CONDOMINIUM OFFERING PLAN FOR:

THE HIT FACTORY® CONDOMINIUM

421-429 West 54th Street
New York, New York 10019

Total Purchase Price for the 27 Residential Units:	$ 52,050,000.00
One Commercial Unit Offered for Sale:	$ 6,500,000.00
Total Aggregate Purchase Price for the Residential and Commercial Units Offered Hereby:	$ 58,550,000.00

The Condominium will initially have 27 Residential Units and 3 Commercial Units. Two of the Commercial Units, located in part of the cellar and the first floor, are not being offered for sale at this time. The amount of the Working Capital and Reserve Fund to be provided by the Sponor is $0 (See section of the Plan titled "Working Capital and Reserve Fund and Adjustments").

THE HIT FACTORY® CONDOMINIUM

Sponsor:

Sagamore 54th St. Investments LLC
and HF Sponsor Corp.
One Dock Street, Suite 408
Stamford, Connecticut 06902
(203) 324-1700

Selling Agent:

Stribling & Associates, Ltd.
340 West 23rd Street
New York, New York 10011
(646) 613-2601

Date of Acceptance for Filing: May 2, 2006. The term of Initial Offering of this Plan expires on May 1, 2007, unless the said date is extended by filed amendment.

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

BECAUSE THE BYLAWS DO NOT REQUIRE THAT A MAJORITY OF THE BOARD OF MANAGERS BE OWNER-OCCUPANTS OR MEMBERS OF AN OWNER-OCCUPANT'S HOUSEHOLD WHO ARE UNRELATED TO THE SPONSOR AND ITS PRINCIPALS, PURCHASERS FOR THEIR OWN OCCUPANCY MAY NEVER GAIN CONTROL OF THE BOARD OF MANAGERS UNDER THE TERMS OF THIS PLAN.

SEE PAGE 1 FOR SPECIAL RISKS TO PURCHASERS.

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PART I

SPECIAL RISKS TO BE CONSIDERED BY PURCHASERS

1. Read Offering Plan Carefully. The purchase of a Condominium Unit has many significant legal and financial consequences. 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 a Purchase Agreement.

2. Deposit and Closing Date, No Mortgage Contingency. At the time a Purchase Agreement is executed, a Purchaser is required to make a down payment in an amount equal to ten (10%) percent of the purchase price. A Purchaser shall be required to close title on their Unit within 30 days after written notice from the Sponsor. If a Purchaser shall fail to close on the scheduled closing date and pay to the Sponsor the balance of the Purchase Price, a Purchaser shall have an additional 30 day grace period to close on their Unit (the expiration of such 30 day extension period to close is hereinafter referred to as the "Extended Closing Date"). The Sponsor shall advise Purchasers that they have 30 days within which to close beyond the original Closing Date. TIME SHALL BE OF THE ESSENCE FOR PURCHASER TO CLOSE UNDER THE PURCHASE AGREEMENT BY THE EXTENDED CLOSING DATE. If such default is not cured within such 30-day period, the Sponsor may at its option elect to cancel such Purchase Agreement, and retain, subject to escrow and trust fund provisions pertaining to down payments contained in the Section in Part I of the Plan titled "Procedure to Purchase", as liquidated damages, the down payment made by Purchaser together with the interest earned thereon, if any. As to the sale of a Commercial Unit the Sponsor may reduce such notice period for the Closing and the additional grace period to close after the scheduling of such Closing Date by the Sponsor or its attorney from 30 days to 10 business days.

The Purchase Agreement also provides that Purchaser shall be obligated to reimburse Sponsor for any legal fees and disbursements incurred by Sponsor in defending Sponsor's rights under the Purchase Agreement, or in the event Purchaser defaults under the Purchase Agreement beyond any applicable grace period, in canceling the Purchase Agreement or otherwise enforcing Purchaser's obligations thereunder. The Purchase Agreement also provides that except as prohibited by law, the parties waive trial by jury in any litigation arising out of, or connected with, or relating to, the plan this agreement or the relationship created hereby.

If, through no fault of Sponsor, a Purchaser of a Residential Unit fails for any reason to close title to their Unit on the originally scheduled closing date and Sponsor elects not to cancel such Purchaser's Purchase Agreement as a result thereof, (a) the closing apportionments described above will be made as of midnight of the day preceding the originally scheduled Closing Date regardless of when the actual closing occurs, (b) the Purchaser will be required to pay to Sponsor (i) as a reimbursement of Sponsor's higher carrying costs for the Residential Unit by virtue of the delay, and in addition to the other payments to be made to Sponsor under the Purchase Agreement and this Plan, an amount equal to 0.04% of the purchase price of their Residential Unit for each day starting from and

including the originally scheduled Closing Date to and including the day before the actual closing date, and (ii) $250 to reimburse Sponsor for additional legal fees. The Sponsor may require that an estimate of the foregoing fees be paid in advance as a condition to adjourning the closing.

Although a Purchaser may obtain financing from a lending institution or any other financing source, the obligation to purchase a Unit pursuant to the Purchase Agreement shall not be contingent upon obtaining financing for such purchase. Neither Sponsor nor Selling Agent makes any representations as to the terms or availability of any mortgage financing. Prospective Purchasers of a Unit are, therefore, advised to finalize their financing arrangements before signing a Purchase Agreement.

See Section titled "Procedure to Purchase" in Part I of the Plan for further details and the Purchase Agreement in Part II of the Plan.

3. Downpayment. The down payment of a Purchaser, during the pendency of a Purchase Agreement until closing, will be held in an attorney trust account at North Fork Bank. North Fork Bank is covered by federal bank deposit insurance to a maximum of $100,000 per individual contract deposit. To the extent a Purchaser makes a down payment in excess of $100,000, such excess amount will not be federally insured. This would apply to all of the Units since their respective 10% down payments will be in excess of $100,000. See Section titled "Escrow and Trust Fund Requirements" in Part I for further discussion. Funds drawn on out-of-state or foreign banks will not be accepted in the payment of the purchase price for a Unit, unless otherwise agreed by the Sponsor.

4. Advertising. Prior to the closing of title to a Unit, the Purchase Agreement prohibits a Purchaser from advertising or otherwise offering, promoting or publicizing the availability of the Unit for sale or lease.

See Section titled "Procedure to Purchase" in Part I.

5. Payment of Transfer Taxes by Purchaser. A Purchaser shall be obligated to pay the New York City Real Property Transfer Tax and the New York State Real Property Transfer Tax, which by law are the primary obligations of the Seller. For the purpose of paying these Transfer Taxes, taxable consideration shall also include the amount of such New York City Transfer Tax and New York State Transfer Tax (deed stamp tax) paid by such Purchaser. As a result of the purchase price for the Residential Units being in excess of $1,000,000, the purchaser of such Residential Unit shall at the closing also have to pay the additional New York State Mansion Tax equal to one percent (1%) of the consideration payable by the Purchaser of such Unit. For the purposes of paying this Mansion Tax, taxable consideration shall also include the amount of New York City Transfer Tax & New York State Transfer Tax (deed stamp tax) paid by such Purchaser.

See Section titled "Unit Closing Costs and Adjustments" in Part I of the Plan for further discussion and the Purchase Agreement in Part II of the Plan.

6. Renovation of the Building. The renovation of the Building is a complicated process requiring the coordination of numerous tasks and the balancing of complex mechanical and architectural systems. No assurance can be given to any Purchaser with regard to the accuracy of any projected completion dates set forth herein. During the first year of Condominium operation and thereafter as to the renovation of the balance of Residential Units that may be completed after the first year of operation, construction workers and related personnel will be at the Property from time to time making adjustments and performing various tasks related to the completion of the renovation. Various systems, including but not limited to water supply, air conditioning, heating, and ventilation systems, elevators and windows may require more than a year after any Residential Unit closing to complete and to adjust or balance properly, and in the case of Building systems or the elevators, may need to be shut down temporarily. It is anticipated that, as of the First Residential Unit Closing approximately, 6 of the Residential Units and 6 of the Storage Units will be substantially completed. Additional Residential Units, besides the initial 27 Residential Units, may be completed if Commercial Units #2 and/or #3 are converted to Residential Units. The completion of the improvements to the Common Elements may not be completed at the time of a Unit closing. The Offering Plan permits closings of title to Residential Units before the issuance of a permanent Certificate of Occupancy for the Building, provided that the Residential Unit to be transferred is substantially completed in accordance with the Plans and Specifications and a temporary Certificate of Occupancy covering the Unit to be closed has been issued.

The Building currently has a Certificate of Occupancy which permits the following uses: locker room, storage, manager's office for the cellar, retail store for the first floor, recording studio for the 1st, 3rd and 6th floors and offices for the 2nd, 4th and 5th floors. The proposed Residential conversion of the 3rd through 6th floors (including the subdivision of the 6th floor, with a ceiling height up to twenty-six (26) feet, into two (2) connected floors to create the 6th floor and penthouse level duplexes) will constitute a change of use and was filed as an Alteration Type 1 application with the Building Department to convert and renovate an existing commercial building into Class A apartments. Such alteration application was approved by the Buildings Department. The Sponsor will perform all work required in the common areas of the Building as required by the Building Department to amend the existing Certificate of Occupancy in connection with the conversion of floors 3 to 7 (including the penthouse level) to residential use. In the event additional Units are converted by the Sponsor to residential use, such Building Department application will be amended to include any such Unit. When work is complete, Sponsor will secure Temporary Certificates of Occupancy for such Residential Units, and when all of the Residential Units are completed, Sponsor will secure a final Certificate of Occupancy. Because the renovation of the Building will be an on going process, it could take the Sponsor more than one (1) year after the First Unit Closing to obtain a permanent Certificate of Occupancy. Temporary Certificates of Occupancy will be issued for each Residential Unit as they are completed for a 90 day period and will have to be renewed by the Sponsor for successive 90 day renewal periods until the permanent Certificate of Occupancy is issued, when all Residential Units and Building-wide improvements are completed by the Sponsor. To the extent the Sponsor elects to convert a Commercial Unit owned by the Sponsor to one or more Residential Units, it shall do so within ten (10) years after the First Unit Closing. Other than as described in the first paragraph of this Special Risk number 6, it is anticipated but not

guaranteed that the conversion of any such Commercial Units to Residential Unit(s) will not have a material adverse effect on the other Residential Units. To the extent additional Residential Units are added through the conversion of a Commercial Unit, the existing Residential Unit Owners' share of the Residential Common Interests, as set forth in Schedule A, shall be proportionately reduced. If this occurs, then the proportionate share of the Common Charges and special assessments payable by the existing Residential Unit Owners (prior to any such conversion of a Commercial Unit to one or more Residential Units), as to the Residential Common Elements, may be reduced.

The Sponsor is obligated to complete the Residential Units and Common Elements as described in the Offering Plan. A Residential Unit will be presumptively deemed completed in accordance with the Plans and Specifications upon the issuance of a temporary Certificate of Occupancy covering such Unit. Except as otherwise provided in Section titled "Rights and Obligations of the Sponsor" in Part I, as to the obligation of the Sponsor to correct certain construction defects in the Residential Units, neither the Sponsor, the agents of Sponsor nor any successors of Sponsor under this Offering Plan make any warranty whatsoever, regarding materials, workmanship or any other aspect of the Units, Common Elements, or any portions thereof.

See Section titled "Unit Closing Costs and Adjustments" in Part I and the Architect's Description of the Property and Existing Building Conditions in Part II of the Plan for further discussion.

7. Sponsor's Right to Lease Units. Subject to the provisions set forth in Paragraph 8 below as to the sale of vacant Residential Units, the Sponsor has reserved the right to rent or lease any Unit prior to closing the sale thereof or with respect to which a Purchase Agreement is not outstanding. Accordingly, a Purchaser may be acquiring a Unit that has been previously or is currently (in the case of a Commercial Unit) occupied, but such Residential Unit, unless otherwise agreed to by a Purchaser, will be delivered at closing free and clear of all leases and tenancies. In the case of a Commercial Unit, a Purchaser will be acquiring the Unit subject to any existing lease with a commercial tenant. The Sponsor reserves the right to renew, extend or modify any of existing commercial leases which are not subject to a Purchase Agreement or as otherwise may be agreed upon in any Purchase Agreement for any such Commercial Unit. Subject to exclusive offer, set forth in the Plan, as to the sale of Commercial Unit #3, the Sponsor also reserves the right to rent rather than sell Commercial Units #2 and #3, when they become vacant.

