAY GRAND REALTY, L.L.C.

By: WHITEHALL STREET REAL ESTATE LIMITED PARTNERSHIP XIII
By: WH Advisors, L.L.C. XIII, managing partner

By: _____
Name: Jerome S. Karr
Title: Vice President

By: WHITEHALL PARALLEL REAL ESTATE LIMITED PARTNERSHIP XIII
By: WH Parallel Advisors, L.L.C. XIII, managing partner

By: _____
Name: Jerome S. Karr
Title: Vice President

Principals of Sponsor:

_____
Jerome S. Karr

_____
Stuart Rothenberg

Severally sworn to before me
this ____ day of _____, 2005

_____
Notary Public

CERTIFICATE OF ACKNOWLEDGMENT

State of New York)
ss.:
County of New York)

On the 28th day of March in the year 2005 before me, the undersigned, personally appeared Jerome Karr, 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 the person upon behalf of which the individual acted, executed the instrument.

Signature and Office of individual taking acknowledgment

JENNIFER WONG
Notary Public, State of New York
No. 01WO6087906
Qualified in New York County
Commission Expires Feb. 24, 2007

CERTIFICATE OF ACKNOWLEDGMENT

State of New York)
ss.:
County of New York)

On the 4th day of April in the year 2005 before me, the undersigned, personally appeared Stuart Rothenberg, 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 the person upon behalf of which the individual acted, executed the instrument.

Signature and Office of individual
taking acknowledgment

JEANNETTE WONG
Notary Public, State of New York
No. 01WO6087966
Qualified in New York County
Commission Expires Feb. 24, 2007

[SIGNATURE PAGE #2 TO CERTIFICATION OF SPONSOR AND PRINCIPALS]

SPONSOR: WXIV/BROADWAY GRAND REALTY, L.L.C.

By: HOTELSAB I, LLC

By: _____
Name: Andre Balazs
Title: Member

Principal of Sponsor:

_____
Andre Balazs

Sworn to before me
this 30 day of MARCH, 2005

_____
Notary Public

JENNIFER S. SEGAL
Notary Public, State of New York
No. 01SE6098453
Qualified in New York County
Commission Expires Sept 15, 2007

[SIGNATURE PAGE #3 TO CERTIFICATION OF SPONSOR AND PRINCIPALS]

SPONSOR: WXIV/BROADWAY GRAND REALTY, L.L.C.

By: HINES BROADWAY GRAND LIMITED PARTNERSHIP

By: _____
Name: Kenneth Hubbard
Title: Executive Vice President

Principals of Sponsor:

_____
Kenneth Hubbard

_____
David Penick

_____
Tommy Craig

STATE OF NY
COUNTY OF NY } SS

Severally sworn to before me
this 17 day of MARCH, 2005

_____
Notary Public

PAUL D. NAISH, Notary Public
State of New York, No. 31-4830695
Qualified in New York County
Commission Expires May 31, 2007

CERTIFICATION OF ARCHITECT

PART 20: CERTIFICATION OF ENGINEER OR ARCHITECT RE: NEWLY CONSTRUCTED OR VACANT UNITS

New York State Department of Law
Investment Protection Bureau
120 Broadway, 23rd Floor
New York, New York 10271

Re: Condominium Offering Plan
40 Mercer Street Condominium
40 Mercer Street
New York, New York

The sponsor of the condominium offering plan to convert the captioned property to condominium ownership retained our firm to prepare a report describing the construction of the property (the "Report"). We examined the building plans and specifications that were prepared by us dated February 15th, 2005 and prepared the Report dated February 28th, 2005, a copy of which is intended to be incorporated into the offering plan so that prospective purchasers may rely on the Report.

We are a registered architect/licensed engineer in the State of New York.

We understand that we are responsible for complying with Article 23-A of the General Business Law and the regulations promulgated by the Department of Law in Part 20 insofar as they are applicable to this Report.

We have read the entire Report and investigated the facts set forth in the Report and the facts underlying it with due diligence in order to form a basis for this certification. This certification is made for the benefit of all persons to whom this offer is made.

