FINAL DRAFT

CONDOMINIUM OFFERING PLAN

40BOND

40 BOND STREET
NEW YORK, NEW YORK 10012

23 Residential Units	$117,350,000
5 Townhouse Units	$ 31,700,000
23 Storage Lockers	$ 345,000
Total Amount of Offering:	$149,395,000

SPONSOR

40 Bond Street Partners LLC
c/o Ian Schrager Company
818 Greenwich Street
New York, New York 10014

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: December 8, 2005

This Offering Plan may not be used after DECEMBER 7, 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.

FINAL DRAFT

8

DECEMBER 7

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PART I

CONDOMINIUM OFFERING PLAN

40 BOND CONDOMINIUM
40 BOND STREET
NEW YORK, NEW YORK 10012

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 6 months after Purchaser executes the Purchase Agreement or 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 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 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. 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).

7. 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. 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.)

8. 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.)

9. (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 Units representing at least 95% in number of all 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 member to the Condominium Board for so long as Sponsor continues to own at least 1 Unsold 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 members of the Condominium Board must be owner-occupants of the Building who are unrelated to Sponsor and its principals.

See the Section of the Plan entitled "Control By Sponsor" for further details.

10. (a) So long as Sponsor continues to own at least 25% in number of all 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.)

11. 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 contain new systems. 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.)

12. A Purchaser of a 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 1 month's Common Charges assessed against the Unit. (See the Section of the Plan entitled "Working Capital Fund and Apportionments" for further details.)

13. 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. Such Purchaser will be required at Closing to deposit with the Condominium an amount equal to 2 years Common Charges in effect for the Unit which will be in addition to the required contribution to the Working Capital Fund. (See the Section of the Plan entitled "Procedure to Purchase" for further details.)

14. There will be a superintendent on duty 8 hours a day, 5 days per week. There will be an on-call emergency maintenance service available at all other times. The superintendent will not live in the Building.

15. Sponsor is offering Purchasers of Units the opportunity to purchase a Storage Locker for the exclusive use of Purchaser for so long as Purchaser (as Unit Owner) continues to own a Unit, pursuant to the terms of a Storage License, the form of which is set forth in Part II of the Plan. Purchasers should note that the Closing of a Storage Locker does not require the issuance of a temporary of certificate of occupancy. Purchasers may be required to consummate the purchase of a Storage Locker simultaneously with the Closing of a Unit, even though a temporary certificate of occupancy has not been issued (and access may not be available) for the Storage Area designated for the Storage Lockers. (See the Section of the Plan entitled "Closing of Title to Units").

16. While Sponsor presently intends to offer for sale Storage Lockers, 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 the 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 and the Closing of Title to the Unit. 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 one or more Unit(s). 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 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.

17. 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.)

18. Prospective Purchasers are advised that until the Condominium is occupied by 75% of 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 Unit, the 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 Unit through, including and beyond the closing of title to any particular Purchaser's 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 Units, amenities in the Building, the decoration or finishing of the lobby, corridors, elevator finishes and other portions of the Building, including installing light fixtures, painting, hanging wall coverings or laying carpeting. 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.)

19. No amendment, modification, addition or deletion of the Declaration, By-Laws or any Rules and Regulations (other than those required by Law) shall be effective against Sponsor unless Sponsor has given its written consent thereto. (See the Section of the Plan entitled "Rights and Obligations of the Condominium Board/Summary of By-Laws" for further details.)

20. Sponsor intends to apply for partial exemption from real estate taxes attributable to the 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 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 Units or the amount of real estate

taxes payable at any time by any Unit Owner. (See the Section of the Plan entitled "Anticipated Tax Exemption Benefits," and "Real Estate Tax Projection Opinion" set forth in Part II of the Plan, for further details.)

21. 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 for further details.)

22. At the First Closing, certain apportionments will be made between 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, to be executed by the Condominium Board and delivered to Sponsor at the First Closing to be repaid, without interest, paid by the Condominium on behalf of all Unit Owners, as a Common Expense, on the first anniversary of the First Closing. (See the Section of the Plan entitled "Closing Costs and Adjustments" for further details.)

23. The By-Laws provide that all Unit Owners shall be obligated to install backing on the exterior side of all window treatments facing Bond Street visible from the street which will permit the Building to have a visually harmonious appearance from the outdoors when the shades are down or curtains drawn. Accordingly, each Unit Owner shall be required to purchase, install and maintain, at Unit Owner's sole cost and expense, backing on the exterior side of all window treatments facing Bond Street visible from the street as follows:

(a) *Solar Veil Shades* – silver screen white ED01 by Verosol.

(b) *100% Opaque Black-out Shades* – silver backing (Bergamo Xenon 2085-5).

(c) *Sheer Curtains* – silver (Maharam Buzz 281280: Color 002 Electrum).

A Unit Owner will be required, at the Unit Owner's sole cost and expense, to install any electrical outlets and/or connections in the event Unit Owner intends to motorize the window treatments.

24. 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 and for possible increases in operating expenses above the amounts projected. 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.)

25. (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 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 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 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 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.

26. 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.)

27. Sponsor shall have an exclusive right and easement for ingress and egress through the Common Elements to erect, use, lease, maintain, repair, replace and operate (i) antennae, satellite dishes and other communications equipment on the roof of the Building in the area set forth on the Floor Plans, 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 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. Sponsor shall be entitled to utilize such easement for its own account or the account of any tenants or licensees of Sponsor. In addition, Sponsor shall have an exclusive right and easement 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. (See the Section of the Plan entitled "Rights and Obligations of the Condominium Board for further details.)

28. (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 reserves the right to make "bulk sales" of 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" shall mean the transfer of 10 or more Units or 20% of the total number of Units in the Condominium, whichever is less.

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

29. 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.)

30. During the Initial Control Period, the Condominium Board shall have the right, in its sole discretion, 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 the basic operating costs of the Condominium (exclusive of reserves) are paid from the Working Capital Fund and any balance remaining by Sponsor. (See the By-Laws contained in Part II of the Plan for further details).

31. 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 variance and tolerance, 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).

32. 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 few 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. (See the Section of the Plan entitled "Rights and Obligations of Sponsor" further details.)

33. Sponsor reserves the right, in its sole and absolute discretion, to sell, lease, license or otherwise transfer to a purchaser of a Unit, any portion of the Common Elements for the exclusive use of such Unit Owner, provided that such Common Element was not offered as an amenity for the shared use by all 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.)

INTRODUCTION

Nature of the Transaction

40 Bond Street Partners ("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 Bond Street, New York, New York pursuant to the Condominium Act. The Condominium will be known as the "40 Bond Condominium" and is being referred to herein as the "Condominium." Sponsor acquired fee title to the Property on November 5, 2004.

The Condominium will consist of 23 Residential Units, 5 Townhouse Units and 23 Storage Lockers, all of which are being offered for sale pursuant to the Plan.

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 as well as 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 Units to begin on or about January 1, 2007. Purchasers should note, however, that the 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 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 after 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 Units for Sale

Sponsor hereby offers the Units for sale under the Plan. The prices for each of the 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.

A Unit may be used only as a residence, subject to compliance with the Condominium Documents and Law.

A Storage Locker will be offered for sale pursuant to a licensing arrangement ("Storage License"). A Storage Locker may only be used for storage purposes and in compliance with the Condominium Documents and Law. Except for Sponsor, a Storage Locker may not be licensed independently of a Unit.

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

Pursuant to the construction mortgage documents entered into by Sponsor for the financing of construction of the Building, Sponsor must (i) enter into Purchase Agreements for at least 15% of the Units, prior to declaring the Plan effective, and (ii) meet certain minimum release prices prior to lender's release of its lien against the Units.

Purchasers should note that the Closing of a Storage Locker does not require the issuance of a temporary of certificate of occupancy for the Storage Area. Purchasers may be required to consummate the purchase of a Storage Locker simultaneously with the Closing of a Unit, even though a temporary certificate of occupancy has not been issued (and access may not be available) for the Storage Area designated for the Storage Lockers.

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 the 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 one or more Unit(s). 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 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. 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," and (ii) portions of the Building serving and benefiting certain Units exclusively, including for example, and without limitation, Terraces, these Common Elements being specifically designated as "Limited Common Elements."

With certain exceptions, any sale or lease of a Unit will be subject to a right by the Condominium Board to acquire or lease such Unit or to produce a third party to acquire or lease such Unit on the same terms as were offered to the owner of such Unit. Sponsor may sell or lease its 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 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. (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 to mortgage Unsold 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 Unit Owners, subject to the rights of Sponsor 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 Unit Owner shall be entitled to cast one vote for each .0001% of Common Interest attributable to the Unit, per 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 Unit Owner has exclusive use, subject to

any and all Rules and Regulations implemented by the Condominium Board, of any Limited Common Element appurtenant to the 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 Common Element (including any leaks which are not caused by the negligence of the Unit Owner having access to same) shall be charged to all Unit Owners as a 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 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 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 Sponsor's recording the Declaration in the City 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. Each Unit Owner will be obligated to comply with the Declaration, including the By-Laws and Rules and Regulations and any other requirements of the Condominium Board.

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 Charges will be assessed against Unit Owners in accordance with the Schedule B allocations. The estimated Common Charges for each Unit for the 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 floor space, subject to the location of such space and the additional factors of relative value to other space in the Condominium, the uniqueness of the Unit, the availability of Common Elements for exclusive or shared use, and the overall dimensions of the particular Unit in accordance with subsection (iv) of the Real Property Law.

The aggregate Common Interest of all Units equals 100%. The percentage of Common Interests are the basis for determining a Unit Owners 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, as applicable, and estimate of the Common Charges that will be payable by the 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" for further details.)

Each Purchaser of a 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 Unit, shall be in an amount equal to 1 month's Common Charges assessed against the 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 real estate 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, 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 Bond 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.

"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 and the Limited 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 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 Bond Condominium which will be 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 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 (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.

"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.

"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 Units representing at least 95% in number of all 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 530, Lot 48 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 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.

"Limited Common Elements" shall mean those portions of the Property (other than the Units and the General Common Elements), existing for the use and enjoyment of certain 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.

"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.

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

"Rules and Regulations" shall mean the Rules and Regulations of the Condominium promulgated in accordance with the By-Laws.

"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 40 Bond Street Partners LLC and (if applicable) a Person designated by Sponsor.

"Storage Area" shall mean the area in the Building containing the Storage Lockers which is a General Common Element of the Condominium.

"Storage License" shall mean the agreement pursuant to which a Storage Locker is licensed to a Unit Owner.

"Storage Locker" shall mean any storage locker located in the Storage Area 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 General Common Element of the Condominium. Any reference in the Plan or the Condominium Documents to "owning a Storage Locker" shall mean that Unit Owner has entered into a Storage License for a Storage Locker.

"Terrace" shall mean any terrace, balcony or garden which is appurtenant to a Unit as a Limited Common Element 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.

"Title Company" shall mean Commonwealth Land Title Insurance Company, having an office at 130 East 45th Street, 22nd Floor, New York, New York 10017, Phone: (212) 949-0100, Fax: (212) 986-3148 or any other title company authorized to do business in the State of New York designated by Sponsor.

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

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

"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 Unit" shall mean any 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 Units are, collectively, referred to as the "Unsold Units."

"Unsold 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 Bond Street, in the borough of Manhattan, City of New York. The Land covers approximately 14,276 square feet and the Building erected thereon will consist of approximately 83,000 square feet. The Condominium is located within an M1-5B manufacturing zoning district. Following approval of the Board of Standards and Appeals, the Building will be permitted to have residential and retail uses.

Improvements - General Description of Units and Storage Lockers

The Condominium, upon completion of construction, will consist of 23 Residential Units, 5 Townhouse Units and 23 Storage Lockers contained in 10 stories above grade with 1 cellar.

There will be 23 Residential Units located on Floor 3 to Floor 10 ranging in size from 1,365 square feet to 8,196 square feet.

There will be 5 Townhouse Units located on the cellar, Floor 1 and Floor 2, ranging in size from 2,759 square feet to 3,449 square feet. The Townhouse Units will be accessible through a private entrance secured by a locked cast iron gate on Bond Street. Each Townhouse Unit will have a front porch, internal stair and private non-landscaped garden in the rear.

There will be 23 single tier, 3'-0" x 4'-6" x 7'-0" tall, wire cage Storage Lockers located in the Storage Area in the cellar.

Construction Data for Units and Common Elements

Sponsor has engaged Handel Architects LLP as architect of record, Ambrosino DePinto & Schmieder Consulting Engineers P.C., as mechanical engineer and DeSimone Consulting Engineers, 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 Units to begin on or about January 1, 2007. Prospective Purchasers should note, however, that the 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 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 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 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 after 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 after 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 Unit Owners and are included in the Common Charges, unless otherwise specified below.

a. Doorman/Concierge

A uniformed doorman/concierge will be stationed in the 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 Managing Agent. All Building staff shall be assigned such hours of duty as are necessary for the comfortable occupancy of all Unit Owners. The superintendent will be on duty 8 hours a day, 5 days a week. There will be an on-call emergency maintenance service available at all other times. The superintendent will not live in the Building.

c. Elevator Service

2 automatic elevators (1 passenger and 1 passenger/service) will be in service 24 hours a day, 7 days a week, servicing the Residential Units from the cellar to Floor 10. Purchasers should refer to the Description of Property and Building Condition set forth in Part II for further details concerning the passenger 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 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 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.

e. Mail

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

f. Laundry

There will be a washer and dryer installed in each Unit. There will be no common laundry room.

g. Refuse Disposal

There will be recycling bins and access to the Building's refuse chute located on each floor containing Residential Units. The refuse chute will lead directly to an automatic compacting facility in the trash room located in the cellar.

h. Communication Facilities and Intercom System

Each Unit will be equipped with a video intercom/alarm unit (which will enable the occupants to communicate directly with the concierge over a standard touch tone telephone). Sponsor reserves the right to substitute an alternate service to enable communication between the concierge and Unit Owners.

i. Security

Closed circuit television cameras will be provided in selective locations, at selected entrance corridors to the elevators with viewing monitors at the concierge.

j. Storage Lockers

There will be 23 Storage Lockers located in the cellar level of the Building which are being offered for sale. Use of the Storage Lockers will be pursuant to a Storage License between the Unit Owner and the Condominium

k. Smoke Detector/Carbon Monoxide Detectors/Sprinklers

Smoke detectors and carbon monoxide detectors will be provided in each Unit which will be wired to a local power supply and have self-contained sounding devices in compliance with Law . The Building will be fully sprinklered.

l. Service Entrance

There will not be any dedicated service entrance at the Building.

m. Gardens

There will be a garden available to all Unit Owners at the ground floor level which will contain benches, decorative concrete pavers and some landscaping. This garden will be a General Common Element.

Each of the Townhouse Units will contain a private garden in the rear which will contain a concrete pad, hose bib, electric service outlet, top soil and a privacy wall separating the back of the garden from the adjoining building. There will be walls separating each of the Townhouse gardens. The gardens adjoining the Townhouse Units are Limited Common Elements, the maintenance and operation of which shall be at the sole cost and expense of the Townhouse Unit Owner.

n. Fitness Center

There will be an unsupervised fitness center located at the cellar level which will contain state of the art fitness equipment.

o. Hotel Services

Sponsor has made arrangements with the owner ("Hotel Owner") of the Gramercy Park Hotel located at 2 Lexington Avenue, New York, New York ("Hotel") to provide Unit Owners with the following services, at no charge, with times and services "*subject to change and availability*" based upon the Hotel's operating schedule and provided such services are also available at the time in question to guests of the Hotel at no charge:

(1) Security Service

Unit Owners will have 24 hours per day, 365 days per year remote surveillance security services and occasional, at the discretion of Hotel Owner, perimeter patrol monitoring of the Building by Hotel security staff.

(2) Concierge Service

Unit Owners will have access to all of the concierge services of the Hotel which are typically provided by five-star, world-class luxury hotels.

(3) General

In the event the Hotel is sold or otherwise transferred by Hotel Owner or the operation of the Hotel as a hotel is discontinued or there is a labor dispute which affects the Hotel, there is no guarantee that any or all of the services set forth in (1) or (2) above will continue to be available to Unit Owners.

p. Owners Club Card

Sponsor has made arrangements with Hotel Owner to provide Unit Owner with all of the privileges and access to the full range of services and facilities available to guests of the Gramercy Park Hotel and other services that are not available to guests of the Hotel, at the sole cost and expense of Unit Owners, unless otherwise stated. At Closing, Sponsor shall provide to each Unit Owner, with a special card ("Owners Club Card") which shall entitle the holder to all of the privileges and services and facilities set forth below on a *"priority basis"*:

(1) Provided at the Hotel:

- guaranteed entrance to all bars and all special events at such bars to the extent guests of the Hotel are permitted access.
- priority restaurant reservation status.
- priority room reservation status at 25% off published rack rates (subject to certain black-out dates).
- room upgrades based upon availability.
- signing privileges and direct billing services at all vendor outlets (i.e., restaurants, bars, fitness center, business center) and all other public facilities.
- access to the fitness center without per diem charge.
- access to all David Barton gyms.
- personal fitness trainers and massage and spa services.
- access to meeting rooms and business center.
- rental of laptop computers, facsimile machines, multi-lingual secretarial services, mobile telephones and state of the art audio-visual equipment.
- limousine service.
- currency conversion.
- local and international postage, shipping and packaging coordination services.
- travel agent services.
- cash access through check cashing privileges.
- priority access to the penthouse suite and all other rentable public space for private functions.
- access to DVD library.
- access to roof-top garden.
- access to all public events and other amenities available to guests of the Hotel.
- benefit of preferred "bulk rate" discount monthly parking with local garage operators.
- 24 hour per day, 7 days per week toll free service line for general support and assistance and special internationally available concierge services from anywhere in the world.

- assistance in gaining access to all restaurants, bars, clubs and retail establishments.

- in-depth knowledge of key international gateway cities for restaurant, shopping and event assistance and planning.

- assistance in leasing an automobile or charter business jet.

(2) Provided at the Unit:

- individual Unit oversight and supervision services (executive lifestyle management).

- catering services and event planning for private meetings, events or functions.

- benefit of preferred "bulk rate" discount programs arranged with local vendors.

- personal shopping and delivery services through local vendors (i.e., groceries, cleaners, pharmacies).

- messenger services for local pick-ups and deliveries.

- pet walking and sitting services.

- pick-up and delivery of laundry and dry cleaning services.

- technical support services for computers, entertainment centers and telecommunication equipment.

- painting service.

- repair service.

- fresh flower service.

- housekeeping services.

- personal fitness trainers and massage and spa services.

- bathroom amenity services.

- supervised childcare and babysitting services.

- all personnel providing superintendent and porter services for Unit Owners and the Condominium will be trained and supervised by the Hotel's five-star, world class human resources department.

(3) Owners Club Card Conditions:

- Unit Owner must be in good standing with the Condominium and not in default of any of Unit Owner's obligations under the Condominium Documents.

- unless otherwise noted, charges for any services utilized by an Owners Club Card holder shall be at the sole cost and expense of Unit Owner at the prevailing rates charged to guests of the Hotel. A schedule of prevailing rates is available at no charge at the sales office.

- Owners Club Card holders may use 1 or more of these services or facilities and are not required to avail themselves of any of these services or facilities.

- Owners Club Cards are non-transferable and may be revoked in the sole discretion of Hotel Owner, with or without cause.

- a Transferee of an original Unit Owner shall be entitled to an Owners Club Card on the same basis as the original Unit Owner.

- an Owners Club Card is not available to subtenants of Unit Owner.

- Sponsor does not represent or warrant that any of these services and facilities will be available at the time an Owners Club Card holder makes a request. Any of the foregoing services and facilities are subject to change in the event they are no longer being provided to guests of the Hotel or for any other reason. In the event the Hotel is sold or otherwise transferred by Hotel Unit Owner or the operation of the Hotel as a hotel is discontinued or there is a labor dispute which affects the Hotel, there is no guarantee that any or all of the privileges and services and facilities set forth above will continue to be available to Owners Club Card holders.

q. General

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 the Condominium is fully occupied by 75% of 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 Unit, the lobby will be attended 24 hours a day, 7 days a week by a doorman 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 Unit through, including and beyond the closing of title to any particular purchaser's 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 Units, amenities in the Building, the decoration or finishing of the residential lobby, corridors, elevator finishes and other portions of the Building, including installing light fixtures, painting, hanging wall coverings or laying carpeting. 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.

LOCATION AND AREA INFORMATION

Location

The Condominium is located at 40 Bond Street at the epicenter of hip NOHO, a neighborhood characterized by its diversity. The area is well-known for its bold architecture, energizing streetscape, luxury international boutiques proliferating on the side streets and excellent restaurants. It is one of the top-rated residential neighborhoods in the city. Known world-wide for its loft-style atmosphere, restaurants and retail, the Soho-Noho area has been transformed into both a destination and home to celebrities, formidable artists and captains of industry. Notable restaurants such as Indochine, Il Buco, Butter, Sarafina Downtown, Bond St., Bowery Bar, Time Café, as well as important cultural venues such as the Public Theater, are all within a short walking distance and give further evidence to the innovative and eclectic nature of the neighborhood.

40 Bond is ideally located just blocks from one of the fastest growing super-premium retail phenomenon in the world. Elite labels including Chanel, Prada, Louis Vuitton, Marc Jacobs, Costume National, and Helmut Lang, along with more mainstream brands ranging from Barneys to J. Crew to Banana Republic to the just-opened uptown mega-luxury-emporium Bloomingdales have dedicated tremendous financial and creative resources to establishing strong flagship presences just blocks from this site. Soho is the downtown bastion of international luxury – a neighborhood which has come to be known for infusing old-world style and good taste with contemporary energy and a fresh perspective.

Surrounding Area, Shopping, Museums, Theatre and Parks

New York City is the leading cultural center of the world, with the finest 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.

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 Hospital, Cornell Medical Center, Memorial Sloan Kettering, Lenox Hill Hospital, New York University Medical Center, New York Infirmary – Beckman Downtown Hospital, St. Vincent's Medical Center, Mt. Sinai Medical Center and Columbia Presbyterian Medical Center are readily accessible.

Private schools, public schools and parochial schools on the elementary, junior high school and high school levels are located within a short 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, snow removal, road maintenance, police and fire services to the Building.

The local police station is the 9th Precinct, temporarily located at 130 Avenue C, New York, New York while the permanent station located at 321 East 5th Street is renovated.

The local fire station is Engine 33/Ladder 9, located at 42 Great Jones Street, New York, New York.

Mailing Address

The mailing address for the Units will be 40 Bond Street, New York, New York 10012.

Zoning

The Condominium is located within an M1-5B manufacturing zoning district. Following approval of the Board of Standards and Appeals, residential and retail use will be permitted at the Building.

General

Sponsor makes no representations to the continued existence of any of the named establishments. 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 BOND CONDOMINIUM

40 BOND STREET
NEW YORK, NEW YORK 10012

THE FIRST YEAR OF CONDOMINIUM OPERATION
JANUARY 1, 2007 - DECEMBER 31, 2007

UNIT	(1) NO. OF BEDS / BATHS	(1) AMENITY	(2) APPROX. SQ. FT. UNIT	(2) APPROX. SQ. FT. TERRACE	(3) PURCHASE PRICE	(4) % INTEREST IN THE COMMON ELEMENTS	(5) PROJECTED COMMON CHARGES MONTHLY	(5) PROJECTED COMMON CHARGES ANNUAL	(6) PROJECTED REAL ESTATE TAXES MONTHLY	(6) PROJECTED REAL ESTATE TAXES ANNUAL	(7) PROJECTED TOTAL CARRYING CHARGES MONTHLY	(7) PROJECTED TOTAL CARRYING CHARGES ANNUAL
TOWNHOUSE UNITS												
TH 1	3.0 / 4.0	TPX , FP ,G	3,739	1,130	$7,250,000	5.2932%	$2,966.10	$35,593.22	$311.33	$3,735.98	$3,277.43	$39,329.20
TH 2	3.0 / 4.0	TPX , G	3,552	1,130	$6,950,000	5.0757%	$2,844.26	$34,131.09	$298.54	$3,582.51	$3,142.80	$37,713.60
TH 3	3.0 / 4.0	TPX , G	2,874	760	$5,350,000	3.9400%	$2,207.80	$26,493.63	$231.74	$2,780.86	$2,439.54	$29,274.49
TH 4	3.0 / 4.0	TPX , G	2,881	570	$5,200,000	3.8073%	$2,133.45	$25,601.36	$223.93	$2,687.20	$2,357.38	$28,288.57
TH 5	3.0 / 4.0	TPX , FP ,G	3,750	770	$6,950,000	5.0346%	$2,821.23	$33,854.74	$296.13	$3,553.51	$3,117.35	$37,408.25
RESIDENTIAL UNITS												
4 A	3.0 / 3.5		2,617		$4,750,000	3.2465%	$1,819.22	$21,830.69	$190.95	$2,291.42	$2,010.18	$24,122.11
5 A	3.0 / 3.5		2,617		$4,850,000	3.2834%	$1,839.90	$22,078.82	$193.12	$2,317.47	$2,033.02	$24,396.28
6 A	3.0 / 3.5		2,617		$4,950,000	3.3203%	$1,860.58	$22,326.95	$195.29	$2,343.51	$2,055.87	$24,670.46
7 A	3.0 / 3.5		2,617		$5,100,000	3.3757%	$1,891.60	$22,699.15	$198.55	$2,382.58	$2,090.14	$25,081.72
4 B	2.0 / 2.5		1,382		$2,750,000	1.8036%	$1,010.66	$12,127.94	$106.08	$1,272.99	$1,116.74	$13,400.93
5 B	2.0 / 2.5		1,382		$2,825,000	1.8313%	$1,026.17	$12,314.04	$107.71	$1,292.52	$1,133.88	$13,606.56
6 B	2.0 / 2.5		1,382		$2,900,000	1.8589%	$1,041.68	$12,500.14	$109.34	$1,312.06	$1,151.02	$13,812.19
7 B	2.0 / 2.5		1,382		$3,025,000	1.9051%	$1,067.52	$12,810.30	$112.05	$1,344.61	$1,179.58	$14,154.91
4 C	3.0 / 3.5		2,637		$4,700,000	3.2395%	$1,815.28	$21,783.39	$190.54	$2,286.46	$2,005.82	$24,069.84
5 C	3.0 / 3.5		2,637		$4,800,000	3.2764%	$1,835.96	$22,031.52	$192.71	$2,312.50	$2,028.67	$24,344.02
6 C	3.0 / 3.5		2,637		$4,900,000	3.3133%	$1,856.64	$22,279.65	$194.88	$2,338.55	$2,051.52	$24,618.19
7 C	3.0 / 3.5		2,637		$5,050,000	3.3686%	$1,887.65	$22,651.84	$198.13	$2,377.61	$2,085.79	$25,029.46
4 D	1.0 / 1.5		1,269		$2,050,000	1.4808%	$829.78	$9,957.31	$87.10	$1,045.15	$916.87	$11,002.46
5 D	1.0 / 1.5		1,269		$2,100,000	1.4992%	$840.11	$10,081.38	$88.18	$1,058.17	$928.30	$11,139.55
6 D	1.0 / 1.5		1,269		$2,150,000	1.5177%	$850.45	$10,205.44	$89.27	$1,071.20	$939.72	$11,276.64
7 D	1.0 / 1.5		1,269		$2,200,000	1.5361%	$860.79	$10,329.51	$90.35	$1,084.22	$951.14	$11,413.73
8 A	4.0 / 4.5	FP,T	3,288	1,342	$9,950,000	6.1228%	$3,431.00	$41,172.01	$360.13	$4,321.55	$3,791.13	$45,493.56
8 B	2.0 / 2.5	FP,T	2,076	1,042	$6,250,000	3.9373%	$2,206.31	$26,475.73	$231.58	$2,778.98	$2,437.89	$29,254.71
9 A	4.0 / 4.5	FP	3,288		$7,650,000	4.6996%	$2,633.49	$31,601.89	$276.42	$3,317.04	$2,909.91	$34,918.93
9 B	2.0 / 2.5	FP	2,076		$4,900,000	2.9931%	$1,677.20	$20,126.44	$176.04	$2,112.54	$1,853.25	$22,238.98
10 A	4.0 / 4.5	FP	3,288		$7,850,000	4.7734%	$2,674.85	$32,098.15	$280.76	$3,369.13	$2,955.61	$35,467.28
10 B	2.0 / 2.5	FP	2,076		$5,150,000	3.0853%	$1,728.90	$20,746.77	$181.47	$2,177.65	$1,910.37	$22,924.42
PH	4.0 / 4.5	DPX , (3) FP,T	6,626	3,529	$16,500,000	11.3813%	$6,377.66	$76,531.91	$669.42	$8,033.04	$7,047.08	$84,564.96
28	**73.0**		**71,134**	**10,273**	**$149,050,000**	**100.0000%**	**$56,036.25**	**$672,435.00**	**$5,881.75**	**$70,581.00**	**$61,918.00**	**$743,016.00**

SCHEDULE A

40 BOND CONDOMINIUM

40 BOND STREET
NEW YORK, NEW YORK 10012

THE FIRST YEAR OF CONDOMINIUM OPERATION
JANUARY 1, 2007 - DECEMBER 31, 2007

UNIT	(1) NO. OF BEDS / BATHS	(1) AMENITY	(2) APPROX. SQ. FT. UNIT	TERRACE	(3) PURCHASE PRICE	(4) % INTEREST IN THE COMMON ELEMENTS	(5) PROJECTED COMMON CHARGES MONTHLY	ANNUAL	(6) PROJECTED REAL ESTATE TAXES MONTHLY	ANNUAL	(7) PROJECTED TOTAL CARRYING CHARGES MONTHLY	ANNUAL
STORAGE LOCKERS												
SL 1			14		$15,000							
SL 2			14		$15,000							
SL 3			14		$15,000							
SL 4			14		$15,000							
SL 5			14		$15,000							
SL 6			14		$15,000							
SL 7			14		$15,000							
SL 8			14		$15,000							
SL 9			14		$15,000							
SL 10			14		$15,000							
SL 11			14		$15,000							
SL 12			14		$15,000							
SL 13			14		$15,000							
SL 14			14		$15,000							
SL 15			14		$15,000							
SL 16			14		$15,000							
SL 17			14		$15,000							
SL 18			14		$15,000							
SL 19			14		$15,000							
SL 20			14		$15,000							
SL 21			14		$15,000							
SL 22			14		$15,000							
SL 23			14		$15,000							
23			322		$345,000							
GRAND TOTALS			71,456	10,273	$149,395,000	100.0000%	$56,036.25	$672,435.00	$5,881.75	$70,581.00	$61,918.00	$743,016.00

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 Units. The number of bedrooms and bathrooms for each 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 Unit should be inspected to determine its actual dimensions, layout and physical condition prior to Closing. Purchasers should note that the Building does not have a floor numbered 3 and that the marketing floor designations start with floor 4 for the Units. The floor numbering in the Plans and Specifications filed with the Buildings Department are based upon construction levels rather than marketing designations.

(2) The square foot area and dimensions of the 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 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 square foot area of the 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 glass or the line of the inside face of the concealed concrete and/or glass of the exterior walls (perimeter columns and perimeter mechanical pipes are not deducted) to the centerline of the partitions separating one Unit from another Unit, corridors, stairs, elevators and other mechanical equipment spaces or any Common Elements or to the Unit side of the opposite exterior wall. Each Unit consists of the area measured vertically from the top of the concrete floor to the underside of the concrete slab above. As is customary in New York, these square foot areas exceed the usable floor area of each Unit. The method of measurement is applicable to all Units. Any Common Elements located within or appurtenant to any Unit shall not be considered as part of that 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 Units may be negotiated by Sponsor and, therefore, may be changed. Accordingly, Purchasers may pay different purchase prices for similar 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 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) The percentage interest of each Unit in the Common Elements is based upon floor space, subject to the location of such space and the additional factors of relative value to other space in the Condominium, the uniqueness of the Unit, the availability of Common Elements for exclusive or shared use, and the overall dimensions of the particular Unit in accordance with subsection (iv) of the Real Property Law Section 339-i (1).

(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 January 1, 2007 through December 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 may not be provided until such time as 75% of the Units are occupied.

(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 assessed valuation of the Property in the tax year prior to construction, which is commonly referred to as the "mini-tax." As construction shall commence subsequent to July 1, 2005, but prior to June 30, 2006, the "mini-tax" will be based upon the assessed valuation of the Property in fiscal year 2004/2005. The 2004/2005 actual assessed valuation of the Property was $531,000 and the transitional assessed valuation of the Property was $507,150. 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 $507,150, 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 Tuchman, Katz, Schwartz, Gelles, Korngold & Weiss, LLP, 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 tax exemption is not granted, it is estimated that the aggregate real estate taxes payable with respect to all Units for the first year of Condominium operation will total approximately $329,906, assuming (a) a transitional assessed valuation for the Property of $600,000 for the 6 months of 2006/2007 and an assessed valuation of $9,500,000 for the 6 months of 2007/2008 based on the real estate tax projection opinion prepared by Tuchman, Katz, Schwartz, Gelles, Korngold & Weiss, LLP dated July 28, 2005 set forth in Part II of the Plan, and (b) a tax rate of $12.75 per $100 of assessed valuation for the 2006/2007 and 2007/2008 tax years. Purchasers should note that once the Building is assessed as being fully constructed, it is estimated that the real estate taxes will total approximately $1,211,250 assuming a tax rate of $12.75 per $100 of assessed value. 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 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 Register's office. It is expected that the apportionment will be 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 project and in part upon extrinsic indicia of value, including location, square footage, amenities, income producing potential and existing leases on particular Units.

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 Unit Owners.

A Purchaser of a Unit will be required to make a contribution at the Closing of Title to the Working Capital Fund in an amount equal to 1 month's Common Charges assessed against the 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 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

FORTY BOND STREET CONDOMINIUM

PROJECTED BUDGET FOR THE FIRST YEAR OF CONDOMINIUM OPERATION

JANUARY 1, 2007 - DECEMBER 31, 2007

PROJECTED INCOME	
COMMON CHARGES (Note 1)	$672,435
TOTAL PROJECTED INCOME	**$672,435**
PROJECTED EXPENSES	
PAYROLL, PAYROLL TAXES and BENEFITS (Note 2)	$325,560
GAS FOR HEATING,COOKING AND HOT WATER (Note 3)	$49,600
ELECTRICITY (Note 4)	$115,600
WATER CHARGES and SEWER RENTS (Note 5)	$26,100
REPAIRS, MAINTENANCE and SUPPLIES (Note 6)	$21,500
SERVICE CONTRACTS (Note 7)	$29,500
INSURANCE (Note 8)	$28,575
MANAGEMENT FEES (Note 9)	$45,000
LEGAL and AUDIT FEES (Note 10)	$11,000
ADMINISTRATION (Note 11)	$5,000
CONTINGENCY RESERVE (Note 12)	$15,000
TOTAL PROJECTED EXPENSES	**$672,435**

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

FORTY BOND STREET CONDOMINIUM

Notes to Schedule B

1. Common Charges (Budget - $ 672,435)

The Common Charges to be collected from Unit Owners during the first year of condominium operation are projected based on the assumption that the first year of condominium operation will be for the year January 1, 2007 to December 31, 2007. The actual first year of condominium operation may be earlier or later.

In the event the actual first year of condominium operation is delayed by six months or more, Sponsor will amend the Plan to include a revised budget with then current budget projections ("Revised Budget"). If the Common Charges in the Revised Budget exceeds the Common Charges in this Schedule B by 25% or more, Sponsor will offer all purchasers who otherwise are not in default the right to rescind their Purchase Agreements within 15 days after the presentation of the amendment containing the Revised Budget, and to have the Deposit and interest earned, if any, paid under the Purchase Agreement returned.

2. Payroll, Payroll Taxes and Benefits (Budget - $ 325,560)

The budgeted amount is based on a staff level which includes, one non-resident superintendent, four full-time doormen, and one porter. The full building staff may not be employed until certain occupancy levels are attained. It is expected that the employees will not be represented by a union and the wage scale and other benefits will be set by mutual agreement between the Condominium and the employees.

It is anticipated that the building will provide 24 hour, seven days per week doorman service. The superintendent and porter will be on duty 8 hours per day, 5 days per week. There will be an on-call emergency maintenance service available at all other times. The Sponsor reserves the right to modify the foregoing. The level of staffing complies with all applicable housing and labor laws.

The budget for payroll salaries, payroll taxes and benefits are based on the aforementioned staffing over a 52 week annual period. In addition, the budget includes compensation for holiday pay, vacation pay, sick days and personal days. The key components for this budget item include:

Salary and Wages

Base wages	$ 224,000	
Holiday. Personal & Sick pay	$ 11,200	
Vacation and other pay	$ 10,337	
Total Salary and Wages		$ 245,537

Payroll Taxes and Benefits

FICA and Medicare taxes at 7.65% of wages	$ 20,606	
New York State Unemployment Insurance at 4.0 % of first $ 8,500 per employee	$ 2,108	
Federal Unemployment Insurance at .8% of first $ 7,000 per employee	$ 347	
NYS Disability Insurance at .08% of wages	$ 215	
Workman Compensation at 2.0 % of wages	$ 5,387	
Medical Benefits (@ $ 7,200 / employee)	$ 44,640	
Pension	$ 6,720	
Total Payroll Taxes and Benefits		$ 80,023
TOTAL SALARY, PAYROLL TAXES AND BENEFITS		**$325,560**

3. Gas Charges for Heating, Cooking and Hot Water (Budget - $ 49,600)

Heat for the Building will be provided by two new gas fired boilers producing hot water for perimeter radiation and for a water source heat pump loop. Hot water will also be distributed to various unit heaters and hot water heating coils in the building. Hot water for domestic consumption will be produced by gas fired storage tanks. Gas consumption will be measured by two meters, one for the heating plant, and one for cooking, domestic hot water and fireplaces. Because the Building is being newly constructed, there is no historical operating information to disclose or base future gas consumption upon.

The budget projection for gas is contained in a letter to Sponsor from Ambrosino, DePinto & Schmieder dated July 15, 2005 which reflects a projected annual consumption of 24,161 therms of gas for heating and 19,520 therms of gas for cooking and hot water. The budget projection for gas is based on an average rate of $ 1.135 per therm of gas (inclusive of 8.625 % sales tax and delivery costs). The rate used for this budget estimate are the current Con Edison rates in effect, which is based, for domestic cooking, on a monthly charge of $ 50.96 for the first 90 therms and $ 0.97 per therm thereafter, and for heat, on a monthly charge of $ 50.96 for the first 90 therms and $ 1.07 per term thereafter.