See the Sections titled "Rights and Obligations of Sponsor" and "Leasing and Use of Unsold Units" in Part I for further discussion.

8. Sale of Vacant Residential Units. The Sponsor intends to offer all Residential Units for sale and to use commercially reasonable efforts to effect such sales. However, in the event, the Sponsor is unable to sell Residential Units at the prices set forth in Schedule A, as the same may be amended, then the Sponsor reserves the right to lease such Residential Units on such terms as Sponsor shall in its sole discretion from time to time elect. Because the Sponsor is not limiting the conditions under which it will rent rather than sell Units, there is

no commitment to sell more Units than the 15 percent necessary to declare the Plan effective and owner-occupants may never gain effective control and management of the Condominium. Sponsor's good faith efforts to sell to Purchasers will include listing vacant Unsold Residential Units with brokers, showing Unsold Residential Units to brokers and prospective Purchasers or their representatives, filing update amendments to the Plan and otherwise engaging in customary sales activities. If the Sponsor makes a bulk sale of some or all of the Unsold Residential Units, the transferee or successor Sponsor shall be bound by Sponsor's foregoing commitment to sell Unsold Residential Units as they become vacant, subject to the reservation of right to rent, as aforementioned.

The Property is encumbered by an Acquisition Loan, a Building Loan and a Project Loan in the respective original principal amounts of $17,182,862, $8,412,290 and $2,662,498, which are all currently held by Bank of Scotland (the "Fee Mortgagee"). Such loans are secured by separate mortgages encumbering the Property. The Fee Mortgagee will release the lien of the First, Second and Third Mortgages from a particular Unit, upon the sale of such Unit by the Sponsor, provided the Fee Mortgagee receives payment of the minimum release price, pursuant to the terms of the First, Second and Third Mortgages. The First, Second and Third Mortgages do not contain terms and conditions concerning the Sponsor's obligation to market Residential Units for sale as they become vacant and/or any minimum number or percentage of Units which must be under contract before the Plan can be declared effective. Also, there are no limits or requirements imposed by the Fee Mortgagee for the Sponsor to rent rather than sell the Residential Units.

9. Sponsor Control. (a) Sponsor or its Designee will have voting control of the Board of Managers during the period which shall continue until the earlier to occur of: (i) any meeting of Unit Owners at which the votes cast for Sponsor's or its Designee's representatives and board members appointed by the Sponsor or its Designees do not result in the Sponsor's or it's Designee's representatives or appointees being elected or appointed as the majority of the members of the Board of Managers; or (ii) five (5) years after the First Unit Closing, or (iii) at such time as Sponsor or its Designee owns Unsold Units which, in the aggregate, are allocated less than a 25% interest in the Common Elements (the "Sponsor Control Period"). Notwithstanding the foregoing, Sponsor or its Designee shall have the right to designate at least one (1) member of the Board of Managers so long as Sponsor owns at least one (1) Residential or Commercial Unit in the Condominium. The Sponsor, to the extent it owns Commercial Unit #2 and/or #3, may also appoint a board member for each such Commercial Unit owned by the Sponsor. Such appointments made by the Owners of the Commercial Units #2 or #3 (to the extent owned by the Sponsor) shall be counted in determining the Sponsor's or its Designee's voting control of the Board of Managers or the one remaining member of the Board of Managers that may be appointed by the Sponsor or its Designee as long as it owns one Unit. Upon expiration of the Sponsor's Control Period, all of the Sponsor's or its Designee's representatives or appointees, as the Residential Members of the Board of Managers, may nevertheless serve out the remainder of their term until the next annual election of the Board of Managers, at which time, through the election of board members and/or appointment of board members, the Sponsor shall no longer control the Board of Managers by appointing or electing a majority of the members of the Board of Managers, who are a representative or appointee of the Sponsor or its Designee.

(b) During the period that Sponsor controls the Board of Managers, Sponsor will have control of maintenance, facilities and services to be provided to Unit Owners and will determine the Common Charges to be paid by all Unit Owners.

(c) Sponsor and the owner of any Unsold Units may exercise veto power over some actions of the Board of Managers. Until Sponsor and the owner of any Unsold Units have conveyed title to all Units, but in no event later than later to occur of five (5) years after the First Unit Closing or whenever the Unsold Units constitute less than 10% of the Common Interest, the Board of Managers may not take any of the following actions without Sponsor's prior written consent: (a) make any addition, alteration or improvement to the Common Elements or the Residential Common Elements, or (b) assess any Common Charges for the creation of, addition to or replacement of all or part of a Working Capital Reserve, contingency or surplus fund, or (c) increase or decrease the number, or change the kind of, employees referred to in the Plan, or (d) enter into any service or maintenance contract for work not covered by contracts in existence on the date of the First Unit Closing or otherwise provide services in excess of those referred to in the Plan, except as is required to reflect normal annual increases in operating services, or (e) borrow money on behalf of the Condominium; provided, however, that Sponsor's written consent is not necessary to perform any function or take any action described in clauses (a) through (e) 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 Board of Managers to comply with Law, rules or regulations of any governmental authority having jurisdiction over the Condominium.

(d) The Bylaws do not contain a provision that after the Sponsor Control Period, a majority of the Board of Managers must be owner-occupants or members of an owner-occupant's household who are unrelated to the Sponsor and its principals. As a result thereof, Purchasers, for their own occupancy, may never gain control of the Board of Managers under the terms of the Plan or the Declaration or Bylaws.

See the Section entitled "Control By Sponsor" in Part I of the Plan.

10. Amendment to the Declaration and Bylaws. No amendment, modification, addition or deletion of the Declaration, By-Laws or Rules and Regulations shall be effective in any way without the prior written consent of Sponsor or its designee or the owner of any Unsold Unit, as the case may be, with respect to any amendment, modification, addition or deletion of or to the By-Laws, the Declaration or the Rules and Regulations modifying the permitted uses of the Building or any portion thereof or affecting the rights, privileges, easement, licenses or exemptions granted to Sponsor or its Designee or the owner of any Unsold Unit, as the case may be, or otherwise materially adversely affecting Sponsor or its Designee or the owner of any Unsold Unit, as the case may be. (See the Section in Part I of the Plan entitled "Rights and Obligations of Unit Owners and the Board of Managers".)

11. Service Contracts. During such time as the Sponsor controls the Board of Managers, as permitted under the Plan, it reserves the right to enter into service contracts on behalf of the Condominium on such terms as it deems appropriate, provided, however, that the

significant terms of any such service contract which has a term in excess of two years shall be disclosed in a duly filed amendment to this Plan. If the actual charges payable under service contracts entered into by the Sponsor exceed the estimates included in Schedule B (see Section entitled "Budget for First Year of Condominium Operation, Schedule B" in Part I), it may be necessary to increase the Common Charges payable by the Unit Owners.

See Section titled "Budget for First Year of Condominium Operation, Schedule B" in Part I.

12. Commercial Units.

Offering for Commercial Unit #3. Pursuant to the terms of this Offering Plan the Sponsor is offering for sale Commercial Unit 3 located on the entire second floor (other than Limited and Common Elements located on such floor). Commercial Unit #3 is currently leased to MTI Enterprises, Inc. d/b/a Music Theater International (hereinafter "MTI") (See the Floor Plan for Commercial Unit 3 in Part II of the Plan).

The Sponsor is offering, pursuant to the terms of this Offering Plan, MTI, as the tenant of Commercial Unit #3, the exclusive right for a period of twenty (20) days from the Presentation Date (defined below) of this Plan to purchase Commercial Unit #3, which is currently leased to MTI. If such exclusive period ends on a weekend or national holiday such end date shall be extended to the next business day. The term "Presentation Date" means the date of delivery of the Offering Plan, after it is accepted, for filing, which Offering Plan shall be deemed delivered to MTI on the date it is personally delivered, three days following the mailing of the Offering Plan by certified mail return receipt requested or one business day following the sending of the Offering Plan by overnight express delivery service. During such exclusive period the Sponsor shall not accept a Purchase Agreement for Commercial Unit #3 other than from MTI. MTI will not have the exclusive right to purchase any Unit other than the Commercial Unit which is leased to MTI. In order to take advantage of such exclusive period, MTI must submit a signed Purchase Agreement and a deposit of six hundred and fifty thousand dollars ($650,000) to the Selling Agent on or prior to the end of such exclusive period. The purchase price, upon which this exclusive option may be exercised by MTI, is $6,500,000. If MTI offers less than $6,500,000 as the purchase price and/or $650,000 as the deposit, the Sponsor shall not be obligated to accept such Purchase Agreement from MTI. MTI may assign the Purchase Agreement, without the consent of the Sponsor, to an MTI Entity (an entity in which at least 50% of its beneficial ownership interest therein is owned directly or indirectly by Freddie Gershon and/or Cameron MacKintosh), provided the Sponsor receives written notice of such assignment and the assignee assumed all of the obligations of the Purchaser under such Purchase Agreement. Also, the Sponsor will not be obligated to accept the Purchase Agreement for Commercial Unit #3 from MTI if MTI is in arrears in rent and/or additional rent or is otherwise in material breach of any its non-monetary obligations under its lease. The Sponsor reserves the right, in its sole discretion, to extend such offering period for Commercial Unit #3 upon filing an amendment to the Offering Plan to disclose any such extension.

If MTI does not timely exercise its option to purchase Commercial Unit #3 or fails to close pursuant to its Purchase Agreement, then Commercial Unit #3 shall no longer be offered for sale by the Sponsor unless and until the Sponsor files an amendment to the Plan to reoffer such Unit for sale.

If MTI does not enter into a Purchase Agreement during the exclusive period, for their Unit or fails to close, pursuant to such Purchase Agreement, then, subject to the above provisions as to the withdrawal of Sponsor's offer to sell Commercial Unit #3 until it amends the Plan to reoffer such Unit for sale, the Sponsor reserves the right to sell such Commercial Unit #3 subject to the existing lease with MTI, to lease such space to another commercial tenant when it becomes vacant, or to convert such Commercial Unit to one or more Residential Units upon the expiration or termination date of such commercial lease. In the case of the conversion of such Commercial Unit #3 to one or more Residential Units, such Residential Unit(s) will only be sold to a purchaser of any such Unit after the Sponsor obtains the vacancy of such Unit. The Sponsor will amend the Offering Plan, including Schedule A, prior to its offering of any such Unit for sale as a Residential Unit.

If MTI timely exercises its right to purchase Commercial Unit #3 during the exclusive period, then the Sponsor shall complete the work set forth in the Architect's Description of the Property and Building Conditions in Part II of the Plan ("Description of the Property") or as such may be otherwise agreed in writing if any by the Sponsor and MTI Enterprises, Inc., including, but not limited to the installation of an elevator, lobby and separate exterior entrance for Commercial Unit #3 (the "MTI Work"). Such elevator, lobby and exterior entrance will be a Commercial Limited Common Element for the exclusive use of Commercial Unit #3. If MTI does not timely elect to purchase Commercial Unit #3, during its exclusive period, then the Sponsor shall not have any obligation to complete such work for Commercial Unit #3 as set forth in the Architect's Description of the Property. Subject to any agreement (if any) by the Sponsor and MTI Enterprises, Inc., the Sponsor may nevertheless, at its sole option, complete all or a part of such work for Commercial Unit #3, as set forth in the Architect's Description of the Property or may modify such scope of work. If the Sponsor does not elect to complete such elevator for Commercial Unit #3, as a result of MTI's failure to timely elect to purchase Commercial Unit #3, then the Owner of Commercial Unit #3 and its subtenants, employees and invitees may use the elevators in the Residential Lobby to access Commercial Unit #3.