We certify that the Report:

(i) sets forth in narrative form the description and/or physical condition of the entire property as it will exist upon completion of construction, provided that construction is in accordance with the plans and specifications that we examined;

(ii) in our professional opinion affords potential investors, purchasers and participants an adequate basis upon which to found their judgment concerning the description and/or physical condition of the property as it will exist upon completion of construction, provided that construction is in accordance with the plans and specifications that we examined;

(iii) does not omit any material fact;

(iv) does not contain any untrue statement of a material fact;

(v) does not contain any fraud, deception, concealment or suppression;

(vi) does not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances; and

(vii) does not contain any representation or statement which is false, where we:

(a) knew the truth;
(b) with reasonable effort could have known the truth;
(c) made no reasonable effort to ascertain the truth; or
(d) did not have knowledge concerning the representation or statement made.

We further certify that we are not owned or controlled by and have no beneficial interest in the sponsor and that my/our compensation for preparing this Report is not contingent on the conversion of the property to a condominium or on the profitability or price of the offering. This statement is not intended as a guarantee or warranty of the physical condition of the property.

SLCE ARCHITECTS

By: _____
Name: PETER CLAMAN, AIA
Title: Partner

(Architect's Seal)

Sworn to before me this
22 day of July, 2005

Notary Public

SHERRY LYNN EID
Notary Public, State of New York
No. 01EI6113413
Qualified in New York County
Commission Expires July 26, 2008

CERTIFICATION OF BUDGET EXPERT

PENMARK
REALTY CORP

PART 20: CERTIFICATION BY EXPERT AS TO ADEQUACY OF CONDOMINIUM BUDGET

New York State Department of Law
Investment Protection Bureau
120 Broadway - 23rd Floor
New York, New York 10271

Re: Condominium Offering Plan
40 Mercer Street Condominium
40 Mercer Street
New York, New York

The sponsor of the condominium offering plan for the captioned property retained our firm to prepare Schedule B and review Schedule B-1 (collectively, "Schedules") containing projections of income and expenses for the first year of condominium operation. Penmark Realty Corp. has been engaged in the management of residential real estate for the past 34 years, manages approximately 30 cooperative and condominium buildings and is licensed as a real estate broker in the State of New York.

We understand that we are responsible for complying with Article 23-A of the General Business Law and the regulations promulgated by the Department of Law in Part 20 insofar as they are applicable to the Schedules.

We have reviewed the Schedules and investigated the facts set forth in the Schedules 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 the Schedules appear reasonable and adequate under existing circumstances, and the projected income appears to be sufficient to meet the anticipated operating expenses for the projected first year of condominium operation.

We certify that the Schedules:

(i) set forth in detail the projected income and expenses for the first year of condominium operation;

(ii) afford potential investors, purchasers and participants an adequate basis upon which to found their judgment concerning the first year of condominium operation;

(iii) do not omit any material fact;

(iv) do not contain any untrue statement of a material fact;

(v) do not contain any fraud, deception, concealment or suppression;

(vi) do not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;

(vii) do not contain any representation or statement which is false, where I/we:

(a) knew the truth;

(b) with reasonable effort could have known the truth;

(c) made no reasonable effort to ascertain the truth; or

(d) did not have knowledge concerning the representation or statement made.

We further certify that we are not owned or controlled by the sponsor. We understand that a copy of this certification is intended to be incorporated into the offering plan. This statement is not intended as a guarantee or warranty of the income or 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.

PENMARK REALTY CORP.

By: _____
Name: Bernard Friedman
Title: President

Sworn to before me this
3rd day of March, 2005

_____
Notary Public

JACQUELINE BAPTISTE
Notary Public, State of New York
No. 01BA6118097
Qualified in Queens County
Commission Expires November 1, 2008

CERTIFICATION OF BUDGET EXPERT CONCERNING ADEQUACY OF COMMON CHARGES PAYABLE BY THE COMMERCIAL UNIT OWNER

PENMARK
REALTY CORP

PART 20: CERTIFICATION BY EXPERT CONCERNING ADEQUACY OF COMMON CHARGES PAYABLE BY THE COMMERCIAL UNIT OWNER

New York State Department of Law
Investment Protection Bureau
120 Broadway, 23rd Floor
New York, New York 10271

Re: Condominium Offering Plan
40 Mercer Street Condominium
40 Mercer Street
New York, New York

The sponsor of the condominium offering plan for the captioned property retained our firm to prepare Schedule B which includes projections of common charges payable by the owner of the commercial unit. Penmark Realty Corp. has been engaged in the management of residential real estate for the past 34 years, manages approximately 30 cooperative and condominium buildings, including buildings with commercial space, and is licensed as a real estate broker in the State of New York.