Due to the uncertainty of future gas prices and future consumption demand due to, among other factors, the severity of weather conditions and conservation measures adopted by the Condominium or its Unit Owners, it is not possible to predict whether the budgeted amounts will reflect the actual cost for gas during the first year of condominium operation. Although it is believed that adequate provision for gas costs have been reflected in this budget, the actual cost for gas may vary from the budget depending on the aforementioned factors and no warranty is made that the actual cost for gas will be in accordance with this budget projection.

4. Electricity (Budget - $ 115,600)

The budget amount for electricity represents the estimated consumption for the Common Elements of the Building. Individual Units will be separately metered. Unit Owners will be responsible for paying for the cost of electrical consumption within their Unit directly to Con Edison. Because the Building will be newly constructed, there is no historical operating information to disclose or base future electrical consumption upon.

The budget amount for Common Elements electricity is contained in a letter to Sponsor from Ambrosino, DePinto & Schmieder dated July 15, 2005 which reflects a projected annual consumption of 628,046 kilowatt hours (KWH) of electricity and an average rate of approximately $ 0.184 per KWH of electricity (inclusive of 8.625 % sales tax). The rate used for this budget estimate are the current Con Edison rates in effect, which is based on $.09373 per KWH plus market supply charge of $ .002307 per KWH plus market adjustment charge of $ .009188 plus systems benefit charge of $ .0016 per KWH plus demand charge of $ 21.82 per KW and gross receipts tax of 6.1705%.

Due to the uncertainty of future electricity prices and future consumption demand due to, among other factors, the severity of weather conditions and conservation measures adopted by the Condominium or its Unit Owners, it is not possible to predict whether the budgeted amounts will reflect the actual cost for electricity during the first year of condominium operation. Although it is believed that adequate provision for electrical costs has been reflected in this budget, the actual cost for electricity may vary from the budget depending on the aforementioned factors and no warranty is made that the actual cost for electricity will be in accordance with this budget projection.

5. Water Charges and Sewer Rents (Budget - $ 26,100)

Water consumption for the Condominium will be measured by a single master water meter. Individual Units will not be separately metered. Because the Building will be newly constructed, there is no historical operating information to disclose or base future water consumption upon.

The budget projection for water charges and sewer rents is contained in a letter to Sponsor from Ambrosino, DePinto & Schmieder dated July 15, 2005, which reflects a projected annual consumption of 6,296 hundred cubic feet (HCF) of water at an average cost of $ 4.145 per HCF. The rate used for this budget estimate is the current NYC Department of Environmental Protection rates in effect, which is based on a water rate of $ 1.60 per HCF and a sewer rate of 159% of water rates.

Due to the uncertainty of future water charges and sewer rent rates and future consumption demand due to, among other factors, the severity of weather conditions and conservation measures adopted by the Condominium or its Unit Owners, it is not possible to predict whether the budgeted amounts will reflect the

actual cost for water charges and sewer rents during the first year of condominium operation. Although it is believed that adequate provision for water charges and sewer rent costs have been reflected in this budget, the actual cost for water charges and sewer rents may vary from the budget depending on the aforementioned factors and no warranty is made that the actual cost for water charges and sewer rents will be in accordance with this budget projection.

6. Repairs, Common and Supplies (Budget - $ 21,500)

The budget amount includes the projected costs of ordinary operating repairs, maintenance and supplies to the Common Elements. No amounts have been budgeted for the costs of maintenance, repairs, supplies, decorating, painting and fixtures attributable to the interior of individual Units, since the cost for such items will be the sole responsibility of the Unit Owner. Because the Building will be newly constructed, there is no historical operating information to base future repairs, maintenance and supplies costs upon. No amounts have been budgeted for major capital repairs, replacements or betterments to the Building or to any of the Building systems.

Included in the budget are the following items:

Building supplies (including cleaning materials and supplies, lubricants, bulbs, rubbish bags, and similar items)	$ 6,500
Electrical and Plumbing repairs	2,000
Heating System Repairs and Common	2,000
General building repairs and services	2,500
Common Area maintenance	1,500
Uniform cleaning and maintenance	2,500
Fitness Center	500
Permits and fees	1,000
Miscellaneous and Other	3,000
TOTAL	$ 21,500

7. Service Contracts (Budget - $ 29,500)

The budget amount includes the projection for the cost of service contracts pertaining primarily to the mechanical systems anticipated to be installed in the Building. Since the mechanical and other Building systems will be new, most systems may be covered under a warranty from the contractor or manufacturer who will install such systems.

No maintenance or service contracts have been entered into as of the date of the Plan. The budgeted amount are estimates received from contractors or consultants retained by Sponsor or the experience of Sponsor's budget expert in operating similar buildings. Because the Building will be newly constructed, there is no historical operating information to base future service contracts upon.

It is anticipated that the Condominium will enter into the following service agreements for the first year of condominium operation:

Service Contract	Estimated Annual Cost
Elevator	$ 10,000
Heating system	2,000
Air conditioning cooling tower	2,500
Sprinkler system	500
Fire protection	750
Security system	1,250
Compactor equipment	500
Extermination maintenance	2,500
Landscaping (common elements)	2,000
Metal and wood maintenance	2,000
Window cleaning (exterior)	5,500
TOTAL	$29,500

Although it is believed that adequate provision for the cost of service contracts has been reflected in this budget, the actual cost for service contracts may vary from the budget and no warranty is made that the actual cost for service contracts will be in accordance with this budget projection.

8. Insurance (Budget - $ 28,575)

Insurance premiums are based on a letter from York International Agency, Inc. , 1 Executive Blvd., Yonkers, New York, 10701 dated June 6, 2005, that sets forth the following coverage that is recommended for the Condominium:

Coverage & Perils	Amounts and Limits
A. Property	
Real Property / Building - "All Risks"	
$ 5,000 deductible,	
Agreed Amount, Replacement Cost,	
No co-insurance, Terrorism included	$ 16,000,000
Business Income	$ 750,000
Flood (Rising Water) / Earthquake,	
$ 50,000 deductible	$ 1,000,000
Building Ordinance	Included
Boiler & Machinery	Included
Terrorism	Included
B. General Liability	
Each occurrence	$ 1,000,000
Aggregate	$ 2,000,000
(asbestos,pollution exclusion)	
Non owned / Hired auto liability	$ 1,000,000
Elevator Collision	$ 100,000

Water Damage Legal Liability	Included
C. Umbrella Liability	
Each occurrence and aggregate (lead,mold exclusion)	$ 100,000,000
D. Directors and Officers Liability	
$ 2,500 deductible, .1% participation	$ 2,000,000
E. Employee Dishonesty (Fidelity Bond)	
$ 5,000 Deductible	$ 250,000
Managing agents rider	Included

The total premium for these coverages is estimated at $ 28,575 per annum, based on current market rates. Because the conditions in the insurance market place may change, the actual insurance premiums for the first year of condominium operation may vary from the budget and no warranty is made that the actual cost for insurance will be in accordance with this budget projection.

The coverage included in this budget does not include claims for personal injury or property damage resulting from occurrences in individual Units, nor does it include coverage of the furniture, fixtures, contents and personal property in individual Units and any replacements, additions, and improvements made therein. Each Unit Owner will be responsible for the cost of obtaining this coverage.

The insurance carried by the Condominium will (a) provide that each Unit Owner is an additional insured party, (b) provide that there will be no cancellation without notice to the Condominium Board, and (c) permit the Condominium to waive subrogation.

9. Management Fees (Budget - $ 45,000)

The Condominium will enter into a two year management agreement with Classic Realty LLC ("Managing Agent") , located at 400 Park Avenue, New York, N.Y. 10022, for an annual fee of $ 45,000. The management fee is comparable to the fees charged for such services at similar properties. Certain principals of Sponsor are also principals of the Managing Agent, as described in the "Identity of Parties" section of the Plan. See Section of the Plan entitled "Management Agreement" for a complete discussion of the terms of the management agreement.

10. Legal and Audit Fees (Budget - $ 11,000)

It is anticipated that the Condominium will engage a law firm to provide general legal services to the Condominium. The estimated cost for legal services during the first year of condominium operation is $ 5,000.

It is also anticipated that the Condominium will enter into an agreement with Newman, Newman & Kaufman, LLP, Certified Public Accountants, 575 Underhill Blvd., Syosset, New York 11791 to provide auditing, financial statement preparation and tax return services for the Condominium. The estimated cost for these services during the first year of condominium operation is $ 6,000.

11. Administration (Budget - $ 5,000)

This budget amount provides for an amount for miscellaneous expenses to be incurred for general administrative costs for the Condominium, including postage, printing, messenger, copying, lobby telephone, payroll processing costs, pagers, and other related items. The estimated cost for administrative expenses for the first year of condominium operation is $ 5,000.

12. Contingency Reserve (Budget - $ 15,000)

The budget amount is to provide for possible expenses not included in the budget or possible increases in one or more items of expense. The budget may be modified from time to time prior to the commencement of, or during condominium operation, to add new items of operating expenses or to increase or decrease one or more items of expense. The funds for any such budget modifications may be provided for by decreasing the contingency reserve or by decreasing one or more items of operating expenses, or both.

The contingency reserve does not include costs or expenses associated with major capital repairs, replacements or betterments to the Building or to any of the Building systems.

Total Projected Expenses (Budget - $ 672,435)

The projections set forth in this budget assumes that the first year of condominium operation will cover the period from January 1, 2007 through December 31, 2007 .

* * * * * *

IN THE OPINION OF DIVERSIFIED VALUATION GROUP, SPONSOR'S BUDGET EXPERT, THE PROJECTED INCOME IS ADEQUATE TO MEET THE ESTIMATED OPERATING EXPENSES FOR THE FIRST YEAR OF CONDOMINIUM OPERATION. THE BUDGET, HOWEVER, IS NOT INTENDED, AND SHOULD NOT BE TAKEN AS A GUARANTEE BY ANYONE THAT THE ANNUAL COMMON CHARGES OR OPERATING EXPENSES FOR THE FIRST OR ANY SUBSEQUENT YEAR OF CONDOMINIUM OPERATION BY THE CONDOMINIUM BOARD WILL BE AS SET FORTH IN THE BUDGET. IT IS LIKELY THAT THE ACTUAL RESULTS OF 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 August 26, 2005, the Mechanical Engineer provided the attached estimate of annual electric energy costs for lighting and for operating the typical electrical appliances located in each Unit.

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 Unit Owners and weather conditions.

AMBROSINO
DePINTO &
SCHMIEDER
Consulting Engineers PC

Michael Ambrosino
Dominick DePinto
Kenneth L. Schmieder

Michael S. Leone
Dennis P. Michel
Louis P. Schurott
Stephen G. Copeland

September 7, 2005

40 Bond Street Partners LLC
c/o Morgans Hotel Group LLC
475 Tenth Ave
New York, New York 10018

Re: 32-40 Bond Street
AD&S Project No. S3-04129.0

Gentlemen:

Attached please find our estimated annual utility costs, based on current Utility Company rates, for the above referenced project:

Electric:

Electric utility cost for each Apartment will be separately metered by the Utility Company. Separate Utility Company meters will also be provided for the Hotel and Restaurant Easement Space, Shared Access Space and Common Space loads. Estimated annual cost for electric energy is as follows:

Apartment No.	KWH	Utility Cost*	Fuse Size (Amps)	No. Of Active Circuits
Townhouse 1	26,518	$4,938	200	31
Townhouse 2	25,678	$4,782	175	30
Townhouse 3	24,043	$4,477	175	28
Townhouse 4	24,344	$4,533	175	28
Townhouse 5	26,323	$4,902	200	31
4-7 A	22,985	$4,280	175	27
4-7 B	19,982	$3,721	125	22
4-7 C	25,772	$4,799	175	27
4-7 D	14,783	$2,753	125	22
8 A	27,542	$5,129	175	30
8 B	19,532	$3,638	150	25
9 A	27,542	$5,129	175	30
9 B	19,532	$3,638	150	25
10 A	27,542	$5,129	175	30
10 B	19,532	$3,638	150	25
PH	54,694	$10,185	350	43
Common Areas	628,046	$106,427		

*Apartment Utility cost is based on $.1612 per KWH plus market supply charge ($.001306 per KWH), market adjustment charge ($.009188 per KWH), system benefits charge ($.0016) and gross receipts tax of 7.45%. Sales tax is not included.

All other costs are based on $.09373 per KWH plus market supply charge ($.002307 per KWH), market adjustment charge ($.009188 per KWH), systems benefit charge ($.0016 per KWH), demand charge ($21.82 per KW) and gross receipts tax of 6.1705%. Sales tax is not included.

Domestic Water and Waste:

The estimated annual cost for domestic water and associated waste is as follows:

Item	Cost
Domestic water	$10,075
Waste	$16,020

These costs are based on a consumption of 4,709,000 gallons (6,296 HCF) per year and a water rate of $1.60 per 748 gallons (1 HCF). Sewer costs are taken as 159% of water rates. Sales tax not included.

Gas:

Two Utility Company meters will be provided, one for domestic cooking and hot water loads and one for heating. The estimated annual cost for gas per Apartment is as follows:

Apartment No.	Heating (Therms)	Cooking & Hot Water (Therms)	Annual Cost
Townhouse 1	848	785	$1,860
Townhouse 2	800	785	$1,810
Townhouse 3	775	785	$1,780
Townhouse 4	812	785	$1,820
Townhouse 5	824	785	$1,840
4-7 A	634	785	$1,630
4-7 B	435	561	$1,150
4-7 C	671	785	$1,668
4-7 D	307	336	$ 740
8 A	812	1010	$2,080
8 B	521	561	$1,250
9 A	812	1010	$2,080
9 B	521	561	$1,250
10 A	812	1010	$2,080
10 B	521	561	$1,250
PH	1999	1010	$3,360
Sub-Total (Apts)	18,245	19,520	$43,212
Common Areas	5,916		$ 6,342

A
D
S

The domestic cost is based on a monthly charge of $50.96 for the first ninety (90) therms and $0.97 per therm thereafter. The heating cost is based on a monthly charge of $50.96 for the first ninety (90) therms and $1.07 per therm thereafter. Costs include 10% tax and delivery and are rounded to the nearest $5.00.

If there are any questions or if additional information is required, please do not hesitate to call.

Sincerely,

Michael S. Leone
AMBROSINO, DePINTO & SCHMIEDER
Consulting Engineers, P.C.
MSL/mb

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

STARR ASSOCIATES LLP
ATTORNEYS AT LAW

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

July 25, 2005

40 Bond Street Partners
c/o Ian Schrager Company
818 Greenwich Street
New York, New York 10014

Re: 40 Bond 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 Diversified Valuation Group 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 Diversified Valuation Group.

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) (iv) i.e., based upon floor space, subject to the location of such space and the additional factors of relative value to other space in the Condominium, the uniqueness of the Unit, the availability of Common Elements for exclusive or shared use, and the overall dimensions of the particular Unit.

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

Diversified Valuation Group

REAL ESTATE APPRAISERS AND CONSULTANTS

60 East 42nd Street, Suite 1446, New York, NY 10165-1499
Tel. (212) 867-7100 Fax (212) 867-6146

Eugene A. Hegy, Jr., IFAS, CSA-G
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Dominick S. Pompeo, SRPA, SRA, CSA
President
NYS General Certification #46000000001

Kurt M. Polinsky, MAI
Sr. Vice President
NYS General Certification #46000000010

PART 20: LETTER TO ATTORNEY GENERAL
RE: REAL PROPERTY LAW SECTION 339-i (l) COMPLIANCE

Department of Law, State of New York
Real Estate Financing Bureau
120 Broadway, 23rd Floor
New York, New York 10271

August 29, 2005

Re: Condominium Offering Plan
40 Bond Street Condominium
40 Bond Street
New York, New York ("Property")

Dear Sir/Madam:

The Sponsor of the Condominium Offering Plan ("Offering Plan") for the captioned Property has retained Diversified Valuation Group, Inc. (the "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.

Eugene A. Hegy, Jr., chairman of the Firm, is licensed as a real estate broker in the State of New York and has been engaged in the real estate and brokerage business for over 50 years.

In the opinion of the undersigned, the percentage of Common Interest of each Unit as shown in Schedule A has been determined in accordance with Real Property Law Section 339-i(1)(iv), based on floor space, subject to the location of such space in the building and other factors of relative value to other Units in the Condominium, the uniqueness of the Unit, the availability of the common elements for exclusive or shared use, and the overall dimensions of the particular Unit.

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. 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,
Diversified Valuation Group

By: _____
Eugene A. Hegy, Jr., Chairman

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 all aspects of the offering of the Units 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 rent thereunder; the application of interim rent towards the purchase price, and upgrades or extras to 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 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 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 Unit Owner or mortgagee, to (a) change the size, layout and square footage of, or number of rooms in, any Unsold Unit, (b) change the size and/or number of Unsold Units by dividing one or more such Units into two or more separate Unsold Units, combining separate Unsold Units (including those resulting from such subdivision or otherwise) into one or more Unsold Units, altering any boundary walls between one or more Unsold Units, or otherwise, including incorporating Common Elements (such as a portion of a hallway without changing the Common Interest) which exclusively benefit an Unsold Unit into such Unsold Unit, and (c) if appropriate, reapportion among the Unsold 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 Unit, will be made with respect to such Unsold 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 changes the layout of such Unsold Unit, unless the Purchaser consents to such changes. Provided Purchaser's consent is not required, a Purchaser will not be excused from purchasing the 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 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 Units or number of rooms within a Unit, nor may the size of any Unit be changed by subdivision or combination or alteration of boundary walls as aforesaid or otherwise, nor may the Common Interest of any Unit be changed, unless, in each such event, the Declaration and Floor Plans and the Plan are amended with the consent of each Unit Owner whose Unit is directly 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 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, as applicable.

USE AND OCCUPANCY AGREEMENTS

Sponsor does not presently anticipate that it will enter into any use and occupancy agreements with Purchasers prior to Closing. If Sponsor elects to enter into a use and occupancy agreement with a Purchaser, such use and occupancy agreement will be individually negotiated between Sponsor and Purchaser.

PROCEDURE TO PURCHASE

A Purchaser desiring to purchase a Unit and/or a Storage Locker will be required to execute a Purchase Agreement, which will be in the form 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 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 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 Unit, except as prohibited by Law, and (b) a Purchase Agreement(s) for more than one 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 6 months after Purchaser executes the Purchase Agreement or 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. 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 Unit, by wire transfer, 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 the Storage License will be substantially in the 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 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 title to all 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 date set for Closing.

If Purchaser fails for any reason to close title to the Unit on the Scheduled Closing Date and Sponsor elects not to cancel Purchasers 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, 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 the Purchase Agreement and the Plan, an amount equal to 0.03% of the purchase price of the Unit for each day starting from (and including) the Scheduled Closing Date to (and including) the day before 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 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. Such Purchaser will be required at Closing to deposit with the Condominium an amount equal to 2 years Common Charges in effect for the Unit which will be in addition to the required contribution to the Working Capital Fund.

Prior to the Closing of Title to a Unit, the Purchase Agreement prohibits Purchaser from listing the Unit for resale or rental with any broker or from advertising or otherwise offering, promoting or publicizing the availability of the Unit for sale or lease, without Sponsor's prior written consent, which consent may be withheld or delayed in Sponsor's sole and absolute discretion. Any listing of the Unit for sale 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 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 (including water charges and sewer rents, if separately assessed), and all other expenses with respect to the Unit, whether or not Purchaser has taken possession of the Unit, and whether or not all work required to be performed by anyone in or to the Unit has been completed.

If the Purchase Agreement covers a Unit and a Storage Locker and Sponsor does not elect, or the Unit Owners do not resolve to make such repair or restoration to the Storage Area 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. At Closing of Title to the Unit, 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.

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 Units to begin on or about January 1, 2007. Purchasers should note, however, that the 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 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 after 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.

Sponsor is obligated to provide only the equipment, fixtures, furnishings and items of personal property which are described in the Plan, including the "Description of Property and Building Condition" set forth in Part II of the Plan. If a Person desiring to purchase a Unit requests that Sponsor perform special or additional work on the 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 furnishings, 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 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 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 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.

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 unreasonably withheld or delayed. 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

If Purchaser has signed the Purchase Agreement in an individual name (and not in the name of an entity), then 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 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. 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 Unit for resale or rental with any broker or advertise or otherwise offer, promote or publicize the availability of the Unit for sale or rental, without Sponsor's prior written consent. Any listing of the Unit or form of advertising, promotion or publicizing of the 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 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, at any time when bona fide purchasers, including investors, have executed Purchase Agreements with respect to not less than 15% of the Units. 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 Units. Sponsor has entered into a master credit agreement with The Union Labor Life Insurance Company ("ULLICO") located at 1625 Eye Street, N.W., Washington, D.C. 20006 for financing construction of the Building. Pursuant to the terms of the loan documents, Sponsor must enter into Purchase Agreements for at least 15% Units, prior to declaring the Plan effective. The Plan will be declared effective by a duly filed amendment and a copy of such amendment will, thereafter, be delivered to all Purchasers. Sponsor will submit to the Department of Law, if requested to do so, copies of all Purchase Agreements (and any amendments or modifications thereto) within 5 business days after such request is made.

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 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.

ESCROW AND TRUST FUND REQUIREMENTS

All deposits, downpayments, advances and payments made by Purchasers prior to the Closing of a 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., Evan R. Schieber, Esq. and Jane Rosenberg, Esq. Escrow Agent has established a master escrow account entitled "Starr Associates LLP, Escrow Account" ("Master Escrow Account") at JP Morgan Chase Bank located at 277 Park Avenue, New York, New York 10172 ("Escrow Bank"). 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.

TERMS OF SALE

At Closing, Sponsor shall deliver to Purchaser a bargain and sale deed with covenant against grantor's acts, in proper form for recording, 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. The form of deed is set forth in Part II of the Plan.

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 Unit due to fire or other casualty prior to the Closing, but subsequent to the signing of a Purchase Agreement, provided Sponsor elects (which election shall be in its sole discretion) to repair or restore the Unit, the Purchase Agreement shall continue in full force and effect, and, thereafter, Purchaser shall not have the right to reject title or receive a credit against, or abatement in, the purchase price for the Unit. In such event, Sponsor shall be entitled to a reasonable period of time within which to complete the repair or restoration, and any proceeds received from insurance or in satisfaction of any claim or action in connection with such loss shall, subject to the rights of the Condominium Board and other Unit Owners, belong entirely to Sponsor. In the event of damage or destruction to any Unit by fire or other casualty prior to the Closing, but subsequent to the signing of a Purchase Agreement, if Sponsor notifies Purchaser that it does not elect (which election shall be in its sole discretion) to repair or restore the Unit 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"), 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.

The Closing will not take place unless a temporary or permanent certificate of occupancy for the Unit is in effect.

A temporary certificate of occupancy is not required for the sale of Storage Lockers. Purchasers may be required to consummate the purchase of a Storage Locker even though a temporary certificate of occupancy has not been issued, and access may not be available for the Storage Area designated for the Storage Lockers.

Title to the Unit will be conveyed by Sponsor to Purchaser free and clear of all liens and encumbrances except for (1) Permitted Encumbrances and standard printed title exceptions, and (2) any lien, encumbrance, or condition not included in the Permitted Encumbrances either (A) 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 (B) 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 (C) as to which Sponsor, at its sole option, pays and discharges from monies paid by Purchaser at Closing.

Sponsor is obligated to provide to Purchaser at Closing with only the equipment, fixtures and furnishings set forth in the "Description of Property and Building Condition" set forth in Part II of the Plan, unless otherwise agreed to in writing between Sponsor and Purchaser.

Sponsor is obligated to provide only the equipment, fixtures, appliances, furnishings and items of personal property which are described in the Plan, including the "Description of Property and Building Condition," set forth in Part II of the Plan as being included in the Unit or in the Common Elements.

Prior to the First Closing, 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 will be recorded or filed in the Register's Office.

Prior to the Closing of the Unit, Sponsor will cause the Unit and its Common Interest to be released from the lien of any mortgages and/or security agreements encumbering the Unit (other than any mortgage or security agreements obtained by Purchaser).

See the Sections of the Plan entitled "Procedure to Purchase" and "Closing of Title to Units" for further details.

CLOSING OF TITLE TO UNITS

The Closing of Title to each 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 Unit is in effect. (A temporary certificate of occupancy is not required for the sale of Storage Lockers. Purchasers may be required to consummate the purchase of a Storage Locker even though a temporary certificate of occupancy has not been issued, and access may not be available for the Storage Area designated for the Storage Lockers);

(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 Unit and its Common Interest from the lien of all mortgages and/or security agreements, 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 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, 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;

(h) 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) any lien, encumbrance, or condition not included in the Permitted Encumbrances either (A) 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 (B) 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 (C) as to which 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; and

(i) the execution by Purchaser of a notice to the Managing Agent indicating whether a child under the age of 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 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.

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 (h) 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 and 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 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 Units from such other liens or encumbrances 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). However, should Purchaser wish to obtain title insurance other than through the Title Company, Purchaser shall at Closing pay Starr Associates LLP an additional legal fee of $750.

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.

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 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, 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.

(a) A contribution to the Working Capital Fund of the Condominium in an amount equal to 1 month's Common Charges assessed against the 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 140 East 45th Street, 22nd Floor, New York, NY 10017, telephone (212) 949-0100 ("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 $37 for each instrument plus $5 per page together with a fee of $75 for filing the New York State Real Property Transfer Tax Report ("NYS Tax Return").

(e) New York State Real Estate Transfer Tax ("State Transfer Tax") currently equal to $2 per $500 of purchase price or fraction thereof 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 is 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 Unit:

The tax on the 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 Units:

The tax on each Unit for which the consideration is $500,000 or less is 1.425%, and the tax on each Unit for which the consideration is greater than $500,000 is 2.625%.

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 for a Unit is $500,000 or less, or 2.625% if the consideration for a Unit is greater than $500,000) applies if a purchaser acquires more than one individual condominium unit (i.e., two Units) in the same transaction.

(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 Unit may provide that the 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 Unit, together with 1/12 of the annual fire and casualty insurance policy premiums for the 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) $1,750 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, an additional attendance fee of $1,000 for the first 2 hours of such Closing and $500 for each additional hour or portion thereof held within Manhattan. No Closing will be held in any borough outside Manhattan.

(4) $750 if title insurance is ordered from a company other than the Title Company;

(5) If Sponsor, in its sole discretion, consents to a Purchaser's request for an assignment of the Purchase Agreement (which request in all instances must be received by Sponsor's Attorney no later than 7 business days prior to the scheduled Closing Date), or for the addition, deletion or substitution of names on the Purchase Agreement, a fee of $1,250, payable in advance, for preparation of an assignment agreement.

(6) 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 <u>each</u> 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 Unit. In addition to an attendance fee in connection with a completed Unit transfer, Starr Associates LLP shall also be entitled to an attendance fee in the amount set forth above if such firm's 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) If Purchaser is a Foreign Government Purchaser, Purchaser will be required to deposit with the Condominium an amount equal to 2 years Common Charges.

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 $1,500,000 and a mortgage of $750,000 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 $1,500,000 of owner's insurance	(70% first condo bulk sale rate)	$4,436.00
Mortgage Insurance Premium for $750,000.00 of lender's insurance	(21% first condo bulk sale simultaneous rate)	$617.00
NYC RPT Tax	NOTE: transfer taxes are based upon bulked-up consideration of $1,527,375. The NYC RPT rate is 1.425%.	$21,765.09
NYS Mansion Tax	1% of bulked-up consideration	$15,273.75
NYS Transfer Tax	The tax rate is $2 for every $500 of consideration or fraction thereof. (rounded up)	$6,110.00
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.	$14,412.50
Departmental and Bankruptcy Searches		$185.00
Estimated Recording Fees	(one deed, one mortgage and one condo power of attorney)	$410.00
Estimated Lender's Title Endorsements	Three endorsements at $25 each.	$75.00
Legal fee to Sponsor's attorney	Basic closing fee and ACRIS document preparation fee	$2,000.00
Working Capital Contribution	1 month's common charges	See Schedule A

All legal costs, fees and expenses of Starr Associates LLP, other than those specifically set forth above, will be the sole responsibility of Sponsor.

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, this example does

not take into account possible new taxes, increases in 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 Unit pursuant to a use and occupancy agreement, accrued rent and other charges.

(ii) Penalties. If Purchaser fails for any reason to close title to the Unit on the originally scheduled Closing Date ("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 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 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 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 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 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 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 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 its 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 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 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 variance and tolerance 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.

(b) Sponsor has entered into a master credit agreement with ULLICO ("Lender") for financing the construction of the Building. Sponsor will receive advances each month so long as Sponsor complies with the provisions of the construction loan regarding its responsibilities to use the funds advanced in the agreed manner and generally to proceed with the construction as agreed to in the loan documents. Pursuant to the terms of the construction mortgage documents, Sponsor must (i) enter into Purchase Agreements for at least 15% of the Units, prior to declaring the Plan effective, and (ii) meet certain minimum release prices prior to Lender's release of its lien against the Unit.

(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 Units to begin on or about January 1, 2007. Purchasers should note, however, that the 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 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 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 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 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. During the first years of condominium operation, construction workers and related personnel will be at the Building from time to time making adjustments and performing various tasks relating to the completion of construction. Various systems, including but not limited to water supply, air conditioning, heating, 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 Closing to be completed. A Purchaser who closes title to a Unit during the completion of construction of Common Elements or other Units acknowledges that construction noise, vibration, dust, debris and odors and 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 will not disturb occupants of the 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 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 Unit unless Sponsor and the Purchaser otherwise agree in writing. Upon receipt of the initial Closing notice, Purchaser shall arrange an appointment with a representative of Sponsor to inspect the 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 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. 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 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 Unit and any Limited Common Elements 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 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 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 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 Unit, within 6 months of the earlier to occur of the (a) the Closing of Title to the Unit or (b) the commencement date of any agreement by which a Purchaser is permitted to occupy the Unit prior to Closing;

(ii) with respect to any patent defect in the construction of a Unit within 3 months of the earlier to occur of the (a) the Closing of Title to the Unit, provided such patent defect is not caused by the Unit Owner or other occupant of the Unit or (b) the commencement date of any agreement by which a Purchaser is permitted to occupy the Unit prior to Closing;

(iii) with respect to any defects (patent or latent) in the construction of the Common Elements, within 6 months 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 Unit Owner fails to allow prompt access to the 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 Unit and Sponsor shall have no liability to any subsequent Purchaser with respect to any claimed defects relating to the construction of the Units, the Common Elements or the Building.

(n) Sponsor will not be obligated to correct, and will not be liable to the Condominium Board or any 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 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) 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 used walls and paving, leaching or color variation in colored mortar, tiles, 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 to a Unit within reasonable tolerances of doors of similar size, weight and quality), adjustment of bi-fold doors, and air and water infiltration from windows in excess of industry standards;

(d) variations in tone or color of natural stone or variations in tone or color of vanity tops or other natural stone surfaces, slight scratches in plastic laminate, 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;

(h) normal wear, including chips, to passenger elevator cabs, cab doors, elevator door frames, cab panels, Unit doors and Unit door frames; and

(i) television, radio, internet or other telecommunication 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 Units by Unit Owners, but Sponsor will not be obligated to replace any such surfaces.

THE ITEMS AND CONDITIONS DESCRIBED ABOVE IN (III) 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 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 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 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 Units and the Common Elements and with respect to the personal property located within the Units, the Common Elements, and the Unit Owners assume all risk and liability from the use of this property.

(q) Prior to the Closing of Title for each Unit, Sponsor will cause such 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 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 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 Unit will occur prior to the issuance of a temporary certificate of occupancy for the 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 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 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 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 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 Unit offered by the Plan or shall have participated in the offering of such Unit, at Sponsor's office and shall remain available for such inspection for a period of 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 City 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 Units or 20% or more of the total number of 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 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. Pursuant to the terms of the construction mortgage documents, Sponsor must (i) enter into Purchase Agreements for at least 15% of the Units, prior to declaring the Plan effective, and (ii) meet certain minimum release prices prior to Lender's release of its lien against the Unit.

(dd) 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.

(ee) In the event of damage or destruction of a Unit due to fire or other casualty prior to the Closing, but subsequent to the signing of a Purchase Agreement, provided Sponsor elects (which election shall be in its sole discretion) to repair or restore the Unit, the Purchase Agreement shall continue in full force and effect, and, thereafter, Purchaser shall not have the right to reject title or receive a credit against, or abatement in, the Purchase Price for the Unit. In such event, Sponsor shall be entitled to a reasonable period of time within which to complete the repair or restoration, and any proceeds received from insurance or in satisfaction of any claim or action in connection with such loss shall, subject to the rights of the Condominium Board and other Unit Owners, belong entirely to Sponsor. In the event of damage or destruction to any Unit by fire or other casualty prior to the Closing, but subsequent to the signing of a Purchase Agreement, if Sponsor notifies Purchaser that it does not elect (which election shall be in its sole discretion) to repair or restore the Unit 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"), the Purchase Agreement for the Unit 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.

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 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 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.

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 only 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 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 Units

Sponsor reserves the right, without prior notice or amendment to the Plan, to use any Unsold 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 Unit, Sponsor may require Purchaser to purchase all or any of the furnishings, equipment or decorations therein and pay, in addition to the purchase price for the Unit, such amounts as Sponsor may determine. In no event shall the presence of any furniture, furnishings, equipment or decorations in any model Unit imply or represent that any Unit will contain such furniture, furnishings, equipment or decorations upon delivery of the Unit to Purchaser unless Purchaser agrees to pay Sponsor an amount as determined by Sponsor in addition to the purchase price for the 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 Michael Overington, Philip Herman and Brian Baker 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 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 Units representing at least 50% in number of all Units offered for sale.

Commencing with the first annual meeting, the Condominium Board shall consist of 5 individuals, all of whom shall be elected and/or designated in accordance with the terms of the By-Laws by the Unit Owners (including Sponsor). The number or composition of Condominium Board members may not be changed except in accordance with the procedures described in the By-Laws. Subsequent annual meetings shall be held on or about the first anniversary date of the first annual meeting. Special meetings of the Unit Owners may be called by resolution of the Condominium Board or by the Condominium Board following receipt of a petition signed by Unit Owners having not less than 40% of the Common Interest of all Unit Owners.

At meetings of the Unit Owners, Sponsor will have the right to vote all of the Common Interests attributable to the Unsold Units as it sees fit. When voting for members of the Condominium Board, each Unit Owner shall be entitled to cast 1 vote for each .0001% of Common Interest attributable to the Unit per 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 members of the Condominium Board.

So long as Sponsor shall continue to own at least 1 Unsold Unit, Sponsor shall have the right to designate 1 Member to the Condominium Board, and shall have the right to vote its Common Interests attributable to the Unsold Units for the remaining members of the Condominium Board.

Within 30 days after the Initial Control Period, 1 of the 3 members of the Condominium Board who were designated by Sponsor shall resign and their replacements shall be filled by a vote of the Unit Owners (including Sponsor) at a special meeting called for such purpose.

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 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 Unit Owners.

So long as Sponsor continues to own at least 25% in number of all 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 member of the Condominium Board may be removed with or without cause by an affirmative vote of a majority of Unit Owners who are present at a meeting containing a quorum of Unit Owners, provided, however, that any Member designated by Sponsor may only be removed and replaced by Sponsor. After the Initial Control Period, a majority of the 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 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.

A successor officer may be elected at any regular Condominium Board meeting or at any special Condominium Board meeting called for such purpose.

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. 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.

Generally, subject to certain exceptions concerning, among other things, Sponsor and provided that required consents of the Mortgage Representatives, if any, are obtained, any provision of the Declaration, By-Laws or Rules and Regulations affecting the General Common Elements of 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, 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 Rules and Regulations, other than those required by Law, shall be effective (a) against Sponsor or any Unsold Unit unless Sponsor has given its written consent thereto, or (b) against the holder of any mortgage, pledge or other lien or security interest covering any Unsold Unit unless such holder has given its prior written consent thereto.

RIGHTS AND OBLIGATIONS OF UNIT OWNERS

Sales and Leases of Units

Each Unit Owner may sell or lease the Unit for terms of not less or more than 1 year provided the Unit Owner ("Offering Unit Owner") first gives the Condominium Board, on behalf of all 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 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 Unit within 30 days after receipt of notice, the Offering 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 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 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 Unit without prior approval of a majority in interest of all Unit Owners. Any such deed given by an Offering 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 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 Unit in violation of this Section shall be voidable at the election of the Condominium Board.

A Unit Owner may lease, sell or convey the Unit to a Family Member, may convey the Unit by gift, may devise the Unit by will, or have it pass by intestacy, without complying with the foregoing restrictions; provided, however, that each succeeding Unit Owner shall be bound by, and the Unit shall be subject to, the preceding restrictions. In addition, any Unit Owner may lease, sell or convey the Unit to a related or controlled individual or entity, as more particularly set forth in the By-Laws.

A Unit Owner may only sell or lease the entire Unit. In addition, each conveyance of a Unit by a Unit Owner shall include, as part of the property to be conveyed, the Unit Owner's undivided interest in (a) the Common Elements, (b) any Unit or Units acquired by the Condominium Board on behalf of all Unit Owners, or any proceeds of the sale or lease thereof and (c) any other assets of the Condominium. No part of the Unit Owner's interest in the Common Elements may be sold, transferred or otherwise disposed of, except as part of a sale, transfer or other disposition of the Unit or as part of a sale, transfer or other disposition of the specific interest in the Common Elements by all affected Unit Owners.

A Unit may not be sold or leased unless all unpaid Common Charges and liens against the 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 Unit and

(ii) implement reasonable fees in connection with the processing of sale and lease packages, which shall be payable by the Offering Unit Owner.

The restrictions upon the sale and lease of Units shall not apply to Sponsor with respect to any Unsold Units, or to 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 Unit, the Purchase Agreement prohibits a Purchaser from listing the Unit for resale or rental with any broker or from advertising or otherwise offering, promoting or publicizing the availability of the Unit for sale or lease, without Sponsor's prior written consent.

All of the restrictions upon the sale and lease of Units shall also apply to the sale and lease of Storage Lockers. Other than Sponsor, no Unit Owner may own a Storage Locker unless Unit Owner also owns a Unit. In the event the Condominium Board terminates a Storage License or a Unit Owner surrenders the Storage Locker without transferring it to another Unit Owner, the Condominium Board shall have the right to issue a new Storage License for the Storage Locker to another Unit Owner.