Except as otherwise provided herein, any purchase of Commercial Unit #3 shall be on an "as is" "where is" basis, with all faults, including but not limited to the physical and environmental condition of such Unit without any obligation of the Sponsor to complete any work in such Commercial Unit. The Purchaser of any such Commercial Unit shall also be purchasing Commercial Unit #3, subject to any and all violations which specifically relate to such Unit, if any, except as to Commercial Unit #3, any violations arising out of or relating to the MTI Work or created by the Sponsor or any contractor engaged by the Sponsor. The Architect's Description of the Property contains a list of existing violations of record against the Property as of the date of such report. To the extent required under Local Law #58, the American Disabilities Act and/or any other applicable law or regulation, the Unit Owner for Commercial Unit #3 shall, at their sole cost and expense, be responsible to provide handicap

accessibility within such Unit, except as to Commercial Unit #3, the Sponsor shall, at its sole cost and expense, be responsible for providing handicapped accessibility, to the extent legally required, for the lobby entrance and MTI Elevator for Commercial Unit #3 and causing the MTI Elevator to comply with applicable handicapped accessibility laws.

If Commercial Unit #3 is being acquired by MTI, or an MTI_Entity, it shall be a condition of the Closing that all rent and/or other charges due and owing under their lease shall be paid in full on the Closing Date. Also if Commercial Unit #3 is being acquired by MTI, or any MTI Entity, then if MTI shall fail to pay when due the rent and other charges due and owing under their lease for a period of ten (10) days after receipt of written notice from the Sponsor, such failure shall constitute a default under the Purchase Agreement.

As a part of the exclusive offer for Commercial Unit #3, MTI shall agree that to the extent that MTI or an MTI entity on the Closing Date is in default under its Purchase Agreement beyond any applicable grace or cure period (provided the Sponsor is not in default under such Purchase Agreement), then such default shall also constitute a default under the MTI Lease, which would entitle the Sponsor, as landlord, to terminate the MTI Lease.

Any such sale of a Commercial Unit will be for commercial use only. The sale of Commercial Unit #3 shall be made subject to the office use set forth in the existing Certificate of Occupancy for the Property. If MTI or an MTI Entity purchases such Unit, pursuant to the term of this option, MTI or the MTI Entity shall be entitled to use Commercial Unit #3 for any legal use, subject to the restrictions set forth in the Declaration and/or Bylaws, including the conversion of such Unit to one or more Residential Units, not to exceed 8 Residential Units, unless otherwise approved by the Board of Managers. Under the Zoning Resolution applicable to the Property, as currently existing, there could not be both Commercial and Residential Units on the 2nd floor at the same time and to the extent MTI elects to convert the 2nd floor to residential use, then all of the Units on the 2nd floor would have to be residential. In such case MTI would be responsible to amend the Certificate of Occupancy to change the use for any such Unit to residential.

Commercial Unit #1

The Sponsor has filed an application with the City Planning Commission to obtain a special use permit, so that accessory off-street parking facility for automobiles could be located in the cellar Commercial Unit #1. The Property is located in the Special Clinton District Preservation Area and pursuant to the Zoning Resolution for the City of New York, accessory off-street parking is not permitted in such special district, except upon issuance of such special use permit. If the special use permit is granted, the Sponsor plans to convert Commercial Unit #1 in the cellar into an off-street parking facility for ten (10) separate parking spaces.

If the special use permit is granted, Commercial Unit #1 will be renovated in accordance with applicable law and regulations governing construction methods and materials for parking garages, including ventilation, fireproofing and related matters. In the event the special use permit to create off-street accessory parking in the Building is obtained, the

Sponsor may then, at its sole option, and subject to the requirements concerning a Handicapped Parking Space described below, sell or rent all of the parking spaces or units in Commercial Unit #1 to Purchasers of Residential and/or Commercial Units or Residential or Commercial Unit Owners for parking space use, on terms to be determined solely by the Sponsor. If the Sponsor decides to offer Parking Units for sale, the Plan will be amended to set forth the terms and conditions of such offer. Any such offer to sell Parking Units will be made only to Purchasers of Residential and/or Commercial Units or Residential and/or Commercial Unit Owners on a first-come, first-serve basis. As to the available Parking Units, each Unit Owner will only be entitled to purchase one Parking Unit. Such Parking Units may only be used by a Residential Unit Owner, their respective family members or occupants residing in their Residential Unit and/or any of the principals, officers, directors and/or employees of a Commercial Unit Owner, as to a Parking Unit acquired by a Commercial Unit Owner. If the special use permit is not granted, then Sponsor shall be entitled to use Commercial Unit #1 for any lawful use, including commercial and storage.

If Commercial Unit #1 is converted into Parking Units, the percentage interest in the Common Elements for Commercial Unit #1 would then be reallocated amongst each of such Parking Units. The Declaration would also be amended to reflect the parking use for Commercial Unit #1 and the reallocation of the percentage interests in the Common Elements for Commercial Unit #1 to each of the Parking Units.

Sponsor has been advised that governmental approval to create accessory off-street parking in the Building is likely to require the provision of a parking space which is accessible to physically handicapped individuals in accordance with the requirements of the New York City Administrative Code (the "Handicapped Parking Space"). The Parking Unit for such Handicapped Parking Space is hereinafter referred to as the "Handicapped Parking Unit". If approval for the accessory off-street parking is obtained and the Sponsor is required to provide a Handicapped Parking Space, such Handicapped Parking Unit will be the last Parking Unit to be sold. Ownership of the Handicapped Parking Unit shall be subject to the following terms and conditions which shall be set forth in the Unit Deed for the Handicapped Parking Unit:

a) In the event the present or future owner of a Residential Unit, or a member of his or her immediate family occupying a Residential Unit, becomes handicapped, and acquires New York City SPI handicapped plates for his or her vehicle and said Unit Owner is the owner of a Parking Unit, said Unit Owner shall have the right to demand that the Owner of the Handicapped Parking Unit "trade spaces" by delivering to the now handicapped Unit Owner the Unit Deed for the Handicapped Parking Unit and receiving from said handicapped Owner the deed for the Parking Unit they currently own.
b) In the event the conditions set forth in item (a) above occur, and a handicapped Unit Owner does not own a Parking Unit, said handicapped Unit Owner shall have the right to compel the Owner of the Handicapped Parking Unit to sell them their Parking Unit at fair market value. If the parties cannot agree within thirty (30) days on the fair market value of the

Handicapped Parking Unit, then the matter shall be referred to the American Arbitration Association, or any other mutually agreeable arbitrator, for binding arbitration pursuant to Article XI of the Bylaws, set forth in Part II of this Offering Plan. The party bringing the action shall bear the cost of the arbitration, unless such cost is apportioned differently by the arbitration. The results of said arbitration shall be binding and may be legally enforceable by either party.

c) All costs and expenses entailed in the transfer of title to a Parking Unit pursuant to either of the foregoing clauses shall be borne by the party requesting the transfer. Such costs and expenses shall be included, but not be limited to title abstract, title insurance, New York City and New York State Transfer Taxes, recording fees and attorney's fees for either party, the condominium or any mortgage lender reviewing the documents and any fee charged by a mortgage lender for release of the Parking Unit or for the substitution of collateral.

d) The owner of the Handicapped Parking Unit shall comply with a demand pursuant to this section within thirty (30) days after receipt of written notice thereof. Notice pursuant to this section shall be delivered by hand delivery, certified mail, return receipt requested or overnight delivery service. Alternative means may be used where written acknowledgment of such delivery is delivered by the party receiving such notice.

If the special use permit is granted, it is estimated that the Sponsor will substantially complete the conversion of Commercial Unit #1 into an off-street accessory parking facility on or about January 1, 2007. However, there is no guaranty as to the actual date for such substantial completion, if the special use permit is granted.

SPONSOR MAKES NO REPRESENTATION OR GUARANTEE AS TO THE ABILITY OF THE SPONSOR TO OBTAIN THE APPROVAL FROM THE CITY PLANNING COMMISSION AS TO THE SPECIAL USE PERMIT FOR ACCESSORY OFF-STREET PARKING IN THE BUILDING. THEREFORE, PROSPECTIVE PURCHASERS SHOULD NOT EXPECT THAT A PARKING FACILITY WILL BE CREATED OR THAT A PARTICULAR NUMBER OF PARKING SPACES, IF ANY, WILL BE OFFERED FOR SALE. PURCHASERS OF RESIDENTIAL AND COMMERCIAL UNITS SHALL HAVE NO RIGHT TO RESCIND THEIR PURCHASE AGREEMENTS IN THE EVENT THAT A PARKING FACILITY IS NOT CREATED IN THE BUILDING OR IN THE EVENT THAT PARKING UNITS ARE NOT OFFERED FOR SALE OR LEASE.

See Section titled "The Commercial Units" in Part I for further details.

13. Unit Changes by the Sponsor. All Units are being offered for sale as a Commercial or Residential, as designated in Schedule A in Part I of the Offering Plan. To the extent the Sponsor desires to sell a Unit for a different use than which is designated in Schedule A of the Plan the Sponsor may do so after disclosing same in a duly filed amendment to the Offering Plan.

Sponsor, on behalf of the Sponsor and/or its Designees, reserves the right at any time, except to the extent prohibited by law, before and/or after the filing of the Declaration, without prior notice and without consent of the Board of Managers and/or Unit Owners or any holder of any mortgage encumbering a Unit (except as may be required under the terms of any mortgage encumbering any Unsold Unit), (i) to change the use of Commercial Unit #2 to Residential and/or Commercial and/or change the use of Commercial Unit #3 to Residential, or to change the use of Commercial Unit #1 in the cellar to permit off-street parking, (ii) to change the layout of, the number of rooms in the Unsold Units, (iii) to change the size and/or number of the Unsold Units, including the creation of duplex and/or triplex Units, by dividing one or more such Unsold Units into two or more separate Unsold Units or by combining separate Unsold Units (including those resulting from such subdivision or otherwise) into one or more Unsold Units, (iv) to alter or modify the boundary walls between one or more Unsold Units, to incorporate any Limited Common Elements for any Unsold Unit into an Unsold Unit or to convert part of an Unsold Unit or the Limited Common Elements for an Unsold Unit into the Common Elements (including the Residential Common Elements) or to convert part of an Unsold Unit into a Limited Common Element for an Unsold Unit, and (v) to reapportion the Common Interests, among such Unsold Units affected by any such change. However, Sponsor may not change the size or location of Unsold Units, Common Elements or the Limited Common Elements, if such changes would increase the percentage of Common Interests or materially adversely affect the value of any Unit to which title has closed, or for which a Purchase Agreement has been executed and is in effect, unless all affected Unit Owners consent in writing to such change and each affected Purchaser is given the right to rescind their Purchase Agreement and to receive a refund of their down payment.

See Section titled "Rights and Obligations of the Sponsor" in Part I for further details.

14. Special Provisions to the Extent Commercial Unit #3 is Converted to Residential Units. As a part of the conversion of Commercial Unit #3 to one or more Residential Units, the Owner of such Unit, at its sole cost and expense, to the extent constructed for such Unit, may eliminate and remove, as a part of such Unit, the separate entrance, lobby and elevator servicing such Unit. To the extent same is eliminated such entrance, lobby and/or the space where the elevator was removed would become part of the Common Elements or Residential Common Elements. Except if Commercial Unit #3 is owned by the Sponsor or its Designee, the plans and specifications for any such removal of such entrance, lobby and/or elevator shall be subject to the approval of the Board of Managers, such approval to not be unreasonably withheld or delayed. To the extent the Common Elements or the Residential Common Elements are revised as a result of the conversion of Commercial Unit #3, the Floor Plans for the Declaration shall be revised to reflect such change.

Elevator access to Commercial Unit #3 is provided by the separate elevator which is a Limited Common Element for such Unit ("Unit #3 Elevator"). Such elevator will service only the first and second floors. The passenger elevator for the Residential Units can be programmed to also stop on the 2nd floor. If the elevator located in Commercial Unit #3 is

eliminated, as part of the conversion of Commercial Unit #3, then the existing passenger elevators would be programmed to allow them to open onto the second floor.