We understand that we are responsible for complying with Article 23-A of the General Business Law and the regulations promulgated by the Department of Law in Part 20 insofar as they are applicable to the commercial unit listed in Schedule B.

We have reviewed Schedule B as it impacts upon the commercial unit and investigated the facts underlying it with due diligence in order to form a basis for this certification. We also have relied on our experience in managing residential buildings.

We certify that the projections in Schedule B for the common charges payable by the owner of the commercial unit appear reasonable and adequate under existing circumstances to meet the anticipated operating expenses fairly attributable to such commercial unit for the projected first year of condominium operation, and that the allocation of common charges attributable to the commercial unit also reflects special or exclusive use or availability or exclusive control of particular common areas.

We certify that the estimates in Schedule B for the common charges payable by the owner of the commercial unit:

(i) sets forth in detail the projected common charges for the commercial unit 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 common charges payable by the owner of the commercial unit;

(iii) do not omit any material fact;

(iv) do not contain any untrue statement of a material fact;

(v) do not contain any fraud, deception, concealment or suppression;

(vi) do not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances;

(vii) do not contain any representation or statement which is false, where we:

(a) knew the truth;

(b)with reasonable effort could have known the truth;

(c) made no reasonable effort to ascertain the truth; or

(d) did not have knowledge concerning the representation or statement made.

We further certify that we are not owned or controlled by the sponsor. We understand that a copy of this certification is intended to be incorporated into the offering plan. This statement is not intended as a guarantee or warranty of the common charges attributable to the commercial unit for the first year of condominium operation.

This certification is made under penalty of perjury for the benefit of all persons to whom this offer is made. We understand that violations are subject to the civil and criminal penalties of the General Business Law and Penal Law.

PENMARK REALTY CORP.

By: _____
Name: Bernard Friedman
Title: President

Sworn to before me this
3rd day of March, 2005

Jacqueline Baptiste
Notary Public

JACQUELINE BAPTISTE
Notary Public, State of New York
No. 01BA6118097
Qualified In Queens County
Commission Expires November 1, 2008

PENMARK
REALTY CORP

REAL PROPERTY LAW SECTION 339-kk

NEW YORK REAL PROPERTY LAW § 339-kk

§ 339-kk. Rents.

(a) For the purposes of this section, "non-occupying owner" shall mean a unit owner in a condominium association who does not occupy the dwelling unit.

(b) If a non-occupying owner rents any dwelling unit to a rental tenant and then fails to make payments due for common charges, assessments or late fees for such unit within sixty days of the expiration of any grace period after they are due, upon notice in accordance with subdivision (c) of this section, all rental payment$ from the tenant shall be directly payable to the condominium association.

(c) If the common charges, assessments or late fees due for any unit have not been paid in full, within sixty days after the expiration of any grace period of the earliest due date, the board of managers shall provide written notice to the tenant and the non-occupying owner providing that, commencing immediately and until such time as all payments for common charges, assessments or late fees are made current, all rental payments due subsequent to the issuance of such notice are to be made payable to the condominium association at the address listed on the notice. Where a majority of the board of managers have been elected by and from among the unit owners who are in occupancy, the board may elect not to require that rental payments be made payable to the condominium association. At such time as payments for common charges, assessments and late fees from the non-occupying owner are once again current, notice of such fact shall be given within three business days to the rental tenant and non-occupying owner. Thereafter all rental payments shall be made payable to the non-occupying owner or a designated agent. A non-occupying owner who disputes the association's claim to rental payments pursuant to this section shall be entitled td present facts supporting such owner's position at the next scheduled meeting of the board of managers, which must be held within thirty days of the date that such board receives notice that such owner seeks to dispute such claim.

(d) Nothing in this section shall limit any rights of unit owners or of the board of managers existing under any other law or agreement.

(e) Payment by a rental tenant to the condominium association made in connection with this section shall relieve that rental tenant from the obligation to pay such rent to the non-occupying owner and shall be an absolute defense in any non-payment proceeding commenced by such non-occupying owner against such tenant for such rent.

§HISTORY: Add, L 1998, ch 422, § 3, eff July 22, 1998 (see 1998 note below).

EDITOR'S NOTES:

Laws 1998, ch 422, §§ 4, 5, eff July 22, 1998, provide as follows:

§ 4. This act may be enforced by any party by means of a special proceeding brought pursuant to article 4 of the civil practice law and rules.

§5. This act shall take effect immediately, and is applicable to all cooperative corporations and condominiums in existence on or after such date.

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