Use of Units and Common Elements

A Unit shall be used for residential purposes only (except as described below), and not more than one family may occupy a Unit at one time. A Unit may not be used for any "dormitory," "bed and breakfast" or other transient hotel-type use. A 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 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 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 create a nuisance, be stored in a Storage Locker. Except for Sponsor, a Unit Owner may not own a Storage Locker without also owning a Unit.

A Terrace may be used for passive use and shall be subject to such rules and regulations promulgated by the Condominium Board from time to time, including restrictions on hours of access, noise levels and type of use.

Notwithstanding the preceding paragraph, Sponsor may, without the permission of the Condominium Board: (a) use or grant permission for the use of any Unsold Unit as a professional office or for any other purpose, provided such use is permitted by Law, and does not violate the then existing certificate of occupancy for the Building or any other governmental regulations; (b) use any Unsold Units as model Units and offices for the selling, leasing, management, operation and promotion of the Unsold Units, or for any other purpose, subject only to compliance with Law; and (c) lease any Unsold 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 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 (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 Unit without the consent of the Condominium Board. Each 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 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 Rules and Regulations concerning the use of Units may be amended from time to time by the Condominium Board provided that copies thereof are furnished to each Unit prior to the time that they become effective (except that no amendment thereof affecting the Unsold Units may be made unless agreed to by Sponsor).

Mortgage of Units by Unit Owners

Each Unit Owner may mortgage the 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 Unit, other than Permitted Mortgages. Sponsor shall have the right to mortgage any Unsold Unit, 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 Rules and Regulations. The By-Laws provide that no more than 3 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 their respective Common Interest. 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 or in connection with the purchase or lease by the Condominium Board of any Unit.

The Common Interest of each Unit in the Common Elements has been based upon floor space, subject to the location of such space and the additional factors of relative value to other space in the Condominium, the uniqueness of the Unit, the availability of Common Elements for exclusive or shared use, and the overall dimensions of the particular Unit in accordance with subsection (iv) of the Real Property Law.

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 Unit to the Condominium Board and thereby exempt itself from Common Charges attributable to such Unsold Unit thereafter accruing, unless: (i) the aggregate Common Interests appertaining to the Unsold Units constitutes 15% or less of the total Common Interests then appertaining to all 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 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, 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, 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 Common Expense (with the exception of Terraces), and (c) in or to the Limited Common Elements shall be performed by (i) the Condominium Board and the cost and expense thereof will be charged to all Unit Owners as a 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 if involving the ornamental gate, architectural light fixture and façade in front of a Townhouse Unit, or (ii) the Unit Owner having direct and exclusive access thereto at such Unit Owners sole cost and expense, if involving painting, decorating, and non-structural ordinary maintenance, repairs and replacements (except for any skylights located in a Unit, which shall be performed by the Condominium Board with the cost and expenses borne by the Unit Owner) or any maintenance or repair necessitated by the negligent act or omission of the Unit Owner.

Any Unit Owner having access to a 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 Unit Owner shall be permitted to enclose, erect a greenhouse and/or alter a Terrace appurtenant to a Unit 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 Unit shall not be colored or painted and are to be washed and cleaned by the Unit Owner at such Unit Owner's sole cost and expense. Any replacement of glass windows in any Unit because of breakage or otherwise shall be made by the 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 the Unit Owner must obtain the

prior written approval of the Condominium Board, with respect to the type of replacement windows installed. 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 either (i) necessitated by the negligence, misuse or abuse of a Unit Owner or Unit Owner's agents, workers, guests, etc. or (ii) required as a result of special or custom work performed in the Unit by a Unit Owner, such maintenance, repairs or replacements will be made by the Condominium Board, and any portion of the cost thereof which 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 Unit Owner may make any structural alteration, addition, improvement or repair in or to the Unit or its appurtenant Limited Common Elements, if any, without the prior written approval of the Condominium Board but, as more fully set forth in the By-Laws, this provision does not apply to an Unsold Unit. Except as otherwise permitted in the By-Laws, no 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.

Sponsor shall 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, Units and Licenses" 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 Unit or its appurtenant Limited Common Elements, each 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 Unit Owner's contractors and materialmen (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 structural alterations, additions, improvements or repairs, (v) agree to reimburse the Condominium Board for any architectural, engineering, legal and other fees incurred in connection with such structural alterations, additions, improvements or repairs, (vi) execute an alteration agreement, in form and substance prepared by the Condominium Board, setting forth the terms and conditions under which such structural alterations, additions, improvements or repairs, may be made, including without limitation, the days and hours during

which any work may be performed; and (vii) agree to pay a fee to the Managing Agent for processing such alteration application. Under no circumstances will a 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 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 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 Unit provided any alteration to such Unsold 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 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.

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 Common Elements 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 Common Elements 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 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 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 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 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 Unit and its appurtenant Limited Common Elements shall not apply to Sponsor or any principal of Sponsor owning or leasing such Unit.

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. The Condominium Board will call the first annual meeting of the 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 Units representing at least 50% in number of all Units offered for sale. At such meeting, the incumbent Condominium Board shall resign and, subject to the rights of Sponsor to designate members of the Condominium Board, the Unit Owners (including Sponsor) shall elect and/or or designate a new Condominium Board consisting of 5 members. (See the Sections of the Plan entitled "Meetings and Votes of Unit Owners" and "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, all members of the Condominium Board must be either 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 Unit Owner or an interested party. All Condominium Board members 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.

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 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 5 members to the Condominium Board, subject to any rights of Sponsor to designate Condominium Board members, and there shall also be transacted such other business as may properly come before such meetings. In addition, special meetings may be held from time to time pursuant to the By-Laws. The Secretary of the Condominium Board shall mail a notice of each annual or special meeting to all 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 Unit Owners, the presence in person or by proxy of Unit Owners owning more than 40% of the Common Interests attributable to all 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 Unit Owners.

At all meetings, each Unit Owner (or their proxy) entitled to vote thereat (including Sponsor or its designees with respect to Unsold Units) shall be entitled to cast one vote for each .0001% of Common Interest attributable to the 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 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 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 provided that required consents of the Mortgage Representatives, if any, are obtained, any provision of the Declaration, By-Laws or Rules and Regulations affecting the General Common Elements of 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, 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 Rules and Regulations, other than those required by Law, shall be effective (a) against Sponsor or any Unsold Unit unless Sponsor has given its written consent thereto, or (b) against the holder of any mortgage, pledge or

other lien or security interest covering any Unsold Unit unless such holder has given its prior written consent thereto.

Termination of Condominium

The Condominium shall continue and the Property shall not be subject to an action for partition (unless terminated by casualty loss, condemnation or eminent domain as provided in the By-Laws) until such time as the Property shall be withdrawn from the provisions of the Condominium Act as a result of the vote to do so of at least 100% in number and in Common Interest of all 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.

Units Acquired by Condominium Board

All 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 Unit Owners and the rent or purchase price, closing costs and adjustments payable in connection therewith shall be assessed against all Unit Owners. No Units held by the Condominium Board shall carry any voting rights.

The purchase of any Unit by the Condominium Board on behalf of the 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 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 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, 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 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.

Sponsor shall have an exclusive right and easement for ingress and egress through the Common Elements 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 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. Sponsor shall be entitled to utilize such easement for its own account or the account of any tenants or licensees of Sponsor. In addition, Sponsor shall have an exclusive right and easement 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.

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 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 in part, upon the income tax opinion of Attorney's Income Tax Opinion, a copy of which is set forth in Part II of the Plan.

THE LAW FIRM WHICH PREPARED THE ATTORNEY'S INCOME TAX OPINION ("SPECIAL TAX COUNSEL") IS SPECIAL TAX COUNSEL TO SPONSOR AND NOT THE UNIT OWNERS. EACH PURCHASER SHOULD CONSULT PURCHASER'S OWN TAX COUNSEL AS TO THE TAX CONSEQUENCES OF UNIT OWNERSHIP UNDER THE PLAN.

Income Tax Deductions to Unit Owners

Each Unit Owner will own fee simple title to the Unit together with an undivided interest in the Common Elements. Each Unit will be a separate tax lot for purposes of New York City real estate taxes and assessments. As a result, each 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 Special Tax Counsel that a Unit Owner who uses the 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 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, 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 Special Tax Counsel 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 Units offered under the Plan, and no one has been authorized to give any warranties.

REAL ESTATE TAXES

Prospective purchasers are advised to review Footnote (6) of "Schedule A – Purchase Prices of Units and Related Information" for details concerning real estate taxes for the first year of Condominium operation. The information contained therein is based on the real estate tax projection opinion prepared by Sponsor's Special 421-a Counsel set forth in Part II of the Plan.

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. It is expected that the apportionment will be 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 project and in part upon extrinsic indicia of value, including location, square footage, amenities, income producing potential and existing leases on particular units.

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.

Sponsor has filed an appeal for the reduction of real estate taxes with respect to the Property for the 2004/2005 tax year and has preserved its right to appeal for the 2005/2006 tax year.

ANTICIPATED REAL ESTATE TAX EXEMPTION BENEFITS

As more fully explained in the Real Estate Tax Projection Opinion Letter of Sponsor's Special 421-a 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 Units. Upon completion of the 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 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 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 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 Unit Owners for future years will vary in accordance with the amounts of the 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 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 Special 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 Unit or the amount of real estate taxes payable at any time by any Unit Owner. Purchasers should refer to the Real Estate Tax Projection Letter 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 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 1 month's Common Charges assessed against the Unit at the time of Closing.

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. 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) management fees.

(10) building supplies (including, but not limited, to uniforms, cleaning supplies, carts, luggage carts).

(11) 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 on the first anniversary of the First Closing.

The Working Capital Fund will be used for working capital, a reserve for repairs or for such other appropriate purposes 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 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.

MANAGEMENT AGREEMENT

At the First Closing, Sponsor will assign, and the Condominium Board will assume, the Management Agreement for the Condominium between Sponsor and Classic Realty LLC ("Managing Agent") having an office at 400 Park Avenue, 6th Floor, New York, New York 10022 ("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 affiliated with certain principals of Sponsor.

The Management Agreement will provide for a term of 2 years commencing on the date of the First Closing ("Commencement Date"). If the Managing Agent shall materially fail to perform any of its services set forth in the Management Agreement, and such failure is not cured by the Managing Agent within 30 days' of written notice sent by the Condominium Board to the Managing Agent which details the acts or manner in which the Managing Agent has failed to perform any of its services, the Condominium Board shall have the right to terminate the Management Agreement at the end of any calendar month on not less than 60 days' prior written notice to the Managing Agent. If the Condominium Board shall unreasonably refuse to comply with or abide by any Law, the Managing Agent may terminate the Management Agreement at any time on 10 days' prior written notice to the Condominium Board. In the event of such termination by the Managing Agent, the Condominium Board shall be obligated to pay to the Managing Agent the balance of the remaining fee due and owing the Managing Agent through the end of the year in which the termination by the Managing Agent occurs. The Managing Agent may otherwise terminate the Management Agreement on 30 days' prior written notice to the Condominium.

The Managing Agent will receive an annual fee, payable in equal monthly installments during the term of the Management Agreement as follows: $45,000 during the first year and $45,000 during the second year. The management fee is comparable to the going rate for similar services in comparable buildings. In addition, for services rendered to Unit Owners (other than Sponsor), in connection with processing applications to (i) sell, lease or otherwise transfer 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 Unit and (iii) alter or renovate a Unit, the Managing Agent shall receive a fee from the Unit Owner in such amounts as shall be determined, time to time, by the Condominium Board.

The management fee is comparable to the going rate 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 for the alteration of 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.

The Management Agreement provides that the Condominium Board shall reimburse the Managing Agent for all out-of-pocket expenses incurred in connection with the management of the Property.

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.

IDENTITY OF PARTIES

Sponsor

40 Bond Street Partners LLC, is a limited liability company organized under the Laws of the State of Delaware with an office c/o Ian Schrager Company, 818 Greenwich Street, New York, New York 10014. Bond Street Holding LLC, a limited liability company organized under the Laws of the State of Delaware is the sole member of Sponsor. Bond Street Holding LLC is comprised of two members: R&F Bond Street LLC and S/A Bond Street LLC, each limited liability companies organized under the Laws of the State of Delaware. Aby Rosen and Michael Fuchs are the sole members of R&F Bond Street LLC. S/A Bond Street LLC is comprised of two members: S/A Bond Street Manager LLC and Hotels JV Holding Company LLC, each limited liability companies organized under the Laws of the State of Delaware. Ian Schrager is the sole member of S/A Bond Street Manager LLC. Northstar Hospitality LLC, a limited company organized under the Laws of the State of Delaware is the sole member of Hotel JV Holding Company LLC.

The principals of Sponsor who will be actively involved in this offering are: Aby Rosen, Michael Fuchs and Ian Schrager.

Aby Rosen and Michael Fuchs are principals of RFR Holding LLC, a real estate investment, development and management company ("RFR"). RFR has been involved in the development of approximately 5,000,000 square feet of commercial office space including such buildings as 400 Park Avenue, 345 Park Avenue South, 275 Madison Avenue, 757 Third Avenue, 17 State Street, 375 Park Avenue and 390 Park Avenue, all of which are located in Manhattan.

In addition, RFR has been involved in the development and construction of the following Condominium projects located in New York City: The Seville located at 300 East 77th Street; The Empire Condominium located at 188 East 78th Street; The Impala Condominium located at 404 East 76th Street; 425 Fifth Avenue Condominium located at 425 Fifth Avenue; Park Avenue Place Condominium located at 60 East 55th Street; The 177 East 77th Street Condominium and 50 Gramercy Park North Cooperative.

Ian Schrager is a founder, creator, operator and developer of upscale urban and resort properties with a hotel portfolio in the major urban gateways such as New York (Morgans, Royalton and Hudson), Miami (Delano and Shore Club), Los Angeles (Mondrian), San Francisco (Clift) and London (St. Martins Lane and Sanderson). Mr. Schrager has achieved international recognition for unique concepts and cutting-edge properties that have revolutionized both the entertainment and hospitality industries. Mr. Schrager has been involved in the development of 50 Gramercy Park North Cooperative.

There have been no prior felony convictions or other 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.

The principals of Sponsor are current in their financial obligations with respect to the referenced buildings.

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 65 East 55th Street, New York, New York 10022, as Special Income Tax Counsel to provide the Attorney's Income Tax Opinion set forth in Part II of the Plan.

Sponsor has retained the law firm of Tuchman, Katz, Schwartz, Gelles, Korngold & Weiss, LLP, having an office at 6 East 45th Street, New York, New York 10017 as Special 421-a Counsel to provide the Real Estate Tax Projection Opinion set forth in Part II of the Plan.

Selling Agent

Selling Agent under the Plan is The Sunshine Group, Ltd., having its main office at 41 East 57th Street, Gallery 500, New York, NY 10022. The Sunshine Group, Ltd. is a pre-eminent marketing company with offices located in New York and Florida the principals of which have been in business for over 30 years. 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 at 230 West 56th Street; The Chatham at 181 East 65th Street; The Park Laurel at 15 West 63rd Street; 15 East 69th Street Condominium; 610 Park Avenue Condominium at 610 Park Avenue; Trump International Hotel & Tower at One Central Park West; 200 East 69th Street; Trump Tower at 725 Fifth Avenue; 521 & 525 Park Avenue; 500 Park Avenue; 30 East 85th Street and The Concorde at 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 Classic Realty LLC, having an office at 400 Park Avenue, 6th Floor, New York, New York 10022. Managing Agent is a real estate and management firm that has been in business in the New York area since 1996. 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 cooperative, condominium and rental apartment buildings. Managing Agent presently manages the following residential apartment buildings located in New York City: 1000 Park Avenue, 45 East 66th Street, 66 East 83rd Street, 2 Horatio Street, 200 East 16th Street, 200 East End Avenue, 30, 40 and 60 East 9th Street, 210, 215, 220, 225, 230 and 235 East 73rd Street, 245 East 72nd Street, 235 West End Avenue, 162 West 56th Street and 177 East 77th Street.

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.

Certain principals of Sponsor are affiliated with Managing Agent.

Construction Professionals

Handel Architects LLP, having an office at 150 Varick Street, 8th Floor, New York, NY 10013 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 many years. The Architect has participated in the 505 Greenwich Street Condominium, New York, New York 10013.

Ambrosino, DePinto & Schmeider Consulting Engineers, P.C., having an office at 275 Seventh Avenue, 21st Floor, New York, New York 10001, is the mechanical engineer for the Building ("Mechanical Engineer"). For over 20 years, the Mechanical Engineer has provided engineering services for projects throughout the country.

DeSimone Consulting Engineers, having an office at 18 West 18th Street, 10th Floor, New York, New York 10011, is the structural engineer for the Building and has been providing engineering services for many years ("Structural Engineer").

Condominium Budget Expert

Sponsor has engaged Diversified Valuation Group having an office at 60 East 42nd Street, Suite 1446, New York, New York 10165 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, which may be found in Part II of the Plan.

Title Company

Commonwealth Land Title Insurance Company having an office at 140 East 45th Street, 22nd 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 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 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 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 submission of the Plan to the Department of Law.

As of the date of the submission of the Plan, the Building will be or 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 BOND CONDOMINIUM
40 BOND STREET
NEW YORK, NEW YORK 10012

DESCRIPTION OF PROPERTY AND BUILDING CONDITION

Handel Architects LLP

Architect's Report
Description of Property and Proposed Building
30 August 2005

40 Bond
New York, New York

A. Location of Property

1. Address:	32-40 Bond Street New York, New York 10012-2428
2. Block No.: Lot No.:	530 48
3. Zoning District:	M1-5B
4. Permissible Use:	Residential and Retail pursuant to variance
5. Variance:	Pursuant to Section 72-20 of the New York City Zoning Resolution, Sponsor obtained a variance permitting residential use in the M1-5B manufacturing district. The City Planning Commission had previously approved a special permit on November 20, 2002 to allow retail (and / or hotel) use on the ground floor, cellar and subcellar of the premises. Plans were filed with the Department of Buildings ("DOB") and the Board of Standards and Appeals ("BSA") in April of 2004. Sponsor received approval of the plans and variance from the BSA on or about May 2004 under Calendar Number 69-03-BZ. Sponsor will file a Special Order Calendar ("SOC") Application to amend the previous BSA variance approval. The SOC seeks to abandon the special permit and replace the first floor retail (and / or hotel) use with residential townhouse use and the cellar and subcellar levels with accessory residential uses, and to increase the overall depth of the building by three feet and add residential use to the roof of approximately 1,184 feet. The Sponsor received approval of the SOC on March 29, 2005.
6. Air Rights:	No air development rights were obtained for this project. Sponsor is not retaining any air development rights for future expansion of the Building.

7. Landmarks: This project does not have any landmark status.

B. Status of Construction

1. Sponsor plans to start construction in September 2005 and anticipates being substantially complete with the work in January 2007 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 Sponsor has no control.

2. Certificate of Occupancy: After completion of construction, Sponsor will apply for a Temporary Certificate of Occupancy for the Building from the DOB. Sponsor will obtain a Temporary Certificate of Occupancy for the portion of the Building that includes the residential unit prior to its closing.

3. Class of Construction: The Building will be classified as Class 1B (Non-Combustible) and will conform to all applicable regulations of the Building Code of the City of New York ("Building Code"). The Building will comply with Local Law 58/87(Handicapped Access Law) unless otherwise stated within report.

C. Site

1. The total site area is 14,276 square feet.

2. There will be one 10-story tower with elevator bulkheads, stair bulkheads, and residential penthouse.

3. There will be 5 townhouse units and 23 residential apartments within the building.

4. For the purposes of marketing, floor number three has been excluded while construction necessitates a realistic numbering of floors which includes a third floor. Therefore, two different methods of numbering floors exist and are illustrated below:

Construction Floors (actual)	Marketing Floors
Cellar	Cellar
1	1
2	2
3	4
4	5
5	6
6	7
7	8
8	9
9	10
10	PH

Penthouse	.....	PH
Roof	.....	Roof

Please note that all floor plans, apartment drawings and other references to floors in this report and in the offering plan will utilize the marketing numbering of floors.

5. The site contains 136.5' frontage along Bond Street.

   i) Bond Street is paved with cobblestones.

   ii) The curbs will be replaced.

   iii) The streets are presently pitched to drain through existing cast iron catch basins into the New York City storm water drainage system.

   iv) The street lighting is provided by the City of New York.

6. Drives, Sidewalks, Ramps

   i) The off-site sidewalk at Bond Street will be poured concrete.

   ii) The existing sidewalk curb at Bond Street will be replaced with new steel curbs and will meet New York City and Department of Transportation requirements.

   iii) The sidewalk and street drainage is described in Section C (3)(iii).

D. Utilities

1. Water supply and combined sewer servicing the building will be provided by the City of New York. Water and gas service will be master metered. Gas and electric service will be provided by Consolidated Edison. Electric service will be individually metered. Telephone, cable and high-speed internet service will be provided by separate service providers. The apartments will be pre-wired for these services but it will be the shareholder's obligation to purchase telephones and arrange for telephone, cable and internet service for the apartment. Telephone, high-speed internet connectivity and cable television will be billed individually by the service provider's.

E. Sub-soil Conditions

1. The Building foundation will be a continuous mat bearing on grade.

2. The slabs on grade will be poured concrete.

3. There is no danger of damage to the Building from flooding as the lowest floor elevation is above the elevation of the 100-year flood plain.

4. A Phase I Environmental Site Assessment in August 2004 did not identify any potential areas of environmental concern. Subsequent information received from the New York State Department of Environmental Conservation ("NYSDEC") indicated that limited soil contamination associated with an underground fuel oil storage tank (UST) was identified when the UST was removed in 1995. Spill Number 03-30066 was issued and NYSDEC recently requested a subsurface investigation.
   A comprehensive Phase II Environmental Site Assessment was required by NYSDEC and NYCDEP to adequately identify/characterize the surface and subsurface soils of the site in response to a reported petroleum spill, the removal of an underground storage tank (UST) and several reports which identified volatile and semi-volatile organic compounds (VOC and SVOC) in the soil at or near the former UST location. As required by NYSDEC and NYCDEP, the Phase II investigation evaluated the presence of VOCs, SVOCs, metals and polychlorinated biphenyls (PCBs).

   The Report describes three phases of soil and groundwater sampling. Sample results did not detect concentration levels of VOCs, SVOCs, or PCBs above NYSDEC cleanup objectives. One metal compound, mercury, was detected in shallow and subsurface soil in most areas investigated, and in several groundwater samples. The source of the mercury was not discovered. Mercury is a compound that is typically found in urban environments and in fill.

   Based on these findings, the following typical precautions will be taken to eliminate the potential for health risk to construction workers and to future residents and visitors to the property:

   - Soil within the footprint of the proposed new construction will be excavated to approximately 12 feet below grade. This area of the site will be covered with building foundation and a concrete floor slab in the basement level. In addition, in consideration of the potential for vapor intrusion, a vapor barrier and a sub-slab depressurization system will be installed in conjunction with the foundation and floor slab.

   - Soil outside the footprint of the proposed new construction which will not be covered with concrete or asphalt will be excavated to approximately 2 feet below grade and backfilled with clean soil.

   These precautions are typically required in New York City and other urban environments and will effectively eliminate all potential pathways for mercury contact.

F. <u>Landscape & Enclosure</u>

1. Ground cover - Top soil at private gardens at Townhouse Units 1, 2, 3, 4, and 5
2. Trees - Little Leaf Linden, on sidewalk and at communal garden
3. Fencing - Rear Yard at Townhouse Units 1, 2, 3, 4, 5 and communal garden
4. Gates - Cast Iron at Townhouse Entrances at Townhouse Units 1, 2, 3, 4, and 5.
5. Retaining Walls - None
6. Display Pools and Fountains - None

G. Building Height

1. The total height of the Building, from the average curb elevation at Bond Street of +44.5 feet to top of the main roof slab elevation +164.5 feet.
2. There will be 10 floors.
3. Except in certain areas with dropped ceilings, the floor-to-ceiling heights of the residential units on floors are approximately as follows:

    i) Floors 1-PH: 10'-10" in living spaces, 9'-4" in kitchens, baths, hallways and corridors.

4. Equipment Rooms: Height from the top of the roof slab to the top of the elevator machine room roof slab will be a minimum of 14'-0".

5. Parapet: Height from top of finished roof to top of the parapet will be a minimum of 3'-6".

H. Structural System

The structure of the Building will be reinforced concrete slabs and concrete columns supported on a concrete mat slab.

I. Exterior Enclosure

1. Façade system:

    i) Walls:
    South (Bond Street) Façade
    Levels 1-2: The exterior wall will be a storefront system with doors, fixed windows, and operable windows.
    Levels 4-7: The exterior wall will be laminated curved glass and metal enclosure over the slabs and columns. A portion of the exterior wall will be aluminum and glass windows with a nominal system depth of 5".

Levels 8-PH: The exterior wall will be blackened copper rain-screen cladding over slabs and columns. . A portion of the exterior wall will be aluminum and glass windows (fixed and operable) with a nominal system depth of 5". The terrace level will have doors to the exterior.

North Façade
Level 1: The exterior wall will be sliding doors at the townhouses with an operable glass door to the main lobby.
Levels 2-PH: The exterior wall will be blackened copper rain-screen cladding over slabs and columns. A portion of the exterior wall will be aluminum and glass windows (fixed and operable) with a nominal system depth of 5".

East and West Façades
Levels 1-9: The lot line walls will be 6" concrete block spanning floor to underside of slab; metal studs with insulation with vapor barrier and 5/8" gypsum wallboard finish on the interior.
Levels 10-PH: The exterior wall will be acrylic paint over 6" concrete block spanning floor to underside of slab; metal studs with insulation with vapor barrier and 5/8" gypsum wallboard finish on the interior. A portion of the exterior wall will be aluminum and glass windows with a nominal system depth of 5".

ii) Windows: The windows will be aluminum framed with a tilt and turn operation, with a one-year guarantee on labor and materials and a five-year warranty for the paint of the windows from initial installation from the manufacturer. The windows will be manufactured by Schuco or similar manufacturer. There are lot line windows on the east and west elevations in the Building that may be blocked of view and ventilation by future construction. The lot line windows will be operable and protected by an automatic sprinkler fire protection system where required. The residential units on floors 10-PH will have lot line windows. The residential units having lot line windows are listed below and are also shown on the Floor Plans:

a. Unit 10A
b. Unit 10B
c. Unit PH

iii) The Building will be designed in accordance with the New York State Energy Code: the insulation at the solid portions of the wall will meet or exceed the R-11 value required.

2. Parapets and Copings: The parapets at the 8th floor and penthouse terraces will be painted metal railings. The upper most roof will be reinforced concrete and masonry curbs and /or walls with an acrylic paint finish.

3. Chimneys and Caps: There are double wall boiler flues with stainless steel jackets in accordance with Building Code manufactured by Selkirk Metalbestos Company or similar that terminate above the roof level. A 16GA aluminized steel trash chute located on all residential floors near the service elevator vestibule. Fireplace flues will terminate 3'-0" above the top of the parapet at the main roof and at the elevator machine room roof.

4. Terraces:
   - i) Location:
     - a. Unit 8A (8th floor): Private outdoor space of 1420sf accessed from Living / Dining Room, Master Bedroom, and Bedroom 2.
     - b. Unit 8B (8th Floor): Private outdoor space of 1100sf accessed from Living / Dining Room.
     - c. Unit PH (roof): Private outdoor space of 3300sf accessed from Living Room / Studio space.
   - ii) The terraces will be finished with a combination of concrete pavers and/or ballast over roofing system.
   - iii) Balustrades: Metal.
   - iv) Railings: The terrace railings will be metal.
   - v) Copings: The copings will be metal and/or pre-cast concrete.
   - vi) Terrace Doors: Doors will be extruded aluminum and glass swing doors.

5. Exterior Entrance
   - i) Exterior Doors and Frames: The main entrance to the residential lobby will be a pair of frameless glass swing doors.
   - ii) Vestibules, Doors and Frames: Frameless glass doors will be at the main entrance to the residential lobby.
   - iii) Exterior Stairs: None.
   - iv) Railings: None.
   - v) Mail Boxes: Located in the elevator lobby at the first floor will be front-loading aluminum finished and U.S. Government approved.
   - vi) Lighting Indoor: Pendant lighting, wall accent lighting, and indirect lighting will be utilized in the residential lobby.

vii) Lighting Outdoor: In rear-yard and at entrance.

6. Townhouse Entrances

i) Doors and Frames: Townhouse entrance will be a metal door in aluminum frame.

ii) Gates: Will be constructed out of cast iron, at sidewalk facing Bond Street.

iii) Exterior Stairs: None.

iv) Railings: None.

7. Roof and Roof Structure: Insulated roof membrane assembly (IRMA) comprising waterproof membrane below extruded polystyrene board insulation below protection fabric and gravel aggregate ballast or concrete paving units with a manufacturer's ten-year warranty.

i) Type of Roof

a) Material: The roofing membrane will be rubberized monolithic roofing with fabric reinforcing at a rate of 215 mils average thickness with no point below 200 mils as manufactured by American Hydrotech or similar manufacturer.

b) Insulation: Insulation will be extruded polystyrene board insulation Styrofoam PD brand as manufactured by Dow Chemical or similar. The roof will be designed in accordance with the New York State Energy Code: the insulation at the roof will meet or exceed the R-19 value required.

c) Surface Finish: The surface finish will be membrane, gravel ballast or concrete pavers.

d) Expected Life: The roofing systems will have a minimum life of up to 10 years from initial installation.

e) Bond or Guarantee: The roofing systems will have a ten-year manufacturer's guarantee from initial installation.

f) Flashing material: There will be metal cap and base flashing.

ii) Drains: Roof drains will be provided to drain the roof.

a) Material and type: Cast Iron drains

b) Gutters and Leaders: None.

iii) Bulkheads

a) Elevator: The elevator bypass will be a roof bulkhead, which will consist of acrylic paint over nominal 6" concrete block or concrete wall.

b) Stairs: The stair enclosure will be a roof bulkhead that will consist of acrylic paint over nominal 6" concrete block or concrete wall.

c) Other: There will be mechanical equipment space within the roof bulkhead.

iv) Metal Work at Roof Levels

a) Vertical Ladders: Main roof to roof over machine room.

b) Railings: Painted steel where required.

c) Hatches to Roof: None.

d) Other: None.

v) Roof Top Facilities

a) Main Roof: None.

J. Interior Construction

1. Interior Stairs at elevator lobbies

i) Number of Stairs: There will be two exit stairs (scissor) which extend from the cellar up to the roof bulkhead.
ii) Enclosure: Each stair will be enclosed with 2 hour rated drywall partition and / or concrete shear wall. Each stair will be painted.
iii) Stair Construction: All the stairs will be concrete construction.
iv) Stringers: Concrete.
v) Treads: Concrete.
vi) Risers: Concrete.
vii) Handrails and Balustrade: There will be a steel pipe in each stair and steel bars or pipe rail balustrade as required by Building Code.

2. Interior Stairs at townhouses – Units 1, 2, 3, 4 and 5 (cellar to ground level)

i) Number of Stairs: There will be one set of stairs which extend from the cellar to the ground floor.
ii) Enclosure: Each stair will be enclosed with drywall partitions and be painted.
iii) Stair Construction: The stairs will be of concrete construction.
iv) Stringers: Concrete.
v) Treads: Concrete.
vi) Risers: Concrete.
vii) Handrails and Balustrade: There will be a steel pipe in each stair and steel bars or pipe rail balustrade as required by Building Code.

3. Interior Stairs at townhouses – Units 1, 2, 3, 4, and 5 (ground floor to second floor)

i) Number of Stairs: There will be one set of stairs which extend from the ground floor to the second floor.
ii) Enclosure: No enclosure.
iii) Stair Construction: The stairs will be of concrete construction.
iv) Stringers: Concrete.
v) Treads: Concrete topped by wood.
vi) Risers: Concrete.
vii) Handrails and Balustrade: There will be a wood handrail and gypsum board low wall enclosure as required by Building Code.

4. Interior Doors and Frames

i) Unit Entrances: The residential unit entrances will have wood doors with hollow metal frames and will meet the requirements of the Building Code. The interior bath, bedroom and utility closet doors of the units will be solid core wood doors with hollow metal frames. The interior closet doors of the units will be solid core wood doors with hollow metal frames.

ii) Corridor Doors and Frames: All doors and frames will be hollow metal and will meet the Building Code.

iii) Stair Doors and Frames: All doors and frames will be hollow metal and will meet the Building Code.

iv) Roof Doors, Cellar Doors & Frames: These doors and frames will be hollow metal and will meet the Building Code.

K. Elevators

i) There will be two passenger elevators servicing the residential units. One of the two elevators will also be used as a service elevator.

ii) The elevators will be manufactured by the Otis, Schindler, ThyssenKrupp or Fujitec Company or similar manufacturer. The elevators will have a capacity and speed as follows:

a) Residential Passenger Elevators PE1and PE2: 2,500 lbs at 350 FPM.

iii) The type of operation will be as follows:
Non-Commercial/Residential: Duplex Selective Collective Control.

iv) The elevator type of controls will be variable voltage and frequency.

v) Elevator Stops:
Residential PE1 and PE2: Cellar floor through Penthouse floor.

vi) The elevators will be as follows:
Residential PE1 and PE2: Overhead geared traction type.

vii) The elevator doors will be as follows:
Residential PE1 and PE2: Side opening doors

viii) The residential elevator machine rooms will be located on the roof.

ix) Control: Variable-voltage variable frequency.

x) Elevator Cabs:

i) Residential elevator cabs will be manufactured by EDI/ECI Elevators or similar manufacturer.

ii) The floor material will be wood flooring.

iii) The walls will be covered with wood paneling.

iv) The ceiling will be wood.

v) The lighting of the cab will be fluorescent strip lighting and /or down lighting.

L. Auxiliary Facilities

1. Refuse Disposal

i) Incinerators: None.

a. Compactors: There will be one compactor servicing the residential units, International Dynetics Corporation, model # IDC 2001 or similar.

M. Plumbing and Drainage

1. Water supply:

A six-inch fire service with 4" domestic tap is provided from the New York City water main in Bond Street. Domestic service is provided with water meter and double check valve backflow preventer and feeds a duplex variable speed booster system having a rated capacity of 160 GPM each and providing a minimum pressure at the uppermost floor of 35 psi. Water distribution in the building will be up fed. Branch pressure reducing valves will be provided where pressures exceed 85 psi. Hot water will be produced by duplex gas fired storage tanks in the basement and will upfeed parallel with cold water to all Apartments and Common Areas. Each heater is constructed of nickel plated steel with insulated jacket, and is sized for 60% of the total load. Capacity of each heater is 600 gallons, 800 gallons per hour at 100 degree rise. PVI Model 1000N 600A-TP. Hot water temperature is maintained with electric heat tracing cable. Cable is nickel-coated copper with insulated jacket, similar to Raychem HWAT-G2. Above ground domestic cold water piping 3" and smaller and all hot water piping specifications are to be seamless drawn or extruded copper tubing type "L" hard temper ASTM B-88. Fittings are to be wrought copper or cast bronze, brazing type. Joints shall be made with a brazing alloy (95/5) consisting of copper, silver and phosphorus or Victaulic type.

2. Fire protection system:

a. Combined Sprinkler/Standpipe

A six-inch steel combined riser is located in the fire stair with a valved outlet on each floor. Supply is from a 500 gpm fire pump taking suction from the 6" fire service.

b. Hose racks, hoses and nozzles are located in a locked fire hose cabinet which is located on the first floor level in the Lobby.

c. Sprinklers

The building is fully sprinklered by a hydraulically calculated wet pipe type system designed for light hazard occupancy, including the cellar and all residential areas. The Apartment sprinklers are supplied from connections to the 6" combined riser noted above. All floors are provided with a floor control assembly including valve with tamper switch, water flow sensor, drain and test connection. Sprinklers are residential frangible glass type, except in storage areas.

d. Siamese connections

The building will have one 3" x 3" x 6" Siamese connection located on Bond Street, as required by the New York City Building Code.

3. Water pressure and how maintained.

See item 1 above.

4. Sanitary sewage system.

a. Sewage piping

Compression joint cast iron piping shall be provided for underground piping. Above ground piping shall be hubless cast iron.

b. Sewage pumps

A duplex cutter type sewage ejector, having a minimum rated capacity of 75 GPM will service the sanitary fixtures and floor drains that are below the house sewer level.

c. Sewage disposal

House sewer discharges into sanitary house trap connected to the New York City sewer system.

5. Permit required.

a. Fire service connection.
b. Backflow prevention devices.
c. Sewer.

6. Storm drainage system

a. Terrace/ Garden and roof drains

Roof drains will be connected to no-hub cast iron piping, which will connect to house trap which discharges into the NYC sewer system.

b. Piping

Upper floors (2-penthouse) shall be hubless cast iron piping. Leaders below the 2nd Floor shall be compression joint.

c. Elevator sump pump

Elevator pit shall be provided with ½ hp pump connected to gravity storm system.

N. Heating, Ventilation and Air Conditioning

1. The entire building is served by a central boiler plant located in the Cellar. The plant provides hot water for perimeter radiation and for a water-source heat pump loop. The plant consists of two (2) gas-fired boilers, shell and tube heat exchanger and hot water pumps. Hot water pumps are provided with a variable speed pumping system for energy conservation. In addition to perimeter radiation and the heat pump loop, hot water is also distributed to miscellaneous unit heaters and hot water heating coils. Each Apartment on floors 4 through 10 and Penthouse is heated perimeter hot water radiation. Perimeter radiation is the primary source of heat and is controlled by self-contained thermostatic control valves. Townhouses are provided with perimeter fin-tube radiation. The heating system has been designed around the following parameters:

   Winter Design Conditions:
   Outside: 5° F
   Inside: 70° F

2. Air conditioning is provided by a water-source heat pump system. The entire system has been designed around the following parameters:

   Summer Design Conditions
   Outside: 89° F db, 73° F wb
   Inside: 75° F db, 50% RH

3. Condenser water for the water-source heat pump system is provided by a cooling tower located on the Roof and condenser water pumps located in the Cellar. Both cooling tower and condenser water pumps are provided with variable speed drives for capacity control and energy conservation. Condenser water is also distributed to miscellaneous air conditioning units serving equipment rooms.