See Section entitled "Rights of the Commercial Unit Owners".

15. No Bond or Security to Secure Sponsor Obligations: No bond to secure payment of Common Charges will be provided by the Sponsor. No bond or other security has been posted by Sponsor to secure its obligation to pay the Common Charges, special assessments and real estate taxes with respect Unsold Units from and after Sponsor's acquisition of same. Sponsor represents that it has the financial resources to meet such obligations with respect to Unsold Units.

See Section titled "Rights and Obligations of Sponsor" in Part I.

16. Reserve for Contingencies. The reserve for contingencies provided for in the projected budget for the first year of Condominium operation (See footnote 16 to the Budget for the First Year of Operation in Schedule B in Part I) is intended to provide a fund for unanticipated expenses not included in the budget and for increases in operating expenses above the amounts projected. The reserve for contingencies (as set forth in the projected budget for first year of Condominium operation) is not intended and may not be sufficient to meet the cost of any unbudget operating expenses which may be required. If funds are required to meet such costs, it may be necessary to increase Common Charges or institute a special assessment. There are no limitations as to how the Working Capital Fund may be employed during any period, including the period that the Sponsor controls the Board of Managers (See Section entitled "Control By Sponsor").

See footnote 16 to Schedule B in Part I for further details.

17. Real Estate Tax Projections. Schedule A in Part I contains projections as to monthly costs for real estate taxes for the first year of operation (calendar year 2007). The completion of the Residential Units will probably not be reflected in the assessed value for the Property or the Units until the second half of the first year of operation. The status of the renovation of the Property on January 5 of any one year is the basis for the assessment for the fiscal year beginning that July 1. As of January 5, 2006, it is estimated that the Sponsor will not have received temporary certificates of occupancy for any of the Residential Units. As of January 5, 2007 it is estimated by the Sponsor that it will have substantially completed all 27 Residential Units. To the extent completed, the increase in assessed value for these 27 Residential Units may be reflected on the 2007/2008 assessment roll. In such case, the increase in assessed value for the Residential Units would probably be only reflected in the second half of the first year of operation.

The real estate tax estimates for each Unit were calculated on the assumption that the real estate taxes for the portion of the Building payable with respect to each Unit for the first year of Condominium operation will be allocated in proportion to each Unit's percentage interest in the Common Elements as set forth on Schedule A. Upon determination of individual tax lots and individual Unit assessments, the New York City tax authorities may

determine taxes for each Unit based upon each Unit's implied fair market value as determined by the New York City tax authorities pursuant to said tax authorities' policies and practices for the assessment of a mixed use property, rather than based upon each Unit's percentage interest in the Common Elements, and, if so, Units having the same or similar percentage interest may pay different real estate taxes and taxes may differ from those set forth on Schedule A.

The Sponsor and its counsel does not guarantee or represent and warrant: (i) the actual amount of the assessed value for the Units upon completion of the renovation; (ii) the extent and amount by which the assessed value of a Unit will be increased in the future; (iii) the allocation of the assessed value for the Property between the Commercial Units and the Residential Units; (iv) the amount of the tax rate and whether or not the tax rate will be increased in the future; and (v) that the tax assessor will allocate individual Unit assessments on the basis of each Unit's percentage interest in the Common Elements or the method of assessment utilized to determine such individual Unit assessments. If a higher assessment is levied, the tax assessor allocates the assessed value of the Property among the Units other than on the basis of their Common Elements, the tax assessor uses a different allocation for dividing the assessed value for the Property between the Residential and Commercial Units, the tax rates are increased above those utilized in the projections in Schedule A, or the tax assessor's formula for the assessment of individual Units is changed, a Unit Owner's real estate taxes may be greater than or less than the amounts shown on Schedule A. As a result of the uncertainty of the many factors determining the amount of the real estate taxes for the Units, the Sponsor does not guaranty the accuracy of the real estate tax projections contained in Schedule A.

See footnote number 7 in Schedule A and the "Counsel's Opinion Letter as to "Estimate of Real Estate Taxes and Assessments for the Property and the Units" in Part I for further details.

18. Lot Line Windows. If the building adjacent to the Condominium located on the east and west sides of the Building is altered in height at some future date, or if a new Building is erected on the site of such adjacent building, then the view from the windows on the 5th and 6th floor of the east of west side of the Building will be blocked or diminished. Lot Line Windows are not used for legal light or air.

See the Description of the Property and Building Conditions in Part II for further details.

19. Repair of Damage from a Casualty, Risk of Loss as to an Interim Residential Lease. The Sponsor is not obligated to repair any damage from a casualty or other cause that occurs before the Closing of a Purchaser's Unit.

If the Sponsor enters in an interim lease with a Purchaser of a Residential Unit during the pendency of their Purchase Agreement for a Unit, such Purchaser shall assume the risk of loss to the Residential Unit in the event of a fire or other casualty, unless the cause of such loss originated outside of their Unit and did not result from the acts of the Purchaser or other

occupants of the Residential Unit or Purchaser's guests, invitees or workmen. If a Purchaser is obligated to repair the damage in accordance with the foregoing, then their failure to repair the same shall not excuse them from paying the balance due under the Purchase Agreement and accepting title to their Unit.

Any such Purchaser of a Residential or Commercial Unit should consult with an attorney and/or insurance agent as to their insurance needs.

See Section titled "Procedure to Purchase" in Part I of the Plan for further details and the Purchase Agreement in Part II of the Plan.

20. Lead Based Paint. The Building was constructed prior to 1978 and therefore, either the Building or the Units may contain lead-based paint and lead-based paint hazards in the Units or in the Building. A prospective Purchaser may undertake their own separate and independent risk assessment or inspection for possible lead-based paint hazards prior to their becoming obligated under a Purchase Agreement to purchase a Unit. Although a prospective Purchaser may undertake such lead-based assessment to determine whether or not such Purchaser wants to purchase a Unit, a Purchaser of a Unit shall assume the risk of any lead base paint located in their Unit and any hazards resulting therefrom.

See Section titled "Procedure to Purchase" in Part I for further details and Lead Based Paint Inspection Agreement for Residential Units in Part II of the Plan.

21. Asbestos. An asbestos survey of the Property, consisting of 123 bulk samples of suspected asbestos containing materials, was completed on April 24, 2005 by ACS Environmental Services, Inc., a licensed asbestos consultant, a copy of which is set forth in Part II of the Plan. Samples were taken and analyzed on all floors, including the cellar and the roof. See the Asbestos Survey in Part II as to a more detailed description as to the areas of the Building where samples were taken and analyzed. The test results from such samples indicated that non-friable asbestos containing materials was found in the roof of the Building. The Sponsor's work will include the replacement of the roof where such non-friable asbestos containing materials were found. Such asbestos containing materials on the roof will be removed by a licensed asbestos abatement contractor prior to the commencement of the demolition work on the roof. Any such removal or encapsulation shall be undertaken in conformance with New York City Building Department requirements, including completing all required filings and obtaining all required disposal manifests.

Asbestos samples were not undertaken behind finished surfaces that were not visible or accessible at the time of this asbestos survey. No core drilling, probe penetrations or exploratory demolition was conducted to expose any non-specific asbestos containing materials encapsulated by or otherwise enclosed within constructed building materials. There is no guaranty that asbestos containing materials are not contained in other areas of the Building other than as indicated in the sample test results.

Any Purchaser of a Commercial Unit shall be purchasing their Unit subject to any asbestos, if any, contained in their Unit. It shall be the responsibility of the Purchaser of a

Commercial Unit Owner, at their sole cost and expense, to develop an operations and maintenance program and/or to remove and/or encapsulate any asbestos contained in their Unit, to the extent same is required, pursuant to the New York City Buildings Department requirements and regulations.

See Architect's Description of the Property and Building Conditions in Part II for further details.

22. Closing Costs. All legal costs, fees and expenses charged by the Purchaser's attorney shall be the sole responsibility of each Purchaser. In addition, Purchaser shall also be responsible for payment of the following fees to Sponsor's attorneys. Philip Brody, Esq., in connection with the closing of title to Purchaser's Unit: (i) the sum of $1,500 to reimburse Sponsor for its legal fees, (ii) if the Purchaser requests the Closing to occur other than at the offices of Philip Brody, Esq. or such other place as Sponsor may designate in its closing notice and Sponsor consents to such change, an attendance fee of $500 for each Closing held within Manhattan and $700 for each Closing held in any borough outside Manhattan, (iii) if the closing for a Residential Unit is adjourned through no fault of Sponsor, an additional fee of $500 for each such adjournment to help defray the cost of preparing for and coordinating the new closing; and (iv) if Sponsor, in its sole discretion, consents to a Purchaser's request for an assignment of the Purchase Agreement for a Residential Unit, or for the addition, deletion or substitution of names on the Purchase Agreement, a fee of $500 payable in advance for preparation of an assignment agreement. Pursuant to the Plan, one of Purchaser's closing costs shall be the payment to First American Title Insurance Company (the "Title Company"), the cost of fee title insurance, which Sponsor shall order on Purchaser's behalf from the Title Company, unless otherwise directed by Purchaser, provided Purchaser elects to obtain title insurance. The Purchaser may elect, at its option, to obtain title insurance or a title report from another title insurance company or abstract company. Also, if a Purchaser, at their election and expense, obtains title insurance from any other title insurance company licensed to do business in New York, other than the First American, no exception to title raised by any such other title insurance company shall give the Purchaser the right to cancel their Purchaser Agreement, if the Title Company will issue a policy to Purchaser insuring title without such exception.

See Sections titled "Unit Closing Costs & Adjustments" and "Closing of Title to Units" in Part I for further details.

23. Declaring the Plan Effective. Pursuant to existing law and regulations, the Sponsor may declare the Plan effective by selling a minimum of fifteen percent (15%) or 5 of the Residential and/or Commercial Units offered for sale. Even if the Plan is declared effective, based on 5 Purchase Agreements, it is possible that the Sponsor may be able to convert the Building with fewer than the minimum number of sales, if Purchasers counted towards effectiveness do not ultimately purchase a Unit.

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 before the lender will

consider making a loan. Thus it may be possible for a Purchaser to experience difficulty obtaining a loan in a Building where the percentage of Units purchased is lower than a lender's particular sales minimum. Even once a Building undergoes conversion, lenders may still impose minimum sales requirements before granting a loan. It then may be difficult for a Purchaser to resell their Unit if prospective buyers are unable to obtain a loan due to such minimum sales requirements.

See Section titled "Effective Date" in Part I for further details.

24. Adjustments. At the First Unit Closing, the Sponsor and the Board of Managers will adjust various items of income and expenses in accordance with the period that each owns or operates the Property. If the net adjustments are in favor of the Sponsor, such amount may be paid, at the option of the Board of Managers in twelve (12) equal consecutive monthly installments thereon commencing on the first day of the second month subsequent to the First Unit Closing, with interest at ten (10%) percent per year, pursuant to a promissory note to be executed by the Board of Managers and delivered to Sponsor at the First Unit Closing. Although these installments are not directly included in the budget set forth in Schedule B of Part I of the Offering Plan, payment of the note (but not the interest thereon) represents, in effect, payment of expenses reflected in estimated First Year's Operating Budget, included in Part I of the Offering Plan. The payment of such interest on such note may require an increase in Common Charges a special assessment or the utilization of the Working Capital, since such payment is not reflected in the estimated First Year's Operating Budget in Schedule B in Part I of the Offering Plan.

See Section titled "Working Capital Fund and Adjustments", in Part I.

25. Fire Insurance. The fire insurance policy for the Property for the first year of Condominium operation, as set forth in footnote 11 to Schedule B in Part I, will contain a deductible in the amount of $2,500 per occurrence for property damage. The budget for the first year of Condominium operation does not include a contingency for any expenses not covered by insurance ($2,500 deductible for property damage). The cost of any such expenses not covered by insurance might have to be reimbursed through a special assessment of the Unit Owners, the utilization of the Reserve or Working Capital Funds, or an increase in Common Area Charges.