4. Each Townhouse, Apartment on floors 4 through 10 and Penthouse is heated, ventilated and air-conditioned by independent water-source vertical heat pump units. The units provide a secondary source of heat to supplement the perimeter heating system. Heat pump units are controlled by programmable thermostats

with remote sensors. The heat pump units are manufactured by Climate Master or equal. Model numbers, capacities and locations are as shown in the following schedule. During the course of design, the units may be combined or reconfigured to provide equal or more capacity than scheduled.

Apartment	Vertical Stack Unit (Model VHS816 or equal)	High Performance Vertical Unit (Model GSV or equal)	Apt. Total (Tons)
Townhouse 1		1 @ 4 Ton 1 @ 5 Ton	9 Tons
Townhouse 2		1 @ 4 Ton 1 @ 5 Ton	9 Tons
Townhouse 3		1 @ 4 Ton 1 @ 5 Ton	9 Tons
Townhouse 4		1 @ 4 Ton 1 @ 5 Ton	9 Tons
Townhouse 5		1 @ 4 Ton 1 @ 5 Ton	9 Tons
4-7A	1 @ 1.5 Ton 2 @ 2 Ton 1 @ 2.75 Ton		8.25 Tons
4-7B	1 @ 1.5 Ton 1 @ 2.0 Ton 1 @ 2.75 Ton		6.25 Tons
4-7C	1 @ 1.5 Ton 2 @ 2 Ton 1 @ 2.75 Ton		8.25 Tons
4-7D	1 @ 1 Ton 1 @ 2.75 Ton		3.75 Tons
8A	1 @ 2.5 Ton 4 @ 2.75 Ton		13.5 Tons
8B	1 @ 1.5 Ton 1 @ 2 Ton 2 @ 2.75 Ton		9 Tons
9A	1 @ 2.5 Ton 4 @ 2.75 Ton		13.5 Tons
9B	1 @ 1.5 Ton 1 @ 2 Ton 2 @ 2.75 Ton		9 Tons
10A	1 @ 2.5 Ton 4 @ 2.75 Ton		13.5 Tons
10B	1 @ 1.5 Ton 1 @ 2.5 Ton 2 @ 2.75 Ton		9.5 Tons
PH	2 @ 1.5 Ton	2 @ 8.75 Ton	30 Tons

	2 @ 2.0 Ton 2 @ 2.75 Ton	(Model GLV)	

5. Residential elevator lobbies on Floors 4 through Penthouse are heated, ventilated and air-conditioned by a single gas-fired make-up air unit with cooling coil located on the 11th Floor Roof. Unit shall be Reznor Model PDDA-188-300 or equal (240 MBH Heating / 16.5 Tons Cooling). The HVAC unit is controlled by a discharge air thermostat, reset by a remote space mounted temperature sensor.

6. Ground Floor Lobby is heated, ventilated and air-conditioned by a single water-source heat pump unit, ClimateMaster Model GSH-036 or equal (3 Tons cooling / 82.8 MBH heating). Supplemental heat and ventilation air is provided by a heating and ventilating unit with gas-fired furnace, Reznor Model SCE-150 or equal (2100 CFM / 120 HB Heating). The heat pump unit is controlled by programmable thermostat with remote space mounted temperature sensor. The H&V unit is controlled by a discharge air thermostat, reset by a remote space mounted temperature sensor.

7. Elevator machine rooms and telephone room are heated and air-conditioned by console-type heat pump units located within the space. The units are controlled by integral thermostat.

8. Residential storage area is heated, ventilated and air conditioned by a water-source heat pump unit located in the residential storage Area. The unit is controlled by a space mounted programmable thermostat.

9. Fitness Center shall be heated, ventilated and air conditioned by a horizontal package water-source heat pump unit.

10. All heating, ventilation and air conditioning systems are New York City Building Code and New York State Energy Code compliant.

11. All Apartment toilets are ventilated by independent central exhaust systems consisting of roof mounted exhaust fan and distribution ductwork.

12. All mechanical equipment rooms will be ventilated by a general exhaust system. Make-up air will be provided by a heating & ventilating unit with hot water heating coil.

13. Typical Trash Rooms and Trash Compactor Room shall be ventilated by an independent exhaust system including roof mounted exhaust fan and distribution ductwork.

O. Gas Service:

1. The building is to be provided with gas service for gas cooking, fireplaces, domestic water heating, boilers and make-up air heating.

2. Meters:

   Two meters are provided. One meter is for domestic cooking, fireplaces and water heating. The other meter is for heating.

3. Piping

   Black iron, schedule 40 with malleable fittings.

4. Booster

   A centrifugal gas booster sized for 150% of the total load is provided to increase the supply pressure to the mechanical equipment. Capacity is 5000 cfh at 6.4" wc, similar to Eclipse Model HBLC-3312-1/2.

P. Electrical:

1. A new electric service is provided by the Consolidated Edison Co. at 120/208 volts, 3 phase, 4 wire. New three (3) phase, four (4) wire Utility Company meters are installed for each Apartment. In addition, one separate utility meter is provided for all residential common area loads.

2. All electric panels, circuits, feeders, etc. serving the apartments are to be new. The new electric service to the apartments is adequate for modern usage including air conditioning. The following schedule indicates apartment fuse size in amperes and the quantity of circuits for each apartment.

Apartment No.	Apartment Fuse Size Not Less Than (Amperes)	Apartment Quantity of Active Circuits Not Less Than
Townhouse 1	200	31
Townhouse 2	175	30
Townhouse 3	175	28
Townhouse 4	175	28
Townhouse 5	200	31
4-7A	175	27
4-7B	125	22
4-7C	175	27
4-7D	125	22
8A	175	30

8B	150	25
9A	175	30
9B	150	25
10A	175	30
10B	150	25
PH	350	43

Q. Telephone, Intercom, and Security System

Telephone service will enter the Building from Bond Street, be fed to a main telephone room located on the cellar floor and then distributed through conduits and sleeves to various areas of the Building. Each residential unit will receive telephone service through wires running between the main telephone room and the communications closet servicing such residential unit.

Each individual residential unit will have its own Video Intercom /Alarm unit, which will function 24 hours a day manufactured by Unitone or similar.

Closed circuit television cameras will be provided in selective locations, at selected entrance corridors to the elevators with viewing monitors at the concierge desk. The cameras will be designed to cover the immediate area within the view of the cameras, and will not necessarily cover all of the areas involved.

R. Television Reception Facilities

Wiring will be installed in each residential unit to enable the unit owner to obtain cable television service from an outside vendor. Cable television outlets will be pre-wired for service. The Building will not be equipped with a master television antenna system.

S. Public Area Lighting

Lighting will be furnished to the public areas of the Building through fluorescent and/or incandescent fixtures. The light levels will meet or exceed the requirements as stated in the New York City Building Code.

T. Garage: There will be no garage in the Building.

U. Storage Lockers: Located in the cellar, the storage locker room contains 23 lockers that are 3'-0" x 4'-6"x 7'-0" tall. The sponsor will sell the lockers to the buyers as per the offering indicates.

V. Fitness Center: The space is approximately 1100sf located in cellar of the building. The space is open to all residents living within the building. The floors will be rubber tile. The walls are painted GWB with one wall have full height mirrors. The

ceiling is a perforated metal system with integrated fluorescent light fixtures. A bathroom is provided within the fitness center.

W. Unit Information

1. Finish Schedule for residential units.

Space	Floor	Wall	Base	Ceiling
Foyer	WD	GWB/P	WD/P	CONC/VCC/P
Living Room	WD	GWB/P	WD/P	CONC/VCC/P
Bedrooms	WD	GWB/P	WD/P	CONC/VCC/P
Kitchen	WD	GWB/P	-	GWB/P, CONC/VCC/P
Powder Room	WD	GWB/P	GWB/P	GWB/P
2nd Bathrooms	CT	CT/GWB/P*	CT	GWB/P
Master Bath	WD/ST	WD/ST	WD/ST	CONC/VCC/P
Closets	WD	GWB/P	WD/P	GWB/P

*CT on tub surround walls in 2nd Bathrooms

2. Fixtures for residential units.

POWDER ROOM	
Toilet	Duravit: Starck 3, Model No. 210501
Wash Basin	Laufen: College School-washbasin
Basin Faucet	Kohler: Model No.K-942
SECONDARY BATHROOMS	
Toilet	Duravit: Starck 3, Model No. 210501
Tub	Kaldewei: Saniform Plus Series, Model No. 361-1
Tub Filler Spout	Kohler: Stillness Series, Model No. K-952
Tub Filler Handle	Kohler: Stillness Series, Model No. K-T950-4
Shower	Custom Ceramic Tile
Shower Head	Kohler: Stillness (Combo) Series, Model No. K-T948-4
Handshower	Kohler: Master Shower Series, Model No. K-8503

Handshower Bracket Kit	Kohler: Master Shower Series, Model No. K-8517
Handshower Elbow	Kohler: Master Shower Series, Model No. K-9513
Wash Basin	Laufen: College School-washbasin
Basin Spout	Kohler: Stillness Series, Model No. K-942-4
Basin Mixer Handle	Kohler: Stillness Series, Model No. K-942-4
MASTER BATHROOMS	
Toilet	Duravit: Starck 3, Model No. 210501
Tub	Custom Stone
Tub Filler Spout	Kohler: Stillness Series, Model No. K-952
Tub Filler Handel	Kohler: Stillness Series, Model No. K-T950-4
Shower	Custom Stone
Shower Head	Kohler: Stillness (Combo) Series, Model No. K-T948-4
Handshower	Kohler: Master Shower Series, Model No. K-8503
Handshower Bracket Kit	Kohler: Master Shower Series, Model No. K-8517
Handshower Elbow	Kohler: Master Shower Series, Model No. K-9513
Wash Basin	Custom Stone
Basin Spout	Kohler: Stillness Series, Model No. K-942-4
Basin Mixer Handel	Kohler: Stillness Series, Model No. K-942-4
KITCHEN	
Faucet	Vola: Model No. 590

3. Kitchen Appliances for residential units.

Cooktop	Miele: KM360 (Units 4-7 B and D) or 36" KM342 (Townhouse Units 1, 2, 3, 4 and 5, Units 4-7 A and C, Units 8-10 A and B and Penthouse)
Dishwasher	Miele: 24" G643SCVi
Hood	Miele: 24" DA326 (Units 4-7 B and D), 36" DA329 (Townhouse Units 1, 2, 3, 4 and 5, Units 4-7 A and C, Units 8-10 A and B) or Island Hood DA250 (Penthouse)
Refrigerator	Sub-Zero: 700 Series – 27" (Units 4-7 B and D) or 36" (Townhouse Units 1, 2, 3, 4 and 5, Units 4-7 A and C, Units 8-10 A and B and Penthouse)
Disposer	GE: Model No. GFB760F

Washer & Dryer (Combo)	Miele: Model No. W1113+T1302
Convection Oven	Miele: 70cm HB387
Convection Microwave Oven	GE: JE1590SH

X. Finish Schedule of Other Spaces

Space	Floor	Wall	Base	Ceiling
Typical Floors				
Stairs	DE	GWB/P	-	CONC/VCC/P
Public Corridor	CPT	GWB/P	-	GWB/P
Trash Room	CONC	GWB/P	-	CONC
Ground Floor Lobby				
Lobby	WD	PLASTER	-	PLASTER

ABBREVIATIONS FOR FINISHES

AT	ACOUSTICAL TILE
CT	CERAMIC TILE
CPT	CARPET
CONC	CONCRETE
DP	DUSTPROOFING AND HARDENER
DE	DECK ENAMEL
GT	GRANITE TILE
GWB	GYPSUM WALLBOARD
HC	HUNG CEILING
LWP	LIQUID WATERPROOFING
MT	MARBLE TILE
MP	METAL PAN
P	PAINT
QT	QUARRY TILE
SP	SPRAY PAINT
SSM	SOLID SURFACE MATERIAL BY CORIAN OR SIMILAR MANUFACTURER
ST	STONE
V	VINYL
VCC	VINYL COMPOSITION COATING
VCT	VINYL COMPOSITION TILE
VWC	VINYL WALL COVERING
WB	GYPSUM WALL BOARD
WRWB	WATER RESISTANT GYPSUM WALLBOARD
WD	WOOD

Y. Fire Protective Alarm System:

1. Each Apartment is furnished with a 120 volt combination type carbon monoxide sensor and smoke detector with integral alarm horn. In addition, system type smoke detectors are provided for all common and shared mechanical rooms,

elevator lobbies and selected HVAC units as required by Code. A local alarm bell is provided at the smoke detection and sprinkler alarm control panel. Duct smoke detectors initiate fan shutdown on alarm. Elevator lobby smoke detectors initiate elevator re-call on alarm. The building sprinkler system is also monitored by water flow and tamper switches. Local alarm or trouble condition of the sprinkler system is annunciated at the smoke detector and sprinkler alarm control panel.

2. A remote annunciator is furnished at the main residential entry lobby which also indicates system smoke detection and sprinkler alarm and trouble conditions.

Z. Description of Units

1. Each residential unit will consist of the area measured horizontally from the exterior face of the exterior wall without the deduction of the perimeter columns and perimeter mechanical pipes to the centerline of the partitions separating one unit from another unit, corridors, stairs, elevators and other mechanical equipment spaces or any common elements; or to the unit side of the opposite exterior wall. Each residential unit will consist of the area measured vertically from the top of the concrete floor to the underside of the concrete slab above.

Sworn to before me this
16 day of Sept., 2005

SHARRON CLARK
Notary Public, State of New York
No. 01CL6119328
Qualified in New York County
Commission Expires November 29, 2008

Sharron Clark
Notary Public

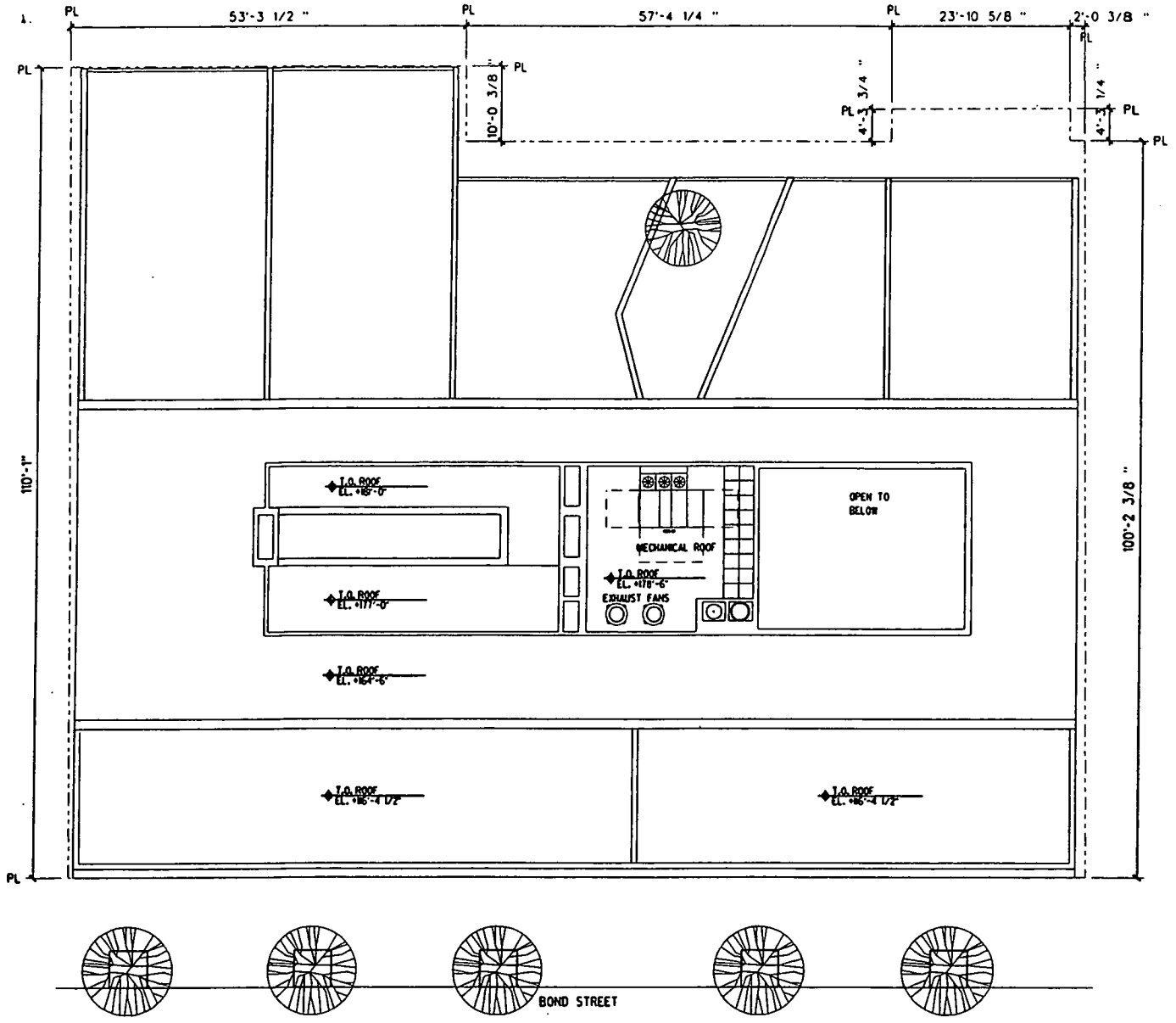
Handel Architects LLP

REGISTERED ARCHITECT EDWARD HANDEL No. 016994 STATE OF NEW YORK

Stamp

FLOOR PLANS

SITE PLAN



SITE PLAN

40 BOND

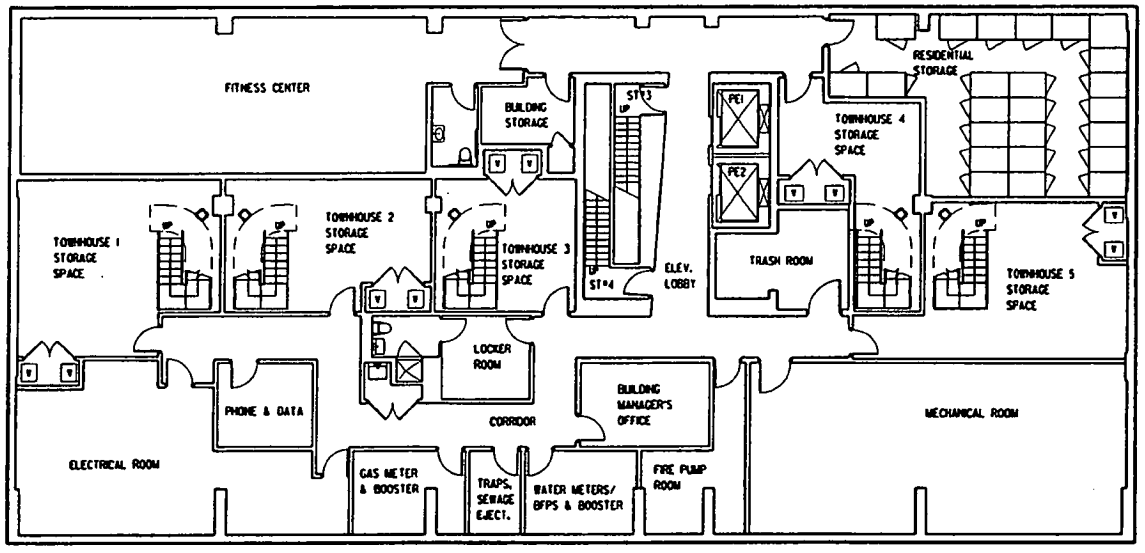
New York, New York
10012-2428

30 AUGUST 2005

N

ALL DIMENSIONS ARE APPROXIMATE AND SUBJECT TO CONSTRUCTION VARIANCES. PLANS AND DIMENSIONS MAY CONTAIN MINOR VARIATIONS FROM FLOOR TO FLOOR. SPONSOR RESERVES THE RIGHT TO MAKE CHANGES DUE TO CONDITIONS IN ACCORDANCE WITH THE OFFERING PLAN.

FLOOR PLANS OF SHARED AREA AND EASMENT AREA



3' 0 6' 12'

CELLAR FLOOR
8,552 SQ. FT. (795 SQ. M.)

40 BOND
New York, New York
10012-2428

30 AUGUST 2005

N

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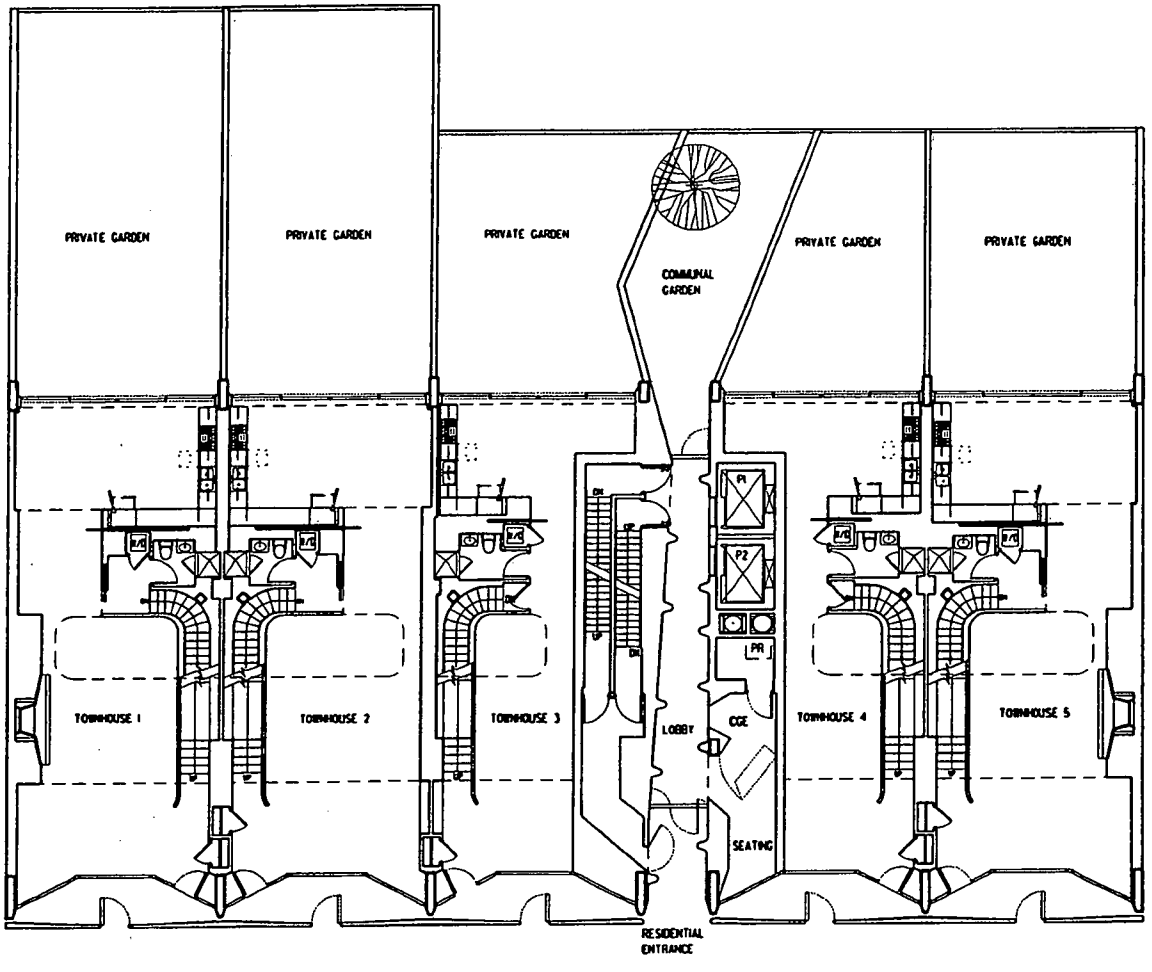

3' 0 6' 12'

GROUND FLOOR
13,502 SQ. FT. (1,254 SQ. M.)

40 BOND
New York, New York
10012-2428

30 AUGUST 2005

N

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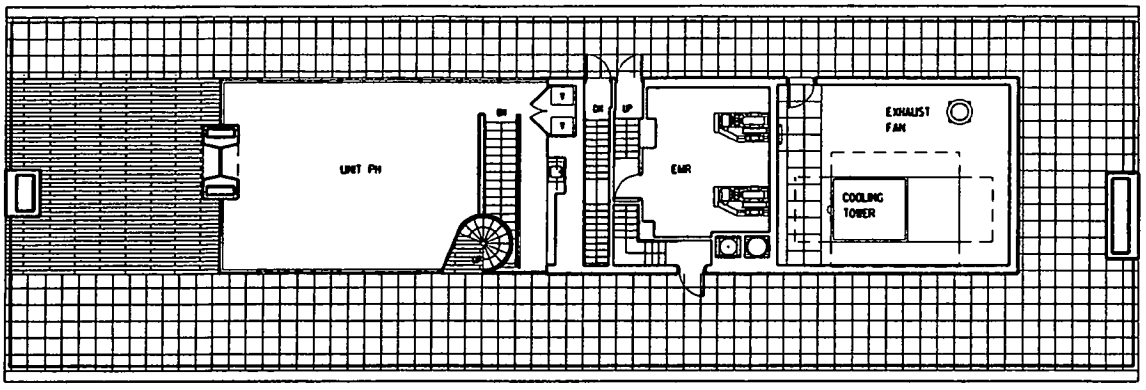

3' 0 6' 12'

PENTHOUSE (UPPER LEVEL)
5,733 SQ.FT. (533 SQ.M.)

40 BOND

New York, New York
10012-2428

30 AUGUST 2005

N

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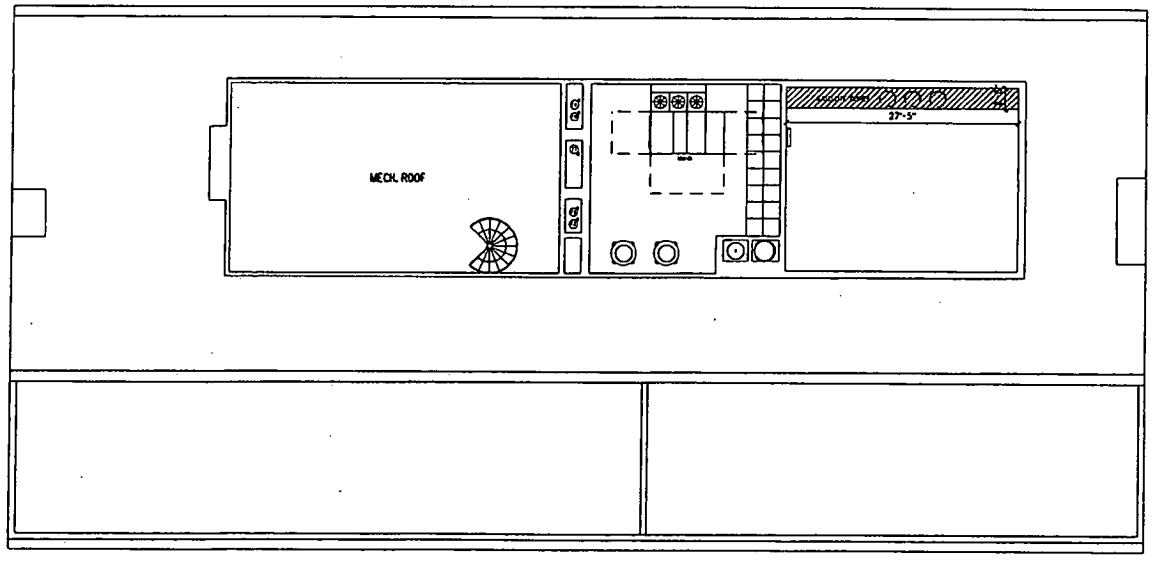

3' 0 6' 12'

ROOF

40 BOND

New York, New York
10012-2428

30 AUGUST 2005

N

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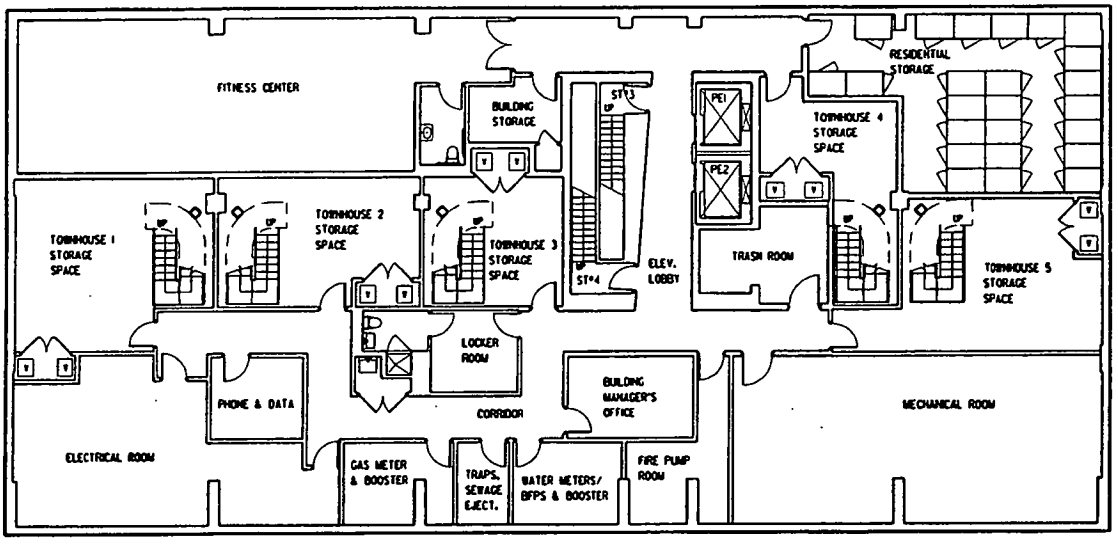
FLOOR PLANS OF TOWNHOUSES AND RESIDENTIAL UNITS



3' 0 6' 12'

CELLAR FLOOR
8,552 SQ. FT. (795 SQ. M.)

40 BOND
New York, New York
10012-2428

30 AUGUST 2005

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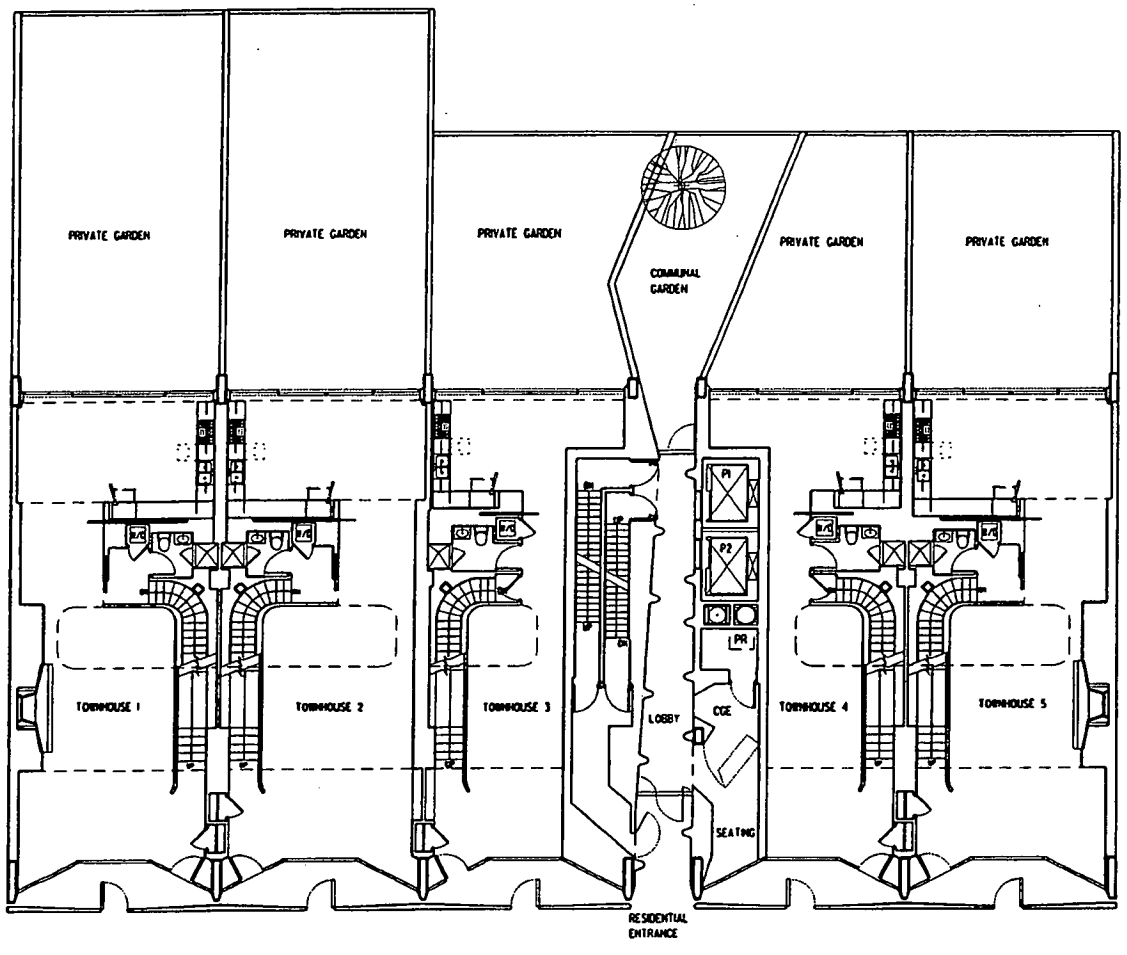

3' 0 6' 12'

GROUND FLOOR
13,502 SQ. FT. (1,254 SQ. M.)

40 BOND
New York, New York
10012-2428

30 AUGUST 2005

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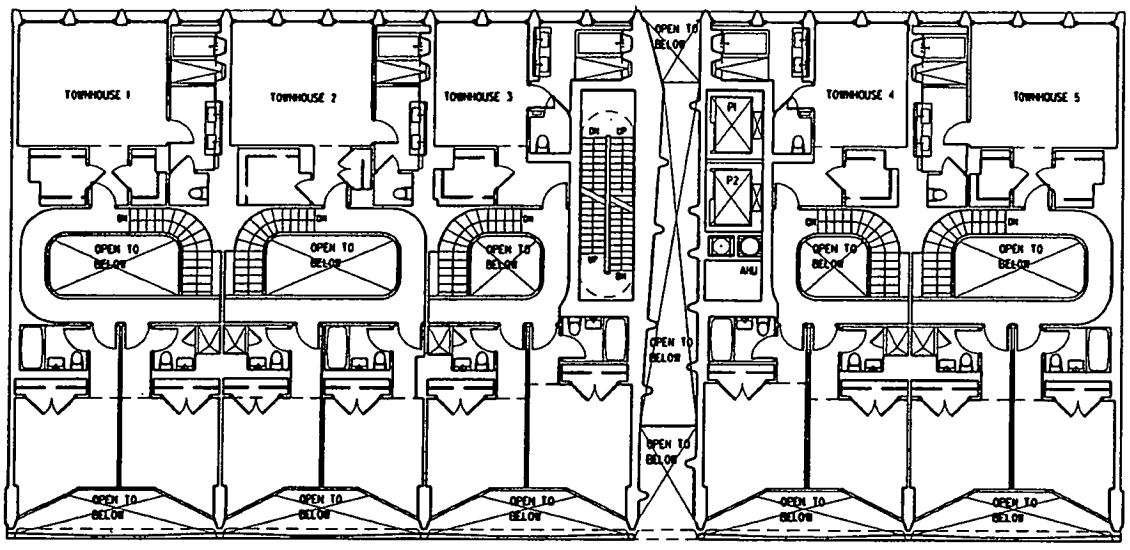

3' 0 6' 12'

2ND FLOOR
8,160 SQ. FT (758 SQ. M)

40 BOND
New York, New York
10012-2428

30 AUGUST 2005

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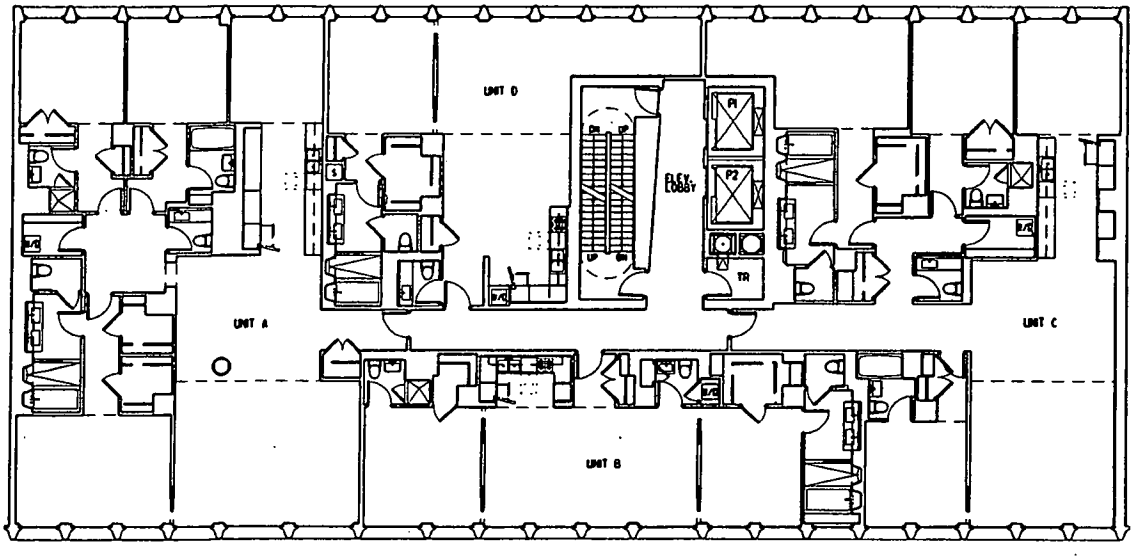

3' 0 6' 12'

4TH- 7TH FLOOR
8,474 SQ. FT. (787 SQ. M.)

40 BOND
New York, New York
10012-2428

30 AUGUST 2005

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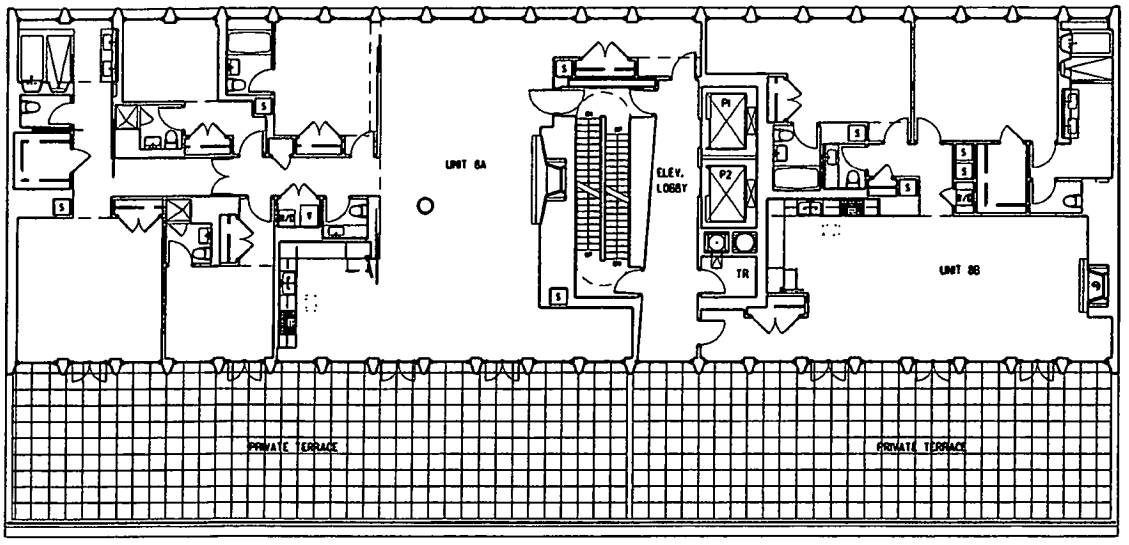

3' 0 6' 12'

8TH FLOOR
8,474 SQ. FT. (787 SQ. M.)

40 BOND
New York, New York
10012-2428

30 AUGUST 2005

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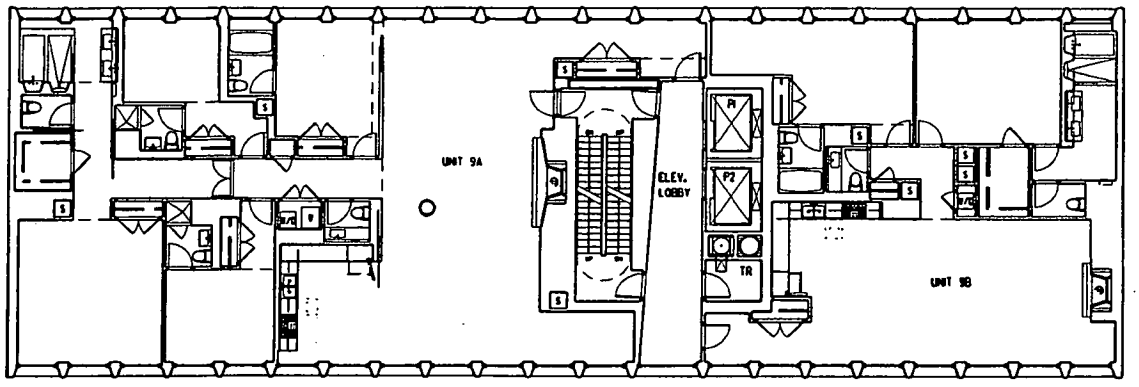

3' 0 6' 12'

9TH FLOOR
6,069 SQ. FT. (564 SQ. M.)

40 BOND
New York, New York
10012-2428

30 AUGUST 2005

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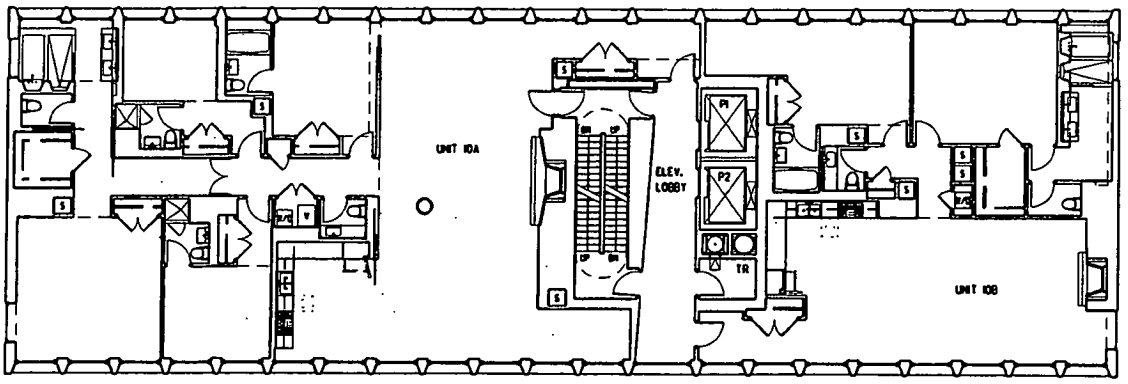

3' 0 6' 12'

10TH FLOOR
6,069 SQ. FT. (564 SQ. M.)

40 BOND
New York, New York
10012-2428

30 AUGUST 2005

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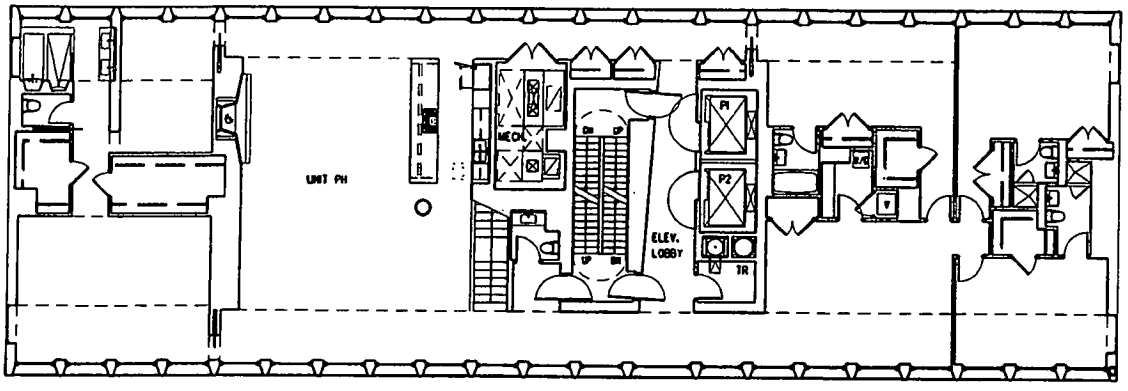

3' 0 6' 12'

PENTHOUSE (LOWER LEVEL)
6,069 SQ. FT. (564 SQ. M.)

40 BOND

New York, New York
10012-2428

30 AUGUST 2005

N

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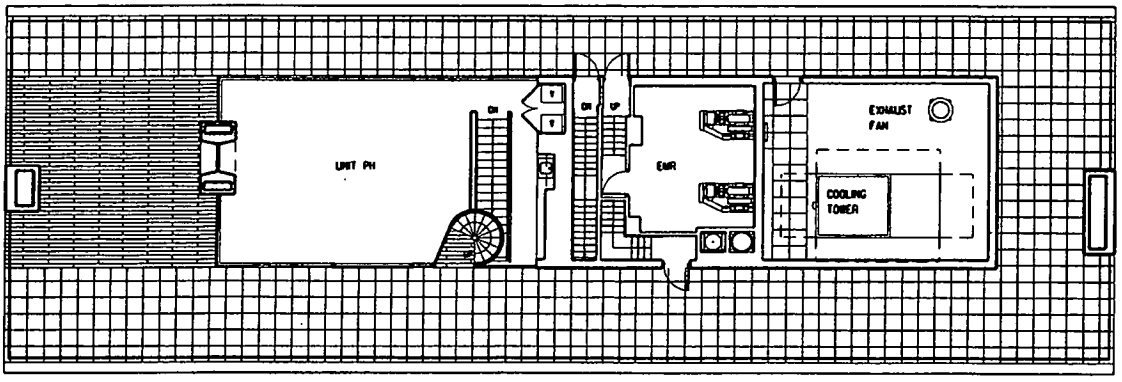

3' 0 6' 12'

PENTHOUSE (UPPER LEVEL)
5,733 SQ.FT. (533 SQ.M.)

40 BOND

New York, New York
10012-2428

30 AUGUST 2005

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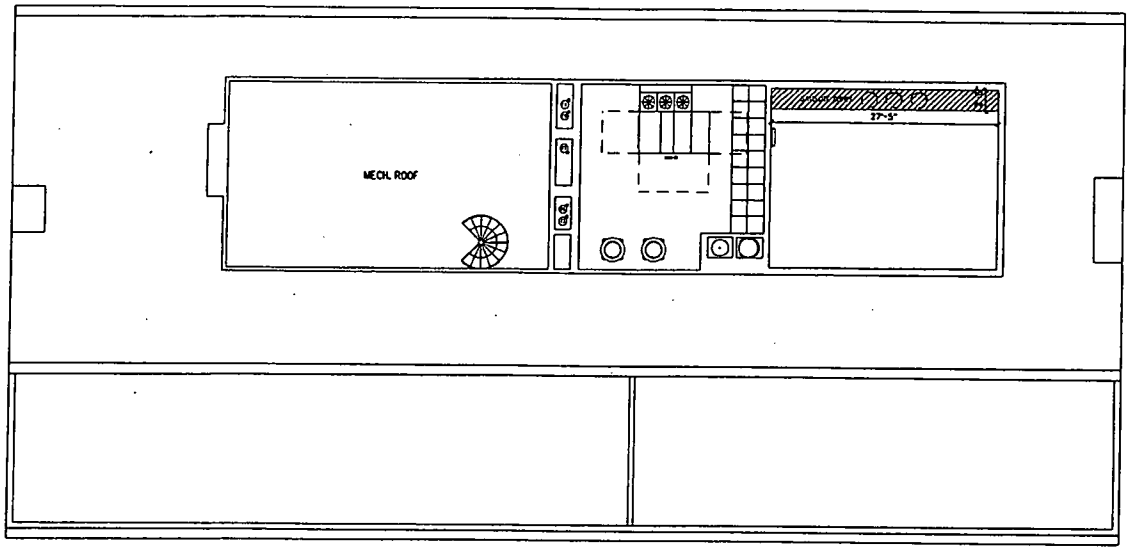

3' 0 6' 12'

ROOF

40 BOND

New York, New York
10012-2428

30 AUGUST 2005

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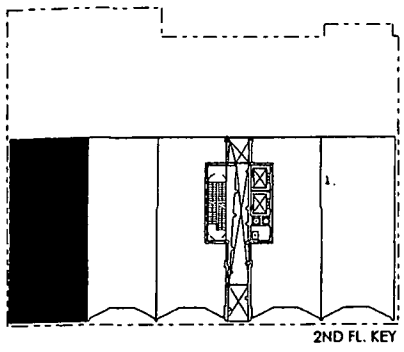

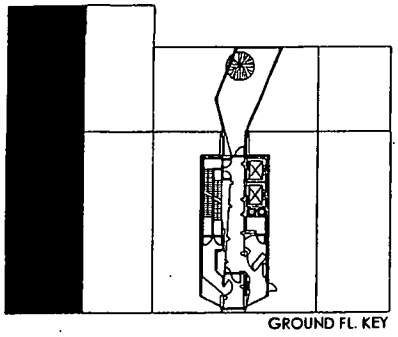

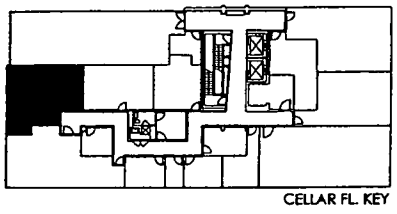

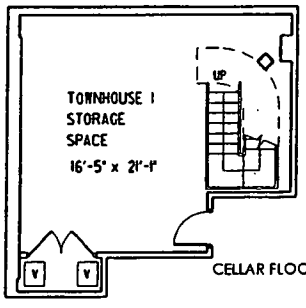

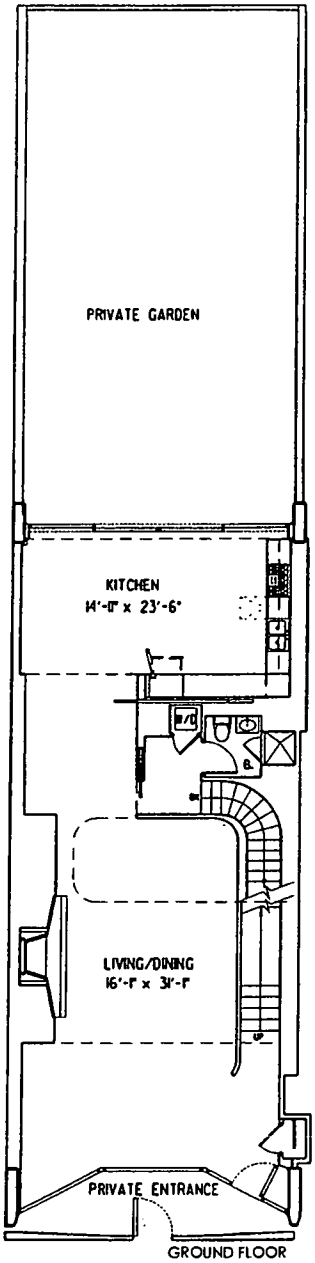

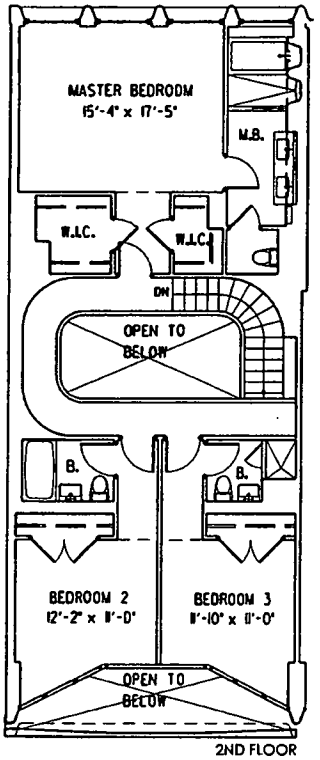

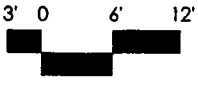

CELLAR - 2ND FLOOR, TOWNHOUSE 1
CELLAR FLOOR AREA 546 SQ. FT. (51 SQ. M.)
GROUND FLOOR AREA 1,649 SQ. FT. (153 SQ. M.)
2ND FLOOR AREA 1,544 SQ. FT. (143 SQ. M.)
TOTAL FLOOR AREA 3,739 SQ. FT. (347 SQ. M.)
PRIVATE GARDEN AREA 1130 SQ. FT. (105 SQ. M.)
TOWNHOUSE, 3 BEDROOM, 4 BATH, 1 FIREPLACE

40 BOND

New York, New York
10012-2428

30 AUGUST 2005

N

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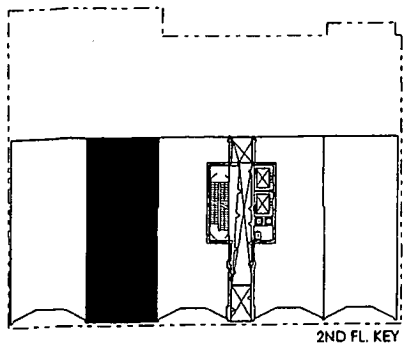

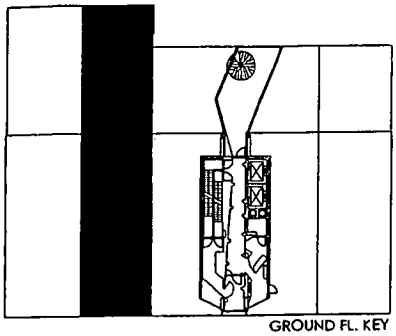

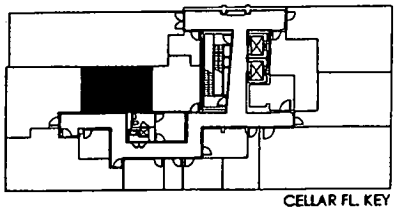

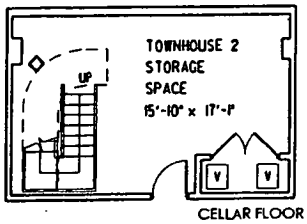

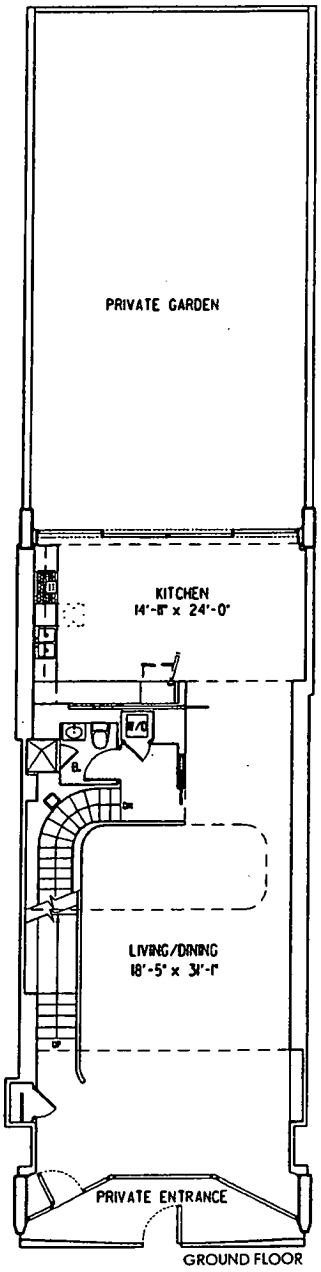

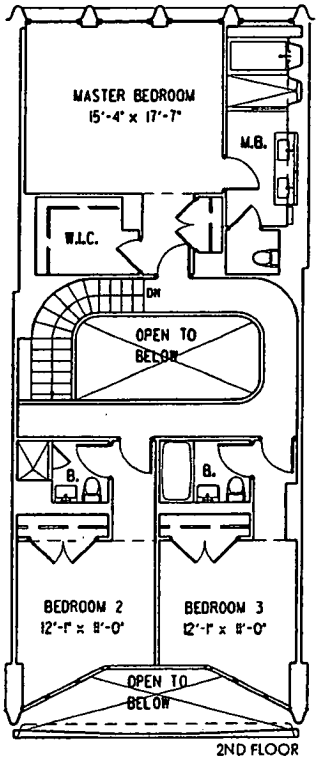

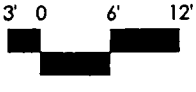

CELLAR - 2ND FLOOR, TOWNHOUSE 2
CELLAR FLOOR AREA 411 SQ. FT. (38 SQ. M.)
GROUND FLOOR AREA 1,617 SQ. FT. (150 SQ. M.)
2ND FLOOR AREA 1,524 SQ. FT. (142 SQ. M.)
TOTAL FLOOR AREA 3,552 SQ. FT. (330 SQ. M.)
PRIVATE GARDEN AREA 1130 SQ. FT. (105 SQ. M.)
TOWNHOUSE, 3 BEDROOM, 4 BATH

40 BOND

New York, New York
10012-2428

30 AUGUST 2005

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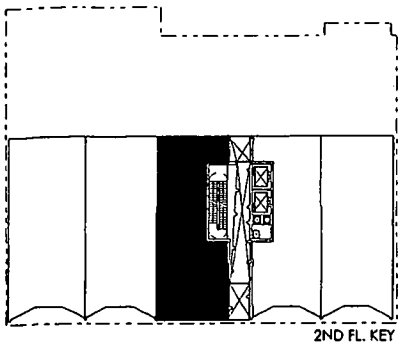
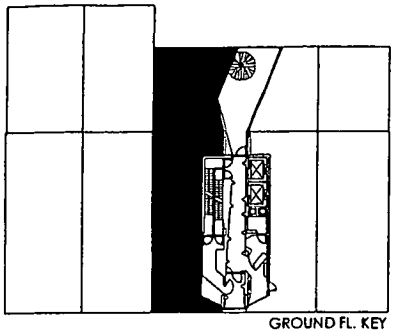
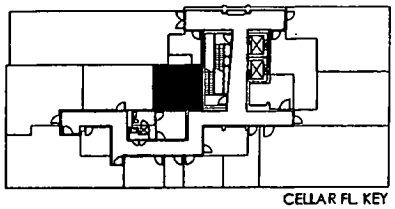
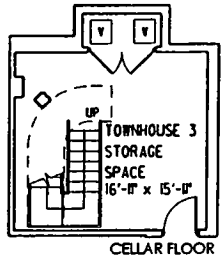
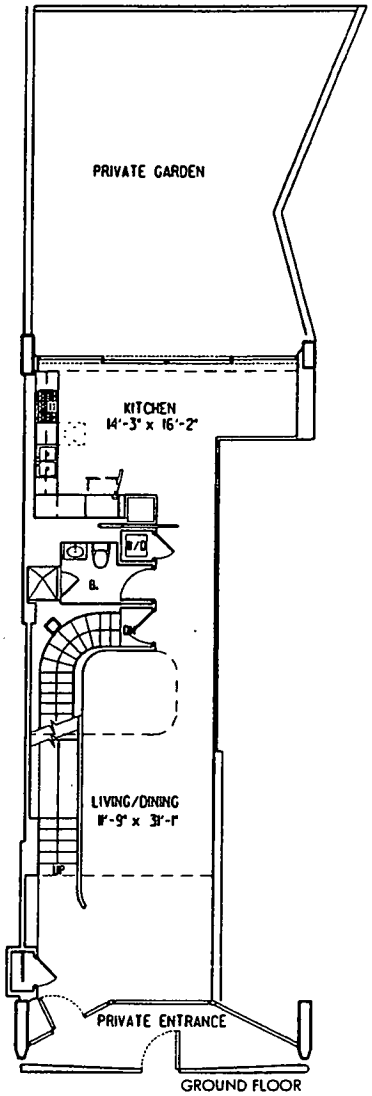
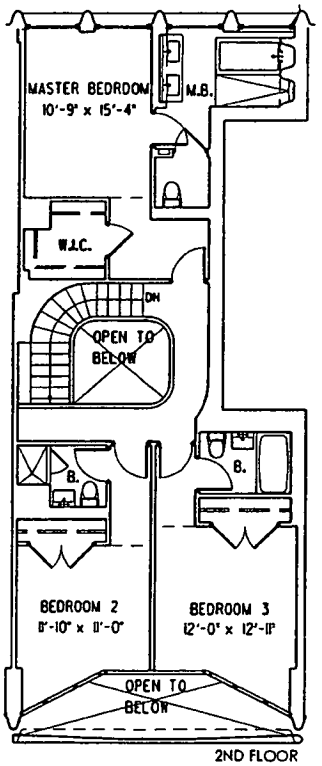












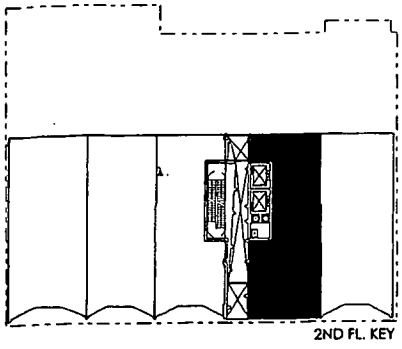
CELLAR - 2ND FLOOR, TOWNHOUSE 3
CELLAR FLOOR AREA 318 SQ. FT. (30 SQ. M.)
GROUND FLOOR AREA 1,233 SQ. FT. (115 SQ. M.)
2ND FLOOR AREA 1,323 SQ. FT. (123 SQ. M.)
TOTAL FLOOR AREA 2,874 SQ. FT. (267 SQ. M.)
PRIVATE GARDEN AREA 760 SQ. FT. (71 SQ. M.)
TOWNHOUSE, 3 BEDROOM, 4 BATH

40 BOND
New York, New York
10012-2428

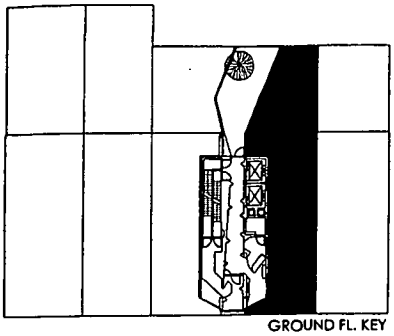
30 AUGUST 2005

N

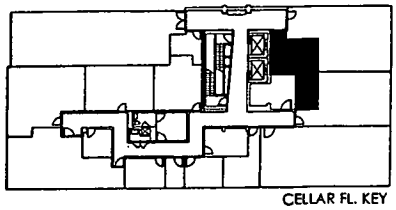
ALL DIMENSIONS ARE APPROXIMATE AND SUBJECT TO CONSTRUCTION VARIANCES. PLANS AND DIMENSIONS MAY CONTAIN MINOR VARIATIONS FROM FLOOR TO FLOOR. SPONSOR RESERVES THE RIGHT TO MAKE CHANGES DUE TO CONDITIONS IN ACCORDANCE WITH THE OFFERING PLAN.



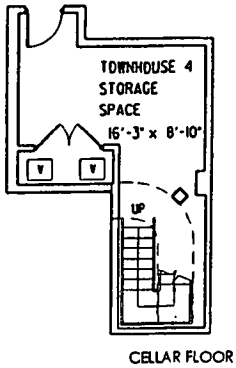
2ND FL. KEY



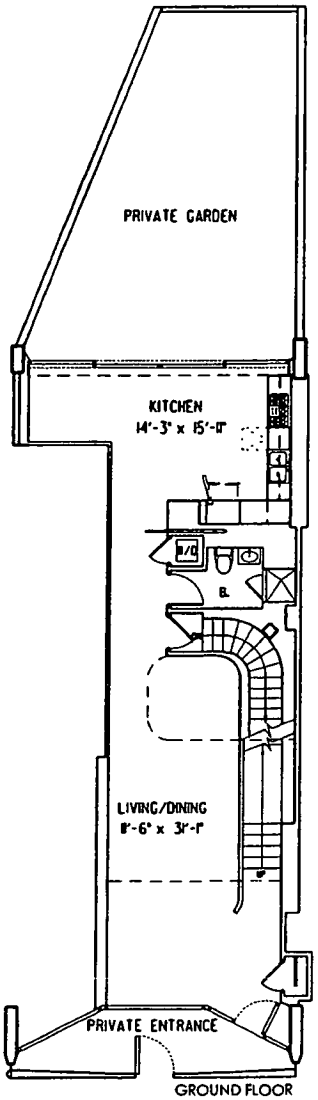
GROUND FL. KEY



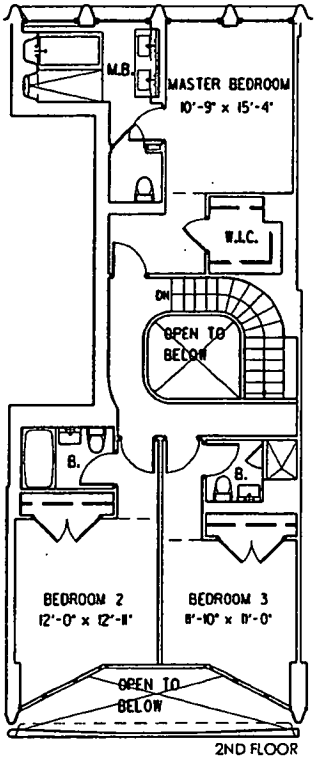
CELLAR FL. KEY



CELLAR FLOOR



GROUND FLOOR



2ND FLOOR

3' 0 6' 12'

CELLAR - 2ND FLOOR, TOWNHOUSE 4
CELLAR FLOOR AREA 344 SQ. FT. (32 SQ. M.)
GROUND FLOOR AREA 1,221 SQ. FT. (113 SQ. M.)
2ND FLOOR AREA 1,316 SQ. FT. (122 SQ. M.)
TOTAL FLOOR AREA 2,881 SQ. FT. (268 SQ. M.)
PRIVATE GARDEN AREA 570 SQ. FT. (53 SQ. M.)
TOWNHOUSE, 3 BEDROOM, 4 BATH

40 BOND

New York, New York
10012-2428

30 AUGUST 2005

N

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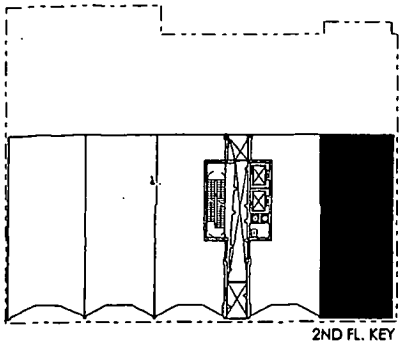
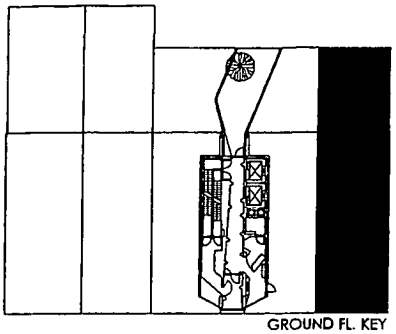
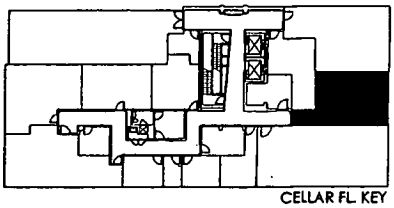


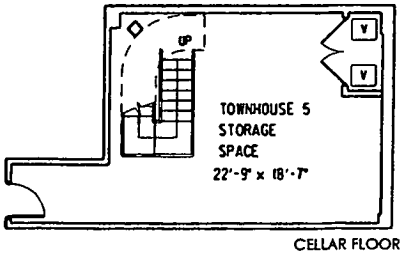
2ND FL. KEY



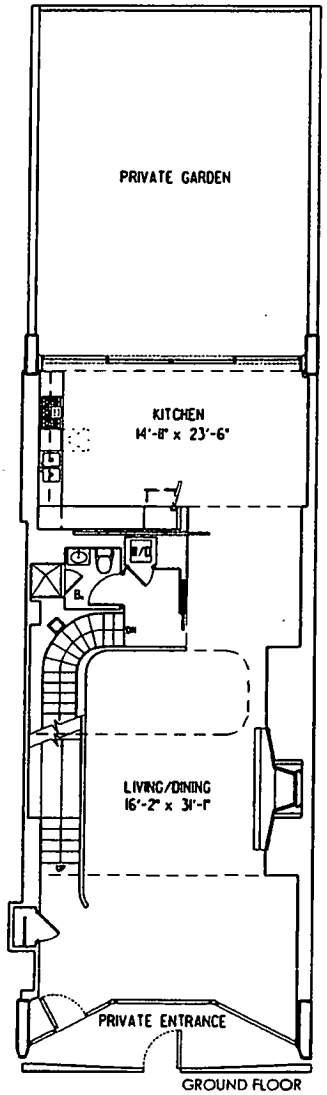
GROUND FL. KEY



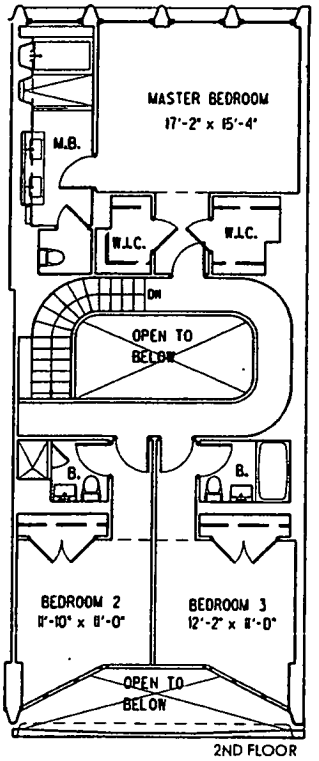
CELLAR FL. KEY



CELLAR FLOOR



GROUND FLOOR



2ND FLOOR

3' 0 6' 12'

CELLAR - 2ND FLOOR, TOWNHOUSE 5
CELLAR FLOOR AREA 545 SQ. FT. (51 SQ. M.)
GROUND FLOOR AREA 1,649 SQ. FT. (153 SQ. M.)
2ND FLOOR AREA 1,556 SQ. FT. (145 SQ. M.)
TOTAL FLOOR AREA 3,750 SQ. FT. (348 SQ. M.)
PRIVATE GARDEN AREA 770 SQ. FT. (72 SQ. M.)
TOWNHOUSE, 3 BEDROOM, 4 BATH, 1 FIREPLACE

40 BOND

New York, New York
10012-2428

30 AUGUST 2005

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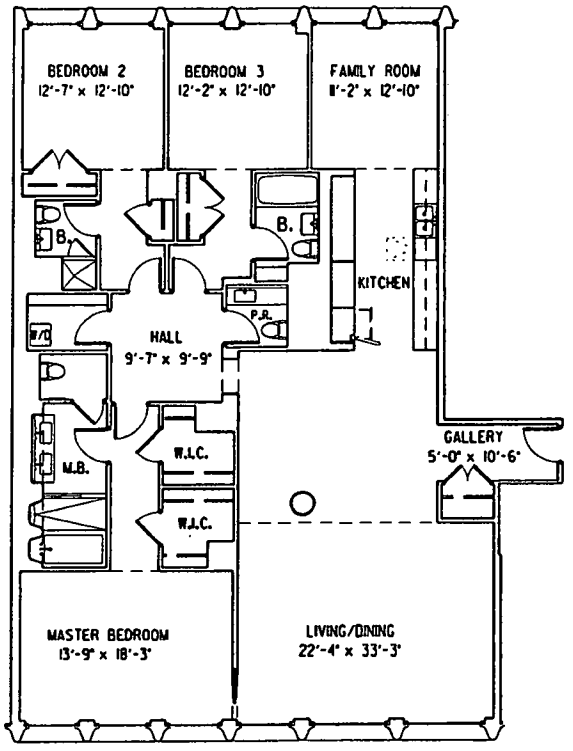

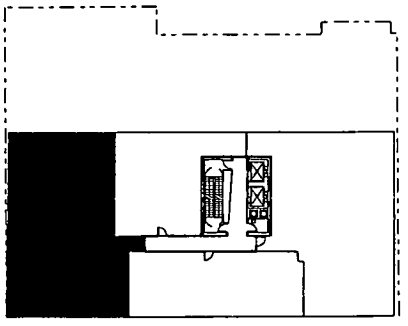

3' 0 6' 12'

4TH - 7TH FLOOR
UNIT A
APT. AREA 2,617 SQ. FT. (243 SQ. M.)
3 BEDROOM, 3 1/2 BATH

40 BOND

New York, New York
10012-2428

30 AUGUST 2005

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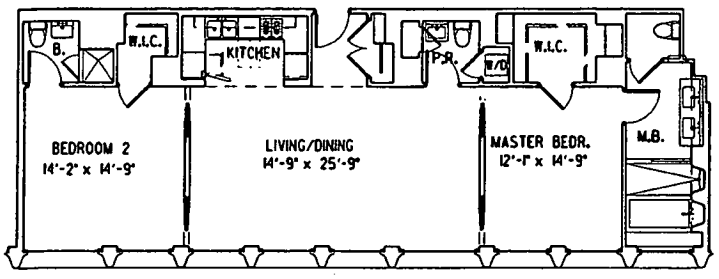

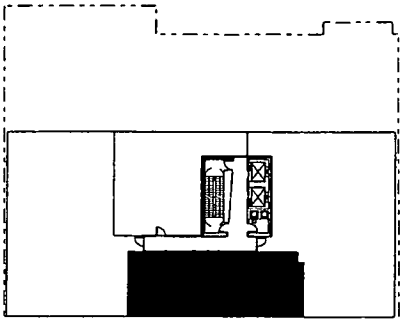

3' 0 6' 12'

4TH - 7TH FLOOR
UNIT B
APT. AREA 1,382 SQ. FT. (128 SQ. M.)
2 BEDROOM, 2 1/2 BATH

40 BOND
New York, New York
10012-2428

30 AUGUST 2005

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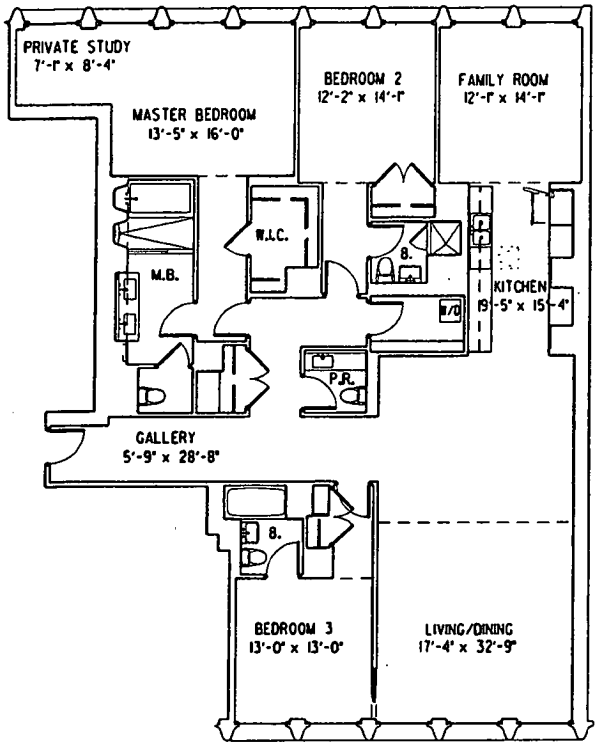

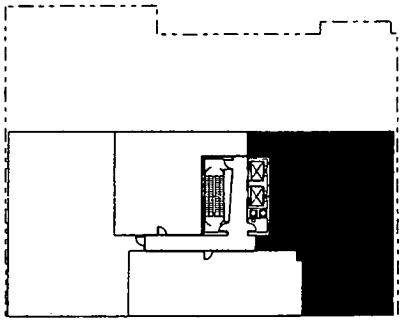

3' 0 6' 12'

4TH - 7TH FLOOR
UNIT C
APT. AREA 2,637 SQ. FT. (245 SQ. M.)
3 BEDROOM, 3 1/2 BATH

40 BOND

New York, New York
10012-2428

30 AUGUST 2005

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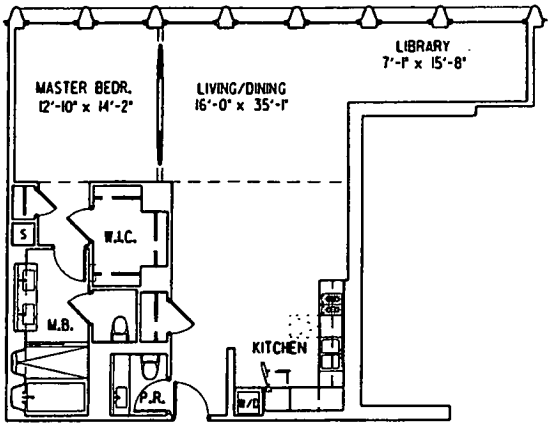