See footnote number 11 in Schedule B in Part I.

26. Working Capital Fund

There is no provision for a specific reserve fund for the Condominium for the purpose of paying the cost of future capital repairs, replacements or improvements to the Property (except that each Purchaser of a Unit, at the closing for their Unit, shall pay into the Working Capital Fund of the Condominium a sum of equal to two (2) months Common Charges for such Unit). Therefore, Unit Owners shall be obligated to pay their share of the cost of repair, replacements and improvements to the Common Elements and/or unbudgeted operating expenses as the need for the same arises, unless there is sufficient Working Capital or other

funds available.

The Working Capital fund may be used to fund unbudgeted operating expenses and/or capital improvements and/or repairs to the Common Elements of the Building. No representation is made that the Working Capital Fund will be sufficient to accomplish the purposes set forth above, or other purposes as determined by the Board of Managers in its discretion. If additional funds are required, it may be necessary to increase the Common Charges, impose a special assessment against all Unit Owners and/or to obtain a loan to cover such expenses.

The Working Capital Fund may not be used to reduce Common Charges or to defray increases in Common Charges.

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

See Section titled "Working Capital Fund and Adjustments" in Part I for further details.

27. Upgrades and Extras for Residential Units

The Sponsor is not required to perform any special or custom work. However, in the event the Sponsor agrees in writing to perform any special work, extras or upgrades, payment made for such special work, upgrades or extras ordered by a Purchaser, if any, must initially be placed in the escrow account held by the Sponsor's attorney. However, Purchasers should note as a special risk that such funds may be released from the escrow account by the escrow agent, prior to the Closing, as long as the Sponsor uses the funds for such upgrades or extras. As a result, in the event a Residential Purchaser is entitled to rescission of their Purchase Agreement, or if a Purchaser Agreement is terminated for any reason, the Purchaser will not receive a refund of any funds used for upgrades or extras requested by a Purchaser. See Section entitled "Procedure to Purchase" in Part I of the Plan for further details.

28. Power of Attorney

Each of the Unit Owner will be required to execute at the closing a power of attorney in favor of the Board of Managers. Under this power of attorney a Unit Owner shall appoint the Board of Managers as their true and lawful attorney in fact, coupled with an interest, with power of substitution: (1) to acquire on behalf of all Owners of the Units in the Condominium: (a) any Unit and their appurtenant interest in the Common Elements upon which the Board of Managers exercises its right of first refusal to purchase a Residential Unit, pursuant to the Bylaw; (b) any Unit and their appurtenant interest in Common Elements, which shall be the subject of a foreclosure or other judicial sale or whose Owner desires to abandon or surrender same; and (c) any Unit in which an Owner desires to transfer or sell the same to the Board of Managers at a price deemed appropriate by the Board of Managers, together with their undivided interest in the Common Elements appurtenant thereto (2) to

lease any Unit whose Owner desires to rent same to the Board of Managers at such rental as the Board of Managers shall deem appropriate; and (3) to convey, sell, lease, mortgage, vote or otherwise deal with any such Unit so acquired by the Board of Managers, or to sublease any such Unit so leased by them, on such terms and conditions as Board of Manager may deem appropriate; and (4) to execute, acknowledge and deliver: (a) any declaration or other instrument which, subject to the terms, conditions and limitations of the Declaration and the By-Laws of the Condominium, the Board of Managers deems necessary, appropriate, or is required to be delivered pursuant to the Declaration or By-Laws, or 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 maintenance, demolition, construction, alteration, repair or restoration of the Common Elements and/or the Limited Common Elements; or (b) any consent, covenant, restriction, easement or declaration, or any amendment thereto, affecting the Common Elements and/or the Limited Common Elements which the Board of Managers deems necessary or appropriate; and (5) to create any easements or carry out the provisions of the Offering Plan; and (6) to act as an agent of each Unit Owner to complain or apply to the tax commission or board of assessment review of the assessing agency by filing a single complaint on behalf of all Unit Owners and to retain legal counsel for such purposes and to charge all Unit Owners, whose Units are subject to such proceedings, a pro-rata share of the legal fees and expenses incurred.

The foregoing provisions of this power of attorney shall not apply to any purchase, lease, or sale of any of the Units owed by the Sponsor or its Designee and shall further not apply if they adversely affect the rights granted to the Sponsor or its Designee pursuant to the Declaration or By-Laws. Such power of attorney shall also authorize and empower the Sponsor to amend the Declaration and the Bylaws to extent permitted under the Declaration and Bylaws.

See Section titled "Procedures to Purchase" in Part I of the Plan and the form of the Power of Attorney to be executed at the Closing in Part II of the Plan.

29. Utility Costs

Purchasers are advised that utility costs may increase dramatically during certain periods and there is no guaranty that the utility costs will be as estimated in the Plan given the current energy situation. Please refer to "Schedule B – Projected Budget for First Year Of Condominium Operation" in Part I and the Architect's Description of Property and/or Building Conditions in Part II of the Plan for further details.

30. Right of First Refusal

The sale or lease of any Unit (both Residential and Commercial Units) by the Sponsor or its Designee and/or the sale or lease of any Commercial Unit is not subject to a right of first refusal by the Board of Managers. The sale of a Residential Unit shall be subject to Board of Manager's right of first refusal to purchase such Residential Unit. The lease of any Residential Unit, however, will not be subject to any right of first refusal by the Board of

Managers. The Board of Manager's right of first refusal, as to the sale of a Residential Unit, shall not apply as to the following: i) the sale of any Residential Unit owned by the Sponsor and/or its Designee; ii) the sale of any Commercial Unit which is converted to a Residential Unit; iii) the sale, of a Residential Unit, by a Unit Owner to his or her spouse, children, grandchildren, parents, siblings (hereinafter such relatives of a Unit Owner are individually referred to as an "immediate family member" or collectively as "immediate family members") or any one or more of them or to a trust for the benefit of one or more immediate family members iv) the sale of a Residential Unit by a Unit owner to an entity in which the transferring Unit owner or immediate family member of the transferring Unit owner owns more than 50% of the economic interest or voting control of such entity, v) the sale of a Residential Unit, which is owned by a tenancy-in-common, to one or more of the other a tenant-in-common owners, vi) the acquisition or transfer of a Residential holder of a mortgage, or its designee or assigns, who acquired title to a Residential Unit by foreclosure or deed in lieu of foreclosure, and viii) sale of a Residential Unit by a mortgagee or an entity owned or controlled by such mortgagee, who acquired title to the Residential Unit by foreclosure or deed in lieu of foreclosure.

Also, any Unit Owner shall be free to convey or transfer his or her Unit by gift, or to devise his or her Unit by will, or to pass the same by intestacy, without restriction, provided however that each succeeding Residential Unit Owner shall be subject to the above restrictions on the sale of Residential Units.

Please see the section of the Plan entitled "Rights and Obligations of Unit Owners in Part I for further details.

31. Window Guards

Each Residential Unit Owner must notify the Managing Agent in writing when a child or children under the age of eleven (11) years lives or resides (even temporarily) in a Residential Unit. Each Residential Unit Owner shall install at such Residential Unit Owner's expense the required window guards in all windows of the Unit. The Residential Unit Owner must maintain all window guards installed in the Unit and shall not remove same until permitted by applicable law and in any event, without full knowledge and consent of the Managing Agent.

32. Construction Defects

Except as otherwise stated in the Plan, the Sponsor shall not be obligated to correct, repair or replace any and all defects relating to the construction of the Units or the Common Elements (including the Residential Common Elements) or in the installation or operation of any appliances, fixtures or equipment therein. The Housing Merchant Implied Warranty Law (GBL Article 36-B) is not applicable to this offering because such law is applicable to buildings of five (5) stories or less. Sponsor's obligation, regardless of any limitations in this paragraph, cannot be less than the duty to construct or renovate the Property in accordance with all applicable codes, filed plans and specifications, and any conflict between the disclaimers and the Sponsor's obligation to construct or renovate the Property in

accordance with all applicable codes and filed plans and specifications shall be resolved in favor of the latter.

33. Electric Heaters in Commercial Units #2 and #3

Commercial Units #1, #2, and #3 each have their own existing electric water heaters located within their Units. The Architect in the Description of the Property in Part II of the Plan stated that such electric water heaters are at the end of their useful life and they should be replaced in the near future. The Architect also indicated there is no evidence of any water leak from such water heaters.

34. Sponsor Not Liable for any Loss or Damage from the Failure of the Condominium's Security System

While Units are being offered for sale or lease by the Sponsor or its Designee there will be a greater number of visitors to the Property than would otherwise be the case. No representation or warranty is made and no assurance is given as to when such selling or leasing activity will terminate. Neither Sponsor or Sponsor's Designee nor the Managing Agent shall be liable or responsible for any personal injury or for any loss or damage to personal property which may result from the failure of the Condominium's security systems and procedures, including, without limitation, those procedures with regard to any delivery of packages, provided that any such failure is not caused by the negligence of Sponsor or its designees, the Managing Agent or their respective agents.

35. Square Footage for the Units

All dimensions shown on the Floor Plans are approximate and subject to square footage and construction variation, including alterations necessitated by structural changes performed during renovations. The area measurements of the Units are not based upon measurement from interior surfaces of interior walls and the actual floor area comprising the Unit is less than the area listed in Schedule A. The interior gross square footages for the Units are set forth in the Floor Plans in Part II of the Plan. Purchasers are advised that the differences between the square feet for each of the Units listed in Schedule A in Part I of the Plan and the actual useable or gross interior square feet for each such Unit may be significant and prospective Residential Purchasers should review carefully the dimensions for each of the rooms in the Residential Unit they are interested in purchasing.

36. Lack of Section 528 Exemption

In the income tax opinion by Schechter & Brucker, P.C. in Part I of the Plan, Schechter & Brucker indicated the Condominium would probably not be eligible to make an election to be treated as an organization exempt from Federal income taxes under Section 528 of the Internal Revenue Code. In order to qualify for a Section 528 exemption substantially all the Units (i.e., at least 85% of the total square footage of all Units) must be used as residences. Based on Schedule A set forth in Part I of the Plan, approximately 36.239% of the Units are Commercial Units. This could change if Commercial Units #2 and/or #3 were

converted to Residential Units or such portion of both Units were converted as necessary to obtain such exemption under Section 528. Even though a condominium may at some future date satisfy the requirements of Section 528 and elect to be exempt from Federal income taxes on exempt function income, it would still be taxable at a 30% flat rate on the amount, subject to a $100 specific deduction, by which its non-exempt function income exceeds the amount of allowable deductions which are directly connected with the production of such income. Among other things, income derived from the interim investment of assessments collected would be includable in the amount of income subject to taxation. If, in any tax year, the Condominium does not qualify to elect to be exempt from Federal income taxes on Common Charges pursuant to Section 528 of the Code or otherwise, but elects to be taxed as a corporation, the Condominium may be subject to the regular Federal corporate income tax on its taxable income. If no election to be taxed as a corporation is filed, the Condominium will be treated as an aggregation of Unit Owners and each Unit Owner may be directly taxable on his or her proportionate share of Condominium income (excluding Common Charges) less Condominium expenses (excluding Common Expenses). The Sponsor does not anticipate (although does not guarantee) that for the foreseeable future, the Condominium will not have significant income (e.g., interest income from the Working Capital Fund) to which the Unit Owners will be subject to paying taxes.

INTRODUCTION

General.

Sagamore 54th St. Investments, LLC, a Delaware limited liability company, and HF Sponsor Corp., a Delaware corporation, (each a "Sponsor") herewith presents this Offering Plan (the "Plan") for the condominium ownership of the land and Building owned by the Sponsor (collectively the "Property") at 421 East 54th Street, New York, New York to be known as "The Hit Factory® Condominium" (the "Condominium"), consisting of three (3) Commercial Units and 27 Residential Units. Each of the Residential Units shall have the exclusive use of a Storage Unit, as a Residential Limited Common Element.