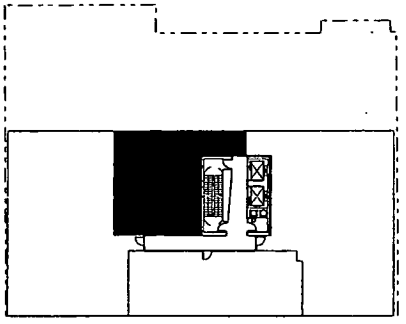

3' 0 6' 12'

4TH - 7TH FLOOR
UNIT D
APT. AREA 1,269 SQ. FT. (118 SQ. M.)
1 BEDROOM + LIBRARY, 1 1/2 BATH

40 BOND
New York, New York
10012-2428

30 AUGUST 2005

N

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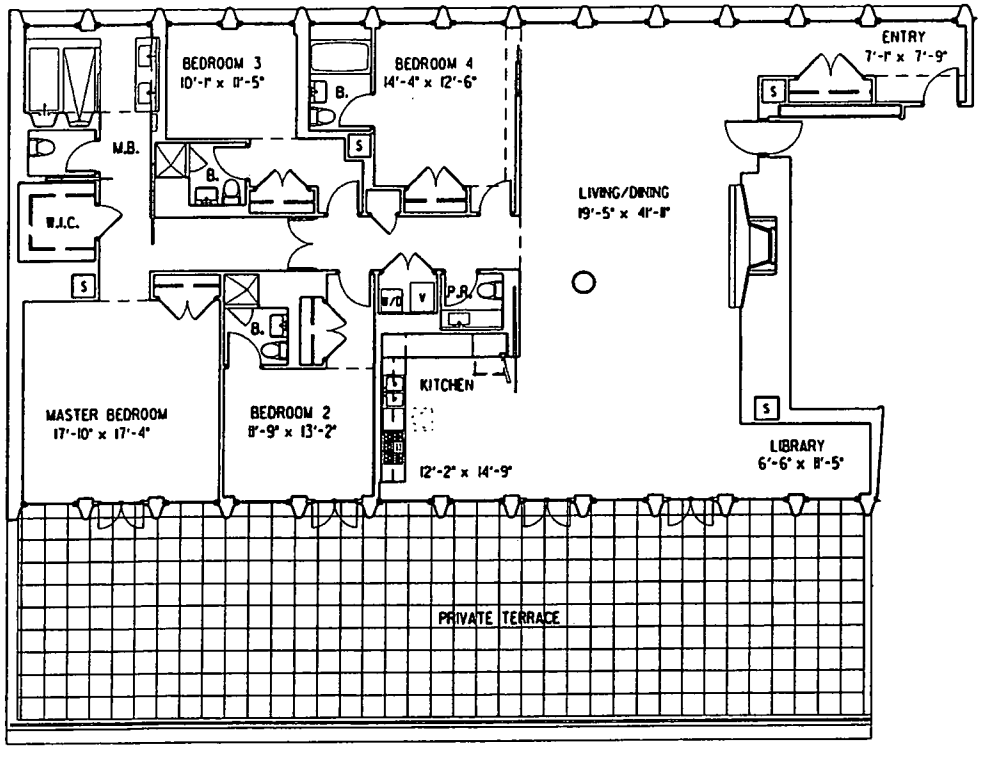
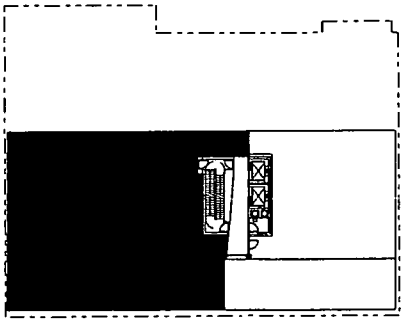




3' 0 6' 12'

8TH FLOOR
UNIT 8A
APT. AREA 3,288 SQ. FT. (306 SQ. M.)
PRIVATE TERRACE AREA 1342 SQ. FT. (125 SQ. M.)
4 BEDROOM, 4 1/2 BATH, 1 FIREPLACE

40 BOND

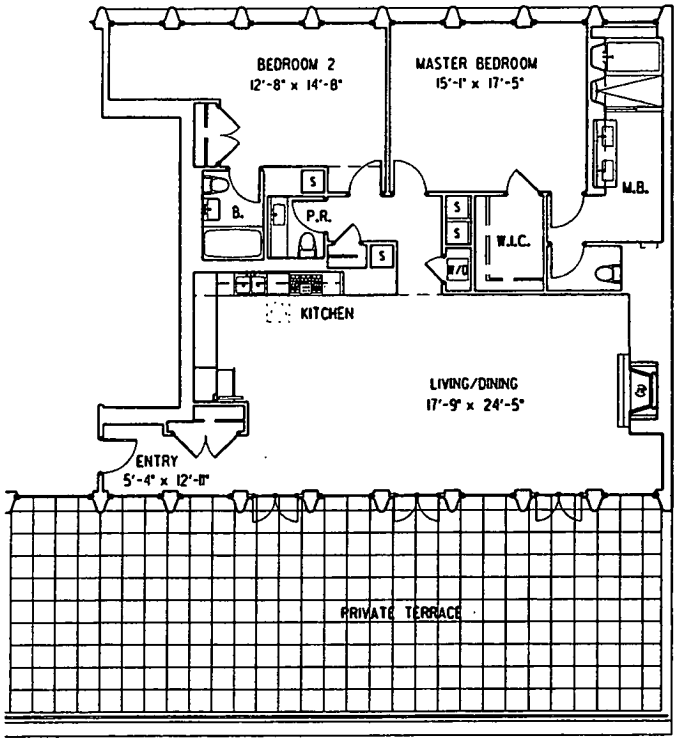
New York, New York
10012-2428

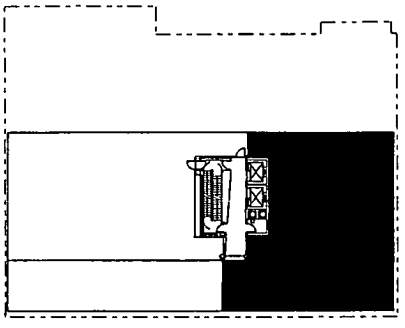
30 AUGUST 2005

N

LIBRARY

ALL DIMENSIONS ARE APPROXIMATE AND SUBJECT TO CONSTRUCTION VARIANCES, PLANS AND DIMENSIONS MAY CONTAIN MINOR VARIATIONS FROM FLOOR TO FLOOR. SPONSOR RESERVES THE RIGHT TO MAKE CHANGES DUE TO CONDITIONS IN ACCORDANCE WITH THE OFFERING PLAN.





3' 0 6' 12'

8TH FLOOR
UNIT 8B
APT. AREA 2,076 SQ. FT. (193 SQ. M.)
PRIVATE TERRACE AREA 1042 SQ. FT. (97 SQ. M.)
2 BEDROOM, 2 1/2 BATH, 1 FIREPLACE

40 BOND
New York, New York
10012-2428

30 AUGUST 2005

N

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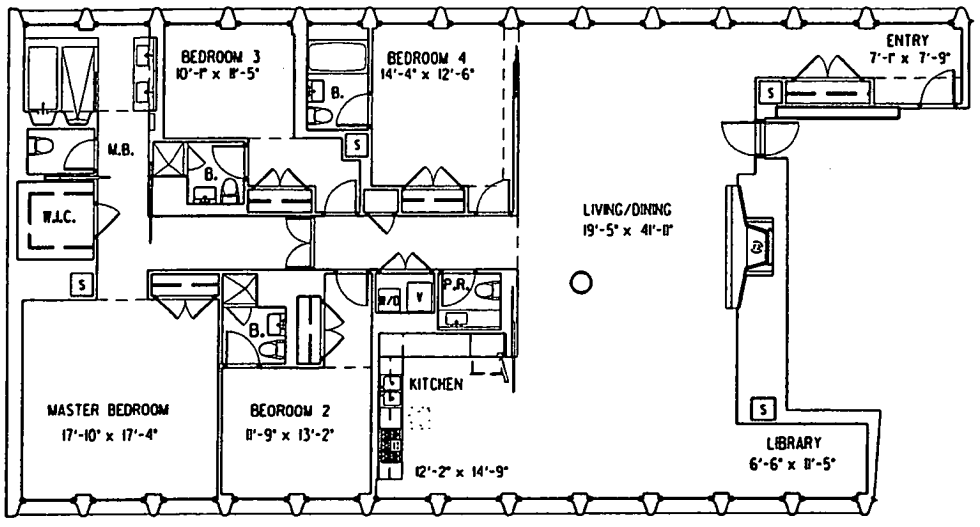

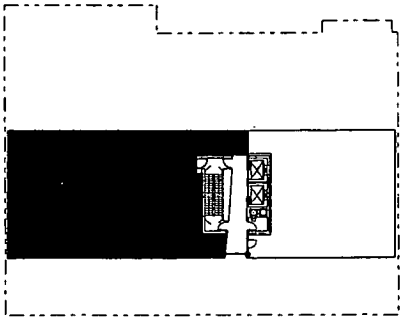

3' 0 6' 12'

9TH FLOOR
UNIT 9A
APT. AREA 3,288 SQ. FT. (306 SQ. M.)
4 BEDROOM, 4 1/2 BATH, 1 FIREPLACE

40 BOND
New York, New York
10012-2428

30 AUGUST 2005

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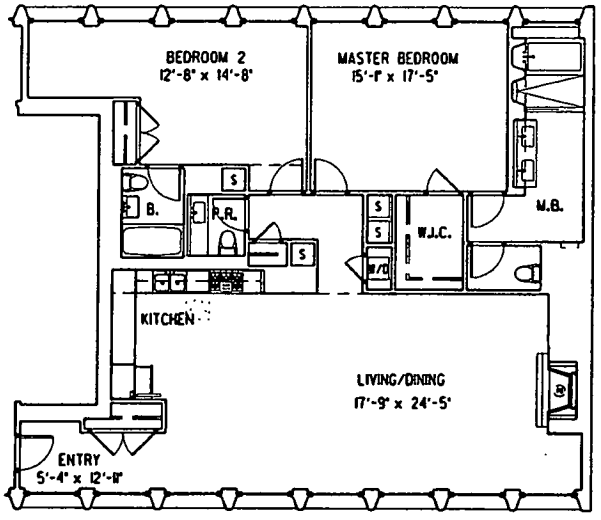

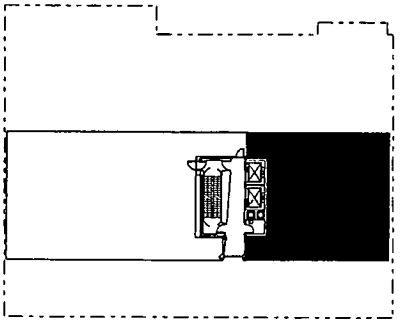

3' 0 6' 12'

9TH FLOOR
UNIT 9B
APT. AREA 2,076 SQ. FT. (193 SQ. M.)
2 BEDROOM, 2 1/2 BATH, 1 FIREPLACE

40 BOND
New York, New York
10012-2428

30 AUGUST 2005

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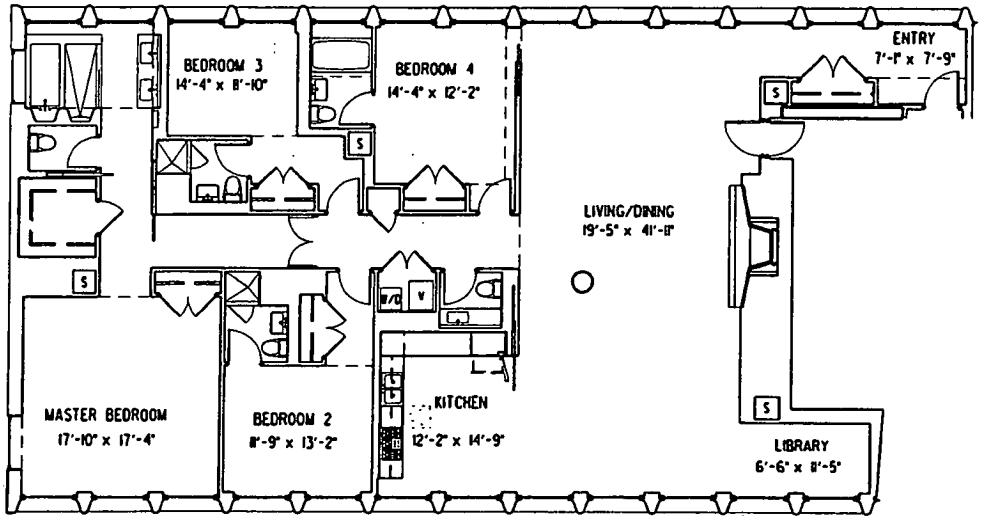

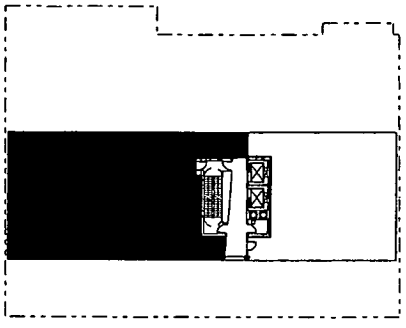

3' 0 6' 12'

10TH FLOOR
UNIT 10A
APT. AREA 3,288 SQ. FT. (306 SQ. M.)
4 BEDROOM, 4 1/2 BATH, 1 FIREPLACE, LOT LINE WINDOWS

40 BOND
New York, New York
10012-2428

30 AUGUST 2005

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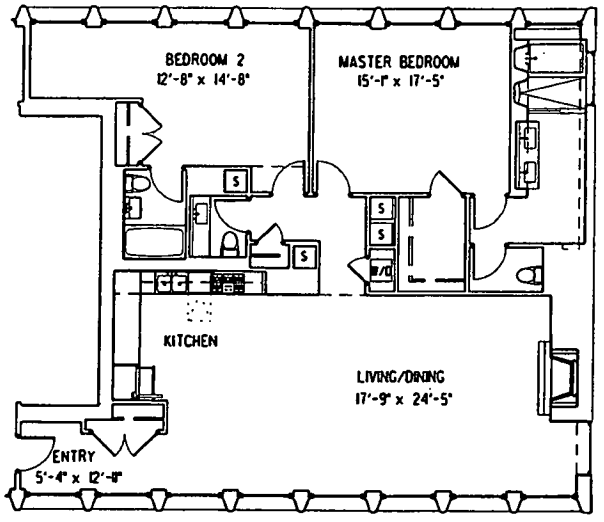

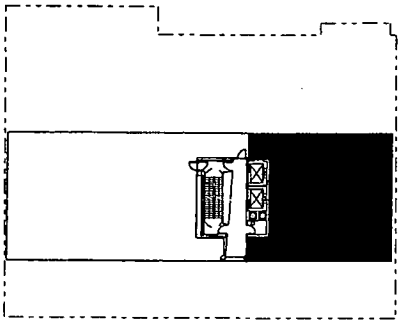

3' 0 6' 12'

10TH FLOOR
UNIT 10B
APT. AREA 2,076 SQ. FT. (193 SQ. M.)
2 BEDROOM, 2 1/2 BATH, 1 FIREPLACE, LOT LINE WINDOWS

40 BOND
New York, New York
10012-2428

30 AUGUST 2005

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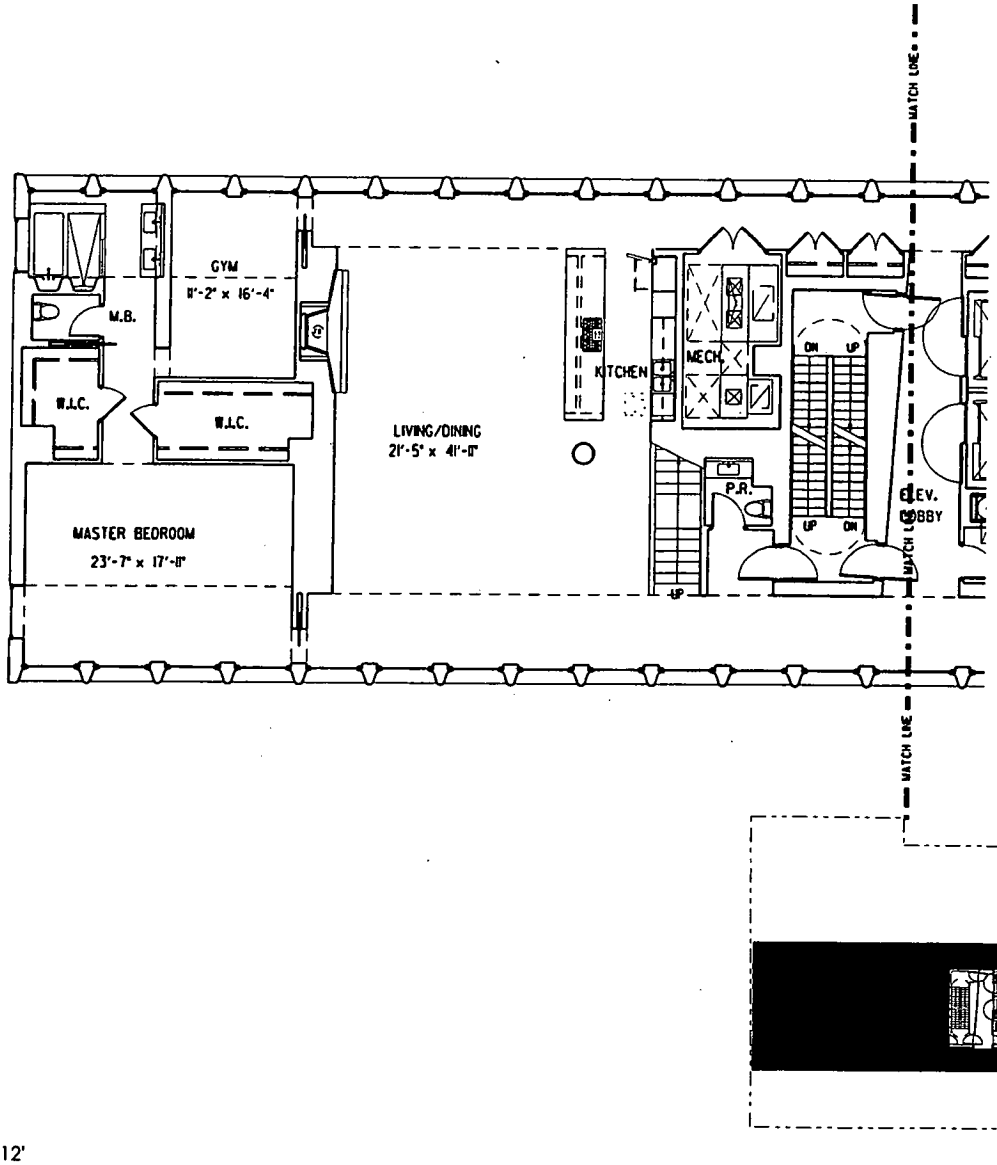

3' 0 6' 12'

PENTHOUSE (LOWER LEVEL), UNIT PH (WEST OF MATCH LINE)
PENTHOUSE FLOOR AREA (LOWER LEVEL) 5,616 SQ. FT. (522 SQ. M.)
PENTHOUSE FLOOR AREA (UPPER LEVEL)1010 SQ. FT. (94 SQ. M.)
TOTAL FLOOR AREA 6626 SQ. FT. (616 SQ. M.)
TERRACE AREA 3529 SQ. FT. (328 SQ. M.)
4 BEDROOM + LIBRARY + PENTHOUSE, 4 1/2 BATH, 3 FIREPLACES

40 BOND

New York, New York
10012-2428

30 AUGUST 2005

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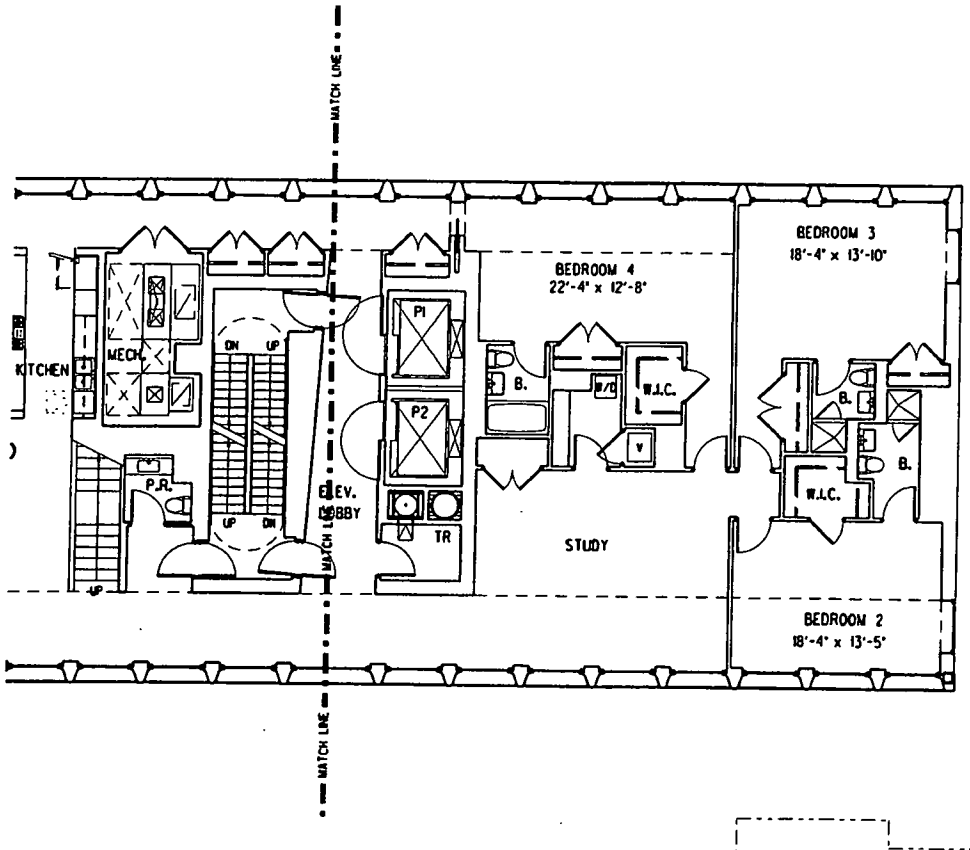

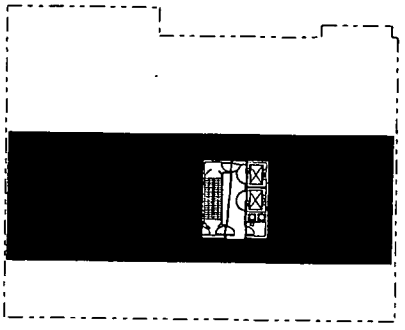

3' 0 6' 12'

PENTHOUSE (LOWER LEVEL), UNIT PH (EAST OF MATCH LINE)
PENTHOUSE FLOOR AREA (LOWER LEVEL) 5,616 SQ. FT. (522 SQ. M.)
PENTHOUSE FLOOR AREA (UPPER LEVEL)1010 SQ. FT. (94 SQ. M.)
TOTAL FLOOR AREA 6626 SQ. FT. (616 SQ. M.)
TERRACE AREA 3529 SQ. FT. (328 SQ. M.)
4 BEDROOM + LIBRARY + PENTHOUSE, 4 1/2 BATH, 3 FIREPLACES

40 BOND
New York, New York
10012-2428

30 AUGUST 2005

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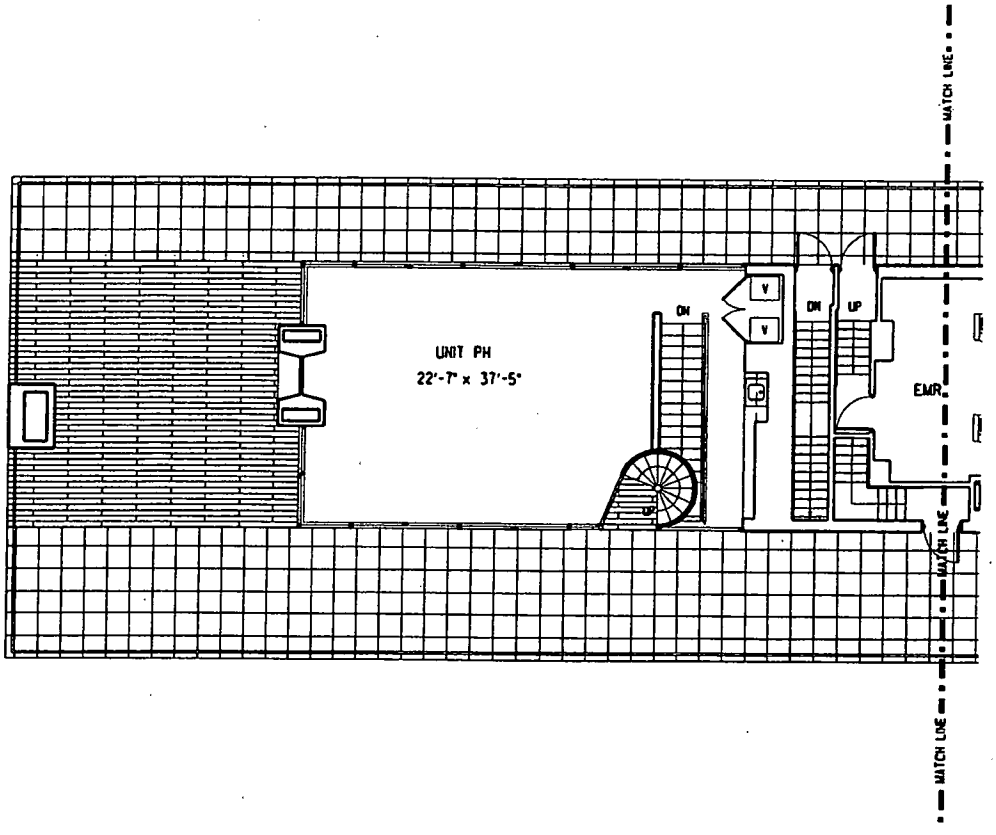

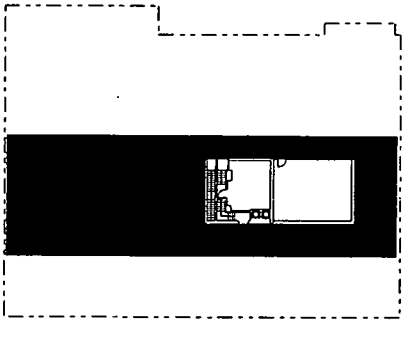

3' 0 6' 12'

PENTHOUSE (UPPER LEVEL), UNIT PH (WEST OF MATCH LINE)
PENTHOUSE FLOOR AREA (LOWER LEVEL) 5,616 SQ. FT. (522 SQ. M.)
PENTHOUSE FLOOR AREA (UPPER LEVEL)1010 SQ. FT. (94 SQ. M.)
TOTAL FLOOR AREA 6626 SQ. FT. (616 SQ. M.)
TERRACE AREA 3529 SQ. FT. (328 SQ. M.)
4 BEDROOM + LIBRARY + PENTHOUSE, 4 1/2 BATH, 3 FIREPLACES

40 BOND
New York, New York
10012-2428

30 AUGUST 2005

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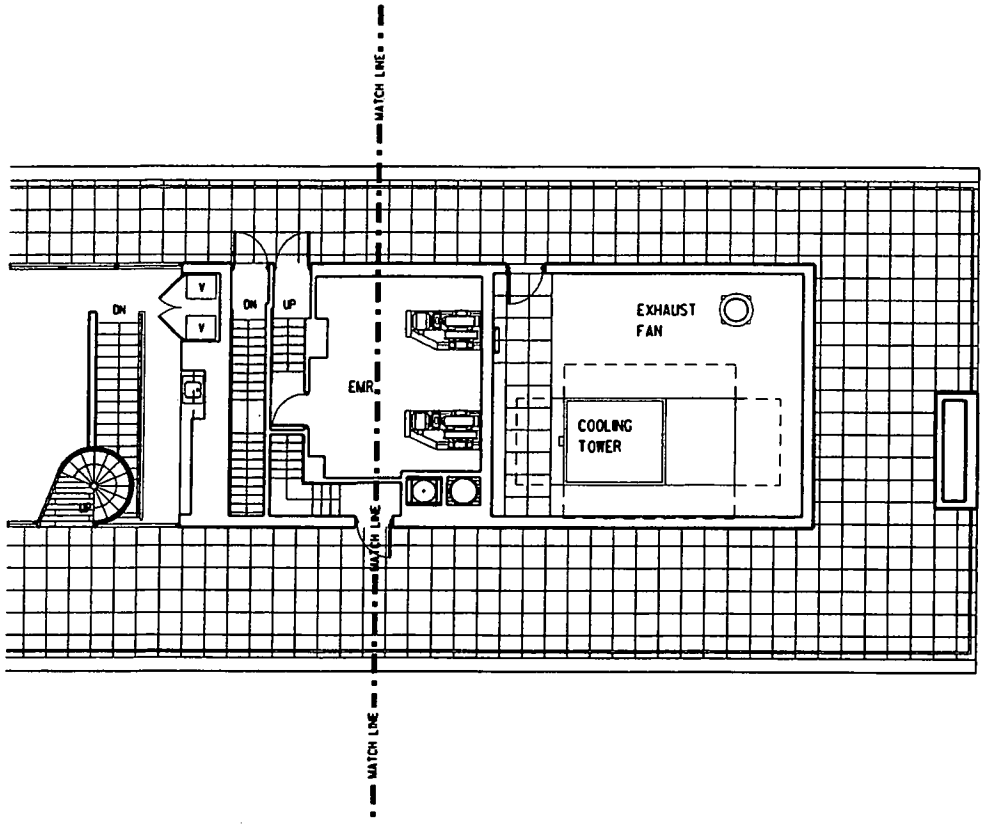

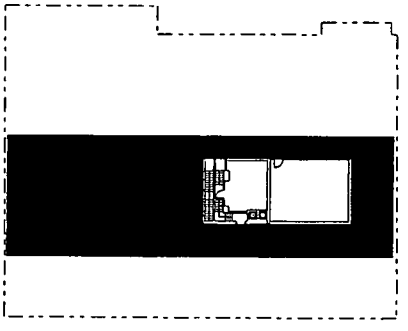

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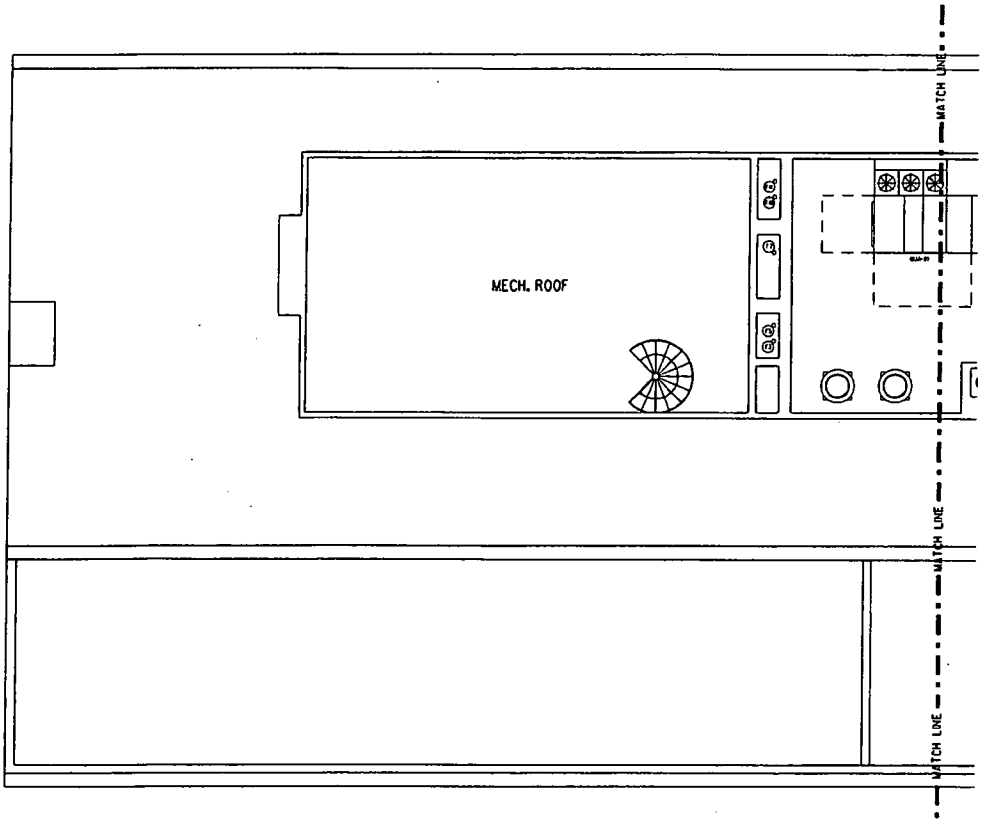

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10012-2428

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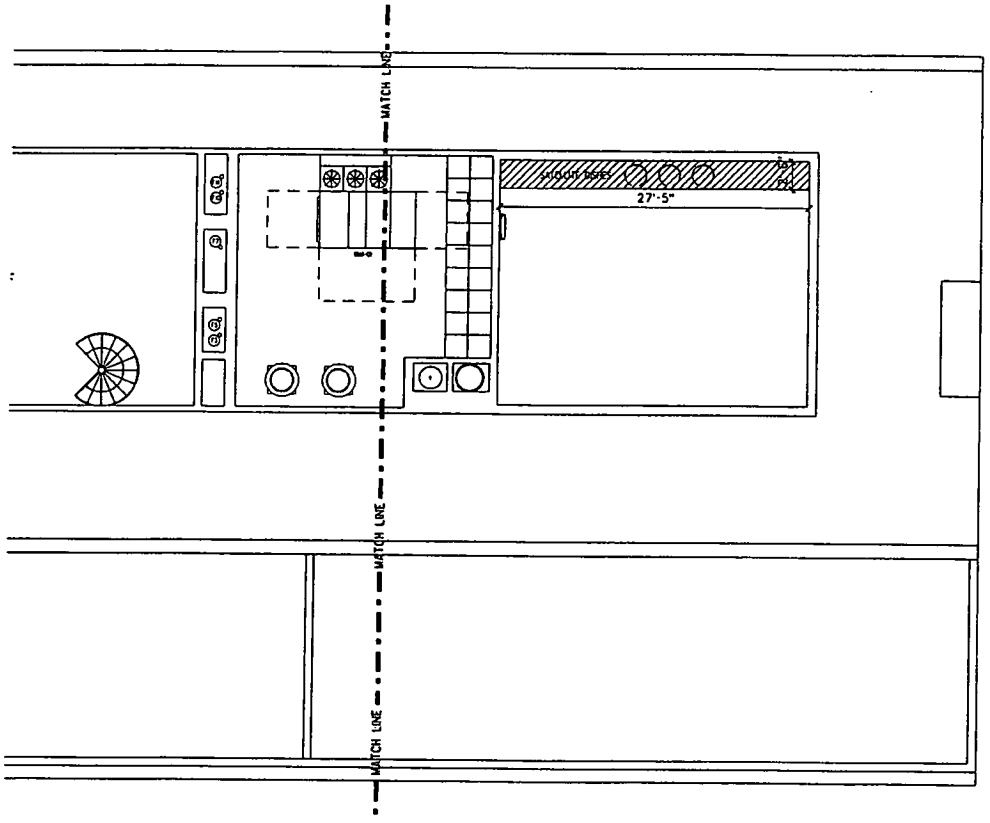

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PURCHASE AGREEMENT

PURCHASE AGREEMENT

40 BOND STREET PARTNERS LLC

Sponsor

With

Purchaser

Unit Number _____

40 BOND CONDOMINIUM
40 BOND STREET
NEW YORK, NEW YORK 10012

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UNIT NUMBER _____

40 BOND CONDOMINIUM
40 BOND STREET
NEW YORK, NEW YORK 10012

AGREEMENT, made as of _____, _____, between Sponsor and Purchaser (defined below).

WITNESSETH:

1. THE PLAN. Purchaser acknowledges having received and read a copy of the Offering Plan for the 40 Bond 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 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 40 Bond Street Partners LLC, having an office at, c/o Ian Schrager Company, 818 Greenwich Street, New York, New York 10014. Sponsor's taxpayer identification number is 20-1360600.

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; and

(b) $_____ ("Additional Deposit"), due upon the earlier to occur of 6 months after Purchaser's signing and delivering this Agreement or 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 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 "40 Bond Street Partners LLC" (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) the Title 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 company. 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 the Title 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 a 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 the equipment, fixtures, appliances, furnishings and items of personal property which are described in the Plan, including the "Description of Property and Building Condition" 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 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 days 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 the 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 Selling Agent and 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 Selling Agent and Co-Broker. Purchaser agrees that, should any claim be made against Sponsor for commissions by any broker, other than Selling Agent or 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:

40 BOND STREET PARTNERS LLC

By: Bond Street Holding LLC, sole member

By: S/A Bond Street LLC, member

By: S/A Bond Street Manager LLC, member

By: _____
Name: Ian Schrager
Title: Sole Member

By: R & F Bond Street LLC, member

By: _____
Name: Aby Rosen/Michael Fuchs
Title: Member

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 Rules and Regulations, all as set forth in the Declaration, the By-Laws (and the 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. 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.

20. Covenants, conditions, easements, agreements of record as follows:

    (a) Lateral Support Covenant and Agreement dated August 18, 1975 between Palco Realty Inc. and Hertz Realty Corporation recorded August 20, 1975 in Reel 349, Page 197.

    (b) Easement Agreement for Limited Use dated January 16, 2001 between Bond Street Hotel LLC and Martin Operating Corp. recorded on January 29, 2001 in Reel 3230, Page 103.

    (c) Declaration dated as of April 5, 2004 made by Bond Street Hotel LLC recorded on April 7, 2004 under CRFN 2004000207358.

    (d) Preliminary Zoning Lot Certification recorded April 7, 2004 under CRFN 2004000207364.

21. Subsurface easements for the construction of City Tunnel No. 3, Stage 2, Phase 3 and appurtenances.

SCHEDULE B TO PURCHASE AGREEMENT INSPECTION STATEMENT

Date: _____

40 Bond Street Partners LLC
c/o Ian Schrager Company
818 Greenwich Street
New York, New York 10014

Re: 40 Bond 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

This Rider is made as of _____, _____ between Sponsor and Purchaser.

Re: Unit _____ ("Unit")
40 Bond Street
New York, New York 10012

1. STORAGE LICENSE

The purchase price for the Storage Locker ("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; and

(b) $_____ ("Additional Deposit"), due upon the earlier to occur of 6 months after Purchaser's signing and delivering this Agreement or 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 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.

2. TEMPORARY CERTIFICATE OF OCCUPANCY

Purchaser may be required to consummate the purchase of the Storage Locker even though a temporary certificate of occupancy has not been issued, and access may not be available, for the Storage Area designated for use of Storage Lockers.

3. DAMAGE TO THE STORAGE AREA

If there is a fire or other casualty to the Storage Area 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.

4. CROSS DEFAULT

A default by Purchaser under this Rider shall constitute a default under the Purchase Agreement for the Unit and any default by Purchaser under the Purchase Agreement for the Unit shall constitute a default under this Rider entitling Sponsor to those default remedies 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 shall survive the closing of 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:

40 BOND STREET PARTNERS LLC

By: Bond Street Holding LLC, sole member

By: S/A Bond Street LLC, member

By: S/A Bond Street Manager LLC, member

By: _____
Name: Ian Schrager
Title: Sole Member

By: R & F Bond Street LLC, member

By: _____
Name: Aby Rosen/Michael Fuchs
Title: Member

UNIT DEED

UNIT DEED

THIS INDENTURE, made the ____ day of _____, ____, between 40 Bond Street Partners LLC, having an office at c/o Ian Schrager Company, 818 Greenwich Street, New York, New York 10014 ("Grantor") and _____ having an address at _____ ("Grantee").

WITNESSETH:

That the Grantor, in consideration of Ten and 00/100 ($10.00) Dollars and other good and valuable consideration paid by the Grantee, does hereby grant and release unto the Grantee, the heirs or successors and assigns of the Grantee, forever:

The Condominium Unit ("Unit") known as Unit No. __ in the building ("Building") known as the 40 Bond Condominium ("Condominium") and by the street number 40 Bond 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 CRFN # _____ ("Declaration"). The Unit is also designated as Tax Lot __ in Block 530 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 Handel Architects LLP 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 the Grantor in and to the Unit;

TOGETHER with, and subject to, the rights, obligations, easements, restrictions and other provisions set forth in the Declaration 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 the Grantee and the heirs or successors and assigns of the Grantee forever.

If any provision of the Declaration or the By-Laws is invalid under, or would cause the Declaration or the By-Laws to be insufficient to submit the Property to, the provisions of the Condominium Act, or if any provision 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 the Grantor has not done or suffered anything whereby the Unit has been encumbered in any way whatever, except as set forth in the Declaration and the By-Laws (and any Rules and Regulations adopted under the By-Laws).

Grantor, in compliance with Section 13 of the Lien Law of the State of New York, covenants that the Grantor will receive the consideration for this conveyance and will hold the right to receive such consideration as a trust fund for the purpose of paying the cost of the 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 Rules and Regulations adopted under the By-Laws) and agrees to comply with all the terms and provisions thereof.

This conveyance is made in the regular course of business actually conducted by the Grantor.

The term "Grantee" shall be read as "Grantees" whenever the sense of this indenture so requires.

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, the Grantor and the Grantee have duly executed this Indenture as of the day and year first above written.

GRANTOR:

40 BOND STREET PARTNERS LLC

By: Bond Street Holding LLC, sole member

By: S/A Bond Street LLC, member

By: S/A Bond Street Manager LLC, member

By: _____
Name: Ian Schrager
Title: Sole Member

By: R & F Bond Street LLC, member

By: _____
Name: Aby Rosen/Michael Fuchs
Title: Member

(ACKNOWLEDGEMENT)

EXHIBIT A
TO UNIT DEED

DESCRIPTION OF THE LAND

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:

[See the Schedule A – Description of the Land in the Specimen Title Report set forth in Part II of the Plan.]

STORAGE LICENSE

STORAGE LICENSE

AGREEMENT made this _____ day of _____, ____ ("Agreement") by and between 40 Bond Street Partners LLC, having an office c/o Ian Schrager Company, 818 Greenwich Street, New York, New York 10014 ("Sponsor"), and the Condominium Board of the 40 Bond Condominium on behalf of all Unit Owners, having an address at 40 Bond Street, New York, New York, 10012 ("Condominium Board") (Sponsor and the Condominium Board are sometimes collectively referred to as the ("Licensor") and _____ having an address at 40 Bond Street, Unit ____, New York, New York 10012 ("Licensee");

WHEREAS, the 40 Bond Condominium ("Condominium") is governed by a certain Declaration of Condominium, recorded in the New York County Office of the Register of the City of New York, 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 Rules and Regulations of the Condominium, as the same has been or may be amended from time to time (the "Rules and Regulations") (the "Declaration," the "By-Laws" and the "Rules and Regulations" are collectively, referred to as the "Condominium Documents"); and

WHEREAS, in a portion of the cellar of the Condominium there are Storage Lockers which have been installed for use by permitted Unit Owners; and

WHEREAS, Licensee, owns or simultaneously herewith is acquiring Unit No. _____ in the Condominium; and

WHEREAS, Licensee desires the right to the exclusive use of Storage Locker No. _____ for so long as Licensee owns a 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 No. _____ 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 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.

3. Except for Sponsor, a Unit Owner may not own a Storage Locker without also owning a Unit.

4. Licensee shall not (a) store any property outside of the Storage Locker; 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 Unit Owner, (ii) assumes the obligations hereunder, (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 Licensee and/or assignee. This License shall automatically terminate at such time as Licensee no longer owns a Unit in the Condominium unless this License is assigned to and assumed by another 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 Common Expense, unless such repair or replacement is necessitated by the negligence, misuse, or abuse of Licensee, then the entire cost and expense of such repair or replacement 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 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 Licensor for any legal fees and disbursements incurred by 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 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.

LICENSOR:

40 BOND CONDOMINIUM

By: _____
Name:
Title:

LICENSEE:

_____

_____

DECLARATION OF CONDOMINIUM

DECLARATION

Establishing a Plan for Condominium Ownership

having a street address of

40 Bond Street
New York, New York 10012

Pursuant to Article 9-B of the Real Property

Law of the State of New York

Name:

40 Bond Condominium

Sponsor:

40 Bond Street Partners LLC
c/o Ian Schrager Company
818 Greenwich Street
New York, New York 10014

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 530 F/K/A Lot 48, 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
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DECLARATION
OF
40 BOND CONDOMINIUM

(Pursuant to Article 9-B of the Real Property Law of the State of New York)

40 Bond Street Partners LLC, a limited liability company organized under the laws of the State of Delaware, having an office at c/o Ian Schrager Company, 818 Greenwich Street, New York, New York 10014 ("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 Bond 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 10 story structure above grade with 1 cellar ("Building"). The Building contains 23 Residential Units, 5 Townhouse Units and 23 Storage Lockers.

5.2 The Building is classified as Class 1B (Non-Combustible). The Building foundation is a continuous mat bearing on grade. Slabs on grade is poured 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 face of the glass or the line of the inside face of the concealed precast concrete of the exterior walls (perimeter concrete columns and perimeter concrete pipes are not deducted) to the centerline of the partitions separating one Unit from another Unit, corridors, stairs, elevators and other mechanical equipment spaces or any Common Elements or to the Unit side of the opposite exterior wall. Each Unit consists of the area measured vertically from the top of the concrete floor to the underside of the concrete slab above.

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. 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 Unit Owner acquired title to the Unit, in which event 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 Any Common Elements located within a Unit shall not be considered a part of such Unit.

6.5 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 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.

6.6 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 and the Limited 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, 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 from a Unit and/or a Limited Common Element, from the midpoint of any such wall, partition, floor or ceiling to the boundary line of such General Common Element, to the extent that the same are not expressly included as part of the Limited Common Elements pursuant to the terms of Paragraph 7.3 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 the Units and/or the General Common Elements and/or the Limited Common Elements, to the extent that the same are not expressly included as a part of the Limited Common Elements pursuant to the terms of Paragraph 7.3 below or a Unit pursuant to the terms of Article 6 hereof.

(iv) all stairways, passenger elevators and their respective bulkheads, shafts, pits and equipment rooms and the residential hallways.

(v) compactor rooms and their respective shafts and equipment.

(vi) residential lobby, service entrances, concierge station, package storage, mail room, all of which are located on the ground floor of the Building.

(vii) landscaped garden and all of the furnishings, structural and decorative elements contained therein.

(viii) Storage Lockers located in the cellar of the Building.

(ix) 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 Units or the 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 Limited Common Elements pursuant to the terms of Paragraph 7.4 below or a Unit pursuant to the terms of Article 6, hereof.

(x) fitness center and all equipment located therein.

(xi) ornamental gates located in front of the Townhouse Units.

7.3 The Limited 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 Units to the exclusion of all other Units. Without intending to limit the generality of the foregoing in any respect, the Limited Common Elements include: (a) the Terraces adjoining certain Units more particularly set forth on Exhibit "B" to this Declaration entitled "Description of the Units"; and (b) the ornamental gates, architectural light fixtures and façades in front of each of the Townhouse Units.

7.4 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

8.1 The undivided percentage interest of each Unit in the Common Elements is based upon floor space, subject to the location of such space and the additional factors of relative value to other space in the Condominium, the uniqueness of the Unit, the availability of Common Elements for exclusive or shared use, and the overall dimensions of the particular Unit in accordance with subsection (iv) of the Real Property Law Section 339-i (1).

ARTICLE 9

USE OF UNITS

9.1 As more particularly set forth in, and subject to the provisions of, the By-Laws, the Units shall be used for residential purposes only (excluding "dormitory," "bed and breakfast" or other transient hotel-type use). A 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 Unit by such Family Members or guests); however, the foregoing restrictions shall not apply to Unsold Units. Upon the prior written consent of Sponsor (or, where there are no longer any Unsold Units, the Condominium Board), any 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 Unit shall not adversely affect the use and enjoyment of neighboring or adjacent Units for residential purposes, and (4) the prior written permission of the Condominium Board is first obtained. Units may only be leased in accordance with the By-Laws and the Rules and Regulations.

9.2 Notwithstanding the foregoing or anything contained in the By-Laws or the 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 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 Units as model Units and offices for the selling, leasing, management, operation and promotion of the Unsold Units or for any other purpose, subject only to compliance with Law and (3) lease any Unsold Unit to third parties for either long term or short term stays.

9.3 Storage Lockers may be used only for the storage of personal effects of 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 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.

ARTICLE 10

EASEMENTS FOR THE ENJOYMENT OF THE COMMON ELEMENTS

10.1 Subject to the terms of this Declaration, the By-Laws and the 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 Each Unit Owner whose Unit has one or more appurtenant Limited Common Elements shall have an exclusive easement for the use thereof. The Units having the same are indicated on Exhibit B.

10.3 Sponsor and its Permitted Users shall have an easement in, over, under, through and upon the General Common Elements including but not limited to, 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 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.

ARTICLE 11

OTHER EASEMENTS

11.1 Subject to the terms of the By-Laws and to the 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. Notwithstanding any other provision of this Declaration, the By-Laws or the 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 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 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 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 use of the Units for their permitted purposes. Notwithstanding any other provision of this Declaration, the By-Laws or the 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 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 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 Sponsor and its Permitted Users shall each have an easement for so long as the Condominium shall remain in existence, to erect, use, lease, maintain, repair, replace and operate antennae, satellite dishes and other communications equipment on a part of the roof of the Building set forth on the Floor Plans 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 Sponsor. Any obligations of Sponsor under any lease, license or other right of use granted by Sponsor with respect to the roof 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 each of its respective Permitted Users shall 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 The Condominium and Building shall be designated and known as the 40 Bond 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.

11.7 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.

11.8 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 Units and their appurtenant Limited Common Elements, if any;

(b) change the layout of, or number of rooms in, any Unsold Units;

(c) amend the Certificate of Occupancy for the Building as it relates to the Unsold Units;

(d) change the size and/or number of Unsold Units by (w) subdividing one or more Unsold Units into two or more separate Units, (x) combining separate Unsold Units (including those resulting from such subdivision or otherwise) into one or more Units, (y) altering the boundary walls between any Unsold Units, or (z) otherwise, including incorporating Common Elements (such as a portion of a hallway used exclusively by the occupant(s) of such Unsold Unit) which exclusively benefit an Unsold Unit into such Unsold Unit; and

(e) if appropriate, reapportion among the Unsold Units affected by such change in size or number pursuant to the preceding clauses their Common Interests and Common Interest provided, however, that, with respect to any such alteration, addition, improvement, or change in, to, of, or upon any Unsold Unit:

(i) no physical modifications shall be made to any other Unit and the Common Interest (other than Unsold Units), as the case may be, or interior dimensions of any other Units (other than Unsold 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 the Common Interests of all the Units shall always remain at 100%, and no reapportionment of the Common Interest appurtenant to any 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 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 Unit Owner may be given with respect to such Unit the same rights and be subject to the same limitations and conditions as are set forth in this Article with respect to Unsold Units. Notwithstanding the other provisions of this Article, no reapportionment of the Common Interests appurtenant to any 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 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 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.

ARTICLE 13

ACQUISITION OF UNIT BY THE CONDOMINIUM BOARD

If (a) any Unit Owner surrenders the 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 80% in number and Common Interest of all 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 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 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 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, any provision of this Declaration affecting the General Common Elements of 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 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, 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, 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 Units and/or the reapportionment of the Common Interest of the affected Unsold 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 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 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 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, or (ii) 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.

18.4 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 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 unless the Sponsor shall consent to such amendment in writing, or (iii) impose any discriminatory charge or fee against Sponsor, unless the Sponsor shall consent to such amendment in writing.

18.5 The provisions of this Article may not be modified, amended, added to or deleted, in whole or in part, without the consent of Sponsor if the same relate to Sponsor.

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 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 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 or, with the consent of

Sponsor, any transferee of all then Unsold Units. Sponsor shall have the right, at any time, in its sole discretion, to assign or otherwise transfer its 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:

40 BOND STREET PARTNERS LLC

By: Bond Street Holding LLC, sole member

By: S/A Bond Street LLC, member

By: S/A Bond Street Manager LLC, member

By: _____
Name: Ian Schrager
Title: Sole Member

By: R & F Bond Street LLC, member

By: _____
Name: Aby Rosen
Title: Member

By: _____
Name: Michael Fuchs
Title: Member

(ACKNOWLEDGEMENT)

EXHIBIT A

DESCRIPTION OF THE LAND

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:

[See the Schedule A – Description of the Land in the Specimen Title Report set forth in Part II of the Plan.]

EXHIBIT B

40 BOND CONDOMINIUM

40 BOND STREET
NEW YORK, NEW YORK 10012

DESCRIPTION OF THE UNITS

UNIT	NUMBER OF BEDROOMS AND BATHS	APPROXIMATE TOTAL SQ. FT. UNIT	APPROXIMATE TOTAL SQ. FT. TERRACE	BLOCK 530 TAX LOT NO.	PERCENTAGE OF COMMON INTEREST	LOCATION IN PORTION OF BUILDING FACING DIRECTION SET FORTH BELOW	COMMON ELEMENTS TO WHICH UNIT HAS IMMEDIATE ACCESS
TOWNHOUSE UNITS							
TH 1	3.0 / 4.0	3,739	1,130		5.2932%	NORTH,SOUTH	ELEVATOR,FIRE STAIRS,CELLAR FLOOR HALLWAY
TH 2	3.0 / 4.0	3,552	1,130		5.0757%	NORTH,SOUTH	ELEVATOR,FIRE STAIRS,CELLAR FLOOR HALLWAY
TH 3	3.0 / 4.0	2,874	760		3.9400%	NORTH,SOUTH	ELEVATOR,FIRE STAIRS,CELLAR FLOOR HALLWAY
TH 4	3.0 / 4.0	2,881	570		3.8073%	NORTH,SOUTH	ELEVATOR,FIRE STAIRS,CELLAR FLOOR HALLWAY
TH 5	3.0 / 4.0	3,750	770		5.0346%	NORTH,SOUTH	ELEVATOR,FIRE STAIRS,CELLAR FLOOR HALLWAY
RESIDENTIAL UNITS							
4 A	3.0 / 3.5	2,617			3.2465%	NORTH,SOUTH	ELEVATOR,FIRE STAIRS,HALLWAY,TRASH CHUTE
5 A	3.0 / 3.5	2,617			3.2834%	NORTH,SOUTH	ELEVATOR,FIRE STAIRS,HALLWAY,TRASH CHUTE
6 A	3.0 / 3.5	2,617			3.3203%	NORTH,SOUTH	ELEVATOR,FIRE STAIRS,HALLWAY,TRASH CHUTE
7 A	3.0 / 3.5	2,617			3.3757%	NORTH,SOUTH	ELEVATOR,FIRE STAIRS,HALLWAY,TRASH CHUTE
4 B	2.0 / 2.5	1,382			1.8036%	SOUTH	ELEVATOR,FIRE STAIRS,HALLWAY,TRASH CHUTE
5 B	2.0 / 2.5	1,382			1.8313%	SOUTH	ELEVATOR,FIRE STAIRS,HALLWAY,TRASH CHUTE
6 B	2.0 / 2.5	1,382			1.8589%	SOUTH	ELEVATOR,FIRE STAIRS,HALLWAY,TRASH CHUTE
7 B	2.0 / 2.5	1,382			1.9051%	SOUTH	ELEVATOR,FIRE STAIRS,HALLWAY,TRASH CHUTE
4 C	3.0 / 3.5	2,637			3.2395%	NORTH,SOUTH	ELEVATOR,FIRE STAIRS,HALLWAY,TRASH CHUTE
5 C	3.0 / 3.5	2,637			3.2764%	NORTH,SOUTH	ELEVATOR,FIRE STAIRS,HALLWAY,TRASH CHUTE
6 C	3.0 / 3.5	2,637			3.3133%	NORTH,SOUTH	ELEVATOR,FIRE STAIRS,HALLWAY,TRASH CHUTE
7 C	3.0 / 3.5	2,637			3.3686%	NORTH,SOUTH	ELEVATOR,FIRE STAIRS,HALLWAY,TRASH CHUTE
4 D	1.0 / 1.5	1,269			1.4806%	NORTH	ELEVATOR,FIRE STAIRS,HALLWAY,TRASH CHUTE
5 D	1.0 / 1.5	1,269			1.4992%	NORTH	ELEVATOR,FIRE STAIRS,HALLWAY,TRASH CHUTE
6 D	1.0 / 1.5	1,269			1.5177%	NORTH	ELEVATOR,FIRE STAIRS,HALLWAY,TRASH CHUTE
7 D	1.0 / 1.5	1,269			1.5361%	NORTH	ELEVATOR,FIRE STAIRS,HALLWAY,TRASH CHUTE
8 A	4.0 / 4.5	3,286	1,342		6.1226%	NORTH,SOUTH	ELEVATOR,FIRE STAIRS,HALLWAY,TRASH CHUTE
6 B	2.0 / 2.5	2,076	1,042		3.9373%	NORTH,SOUTH	ELEVATOR,FIRE STAIRS,HALLWAY,TRASH CHUTE
9 A	4.0 / 4.5	3,268			4.6996%	NORTH,SOUTH	ELEVATOR,FIRE STAIRS,HALLWAY,TRASH CHUTE
9 B	2.0 / 2.5	2,076			2.9931%	NORTH,SOUTH	ELEVATOR,FIRE STAIRS,HALLWAY,TRASH CHUTE
10 A	4.0 / 4.5	3,288			4.7734%	NORTH,SOUTH	ELEVATOR,FIRE STAIRS,HALLWAY,TRASH CHUTE
10 B	2.0 / 2.5	2,076			3.0653%	NORTH,SOUTH	ELEVATOR,FIRE STAIRS,HALLWAY,TRASH CHUTE
PH	4.0 / 4.5	6,626	3,529		11.3813%	NORTH,SOUTH	ELEVATOR,FIRE STAIRS,HALLWAY,TRASH CHUTE
28	73.0	71,134	10,273		100.0000%		

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 Bond 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.

"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 and Limited 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 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 Bond 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 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.

"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 system sewers and/or storm pipes, dry walls 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.

"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 who reside in such Unit Owner's Unit.

"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.

"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.

"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 Units representing at least 95% in number of all 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 530, Lot 48 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.

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

"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.

"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.

"Rules and Regulations" shall mean the Rules and Regulations of the Condominium, which are annexed as an addendum to the By-Laws, as any of the same 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.

"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 40 Bond Street Partners LLC and any other Person designated by Sponsor.

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

"Storage License" shall mean the agreement pursuant to which a Storage Locker is licensed to a Unit Owner.

"Storage Locker" shall mean any storage locker located in the Storage Area 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 General Common Element of the Condominium. Any reference in the Plan or the Condominium Documents to "owning a Storage Locker" shall mean that the Unit Owner has entered into a Storage License for a Storage Locker.

"Terrace" shall mean any terrace, balcony or garden which is appurtenant to a Unit as a Limited Common Element 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.

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

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

"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 Unit" shall mean any 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 Units are, collectively, referred to as the "Unsold Units."

"Unsold 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 BOND CONDOMINIUM

Prepared by:

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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 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 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 governed by the Condominium Board. In exercising its powers and performing its duties under the Declaration and these By-Laws, the Condominium Board shall act as, and shall be, the Agent of the Unit Owners, subject to, and in accordance with, the terms of the Declaration and these By-Laws.

Section 2.2 *Status of the Condominium Board.* Unless and until the Condominium Board shall incorporate in accordance with the terms of Section 2.4 hereof, the Condominium Board shall have, 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;

(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 or the Limited 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) 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 (d) the documentation executed in connection with any such borrowing shall provide that, if any sum borrowed by the Condominium Board pursuant to this subparagraph (vi) 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, bears to the aggregate Common Interests of all Unit Owners shall be entitled to obtain from the creditor a release of any judgment or other lien that 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 Unit pursuant to the terms of paragraph (C) of Section 6.2 hereof, in the name of the Condominium Board or its designee, corporate or otherwise, and on behalf of all Unit Owners;

(xiv) to purchase, lease, or otherwise acquire Units and Storage Lockers, if any, 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 Unit Owners but only with the consent of a Majority of 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 Units and Storage Lockers, if any, acquired by, and to sublease Units leased by, the Condominium Board or its designee, corporate or otherwise, on behalf of all Unit Owners, provided, however, that the Condominium Board or its designees shall in no event be entitled to vote the interest appurtenant to any such Unit;

(xvii) to adopt and amend the Rules and Regulations and to levy and authorize collection of fines against Unit Owners for violations of the 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 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 Rules and Regulations of the Condominium, annexed hereto as Schedule A, as said 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 Unit, provided no such fees or charges or other conditions of transfer or lease may be imposed upon Sponsor;

(xxvi) to prepare, execute and administer Storage Licenses and assignments thereof and to acquire in the name of the Condominium Board or its designee, corporate or otherwise, on behalf of all Unit Owners, Storage Licenses terminated by the Condominium Board or surrendered by a Unit Owner to the Condominium Board; and

(xxvii) to carry out any other duties imposed upon the Condominium Board pursuant to the Declaration and these By-Laws.

(B) The Condominium Board shall be responsible for carrying out the duties imposed upon it under the Condominium Documents regardless of whether a Unit is vacant or occupied by the owner thereof or by a permitted lessee or other permitted occupant.

Section 2.5 *Certain Limitations on the Powers of the Condominium Board.* Notwithstanding anything to the contrary contained in these By-Laws, so long as Sponsor shall continue to own at least 25% in number of all 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.

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 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 Unit, the Condominium Board shall consist of 5 individuals, all of whom shall be elected and/or designated in accordance with the terms of these By-Laws by the Unit Owners (including Sponsor) (collectively, the "Members"). Except for members designated by Sponsor pursuant to the terms of this Section 2.7 or of Section 2.10 or 4.9 hereof, all members of the Condominium Board shall be either: (i) individual Unit Owners or adult family members of an individual 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 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 Unit Owners shall expire when the 3 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 5 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 Unit Owners, pursuant to the terms of Section 4.9 hereof, or by the Condominium Board, pursuant to the terms of Section 2.10 hereof, may be removed from office, with or without cause, by a vote of a Majority of Unit Owners. Any member of the Condominium Board who was designated as such 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 whose proposed removal is to be acted upon at a meeting of the 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 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 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.

(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 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 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, attendance of a majority of the members of the Condominium Board will be required to be present at the Condominium Board meeting.

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. 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.

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 Units representing at least 50% in number of all Units offered for sale. At such meeting, a 5 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 Unit Owners. Each such resolution or petition shall set forth, in reasonable detail, the purposes for calling such a meeting, and no business shall be transacted at such special meeting except business reasonably related to such stated purposes.

Section 4.3 *Place of Meetings.* Meetings of the Unit Owners shall be held at the principal office of the Condominium or at such other suitable and convenient place in the 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 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 Unit) shall be entitled to cast 1 vote at all meetings of the Unit Owners for each .0001% 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 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 Unit Owner and, if such ballot is cast by proxy, the name of the proxy; (ii) the designation number(s) of the 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 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 members to the Condominium Board, and Sponsor and all other Unit Owners, shall have the right to vote for the remaining members of the Condominium Board.

Subsequent to the Initial Control Period, and for so long as Sponsor continues to own at least 1 Unsold Unit, Sponsor shall have the right to designate 1 Member to the Condominium Board, and shall have the right to vote its Common Interest attributable to the Unsold Units for the remaining members of the Condominium Board. There is no restriction on the right of the Sponsor to vote for 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 members of the Condominium Board who was designated by Sponsor shall resign and their replacements shall be filled by a vote of the Unit Owners (including Sponsor for so long as Sponsor shall own any Unsold Unit) at a special meeting called for such purpose.

Section 4.10 *Action Without a Meeting.* Any action required or permitted to be taken by the Unit Owners at a duly constituted meeting may be taken without such a meeting if the number of Unit Owners sufficient (both in absolute number and in aggregate Common Interests 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 4.11 *Title to Units.* Title to any Unit may be taken by any Person or by any two or more Persons as joint tenants, tenants in common, or tenants by the entirety, as may be appropriate. 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 4.12 *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 and (ii) 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) 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 Common Expense;

(iii) in or to the Limited Common Elements shall be performed (a) by the Condominium Board as a Common Expense, if involving structural or extraordinary maintenance, repairs, or replacements (including, but not limited to, the repair of any leaks that are not caused by the acts or omissions of the Unit Owner having direct and exclusive access thereto), (b) by the Condominium Board as a Common Expense, if involving structural or non-structural ordinary maintenance, repairs or replacements (including painting and decorating) to the ornamental gates, architectural light fixtures and façades in front of each of the Townhouse Units (except if the maintenance, repair or replacement was caused by the acts or omissions of the Unit Owner having direct and exclusive access thereto, in which event, cost of such maintenance, repair or replacement shall be charged to such Unit Owner), or (c) by the Unit Owner having direct and exclusive access thereto at such 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.

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 Common Expense attributable to all Unit Owners if relating to the General Common Elements and/or the Limited 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 Unit shall not be colored or painted by the Unit Owner. All interior and exterior glass surfaces located in any Unit shall be washed and cleaned by the Unit Owner at such Unit Owner's sole cost and expense. Any replacement of glass windows in any Unit because of breakage or otherwise shall be made by the Unit Owner thereof 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 the Unit Owner must obtain the prior written approval of the Condominium Board, with respect to the type of replacement windows installed. 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 Board, with respect to such parts of the Building required to be maintained by it, and (ii) each Unit Owner, with respect to the interior surfaces of windows and shades, venetian or other blinds, drapes, curtains or other window decorations in or appurtenant to such Unit Owners Unit. To promote a consistent appearance of the Building from the outside, (x) no Unit Owner shall be permitted to enclose, erect a greenhouse and/or alter a Terrace appurtenant to a Unit, in such a way that will alter the conformity of the Building, without the prior written approval of the Condominium Board; and 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; and (y) all Unit Owners shall be obligated to install backing on the exterior side of all window treatments facing Bond Street visible from the street which will permit the Building to have a visually harmonious appearance from the outdoors when the shades are down or curtains drawn. Accordingly, each Unit Owner shall be required to purchase, install and maintain, at Unit Owner's sole cost and expense, backing on the exterior side of all window treatments facing Bond Street visible from the street as follows: (1) *Solar Veil Shades* – silver screen white ED01 by Verosol; (2) *100% Opaque Black-out Shades* – silver backing (Bergamo Xenon 2085-5); and (3) *Sheer Curtains* – silver (Maharam Buzz 281280: Color 002 Electrum). A Unit Owner will be required, at the Unit Owner's sole cost and expense, to install any electrical outlets and/or connections in the event Unit Owner intends to motorize the window treatments.

(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 Unit Owner may make any structural alteration, addition, improvement or repair, in or to the Unit or its appurtenant Limited Common Elements without the prior written approval of the Condominium Board. Prior to, and as a condition of, the granting of any such approval, the Condominium Board may, at its sole option, require the Unit Owner to: (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 structural 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 Unit Owner to reimburse the Condominium for architectural, engineering, legal and other fees incurred in reviewing the 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 Unit or its appurtenant Limited 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 Units, all without the approval of the Condominium Board. Notwithstanding the foregoing, all Unit Owners, including Sponsor, prior to the making of any alteration, addition, improvement or repair in or to their respective Unit and its appurtenant Limited 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) abide by the Rules and Regulations of the Condominium, including, but limited to, the days and hours during which work may be done.

(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 Unit or its appurtenant Limited 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 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 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 Unit Owner shall make any alterations in or to the 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 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 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 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 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 Unit Owner to be halted, including, without limitation, to cause the Managing Agent to deny access to the Building to the Unit Owner's workers and suppliers, until

the Unit Owner complies with the same. During the period until the Unit Owner is permitted hereunder to resume its work, Sponsor shall have the right to perform any and all work in and to the 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 Unit Owner. The cost and expense of any such work performed by Sponsor shall be borne by such 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 Common Expense attributable to all Unit Owners. 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 and/or the Limited 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 (including Sponsor if Sponsor then owns any Unsold Unit) owning 66 2/3% of the aggregate Common Interests at a duly constituted meeting of the Unit Owners, and by the Mortgage Representatives, if any. Except as otherwise provided in the Declaration and in these By-Laws, all such alterations, additions, or improvements costing $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 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 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 Common Expense.

(E) Unit Owners are required to carry other insurance, at their expense, insuring the contents of their Units and their respective Limited 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.

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 Limited 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, the Limited Common Elements and the 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 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 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 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 or Limited Common Elements 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 or the Limited Common Elements, 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 appurtenant to such Unit shall be adjusted in the proportion that the total floor area of such Unit and its appurtenant Limited Common Elements, if any, after such Taking bears to the total floor area of such Unit and its appurtenant Limited 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, 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 of such Unit, and, in the event of a Taking of an entire Unit, the right to vote appurtenant to such Unit shall wholly terminate. In either event, the Common Interests of the other 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. 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 and Storage Lockers.*

(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 Unit shall be used for residential use only and not more than one family may occupy a Unit at any one time. A 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 Units, the Condominium Board) may, in its sole discretion, permit Persons other than those set forth above to occupy a Unit. In no event, however, shall a portion of a Unit (as opposed to the entire Unit) be sold, conveyed, leased, or subleased.

(C) The Condominium Board may, in its sole discretion, consent to the use of a 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 Unit Owner. Any lessee of, or successor in title to, such Unit Owner shall be required to obtain the prior written consent of the Condominium Board before using such 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 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 Unit as model Units and offices for the sales promotion, rental, management and operation of the Unsold Units or for any other purpose, subject only to compliance with Law.

(E) Storage Lockers may be used only for the storage of personal effects of 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 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.

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 Units, which Units are the only Units serviced or benefited by any Common Element adjacent or appurtenant to such Units (for example, that portion at the end of any residential hallway that is directly adjacent to any such 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 Common Elements exclusively, as if it were a part of such 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 Common Element for so long as such owner or owners exercise such exclusive right of use and (ii) restore such 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 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 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.

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 Common Elements, if any, and Storage Locker, if any, for the purposes of:

(i) making inspections of, or removing violations noted or issued by any governmental authority against, the Common Elements or any other part of the Property;

(ii) curing defaults hereunder or under the Declaration or violations of the Rules and Regulations committed by such Unit Owner or correcting any conditions originating in 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 use of the Units and their appurtenant Limited Common Elements for their permitted purposes. In cases of emergency, however, such rights of access may be exercised immediately, without advance notice and whether or not the Unit Owner is present.

(B) Each Unit Owner shall grant a right of access to the Unit and its appurtenant Limited 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 Common Elements, if any, in such a manner as will unreasonably interfere with the use of such Unit and its appurtenant Limited Common Elements, if any, for their permitted purposes.

Section 5.10 *Modification of the Rules and Regulations.* The Condominium Board shall have the right to amend, modify, add to, or delete any of the 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 Unit Owners, in number and Common Interest. Copies of the text of any amendments, modifications, additions, or deletions to the Rules and Regulations shall be furnished to all Unit Owners not less than 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 Rules and Regulations if the same would materially and adversely affect Sponsor, without the prior written consent of Sponsor.

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 the Unit Owners as a Common Expense for such portion attributable to the General Common Elements, the Units and/or the Limited Common Elements. 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 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 Unit Owners as a General Common Expense for such portion attributable to the Units and/or General Common Elements and/or Limited Common Elements.

Section 5.14 *Electricity.*

(A) Electricity for each Unit 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 Common Elements to which such Unit has exclusive access.

(C) If the 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 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 Unit Owners as Common Charges.

(E) 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 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 or the Limited Common Elements shall be levied against all Unit Owners in proportion to their respective Common Interests, except Special Assessments if relating to the Storage Lockers which shall be levied solely against all Unit Owners holding Storage Licenses. 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 Limited Common Element remaining after deduction of all expenses incurred in connection with generating the same shall constitute income of the Unit Owners and shall be collected on behalf of the Unit Owners by the Condominium Board and applied against the Common Expenses attributable to the General Common Elements or the Limited 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 Common Expenses attributable to the General Common Elements or the Limited Common Elements depending on whether the excess relates to the General 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 and any such distributions must be made out of the Common Charges collected from Unit Owners.

Section 6.2 *Payment of Common Charges*

(A) All Unit Owners (including Sponsor with respect to Unsold 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. Any remaining unpaid Common Charges and Special Assessments that are not collected from such foreclosure sale or from the defaulting Unit Owner shall be deemed a Common Expense, collectible from all those who are Unit Owners at the time 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 Unit have been paid; (ii) such 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 Unit. However, in no event shall Sponsor be permitted to convey any Unsold Unit to the Condominium Board and thereby exempt itself from Common Charges and any Special Assessments attributable to such Unit thereafter accruing unless the aggregate Common Interests then appertaining to the Unsold Units constitute 15% or less of the total Common Interests then appertaining to all 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 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 Unit Owner may (i) sell the Unit and (ii) lease the Unit for periods of not less nor more than 1 year, provided however, no Unit Owner may sell or lease the 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 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 Unit Owner. Such 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 Unit together with its Appurtenant Interests and any lease of a 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 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 Unit, together with its Appurtenant Interests, or to lease the Unit, as the case may be, to the Condominium Board or to its designee, corporate or otherwise, on behalf of all 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 Unit together with its Appurtenant Interests or to lease such 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 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 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 Unit together with its Appurtenant Interests, to lease such 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 Unit and its Appurtenant Interests are to be purchased by the Condominium Board or its designee on behalf of all Unit Owners, such purchase may be made from the funds deposited in the capital and/or expense accounts of the Condominium. If the funds in such accounts are insufficient to effectuate such purchase, the Condominium Board may levy a Special Assessment against each Unit Owner (other than the Offeree Unit Owner) in accordance with the terms of paragraph (C) of Section 6.1 hereof and/or the Condominium Board may, in its discretion, finance the acquisition of such Unit; provided, however, that no such financing may be secured by an encumbrance on or a hypothecation of any portion of the Property other than the Unit to be purchased together with its Appurtenant Interests. In addition, if the Outside Offeror was to assume or to take title to the Unit subject to the Offeree Unit Owner's existing mortgage or mortgages pursuant to the Sale Agreement, the Condominium Board may purchase the Unit and assume or take title thereto subject to such mortgage or mortgages as the case may be. At the closing of title, the Offeree Unit Owner shall convey the Unit, together with its Appurtenant Interests, to the Condominium Board or to its designee, on behalf of all 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 Unit shall be held, so long as the same is owned by the Condominium Board or its designee, on behalf of all Unit Owners, as tenants-in-common, and all such Unit Owners shall be deemed to have waived all rights of partition with respect to such Unit and the entire Property, as herein provided.

(C) In the event that such Unit is to be leased by the Condominium Board or its designee on behalf of all Unit Owners, the Offeree Unit Owner shall execute and deliver to the Condominium Board or such designee a lease covering such Unit by and between the Offeree Unit Owner, as landlord, and the Condominium Board or such designee, as tenant. Such lease shall be in the then current form of apartment lease recommended by the Real Estate Board of New York, Inc., 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 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 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 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 Unit Owner or that the right of first refusal provided for therein has been duly released or waived by the Condominium Board and that, as a result thereof, the rights of the Condominium Board thereunder have terminated, shall be conclusive upon the Condominium Board and all Unit Owners in favor of all persons who rely upon such certificate in good faith. After the due issuance of such a certificate, the Unit 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 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 Unit, together with its Appurtenant Interests, by:

(i) the 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 Unit Owner is an infant or a person judicially declared incompetent of managing affairs, then such Unit shall be held by the personal representative of such infant or incompetent, or in the case of a 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 Unit Owner or to any entity with respect to which such 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 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

(v) 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 delivered in a bona fide transaction;

provided, however, that each succeeding Unit Owner shall be bound by, and the Unit shall be subject to, all of the terms and conditions of this Article 7.

Section 7.6 *No Severance of Ownership.* No Unit Owner shall execute any deed or 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 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 borne by the Unit Owner as an Additional Common Charge.

Section 7.12 *Storage Lockers.* No Unit Owner shall be permitted to assign, convey or lease a Storage Locker to anyone other than another Unit Owner. A Storage License may be assigned by a Unit Owner at any time (and not subject to any right of first refusal by the Condominium Board) provided the assignee (i) is a Unit Owner; (ii) assumes the obligations under the Storage License; (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. If the Condominium Board terminates a Storage License or a Unit Owner surrenders a Storage License without assigning it to another Unit Owner, the Condominium Board shall have the right to issue a new Storage License for the Storage Locker to another Unit Owner, in its sole discretion, and the surrendering Unit Owner shall not be entitled to any compensation.

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.