Sagamore 54th Street Investments, LLC ("Sagamore") acquired fee title to the Property on January 14, 2005. On or prior to the First Unit Closing, after the Declaration and Bylaws are recorded, pursuant to a Contract of Sale between Sagamore and HF Sponsor Corp. ("HF"), Sagamore shall transfer Commercial Unit #1 and all of the twenty-seven (27) Residential Units to HF. Sagamore shall retain ownership of Commercial Units #2 and #3. All of the Units owned by Sagamore and HF shall constitute Unsold Units under the Plan. The obligations of the Sponsor under the Plan, including, but not limited to, the representations, warranties, disclosures and agreements under the Plan relating to Commercial Units #2 and #3, shall be the sole responsibility of Sagamore and HF shall not be responsible for same. The obligations of the Sponsor under the Plan, including, but not limited to, the representations, warranties, disclosures and agreements under the Plan relating to Commercial Unit #1 and all of the twenty-seven (27) Residential Units, shall be the sole responsibility of HF and Sagamore shall not be responsible for same. Reference in the Plan to Sponsor shall mean Sagamore as it relates to Commercial Units #2 and #3 and shall mean HF as it relates to Commercial Unit #1 and all of the twenty-seven (27) Residential Units.

The principals of Sagamore and HF are the same. The Managing Member of Sagamore is Charles M. Dubroff and the President and sole director of HF is also Charles M. Dubroff. The beneficial ownership interests of each of Sagamore and HF are substantially the same. See Identity of Parties in Part I of the Plan.

The purpose of this Plan is to set forth in detail all material facts relating to the Offering by the Sponsor of one (1) Commercial Unit (Commercial Unit #3), located on the entire 2nd floor (other than the Common or Limited Common Elements on such floor) and twenty-seven (27) Residential Units located on the 3rd through the 6th floors (including the penthouse floor). The entire premises in Commercial Unit #3 is leased to MTI Enterprises, Inc. d/b/a Music Theatre International ('MTI"). The 3rd through the 6th floor (including the penthouse floor) are currently vacant. The 6th floor, with a ceiling height up to approximately 26 feet, will contain 6 duplex penthouse units and will be subdivided into two (2) separate connected floors in order to create such duplex penthouse units.

The Sponsor is retaining and is not offering for sale Commercial Unit #1 located in the cellar and Commercial Unit #2 located on part of the 1st floor and the cellar. The entire premises for Commercial Unit #2 is leased to Gibson Guitar Corp. Gibson Guitar Corp. does

not have any further option to renew or right to purchase such space leased to Gibson Guitar Corp., pursuant to the terms of their lease.

The Sponsor has filed an application with the City Planning Commission to obtain a special use permit so that an accessory off-street parking facility for automobiles could be located in the cellar Commercial Unit #1. The Property is located in the Special Clinton District Preservation Area and pursuant to the Zoning Resolution for the City of New York, accessory off-street parking is only permitted in such special district except upon issuance of such special permit. If such special permit is granted, the Sponsor plans to convert Commercial Unit #1 in the cellar into ten (10) Parking Units and then the Sponsor may, at its sole option, sell or rent all of the Parking Units to Purchasers of Residential and/or Commercial Units or Residential or Commercial Unit Owners for parking space use, on terms to be determined solely by the Sponsor. If the Sponsor decides to offer Parking Units for sale, the Plan will be amended to set forth the terms and conditions of such offer. It is anticipated that one of the Parking Units would probably have to be for handicapped use only. The percentage interest in the Common Elements for Commercial Unit #1 would then be reallocated amongst each of such Parking Units. The Declaration would also be amended to reflect the parking use for Commercial Unit #1 and the reallocation of the percentage interests in the Common Elements for Commercial Unit #1 to each of the Parking Units. The Sponsor does not make any representation or warranty as to its ability to obtain such special permit for an accessory off-street facility in the cellar Commercial Unit #1. If the special permit is not granted, then the Sponsor would be entitled to use Commercial Unit #1 for any lawful purpose, including commercial and/or storage.

The Sponsor, pursuant to the terms of this Offering is offering Units 4 to 30 (all of which are currently vacant) for sale as Residential Units. The Sponsor plans to convert and renovate floors 3-6 (including the penthouse floor) of the Building into 27 Residential Units. Floors 3-5 shall each contain seven (7) Residential Units, consisting of four 1 bedroom and three 2 bedroom units. The Duplex Penthouse Units will contain two 2-bedroom units and four 3-bedroom units. Each of the Duplex Penthouse Units will also contain its own separate terrace as a Residential Limited Common Element.

The Sponsor is offering, pursuant to the terms of this Offering Plan, MTI, as the tenant of Commercial Unit #3, the exclusive right for a period of twenty (20) days from the Presentation Date (defined below) of this Plan to purchase Commercial Unit #3, which is currently leased to MTI. If such exclusive period ends on a weekend or national holiday such end date shall be extended to the next business day. The term "Presentation Date" means the date of delivery of the Offering Plan, after it is accepted, for filing, which Offering Plan shall be deemed delivered to MTI on the date it is personally delivered, three days following the mailing of the Offering Plan by certified mail return receipt requested or one business day following the sending of the Offering Plan by overnight express delivery service. During such exclusive period the Sponsor shall not accept a Purchase Agreement for Commercial Unit #3 other than from MTI. MTI will not have the exclusive right to purchase any Unit other than the Commercial Unit which is leased to MTI. In order to take advantage of such exclusive period, MTI must submit a signed Purchase Agreement and a deposit equal to six hundred and fifty thousand dollars ($650,000) to the Selling Agent on or prior to the end of such exclusive

period. The purchase price, upon which this exclusive option may be exercised by MTI, is $6,500,000. If MTI offers less than $6,500,000 as the purchase price and/or $650,000 as the deposit, the Sponsor shall not be obligated to accept such Purchase Agreement from MTI. MTI may assign the Purchase Agreement, without the consent of the Sponsor, to an MTI Entity (an entity in which at least 50% of its beneficial ownership interest therein is owned directly or indirectly by Freddie Gershon and/or Cameron Mackintosh), provided the Sponsor receives written notice of such assignment and the assignee assumed all of the obligations of the Purchaser under such Purchase Agreement. Also, the Sponsor will not be obligated to accept the Purchase Agreement for Commercial Unit #3 from MTI if MTI is in arrears in rent and/or additional rent or is otherwise in material breach of any its non-monetary obligations under its lease. The Sponsor reserves the right, in its sole discretion, to extend such offering period for Commercial Unit #3 upon filing an amendment to the Offering Plan to disclose any such extension.

If MTI does not timely exercise its option to purchase Commercial Unit #3 or fails to close pursuant to its Purchase Agreement, then Commercial Unit #3 shall no longer be offered for sale by the Sponsor unless and until the Sponsor files an amendment to the Plan to reoffer such Unit for sale.

If MTI does not enter into a Purchase Agreement during the exclusive period, for their Unit or fail to close, pursuant to such Purchase Agreement, then, subject to the above provisions as to the withdrawal of Sponsor's offer to sell Commercial Unit #3 until it amends the Plan to reoffer such Unit for sale, the Sponsor reserves the right to sell such Commercial Unit #3, subject to the existing lease with MTI, to lease such space to another commercial tenant when it becomes vacant, or to convert such Commercial Unit to one or more Residential Units upon the expiration or termination date of such commercial lease. In the case of the conversion of such Commercial Unit #3 to one or more Residential Units, such Residential Unit(s) will only be sold to a purchaser of any such Unit after the Sponsor obtains the vacancy of such Unit. The Sponsor will amend the Offering Plan, including Schedule A, prior to its offering of any such Unit for sale as a Residential Unit.

If Commercial Unit #3 is being acquired by MTI or an MTI Entity, it shall be a condition of the Closing that all rent and/or other charges due and owing under their lease shall be paid in full on the Closing Date. Also if Commercial Unit #3 is being acquired by MTI or any MTI Entity, then if MTI shall fail to pay when due the rent and other charges due and owing under their lease for a period of ten (10) days after receipt of written notice from the Sponsor, such failure shall constitute a default under the Purchase Agreement.

As part of the exclusive offer for Commercial Unit #3, MTI shall agree that to the extent that MTI or an MTI entity on the Closing Date is in default under its Purchase Agreement beyond any applicable grace or cure period (provided the Sponsor is not in default under such Purchase Agreement), then such default shall also constitute a default under the MTI Lease, which would entitle the Sponsor, as landlord, to terminate the MTI Lease.

Any such sale of a Commercial Unit will be for commercial use only. The sale of Commercial Unit #3 shall be made subject to the office use set forth in the existing Certificate

of Occupancy for the Property. MTI or the MTI Entity shall be entitled to use Commercial Unit #3 for any legal uses, subject to restrictions set forth in the Declaration and Bylaws, including the conversion of such Commercial Unit to one or more Residential Units not to exceed 8 Residential Units, unless otherwise approved by the Board of Managers. In such case, MTI would be responsible to amend the Certificate of Occupancy to change the use for such Unit to residential. Such requirement for approval by the Board of Managers, to the extent Commercial Unit #3 is converted to more than 8 Residential Units, shall not apply to the Sponsor or its Designee.

The Sponsor may, at its sole option, after the expiration of the exclusive period, amend the Plan to offer for sale one or more Residential Units, if MTI does not exercise its option to purchase Commercial Unit #3 during its exclusive period. As part of any such amendment, Schedule A in Part I of the Plan shall be revised accordingly to designate such Unit as one or more Residential Units. If MTI or an MTI Entity enters into a Purchase Agreement with the Sponsor during the exclusive period and fails to close on their Unit, as a result of the termination of such Purchase Agreement, due to MTI's default thereunder or otherwise, then the Sponsor, at its sole option, shall also have the right to amend the Offering Plan in order to offer such Unit for sale as one or more Residential Units.

As to Commercial Unit #2, which is not currently offered for sale, the Sponsor also reserves the right to amend the Plan to either offer Commercial Unit #2 for sale as a Commercial Unit or as one or more Residential Units.

Any conversion or change in designation for a Unit from commercial to residential shall be subject to the terms of any such commercial lease for any such Unit and will only be converted by the Sponsor to one or more Residential Units after the Sponsor obtains the vacancy of any such Unit.

Subject to the offer to sell to MTI Commercial Unit #3, during the exclusive period, as provided above, the Sponsor reserves the right to lease rather than sell any such Commercial Unit and to amend or extend any existing commercial lease and/or enter into a new commercial lease for any such Commercial Unit upon obtaining the vacancy for all or a part of any such Commercial Unit.

The Common Interest as to any Unit, which is converted from a Commercial to a Residential Unit, shall remain the same unless all affected Unit Owners consent in writing to such change and each affected Purchaser is given the right to rescind their Purchase Agreement and receive a refund of their down payment. As to a Commercial Unit which is converted into two or more Units, in no event shall the aggregate amount of the Common Interests resulting from any such subdivision of a Commercial Unit into two or more Units be greater than or less than the amount of the Common Interest currently allocated to such Commercial Unit.

If MTI timely exercises its option to purchase Commercial Unit #3, then the Sponsor will complete the work for Commercial Unit #3 set forth in the Architect's Description of the Property in Part II of the Plan or as such may be otherwise agreed in writing, if any, by the

Sponsor and MTI, including, but not limited to, the construction of a separate entrance, lobby and elevator for the exclusive use of Commercial Unit #3 ("MTI Work"). Except in connection with the exclusive offer to MTI, as provided above, any purchase of a Commercial Unit shall be on an "as is" "where is" basis, including but not limited to the physical and environmental condition of any such Unit, without any obligation to complete any work in such Units. Under the terms of such lease amendment with MTI, the Sponsor is obligated, at its cost and expense, to construct a separate entrance and lobby for MTI and to install the elevator for MTI's exclusive use. The Purchaser of any such Unit shall also be purchasing their Unit subject to any and all violations which specifically relates to their Unit, if any, except as to violations as to Commercial Unit #3, arising out of or relating to the MTI Work or created by the Sponsor or any contractor engaged by the Sponsor. (See Architect's Description of the Property and Building Conditions ("Description of the Property") in Part II of the Plan). The deed for any such Commercial Unit shall indicate that it is being sold for commercial use in accordance with commercial uses permitted by the Bylaws, the Declaration and applicable law. The existing certificate of occupancy will not be amended in the connection with the sale of a Commercial Unit.