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 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 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 shall give to Sponsor 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 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. 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 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 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 Common Expenses, to be borne by all Unit Owners, if such arbitration relates to the Units, generally, or to the General Common Elements or the Limited 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 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 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 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 Unit Owners approved the amendment, modification, addition, or deletion set forth therein either at a duly constituted meeting of 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 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, 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, 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, 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 certifying that the amendment, modification, addition, or deletion set forth therein was effectuated by Sponsor 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, unless and until Sponsor 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.

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, then Sponsor 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 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 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 Units.

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

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 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 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 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 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 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 Unit or in the Common Elements that will increase the rate of insurance of the Building, or the contents thereof. No Unit Owner shall permit anything to be done or kept in the Unit or in the Common Elements that will result in the cancellation of insurance on the Building, or the contents thereof, or that would be in violation of any Law. No Unit Owner or any Family Members, agents, servants, employees, licensees, or visitors shall, at any time, bring into or keep in the Unit any inflammable, combustible, or explosive fluid, material, chemical, or substance, except as shall be necessary and appropriate for the permitted uses of the Unit.

11. There shall be no barbecuing in the Units, in their appurtenant Limited Common Elements, if any, or in the Common Elements without the prior written consent of the Condominium Board.

12. No Unit Owner shall make, cause, or permit any unusual, disturbing, or objectionable noises or odors to be produced upon or to emanate from the Unit or its appurtenant Limited Common Elements, if any, or permit anything to be done therein that will interfere with the rights, comforts, or conveniences of the other Unit Owners. No Unit Owner shall play upon or suffer to be played upon any musical instrument, or shall operate or permit to be operated a phonograph, radio, television set, or other loudspeaker in such Unit Owner's Unit or its appurtenant Limited 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 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 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 Unit without the consent of the Condominium Board. Each 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 Rules and Regulations of the Condominium Board adopted with respect thereto.

14. No group tour, open house or exhibition of any Unit or its contents shall be conducted, nor shall any auction sale be held in any Unit, without the consent of the Condominium Board or the Managing Agent in each instance. In the event that any 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.

15. Unless expressly authorized by the Condominium Board in each instance, not less than 80% of the total floor area of each room of each Unit (excepting only kitchens, pantries, bathrooms, closets and foyers) must be covered with rugs, carpeting, or equally effective noise reducing material.

16. No window guards or other window decorations shall be used in or about any Unit, except such as shall have been approved in writing by the Condominium Board or the Managing Agent, which approval shall not be unreasonably withheld or delayed. In no event, however, shall any windows of any Unit be colored or painted.

17. No ventilator or air conditioning device shall be installed in any Unit or its appurtenant Limited 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.

18. 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 Unit without similar approval.

19. 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.

20. 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 Unit.

21. Each Unit Owner shall keep the Unit and its appurtenant Limited Common Elements, if any, in a good state of preservation, condition, repair and cleanliness in accordance with the terms of the By-Laws.

22. 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 Unit Owner, for the purpose of inspecting such Unit for the presence of any vermin, insects, or other pests and for the purpose of taking such measures as may be necessary to control or exterminate any such vermin, insects, or other pests; however, such entry, inspection and extermination shall be done in a reasonable manner so as not to unreasonably interfere with the use of such Unit for its permitted purposes.

23. The Condominium Board or the Managing Agent may retain a pass-key to each Unit. If any lock is altered or a new lock is installed, the Condominium Board or the Managing Agent shall be provided with a key thereto immediately upon such alteration or installation. If the Unit Owner is not personally present to open and permit an entry to the Unit at any time when an entry therein is necessary or permissible under these Rules and Regulations or under the By-Laws, and has not furnished a key to the Condominium Board or the Managing Agent, then the Condominium Board or Managing Agent or their agents (but, except in an emergency, only when specifically authorized by an officer of the Condominium or 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 Unit Owner's property).

24. 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 Unit or an automobile, trunk, or other item of personal property, the acceptance of the key shall be at the sole risk of such Unit Owner, and neither the Condominium Board nor the Managing Agent shall (except as provided in Rule 22 above) be liable for injury, loss, or damage of any nature whatsoever, directly or indirectly resulting therefrom or connected therewith.

25. 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.

26. 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.

27. Any consent or approval given under these Rules and Regulations may be amended, modified, added to, or repealed at any time by resolution of the Condominium Board. Further, any such consent or approval may, in the discretion of the Condominium Board or the Managing Agent, be conditional in nature.

28. No 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 Unit Owner to maintain the containers in good condition, and the drainage tiles and weep holes in operating condition. Such 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.

29. No Unit Owner shall enclose, erect a greenhouse and/or alter the Terrace appurtenant to a Unit in any way, without the prior written consent of the Condominium Board.

30. Complaints regarding the service of the Condominium shall be made in writing to the Condominium Board and the Managing Agent.

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 Bond Condominium ("Condominium") and by the street number 40 Bond 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 Bond 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 Bond Condominium which is designated and described as Unit No. _____ in the Declaration and also designated as Tax Lot ____ in Block 530 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 40 Bond Street Partners LLC (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 Rules and Regulations of the Condominium, or any of said documents, when such amendment (1) shall be required to

reflect any changes in Unsold Units and/or the reapportionment of the Common Interests of the affected Unsold Units resulting therefrom made by 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 9, 2005

40 Bond Street Partners LLC
c/o Morgans Hotel Group
475 Tenth Avenue, 11th Floor
New York, New York 10018

Re: 40 Bond Street Condominium

Gentlemen:

In connection with the offering of condominium units under a plan entitled Condominium Offering Plan for 40 Bond Street 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 Unit paid or accrued by owner of such Unit who is liable for the interest payment on such mortgage and who uses the 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. However, interest will not be deductible on any funds borrowed to purchase a Storage Locker. In rendering this opinion we assume that such interest is not prepaid, that the mortgage proceeds were used by the Unit Owner to purchase the Unit, that the Unit is the owner's principal residence and that the Unit Owner is an individual.

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 Unit Owner's Unit and against any Storage Locker such Unit Owner owns. 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 Unit Owner subject to the alternative minimum tax may be less than the amount deductible by a 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 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 Bond Street 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, 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 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 more than 85% of the total square footage of the Premises will be used by individuals for residential purposes. Accordingly, the "substantially all" test should initially be met.

Our review of the documents referred to above indicates that the Association meets all the organizational tests described above for qualification for exemption. Assuming the Plan is consummated in accordance with its provisions and that the Association, in its actual operation, meets the other tests set forth above, it is our opinion that the Association will be eligible to elect tax-exempt status under IRC Sec. 528. If such exempt status is properly elected, it is our opinion that the Association will not be subject to federal income tax for the taxable years in which such election is in effect, except as noted in the following paragraph.

An effective election will exempt from federal income taxation all amounts received by the Association as exempt function income. This consists of amounts received as membership dues, fees, or assessments from owners of Units. However, the Association will be subject to tax on income which is not exempt function income to the extent such income exceeds expenses properly allocable to such income. Examples of income which is not exempt function income are interest earned on reserve funds, amounts received from persons who are not members of the Association, amounts received for work done on privately owned property which is not Association property, and amounts received from members for special use of the Association's

facilities, the use of which is not available to all members as a result of having paid the dues, fees, or assessments required to be paid by all members.

If the Association fails to qualify as a "homeowners association", or if it does but chooses not to make the necessary election, 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.*

It should be noted that meeting the qualifications and conditions prescribed by the statute will require careful periodic planning. It should also be noted that under certain circumstances where the Association has taxable nonexempt function income, less federal income taxes may be payable if it is not treated as an exempt organization.

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.

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

* 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.

REAL ESTATE TAX PROJECTION OPINION AND ATTORNEY'S 421- A REAL ESTATE TAX EXEMPTION BENEFITS OPINION

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HOWARD L. SCHWARTZ
COUNSEL

June 28, 2005

40 Bond Street Partners
c/o Morgans Hotel Group
475 Tenth Avenue, 11th Floor
New York, NY 10018

RE: 40 Bond Street
Block 530 Lot 48
Borough of Manhattan
City of New York

Dear Sir or Madam:

This letter is in response to your request for an opinion and projection of the estimated real estate assessments and taxes upon the completion of construction and creation of a condominium. THIS LETTER IS BEING SENT TO YOU WITH THE EXPRESS UNDERSTANDING THAT OUR FIRM ASSUMES NO LIABILITY FOR OUR OPINIONS PRESENTED HEREIN. THESE OPINIONS ARE PRESENTED ONLY FOR YOUR ASSISTANCE IN PREPARATION OF YOUR OFFERING PLAN.

You have requested our opinion concerning the real property assessment to be levied upon the captioned premises for the budget year for the first year of condominium operation which you have advised us will be the period January 1, 2007 through December 31, 2007. You have advised us that the project will consist of the building of a new ten story plus penthouse multiple dwelling containing five townhouse units and twenty-three traditional residential apartments. The cellar will contain mechanical rooms and also have some storage allocated for the use of the residential units as well as a portion of the three townhouse units.

In order to prepare this letter and the opinion set forth herein, you have supplied us with certain information upon which we have relied. This information consists of the fact that you purchased the premises in October of 2004 as well as the anticipated renovation costs. You have also supplied us with floor plans of the building and the estimated new square footage as well as a description of Property and Improvements. You have further advised us that you intend to commence construction in September of 2005 and that you expect the building to be complete by December 2006.

We have also considered the recent tax assessment history of the property, the cost of the new project, the potential income for the new structure (if operated as a rental), comparable properties in the Borough of Manhattan which have been newly constructed or undergone renovation as well as market conditions in the general area.

Assessments in New York City are made on a fiscal year basis running from July 1 of any one year to the next succeeding June 30. The status of the building on January 5 of any one year is the basis of the assessment for the fiscal year beginning that July 1. The final assessment tax roll containing the final 2005/2006 assessments was published on May 25, 2005. The tax roll showed the following values:

Transition Land Assessed Value	Actual Land Assessed Value	Transition Total Assessed Value	Actual Total Assessed Value
$453,897	$585,000	$526,049	$589,500

The 2006/2007 assessment roll will be published on January 15, 2006. Based on the information you have given to us, we believe that the building portion of the assessment will not appear on the 2006/2007 assessment roll in that it will be removed pursuant to New York City Administrative Code section 11-209 which provides for the removal of building assessments for new buildings in the course of construction which are not ready for occupancy by the following April 15th. Accordingly, we believe that the 2006/2007 final assessment roll will only reflect a land assessment when it is published on May 25, 2006 and we have projected real estate taxes due for the first year of condominium operation on that basis.

In predicting the future assessed value, we have given consideration to the following factors:

1. The current claimed standard of assessment used by the Real Property Division of the New York City Department of Finance is to assess at 45% of value. In determining value in this instance, the assessing authorities may consider your acquisition price as an element in its measure of value, but it should not be controlling, inasmuch as the Department of Finance no longer automatically reassesses a property at 45% of the sales price and has announced that it will assess property on its income potential.

2. The estimate of the cost of the construction will be a factor.

3. The potential capitalized net income of the property if operated as a rental.

4. Tax Assessments of comparable properties.

Real Property Tax Law Section 581 provides that cooperative and condominium apartments shall be assessed for tax purposes as if the building was a comparable rental property. Thus, the Department of Finance is prohibited from utilizing the sales prices of the individual condominium units in determining the assessed valuation. Therefore the prices that you set in your offering plan and any subsequent sales or resales are not relevant in determining the assessed value of the property or of the individual condominium units. Upon conversion to a condominium and after an application is submitted by you, the New York City Department of Finance shall assign individual tax lot numbers to each of the condominium units. The residential units will be designated as a tax class 2 property and will pay on the class 2 tax rate. The current 2004/05 class 2 tax rate (2005/2006 will not be set until next summer) has been set at $12.216 for each $100 of assessed valuation.

Real Property Tax Law Section 1805 provides for the creation of a transition assessment system within the City of New York. Under the transition assessment system, the usual increase in the actual assessed value of a property between one year and the next is phased in over a five year period in equal installments. The five year phase in does not apply to new construction or other increases due to physical improvements to the property. Increases due to such physical improvements or new construction are added in full to the next year's assessment. Pursuant to Real Property Tax Law Section 1805, the taxable assessment is determined to be the lesser of the actual assessed valuation or the transition assessed valuation. **We believe that there will be a substantial increase in value for 2007/08 as a result of the new building renovation which will be placed on the assessment roll immediately and not subject to the five year phase in.**

Predicated upon the foregoing, it is our opinion that the actual assessed valuation for the entire property for tax year 2006/2007 will be in the amount of $600,000. For the 2007/2008 tax year, after the building has been fully completed, it is our opinion that the actual assessed valuation for the entire building will be in the amount of $9,500,000. In determining the assessed values for the individual units, the surveyor's office generally, but not always, follows the common interest percentages set forth in the condominium declaration if such percentages are rationally and fairly determined, but adjustments are often made for more valuable ground floor retail space. (We caution you that it is unlikely that there will be an official apportionment of the assessment for the 2006/2007 tax years and you should include in your offering plan a provision to unofficially apportion the tax liability among the units consistent with this letter until such time as an official apportionment of the assessed value is made and becomes effective).

Therefore utilizing the common interest percentages which you have advised us will be in the declaration, and assuming the class 2 tax rate increases to $12.75 for each $100 of assessed valuation, we make the following projections of the real estate taxes prior to any tax exemptions or abatements for the budget year January1, 2007 through December 31, 2007 by taking six

months from the estimated 2006/2007 taxes and six months from the estimated 2007/2008 taxes.

2006/2007 (Six Months)

Estimated Assessed Value	Tax Rate	Tax (6 Months)
$600,000	.1275	$38,250

2007/2008 (Six Months)

Estimated Assessed Value	Tax Rate	Tax (6 Months)
$9,500,000	.1275	$605,625

Estimated Budget Year Taxes[1] for January 1, 2007 to December 31, 2007 $643,875

Estimated Post-Construction Full Year Taxes prior to 421-a tax benefits $1,211,250

You have also requested our opinion as to the eligibility of the above referenced property to receive a 421-a real estate tax exemption. The 421-a Tax Exemption program was enacted 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 has been implemented through regulations promulgated by the New York City Department of Housing Preservation and Development. The law is designed to encourage construction of new multiple dwellings by offering an exemption from real estate taxes for a period of years. The exemption covers the increase in assessed valuation resulting from construction of a new building over the prior assessed valuation on the property and eliminates for a period of years any taxation on that increase in assessed valuation. The exemption does not eliminate all real estate taxes. The 421-a law requires a reduction in benefits in the event that more than 12% of the project is deemed to be non-residential footage. Thus, this restriction will not apply in this project since the building will be exclusively residential.

You have requested our opinion as to whether or not the proposed new multiple dwelling qualifies for the benefits of the 421-a tax exemption. You have advised us that (1) all work will be performed in accordance with law and that all required filings have or will be will be made with the Department of Buildings and all agencies having the appropriate jurisdiction and that construction will commence in September 2005 and you expect construction to be completed on or about December 1, 2006. You have further advised us that there will be no commercial occupancy of the property.

---

[1]Estimated Tax Rates. Taxes shown prior to 421-a tax exemption.

The 421-a rules and regulations define Commencement of Construction in part as follows:

> Commencement of construction. "Commencement of construction"' shall mean the date upon which excavation and the construction of initial footings and foundations commences in good faith. 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.

As a part of the 421-a application, such certification must be provided to HPD. You have advised us that your architect will make the required certification on the form prescribed by HPD.

The 421-a rules and regulations define Completion of Construction as follows:

> Completion of construction. "Completion of construction" shall mean the date upon which either a Temporary Certificate of Occupancy is issued for all residential areas in the multiple dwelling or a Permanent Certificate of Occupancy is issued for the entire building.

Although we have been advised by you that work is expected to be completed on or about December 1, 2006, as long as work is completed within 3 years of commencement, there will be no reduction in 421-a tax exemption benefits.

In order to be eligible for 421-a tax exemption benefits, there are certain preconditions which must be met. The major preconditions, as set forth in the regulations are as follows:

Geographic Exclusion Area Limitation. Projects in the Geographical Exclusion Area in parts of Manhattan are not eligible for 421-a tax exemption benefits unless certain additional requirements are met. This project is not located in the Geographical Exclusion Area, and thus is not subject to these limitations.

In order to be eligible for 421-a tax exemption benefits, the land on which the project is located must have been "vacant, predominantly vacant, underutilized or improved with a non-conforming use on the operative date." "Operative date" is defined in the regulations to be the date 36 months prior to commencement of the project.

Regulation Section 6-02(f)(3)(G)sets forth the applicable site eligibility test as follows:

> (G) Commencement of construction occurred on or after October 30, 2002 on a tax lot now existing or hereafter created which is located south of or adjacent to either side of 110th Street in the borough of Manhattan and on land that was improved with a non-residential building or buildings

(a) each of which contained:

(1) no more than the permissible floor area ratio for non-residential buildings in the zoning district in question, and

(2) (I) a floor area ratio which was fifty percent (50%) or less of the maximum floor area ratio for residential buildings in such zoning district, or (ii) if the land was not zoned to permit residential use on the operative date, had a floor area ratio which was fifty percent (50%) or less of the floor area ratio of the residential building which replaces such non-residential building; or

(b) each of which had an actual assessed valuation equal to or less than fifty percent (50%) of the actual assessed valuation of the land on which the building or buildings were situated, or

(c) which, by reason of the building's configuration, or substantial structural defects not brought about by deferred maintenance practices or intentional conduct, could not longer be functionally or economically utilized, on the operative date, in the capacity in which it was formerly utilized.

Since the project will commence work in September 2005, the operative date would be September 2002, the 2002/2003 fiscal year. For 2002/2003 , the records of the Department of Finance indicate the property was in tax class 4, which by definition is a non-residential tax class. In addition the records indicate the following assessed valuation:

Tax Year	Land Assessed Value	Building Assessed Value	Ratio
2002/2003	$319,500	$112,500	35.2%

Since the regulations define "underutilized" if on the Operative Date, it was improved with a nonresidential building or buildings each of which had an Actual Assessed Valuation equal to or less than fifty percent (50%) of the Actual Assessed Valuation of the land on which the buildings or buildings were situated, all of the tax lots meet the site requirements provided work commences between July 1, 2005 and June 30, 2006.

421-a tax exemption benefits are available only to new multiple dwellings which cannot be used for Hotel or Single Room Occupancy purposes. We have been advised that this project will meet these requirements.

There are certain construction requirements to be eligible for 421-a tax exemption benefits. Special requirements exist for building with at least 100 units. Since this building will contain less than 100 units, these restrictions do not apply. Additional requirements are placed on buildings where there were previously existing residential units. Since there were no previously existing residential units on this site, this restriction does not apply.

421-a tax exemption benefits are not available if the project receives exemption benefits under any other law. These units will not receive any other exemption and thus remain eligible for 421-a tax benefits. In order to be eligible for 421-a tax exemption benefits, the project must commence prior to December 2007. This project will meet that requirement.

In addition, an application must be submitted to HPD prior to the issuance of a permanent certificate of occupancy. Our office has been retained to prepare the 421-a application and we expect it to be submitted prior to the issuance of a permanent certificate of occupancy. An application for a final certificate of eligibility for condominium projects must be submitted prior to the first taxable status date (January 5) following completion of construction. For rental properties, the deadline for filing would be prior to initial occupancy pursuant to a certificate of occupancy.

There are various other minor technical requirements for obtaining 421-a tax exemption benefits. Without listing these requirements in minute detail, we believe that based upon information given to us by you, these other requirements will be met.

Utilizing the information supplied to us, it is our opinion that upon completion of the alteration, issuance of a residential certificate of occupancy by the Department of Buildings evidencing a Class A multiple dwelling and approval by the various New York City departments having jurisdiction thereof, the building will qualify for 421-a tax exemption benefits. The 421-a tax exemption that is applicable to this project will last for a period of 10 years as set forth below:

Year	Percent of Increased Assessed Valuation Which is Exempt
1-2	100%
3-4	80%
5-6	60%
7-8	40%
9-10	20%
11	0%

In addition multiple dwellings which satisfy all of the requirements of the law and receive a Preliminary Certificate of Eligibility shall be exempt from real property taxes, other than assessments for local improvements, upon any increase in assessed valuation over the prior assessed valuation during the statutorily defined period of construction, or for a period of three years, whichever is less, provided that taxes shall be paid in each year for the remaining tax that shall be due. Assuming all documentation is delivered to us in a timely manner, we expect that the 421-a tax exemption benefits for the first of the ten declining years to be in effect before the tax bills are issued for the 2007/2008 tax year.

421-a tax benefits are not automatic. An application must be made to the Department of Housing Preservation and Development. This application must contain supporting documentation such as copies of all city permits and approvals, and an accountant's certification. All information contained in a 421-a application must be true and complete. The application is subject to an audit after the certificate of eligibility has been issued. These benefits may be revoked if an application contains false information.

Real Estate taxes shall be based initially on the assessed value on the property for the year prior to commencement of construction multiplied by the current tax rate. This tax is sometimes known as the mini-tax. You have advised us the work shall commence with the installation of new foundation and footings in September of 2005 which is during the 2005/2006 tax year, therefore the mini-tax will be determined by multiplying the 2004/2005 transition assessed value by the current tax rate. For 2004/2005, the transition assessment was $507,150.

We had previously set forth above our estimate of the taxes for the budget year January 1, 2007 through December 31, 2007. Utilizing the assumptions and estimates contained above, we estimate the taxes on this property will be determined as follows for the budget year:

2006/2007 (Six Months)

Estimated Assessed Value	Estimated Exempt Value	Tax Rate	Tax
$600,000	-0-	.1275	$38,250[2]

2007/2008 (Six Months)

Estimated Assessed Value	Estimated Exempt Value	Tax Rate	Tax
$9,500,000	8,992,850	.1275	$32,331

Total Budget Year Tax after 421-a Exemption: $70,581

BASED UPON OUR PREVIOUS EXPERIENCE WITH SUCH PROCEEDINGS, WE HAVE ISSUED THE WITHIN LETTER WITH THE SPECIFIC UNDERSTANDING THAT WE MAKE NO WARRANTIES THAT SUCH EXEMPTION WILL BE FORTHCOMING.

Our firm has an extensive practice in real estate tax review matters and in 421-a and tax exemption/ tax abatement applications, and we currently represent the owners of approximately

[2]The tax shown is prior to the 421-a exemption. It is anticipated that the 421-a tax will be granted retroactively for 2006/2007 which will result in a slight refund for the 2006/2007 tax year.

3,500 buildings in the City of New York, and file applications for correction of the tax assessments and tax exemptions/tax abatements on these properties. This firm and its predecessors have been engaged in such practice for a period of approximately 50 years. Additionally, the writer is the chairman of the Law Committee of the Associated Builders and Owners of Greater New York, a director of both the New York State Builders Association and the Associated Builders and Owners of Greater New York, a past member of the Tax Certiorari and Condemnation Committee of the Bar Association of the City of New York, and is a director and former President of the Real Estate Tax Review Bar Association, a specialized Bar dealing with real estate tax assessment matters.

WE MAKE NO REPRESENTATIONS OR GUARANTIES THAT THE ASSESSED VALUE WILL BE FIXED AT ANY AMOUNT. THIS LETTER IS BEING SENT TO YOU WITH THE EXPRESS UNDERSTANDING THAT OUR FIRM ASSUMES NO LIABILITY TO YOU OR TO ANY PURCHASER OF THE CONDOMINIUM UNITS OR TO ANY LENDER FOR OUR OPINIONS PRESENTED HEREIN. NEITHER WE NOR ANY PERSON CAN GUARANTEE WHAT THE REAL ESTATE TAXES WILL BE AT ANY FUTURE DATE. CHANGES IN LAW OR POLICIES OF GOVERNMENT AGENCIES MAY RADICALLY CHANGE THE OPINIONS EXPRESSED HEREIN AND INTERESTED PARTIES SHOULD BE AWARE THAT THE ESTIMATE OF THE 2006/2007 AND 2007/2008 TAX ASSESSMENTS COVER A PERIOD INTO THE FUTURE. WE ASSUME NO RESPONSIBILITY OR LIABILITY FOR ANY VARIATIONS IN THE TAXES OR ASSESSED VALUES FROM THE PROJECTIONS MADE HEREIN.

The opinion expressed herein is that of the undersigned, and does not purport to express the opinion of the New York City Department of Finance or any city or government agency. The Department's opinion may result in substantially different total taxes for both budget years as well as for tax year 2006/2007 and 2007/08 than set forth herein. We consent to the inclusion of this letter in the offering plan.

Very truly yours,

TUCHMAN, KATZ, SCHWARTZ, GELLES, KORNGOLD & WEISS, LLP.

By: Paul J. Korngold

UNIT OWNER'S SPECIMEN TITLE POLICY

OWNER'S POLICY OF TITLE INSURANCE

Issued by **Commonwealth Land Title Insurance Company**

LandAmerica Commonwealth

Commonwealth Land Title Insurance Company is a member of the LandAmerica family of title insurance underwriters.

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 otherwise 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.

SPECIMEN

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 effect 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.

Commonwealth

COMMONWEALTH LAND TITLE INSURANCE COMPANY

SCHEDULE A

Amount of Insurance: $_____ **Policy/Title No.** NY041507

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 40 Bond Street Partners LLC 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

Policy/Title No. NY041507

SCHEDULE A - ITEM 4

The Condominium Unit (the "Unit") in the Building known as _____ located at and known as and by street number 32-40 Bond 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 530 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. _____.

SPECIMEN

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, City, County and State of New York, bounded and described as follows:

BEGINNING at a point on the northeasterly side of Bond Street, distant 268 feet 6-1/2 inches northwesterly from the corner formed by the intersection of the northeasterly side of Bond Street and the northwesterly side of the Bowery;

THENCE northerly and part of the distance through a party wall forming an interior of 89 degrees 37 minutes 00 seconds on its westerly side 100 feet 1-1/2 inches;

THENCE westerly along a line forming an interior angle of 90 degrees 23 minutes 00 seconds with the last mentioned course 2 feet 0 inches;

THENCE northerly along a line forming an exterior angle with the last mentioned course on its northeasterly side of 90 degrees 23 minutes 00 seconds 4 feet 3-1/4 inches;

THENCE westerly along a line forming an interior angle of 90 degrees 07 minutes 10 seconds on its southerly side with the last mentioned course 23 feet 10-1/2 inches;

THENCE southerly along a line forming an interior angle of 89 degrees 58 minutes 30 seconds on its easterly side with the last mentioned course 4 feet 3-3/4 inches to a point distant 99 feet 11-5/8 inches north of Bond Street;

THENCE westerly along a line forming an angle of 89 degrees 42 minutes 10 seconds on its northwesterly side with the last mentioned course 57 feet 3-1/4 inches to a point distant 99 feet 11-3/4 inches north of the northerly side of Bond Street;

THENCE northerly along a line forming an angle of 90 degrees 22 minutes 10 seconds on its northeasterly side with the last mentioned course 10 feet 0-1/4 inches to a point;

Policy/Title No. NY041507

SCHEDULE A - ITEM 4 - continued

THENCE westerly along a line forming an interior angle of 90 degrees 21 minutes 40 seconds on its southwesterly side with the last mentioned course and parallel to the northerly side of Bond Street 53 feet 3 inches to a point;

THENCE southerly and part of the distance through another party wall along a line having an interior angle on its southerly side with the last mentioned course 110 feet 0 inches to the northeasterly side of Bond Street;

THENCE southeasterly along the northeasterly side of Bond Street, 136 feet 5-1/4 inches to the point or place of BEGINNING.

SPECIMEN

Policy/Title No. NY041507

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. Covenants, conditions, easements, agreements of records, etc., as follows:

   a. Lateral Support Covenant and Agreement dated 8/18/1975 between Palco Realty, Inc. -and- Hertz Realty Corporation and recorded 8/20/1975 in Reel 349 Page 197.

   b. Easement Agreement for Limited Use dated as of 1/16/2001 between Bond Street Hotel LLC -and- Martin Operating Corp. recorded on 1/29/2001 in Reel 3230 Page 103.

   c. Declaration dated as of 4/5/2004 made by Bond Street Hotel LLC recorded on 4/7/2004 under CRFN 2004000207358.

3. 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. NY041507

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. Algert
President

Attest W. Chadwick Persine
Secretary

By _____
Authorized Officer or Agent

CONDITIONS AND STIPULATIONS

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 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 judgment 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 payment 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 the 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

CONDITIONS AND STIPULATIONS

(Continued)

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.

(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: Consumer Affairs Department, P.O. Box 27567, Richmond, Virginia 23261-7567.

SPECIMEN

NEW YORK OFFICES

NEW YORK STATE OFFICE
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 York, New York 10956
(914) 634-7070

ISLANDIA
1777-6 Veterans Memorial Hwy
Islandia, New York 11722
(516) 232-3503
(516) 232-3617

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

OWNER'S POLICY OF TITLE INSURANCE (10-17-92)

SPECIMEN

AMERICAN LAND TITLE ASSOCIATION

ISSUED BY
COMMONWEALTH LAND TITLE INSURANCE COMPANY

Commonwealth
A LANDAMERICA COMPANY

Title Insurance Since 1876

HOME OFFICE:
101 Gateway Centre Parkway, Gateway One
Richmond, Virginia 23235-5153

B 1190-3

A WORD OF THANKS .....

As we make your policy a part of our permanent records, we want to express our appreciation of this evidence of your faith in Commonwealth Land Title Insurance Company.

There is no recurring premium.

This policy provides valuable title protection and we suggest you keep it in a safe place where it will be readily available for future reference.

If you have any questions about the protection provided by this policy, contact the office that issued your policy or you may write to:

Consumer Affairs Department

Commonwealth Land Title Insurance Company

P.O. Box 27567
Richmond, Virginia 23261-7567
TOLL FREE NUMBER: 1-800-446-7086

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

PART 20: ESCROW AGREEMENT FOR OFFERING PLAN

AGREEMENT made as of the filing date of the Offering Plan (defined below), between 40 Bond Street Partners LLC ("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 40 Bond Street Condominium and located at c/o Morgans Hotel Group, 475 Tenth Avenue, 11th Floor, New York, New York 10018 ("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: _____
Allan Starr, Partner

SPONSOR:

40 BOND STREET PARTNERS LLC

By: Bond Street Holding LLC, sole member

By: S/A Bond Street LLC, member

By: S/A Bond Street Manager LLC, member

By: _____
Name: Ian Schrager
Title: Member

By: R & F Bond Street LLC, member

By: _____
Name: Aby Rosen
Title: Member

By: _____
Name: Michael Fuchs
Title: Member

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the day and year first written above.

ESCROW AGENT:

STARR ASSOCIATES LLP

By: _____
Allan Starr, Partner

SPONSOR:

40 BOND STREET PARTNERS LLC

By: Bond Street Holding LLC, sole member

By: S/A Bond Street LLC, member

By: S/A Bond Street Manager LLC, member

By: _____
Name: Ian Schrager
Title: Member

By: R & F Bond Street LLC, member

By: _____
Name: Aby Rosen
Title: Member

By: _____
Name: Michael Fuchs
Title: Member

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 Bond Street
New York, New York 10012

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:

40 BOND STREET PARTNERS LLC

By: Bond Street Holding LLC, sole member

By: S/A Bond Street LLC, member

By: S/A Bond Street Manager LLC, member

By: _____
Name: Ian Schrager
Title: Member

By: R & F Bond Street LLC, member

By: _____
Name: Aby Rosen
Title: Member

By: _____
Name: Michael Fuchs
Title: Member

PRINCIPALS OF SPONSOR:

_____
Aby Rosen

_____
Michael Fuchs

_____
Ian Schrager

(Acknowledgments Attached)

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:

40 BOND STREET PARTNERS LLC

By: Bond Street Holding LLC, sole member

By: S/A Bond Street LLC, member

By: S/A Bond Street Manager LLC, member

By: _____
Name: Ian Schrager
Title: Member

By: R & F Bond Street LLC, member

By: _____
Name: Aby Rosen
Title: Member

By: _____
Name: Michael Fuchs
Title: Member

PRINCIPALS OF SPONSOR:

_____
Aby Rosen

_____
Michael Fuchs

_____
Ian Schrager

(Acknowledgments Attached)

For Aby Rosen:

Sworn to before me this
____ day of August, 2004

_____
Notary Public

For Michael Fuchs:

Sworn to before me this
____ day of August, 2004

_____
Notary Public

For Ian Schrager:

Sworn to before me this
15th ____ day of ~~August, 2004~~ February, 2005

_____
~~Notary Public~~

GRACE G. CHEN
NOTARY PUBLIC - STATE OF NEW YORK
NO. 01-CH6056883
QUALIFIED IN QUEENS COUNTY
MY COMMISSION EXPIRES 04-02-2007

For Aby Rosen:

Sworn to before me this
31 day of ~~August, 2004~~ February, 2005

Notary Public

NEIL P. RITTER
Notary Public, State of New York
No. 02RI6026423
Qualified in New York County
Certificate Filed in New York County
Commission Expires June 14, 2007

For Michael Fuchs:

Sworn to before me this
31 day of ~~August, 2004~~ February, 2005

Notary Public

NEIL P. RITTER
Notary Public, State of New York
No. 02RI6026423
Qualified in New York County
Certificate Filed in New York County
Commission Expires June 14, 2007

For Ian Schrager:

Sworn to before me this
____ day of August, 2004

Notary Public

CERTIFICATION OF ARCHITECT

HANDEL ARCHITECTS LLP

Gary E. Handel AIA
D.B. Middleton AIA
Glenn Rescalvo AIA
Frank Fusaro AIA
Michael Arad AIA

PART 20: CERTIFICATION OF SPONSOR'S ARCHITECT
PURSUANT TO SECTION 20.4(c) OF THE PART 20 REGULATIONS ISSUED
PURSUANT TO GENERAL BUSINESS LAW, ARTICLE 23-A, AS AMENDED

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

August 17, 2005

Re: Condominium Offering Plan
40 Bond Street
New York, New York 10012

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"). I prepared the building plans dated March 28, 2005, revised July 1, 2005 and prepared the Report dated March 28 2005, revised August 1, 2005, a copy of which is intended to be incorporated into the offering plan so that prospective purchasers may rely on the Report.

I am a registered architect in the State of New York.

I understand that I am responsible for complying with Article 23-A of the General Business Law and the regulations promulgated by the Department of Law in Part 20 insofar as they are applicable to this Report.

I have read the entire Report and investigated the facts set forth in the Report and the facts underlying it with due diligence in order to form a basis for this certification. This certification is made for the benefit of all persons to whom this offer is made.

I certify that the Report:

(i) sets forth in narrative form the description and/or physical condition of the entire property as it will exist upon completion of construction, provided that construction is in accordance with the plans and specifications that I prepared;

(ii) in my professional opinion affords potential investors, purchasers and participants an adequate basis upon which to found their judgment concerning the description and/or physical condition of the property as it will exist upon completion of construction, provided that construction is in accordance with the plans and specifications that I prepared;

(iii) does not omit any material fact;

HANDEL ARCHITECTS LLP

CERTIFICATION OF SPONSOR'S ARCHITECT, page 2
August 17, 2005

(iv) does not contain any untrue statement of a material fact;

(v) does not contain any fraud, deception, concealment or suppression;

(vi) does not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances; and

(vii) does not contain any representation or statement which is false, where I:

(a) knew the truth;
(b) with reasonable effort could have known the truth;
(c) made no reasonable effort to ascertain the truth; or
(d) did not have knowledge concerning the representation or statement made.

I further certify that I am not owned or controlled by and have no beneficial interest in the sponsor and that 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.

HANDEL ARCHITECTS LLP

By: _____
[illegible] AIA
Manag[illegible]

REGISTERED ARCHITECT
GARY [illegible] HANDEL
No. 016994
STATE OF NEW YORK

(Architect's Seal)

Sworn to before me this
17 day of August, 2005

Sharron Clark
Notary Public

SHARRON CLARK
Notary Public, State of New York
No. 01CL6119328
Qualified in New York County
Commission Expires November 29, 2008

CERTIFICATION OF BUDGET EXPERT

Diversified Valuation Group

REAL ESTATE APPRAISERS AND CONSULTANTS

60 East 42nd Street, Suite 1446, New York, NY 10165-1499

Tel. (212) 867-7100 Fax (212) 867-6146

Eugene A. Hegy, Jr., IFAS, CSA-G
Chairman
NYS General Certification #46000002678

Dominick S. Pompeo, SRPA, SRA, CSA
President
NYS General Certification #46000000001

Kurt M. Polinsky, MAI
Sr. Vice President
NYS General Certification #46000000010

CERTIFICATION REGARDING ADEQUACY BUDGET PURSUANT TO SECTION 20.4(d) OF THE REGULATION ISSUED PURSUANT TO GENERAL BUSINESS LAW ARTICLES 23-A. AS AMENDED

August 29, 2005

Real Estate Finance Bureau
New York State Department of Law
120 Broadway, 23rd Floor
New York, NY 10271

Re: 40 Bond Street Condominium
40 Bond Street
New York, New York

Ladies and Gentlemen:

The sponsor of the captioned condominium offering plan retained our firm to review Schedule B, with the footnotes thereto, containing projections of income and expenses for the first year of condominium operations. Our experience in this field includes more than thirty years in executive capacities with real estate management firms that managed more than 80 apartment houses in Manhattan and Queens, most of which are tenant-owned as cooperatives or condominiums. Eugene A. Hegy, Jr., chairman of this firm, has been involved actively in the operation, management and conversion of large residential buildings to tenant-ownership since 1973.

I understand that I am responsible for complying with Article 23-A of the General Business Law and the regulations promulgated by the Department of Law (Attorney General) in Part 20 insofar as they are applicable to Schedule B.

I reviewed the Schedule B and investigated the facts set forth in the Schedule and the facts underlying it with due diligence in order to form a basis for this certification. I also relied upon my experience in managing residential buildings.

I certify that the projections in Schedule B appear reasonable and adequate under existing circumstances to meet the anticipated operating expenses for the projected first year of condominium operation.

I 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 of 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.

I further certify that I am not owned or controlled by the sponsor. I understand that a copy of this certification is intended to be incorporated into the offering plan. This statement is not intended as a guarantee or warranty of the income and expenses for the first 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.

DIVERSIFIED VALUATION GROUP

Eugene A. Hegy, Jr.
Chairman

Sworn to before me this
29th day of August, 2005

Notary Public

DOMINICK S. POMPEO
Commissioner of Deeds
City of New York No. 2-3211
Commission Expires Dec. 1, 2006

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.