Each of the initial 27 Residential Units will be allocated a separate Storage Unit, located in the cellar. Each of the initial Residential Unit Owners will have the exclusive right to use the Storage Unit allocated for their Unit as a Residential Limited Common Element. The Storage Units vary in size, generally ranging from approximately 30 to 58 gross square feet. See attached Floor Plans in Part II of the Plan for the location and size of the specific Storage Unit allocated to each of the Residential Units.

The Sponsor intends to offer all Residential Units for sale and to use commercially reasonable efforts to effect such sales. However, in the event, the Sponsor is unable to sell Residential Units at the prices set forth in Schedule A, as the same may be amended, then the Sponsor reserves the right to lease such Residential Units on such terms as Sponsor shall in its sole discretion from time to time elect. Because the Sponsor is not limiting the conditions under which it will rent rather than sell Units, there is no commitment to sell more Units than the 15 percent necessary to declare the Plan effective and owner-occupants may never gain effective control and management of the Condominium. Sponsor's good faith efforts to sell to Purchasers will include listing vacant Unsold Residential Units with brokers, showing Unsold Residential Units to brokers and prospective Purchasers or their representatives, filing update amendments to the Plan and otherwise engaging in customary sales activities. If the Sponsor makes a bulk sale of some or all of the Unsold Residential Units, the transferee or successor Sponsor shall be bound by Sponsor's foregoing commitment to sell Unsold Residential Units as they become vacant, subject to the reservation of right to rent, as aforementioned.

The Condominium is located on the north side of 54th Street between 9th and 10th Avenues in the Midtown West or Clinton neighborhood of Manhattan.

This Plan may be amended from time to time by the filing of an amendment with the New York State Department of Law. Any such amendment will be served on all Purchasers and Unit Owners as may be required by law. Prospective Purchasers should refer to Section

entitled "Definitions" in Part I of this Offering Plan for the definition of certain capitalized words and phrases used herein.

This Offering Plan is presented in two parts (in one volume), which together constitute the entire Offering Plan. Part I sets forth a general description of the Plan and includes legal opinions as to certain tax matters discussed in the Offering Plan and Part II contains the basic documents necessary to create the Condominium and to otherwise effectuate the provisions of the Offering Plan. Part II includes a detailed physical description of the Property (including finish work for the Residential Units), certain certifications of Sponsor's architect and certifications of experts selected by the Sponsor concerning the adequacy of the budget for the first year of Condominium operation. In addition, Sponsor has filed exhibits to the Offering Plan with the Department of Law. The Offering Plan, including all Schedules set forth herein and the exhibits, constitutes the entire offering of the Sponsor. Copies of the Plan and the exhibits will be available for inspection by prospective Purchasers without charge at the office of the Sales Agent and the Plan may be purchased upon payment of one hundred ($100) dollar deposit, which amount will be fully refunded upon either (i) the prompt return of all materials in good condition or (ii) the execution by the Purchaser of a Purchase Agreement subsequently accepted by Sponsor. 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.

The Condominium will be organized pursuant to Article 9-B of the Real Property Law of the State of New York, as amended (the "New York State Condominium Act" or the "Condominium Act"), upon the recording of a Declaration of Condominium and related By-Laws in the office of the City Register of New York County. From and after the date of recording the Declaration the Sponsor will be the owner of the Units until each Unit is sold or conveyed. The Condominium will comply with all statutes and regulations applicable to Condominiums in the State of New York.

The Property consists of a 6 story Building with a cellar, which was initially constructed in approximately 1922. The Building is constructed of brick bearing walls with steel columns, beams and concrete slabs. The existing certificate of occupancy permits the following uses: locker room, storage, manager's office for the cellar, retail store for the first floor, recording studio for the 1st, 3rd and 6th floors and offices for the 2nd, 4th and 5th floors. The proposed residential conversion will constitute a change of use to a mixed use building and will necessitate the Sponsor's obtaining an amendment to certificate of occupancy for the Residential Units, after such work is completed. As part of such conversion, the 6th floor will be subdivided into two floors to create the Duplex Penthouse Units.

The following is a list of the existing commercial tenants in the Building:

TENANT	FLOOR	USE	LEASE EXPIRATION
Gibson Guitar Corp. ("Gibson")	Part of 1st floor and cellar	Executive, administrative and general and clerical offices	12/31/12
MTI Enterprises, Inc. d/b/a Music Theater International ("MTI")	Entire 2nd Floor	Executive, administrative and general and clerical offices and mini-recording studio	3/31/06; MTI has a renewal option until March 31, 2011 (as provided below)

MTI notified the Sponsor that it desired to exercise its renewal option. The fixed minimum annual rent for the renewal term shall be payable at a rate per annum equal to the greater of : (a) the rental value of the demised premises as of April 1, 2006 and (b) the fixed minimum annual rent payable, pursuant to the lease for the last twelve (12) months of the initial term. All additional rent that MTI is obligated to pay, pursuant to the lease, during the initial term, shall continue to be payable during the renewal term. At this time, the rent for the renewal term has not been agreed upon by MTI and the Sponsor in an amendment to the MTI lease. The lease further provides that in the event that, for any reason whatsoever, they are unable to agree upon such rent and memorialize their agreement in a written agreement prior to September 1, 2005, then the renewal notice shall for all purposes of the lease shall be deemed to have been revoked and to be of no force or effect whatsoever and there shall be no renewal term.

Subject to delays beyond the control of the Sponsor or Force Majeure conditions, the Sponsor anticipates that the first Residential Unit will be substantially completed and ready for occupancy in approximately December 2006. If either or both Commercial Units #2 and #3 are converted to Residential Units, such Units will be converted as such commercial tenants vacate their space after the expiration date of their respective leases (or sooner termination by agreement or otherwise). Because of the myriad of factors which could affect this renovation, it is impossible to accurately predict the exact completion date of any particular Residential Unit. In no event can a Residential Unit be occupied by Purchaser before either a temporary or permanent certificate of occupancy covering such Unit is issued.

All terms relating to the sale of a Unit are negotiable, including but not limited to the amount of the deposit, the time period for the Closing Date, the inclusion of a financing contingency, closing costs to be paid by a Purchaser and the condition of the Unit upon the closing. The inclusion of any of the above negotiable terms does not mean that the Sponsor will agree to negotiate with any prospective purchaser as to such matters, but is merely provided as an illustration of some of the possible negotiable terms, pertaining to the purchase of a Unit. 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 rights of rescission

under a Purchase Agreement. It shall be solely at the discretion of the Sponsor as to whether or not it desires to accept an offer to purchase a Unit from a particular prospective Purchaser.

Commercial Units #2 and #3 will have separate entrances from 54th Street to such Units. There will be a separate lobby for the Residential Units and lobby for Commercial Unit #3. Commercial Unit #3 will have its own elevator which services only Commercial Unit #3. Such elevator will operate only between the first and second floors. Commercial Unit #2 has a lobby area within its Unit. There will be a handicapped lift for Commercial Unit #2. The Building also contains two (2) passenger elevators in the Residential Lobby which will service only the Residential Units. One of such elevators will service the cellar to the 6th floor and the other elevator will service the cellar to the roof. There will also be a freight elevator in the Building, servicing the cellar and the first floor. Such freight elevator may be used by all of the Units. If the special use permit is granted, such freight elevator will be used as an automobile lift to provide access to the parking garage area in the cellar.

The Owner of a Residential Unit is sometimes referred to in this Plan as a "Unit Owner" or "Residential Unit Owner". The Owner of the Commercial Unit is sometimes referred to as a "Unit Owner" or "Commercial Unit Owner".

Features of Ownership.

The ownership of a condominium unit is similar in many respects to the ownership of a private home, office or other commercial space. Each Unit Owner owns fee title to their Unit and is entitled to the exclusive possession of such Unit and is privileged to mortgage it, or not, as the Unit Owner sees fit, and in such amount as the Unit Owner chooses. Each Unit Owner will not be subject to the lien of any mortgage placed on any other Unit owned by a different Unit Owner. Each Unit Owner will be responsible for the maintenance of their Unit and may decorate the interior thereof as the Unit Owner desires, subject to compliance with the Declaration, the By-Laws, the Rules and Regulations of the Condominium and other applicable laws. Each Unit will be taxed as a separate tax lot for real estate tax purposes, just as a private home or office, and as a result thereof will not be responsible for the payment of, nor will the Unit be subject to, any lien arising from the non-payment of taxes on other Units. Under present income tax laws, a Unit Owner who uses their Unit for personal residential or commercial purposes and itemizes income tax deductions may deduct from their income, for Federal, New York State and City income tax purposes, the real estate taxes assessed against their Unit and, if certain conditions are satisfied, the interest paid on mortgage indebtedness incurred to acquire their Unit (see Sections entitled "Real Estate Taxes, Income Tax Deductions to Unit Owners and Tax Status of the Condominium" and the "Counsel's Tax Opinion Letter" in Part I).

A Residential Unit Owner may only use their Residential Unit as a residence and any lawful home occupation consistent with applicable zoning ordinances and Building codes, subject to the provisions of the Condominium Declaration, By-Laws and Rules and Regulations promulgated thereunder, as amended from time to time. A Residential Unit Owner may sell their Unit subject to the right of first refusal of the Board of Managers. A Residential Unit Owner may lease their Unit without restriction, except no such lease shall be

for a period of less than 12 months. See Section titled "Rights and Obligations of Unit Owners" in Part I.

A Commercial Unit Owner may use their Unit for commercial or storage uses that are permitted in the Certificate of Occupancy for the Property. The commercial uses currently permitted under the existing Certificate of Occupancy for the Commercial Units consist of storage in the cellar, retail store for the first floor, offices for the second, fourth and fifth floors and recording studio for the first, third and sixth floors. Subject to the use restrictions contained in the Declaration, a Commercial Unit Owner can sell and/or lease their Unit without any limitations.

A Unit Owner will own in common with all other Unit Owners an undivided interest in all parts of the Condominium other than the Units (the "Common Elements"). A Unit Owner's percentage interest in the Common Elements is referred to as their "Common Interest." (See Schedule A in Part I and the Section titled "Rights and Obligations of Unit Owners" in Part I for the specific Common Interest allocated to each Unit.) The Residential Unit Owners will have the exclusive right to use the Residential Common Elements in common with all other Residential Unit Owners. A Residential Unit Owner's percentage interest in the Residential Common Elements is referred to as their Residential Common Interests (See Schedule A in Part I for the specific Residential Common Interest allocated to each Residential Unit). Although a Unit Owner will have the right to use the Common Elements in common with all other Unit Owners, and the Residential Unit Owners will have the right to use the Residential Common Elements in common with all other Residential Unit Owners, a Residential Unit Owner will have the exclusive right to use any Residential Limited Common Elements appurtenant to their Unit and a Commercial Unit Owner will have the exclusive right to use any Commercial Limited Common Elements appurtenant to their Unit. "Residential Limited Common Elements" or "Commercial Limited Common Elements" are Common Elements restricted for the exclusive use and enjoyment of the Unit Owner to whose Unit they are appurtenant. The Owners of the Duplex Penthouse Units will have exclusive right of access and use of the terraces on the penthouse floor appurtenant to their respective Units.

Certain costs, as set forth in Schedule B in Part I of the Plan, involved in operating and maintaining the Common Elements which serve or benefit all Units or Unit Owners will be shared by the Residential and the Commercial Unit Owners on a prorata basis in accordance with each Unit Owner's percentage interest in the Common Elements.

Certain costs as set forth in Schedule B in Part I of the Plan involve the operation and maintenance of the Residential Common Elements, which service or benefit all Residential Units or Residential Unit Owners, will be shared by all Residential Unit Owners on a pro rata basis in accordance with their respective Residential Common Interests.

The Board of Managers will be elected by a vote of Unit Owners and will supervise and manage the affairs of the Condominium as specified in the Declaration and By-Laws. The Board of Managers will assess against every Unit Owner, in proportion to their percentage interest in the Common Elements, charges for the cost of maintenance and

operation of the General Common Elements of the Condominium, herein referred to as "Common Charges" or "Common Charges", in accordance with the Declaration and By-Laws and the New York Condominium Act. As a part of such Common Charges, the Board of Managers will assess against each Residential Unit Owners, in proportion to their percentage interest in the Residential Common Elements, charges for the cost of maintenance and operation of the Residential Common Elements in accordance of the Declaration and Bylaws.

Electricity for each Residential Unit will be supplied by the Consolidated Edison Company ("Con Ed"). Electric consumption for each Residential Unit will be measured by a separate meter for each Residential Unit. Each Residential Unit Owner will directly pay Con Ed for the cost of electricity consumed in their Unit, as measured by their specific electric meter. Electric consumption to be paid by each Residential Unit shall include electricity used for lighting, the operation of appliances, and the heat pumps located in their respective Residential Units.

There will be separate electric meters to measure electric consumption for each of the Commercial Units. The Commercial Unit Owners, will also pay directly to Con Ed the cost of electricity consumed in their respective Commercial Units.

There will be an electric meter for the Common Elements (including the Residential Common Elements) which shall include but not be limited to, lighting and other electric consumption for the portion of the cellar which is part of the Common Elements, stairwells, the Residential Lobby, the fitness room, elevators (other than the handicapped lift for Commercial Units #2 and #3), audio/video intercom system, surveillance cameras, exterior lighting and the power to run the mechanical, plumbing and air conditioning equipment for the Common Elements (including the Residential Common Elements).

Heating of the Residential Units will be provided by two gas fired boilers located in the penthouse mechanical room. Heating will be provided by new water source heat pump units. The heat pumps will be of different capacities to accommodate required cooling/heating loads for each room. There shall be at least one (1) heat pump unit for each room for the Residential Units. All Residential Units shall be provided with new dedicated air-conditioning systems. The air-conditioning systems for the residential units located on the 3rd, 4th, 5th and 6th floor Units (including the penthouse level) will consist of one (1) or more multiple indoor water source heat pump units located within the Residential Units. The heat pumps in each Residential Unit will provide air-conditioning through the condenser water system piped from the cooling towers mounted from the roof. The Residential Lobby and fitness room will also be heated and air-conditioned by the heat pump units located in the cellar. Commercial Units #2 and #3 each have existing separate rooftop HVAC equipment with associated duct work distribution that provides heating and cooling for such Commercial Units. Commercial Unit #1 contains space heaters to provide heat for such Unit. There is no air-conditioning system for Commercial Unit #1.

The Sponsor will provide gas to each of the Residential Units. Such gas will be used to operate the Residential Unit kitchen ranges and ovens. A master meter will measure gas consumption to operate these gas appliances in the Residential Units, the gas-fired boilers and

domestic hot water heaters for the Residential Units and the cost thereof will be paid by the Residential Unit Owners as Residential Common Expenses in accordance with their Residential Common Interests. There will be a separate gas meter for Commercial Unit #1 to measure gas consumption for the space heaters in Commercial Unit #1. The Owner of Commercial Unit #1 will pay for cost of such gas consumption, as measured by the gas meter for such Unit. There is a separate gas meter to measure gas consumption for the HVAC equipment for Commercial Units #2 and #3 and the cost thereof will be paid by such Unit Owners based on the proportion that each Unit's percentage interest in the Common Elements bears to the aggregate percentage interests in the Common Elements for such Units. Each of the Commercial Unit Owners shall have the right, at their sole cost and expense to install a separate gas meter to measure their own gas consumption.

The Sponsor shall also install the washer and dryer in the laundry closet of each of the Residential Units. The dryer will be an electric dryer.

The Building will be wired for data, telephone and cable systems. Each Residential Unit will be provided with outlets, conduit and wiring for telephone, DSL high speed internet and cable systems. Each Residential Unit will have an intercom unit with a color video monitor, which will be wall mounted. The entrance to the residential portion of the Building will have a flush mounted intercom panel at the exterior and an additional intercom panel in the vestibule. Both will be fitted with a color camera. Except as provided above, individual Residential Owners will be responsible for installation and operating costs for telephone, high speed internet, cable and satellite television services for their respective Units.

There will be two gas-fired domestic hot water heaters providing hot water for all of the Residential Units, located in the penthouse mechanical equipment room. Commercial Units #1, #2 and #3 each have existing electric water heaters located within their respective Units.

Each bathroom in a Residential Unit will be ventilated by exhaust duct work and grills connected to roof mounted exhaust fans. There will be no ventilation systems for kitchen hoods, for the Residential Units on the 3rd through 5th floors. Kitchen exhaust hoods for such Units will be provided with recirculation systems. The kitchen hood for the Duplex Penthouse Units will be provided with a kitchen exhaust hood with a ventilation system.

Each Residential Unit will contain a combination smoke and carbon monoxide detector.

Each Unit Owner will individually be responsible for the cost of any insurance which they may obtain in connection with the ownership of their Unit, including any liability insurance they may obtain for occurrences within their Unit, or any casualty insurance which they may obtain to cover losses to the personal possessions located within their Unit. The Board of Managers will be solely responsible for maintaining casualty and liability insurance with respect to the Common Elements.

The cost to operate, maintain, repair or replace façade of the Building (other than the separate entrances for Residential Units, Commercial Units #2 and #3), the roofs, roof drains, boilers, freight elevator, the compactor, the public stairs, the sump pump, standpipe and sprinkler systems (including inspection and testing), water pumps will be a Common Expense and to the extent their repair and/or maintenance is projected to be necessary in the first year of operation of the Condominium, such items are included in the First Year's Operating Budget set forth in Schedule B of Part I of the Plan.

Water charges and sewer rents for all Residential and Commercial Units, payable to the City of New York, will be included as part of the Common Expenses, except there will be submeter for water usage by all of the Residential Units, which will be billed to the Residential Units as part of their Residential Common Expenses. Cost for such water usage for the Residential Units will be allocated in accordance with their respective Residential Common Interests. The balance of such water charges shall be paid by both the Commercial and Residential Unit Owners as a part of the portion of the Common Charges shared by all Unit Owners in proportion to their respective interests in the Common Elements. To the extent water usage by any Commercial Unit Owner, its tenants, subtenants and/or their respective employees, invitees and/or guests exceeds ordinary lavatory and drinking purposes, then the Board of Manager may require that their water usage be metered or submetered and the cost for such water consumption will be paid by the Owner of such Commercial Unit. To the extent installed, the Owner of the applicable Commercial Unit shall pay for the cost to install any such meter or submeter. Any cost to read any such water submeter and to calculate the corresponding charges shall be included as part of the Residential Common Expenses as to a residential water submeter and shall be paid by the applicable Commercial Unit Owner, if there is a separate submeter to measure the water consumption for their Commercial Unit.

Offer to Sell

The Sponsor hereby offers the Residential Units and Commercial Unit #3 for sale in accordance with the terms of this Plan. The prices of the Residential Units and Commercial Unit #3 are listed in Schedule A in Part I. Such prices may be increased upon the Sponsor's filing an amendment to the Plan. THESE PRICES HAVE BEEN SET BY THE SPONSOR AND ARE NOT SUBJECT TO REVIEW OR APPROVAL BY THE DEPARTMENT OF LAW OR ANY GOVERNMENTAL AGENCY. The Sponsor is the offeror of the Units. The estimated Common Charges and real estate taxes for each Unit for the projected first year of operation of the Condominium, commencing January 1, 2007 are set forth in Schedule A in Part I of the Offering Plan. (see Sections titled "Unit Closing Costs and Adjustments" and "Working Capital Fund and Adjustments" in Part I).

There is no provision for a specific reserve fund for the Condominium for the purpose of paying the cost of future capital repairs, replacements or improvements to the Property (except that each Purchaser of a Unit, at the closing for their Unit, shall pay into the Working Capital Fund of the Condominium a sum of equal to two (2) months Common Charges for such Unit). Therefore, Unit Owners shall be obligated to pay their share of the cost of repair, replacements and improvements to the Common Elements or the Residential Common Elements and/or unbudgeted operating expenses as the need for the same arises, unless there

is sufficient working capital or other funds available. If additional funds are required, it may be necessary to increase Common Charges, impose a special assessment against all Unit Owners and/or to obtain a loan to cover such expenses. The Working Capital Fund may not be used to reduce Common Charges or to defray increases in Common Charges.

The Agreement to purchase a Unit is called a "Purchase Agreement" or a "Contract of Sale" and the respective forms for the purchase of a Commercial and Residential Unit may be found in Part II. Part II of the Plan also contains the specific form of Purchase Agreement to be executed by MTI, if MTI exercises its option to purchase Commercial Unit #3 during its exclusive period. The Declaration (the instrument which will create the Condominium) and the By-Laws governing the operation of the Condominium are found in Part II. A general description and outline of the specifications of the Units, their fixtures, equipment and facilities, are contained in the Architect's Description of the Property and Building Conditions in Part II of the Plan.

Except as to the exclusive offer to MTI for Commercial Unit #3, there is no limitation on who may purchase a Unit or any obligation to sell any of the Units and the Sponsor may choose to withhold one or more of the Units for future sale. If MTI does not timely exercise its option to purchase Commercial Unit #3 or fails to close pursuant to its Purchase Agreement, then Commercial Unit #3 shall no longer be offered for sale by Sponsor unless and until Sponsor files an amendment to the Plan to reoffer such Unit for sale. To the extent the Sponsor desires to withhold any of the other Units for future sale (except as set forth in this Plan) it will disclose same in an amendment to the Plan.

Under the New York Real Property Law, a condominium unit (Commercial and/or Residential 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 New York 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 Board of Managers, any Unit Owner or any Mortgagee, (a) to refuse to approve and execute a Purchase Agreement for any Unit and (b) to enter into a Purchase Agreement or Purchase Agreements, as the case may be, for more than one Unit with any one person or entity; provided, however, that, in either event, Sponsor shall not discriminate against any person because of his or her race, creed, color, sex, disability, marital status, age, ancestry, national origin, religion, sexual orientation or other ground prohibited by law. No binding obligation will arise for the sale of a Unit unless and until a Purchase Agreement executed by both the Purchaser and the Sponsor has been exchanged and Sponsor has collected the funds constituting Purchaser's required deposit thereunder (see the Section titled "Procedure to Purchase" for more details). The Sponsor will not accept an offer to purchase a Unit solely from an individual younger than 18 years of age or an incompetent under law.

The Sponsor intends to offer all Residential Units for sale and to use commercially reasonable efforts to effect such sales. However, in the event, the Sponsor is unable to sell Unsold Residential Units at the prices set forth in Schedule A, as the same may be amended,

then the Sponsor reserves the right to lease such Unsold Residential Units on such terms as Sponsor shall in its sole discretion from time to time elect. Because the Sponsor is not limiting the conditions under which it will rent rather than sell Unsold Residential Units, there is no commitment to sell more Units than the 15 percent necessary to declare the Plan effective and owner-occupants may never gain effective control and management of the Condominium. Sponsor's good faith efforts to sell to Purchasers will include listing vacant Unsold Residential Units with brokers, showing Unsold Residential Units to brokers and prospective Purchasers or their representatives, filing update amendments to the Plan and otherwise engaging in customary sales activities. If the Sponsor makes a bulk sale of some or all of the Unsold Residential Units, the transferee or successor Sponsor shall be bound by Sponsor's foregoing commitment to sell Unsold Residential Units as they become vacant, subject to the reservation of right to rent, as aforementioned.

The Property is encumbered by an Acquisition Loan, Building Loan and a Project Loan in the respective original principal amounts of $17,182,862, $8,412,290 and $2,662,498, which are all currently held by Bank of Scotland (the "Fee Mortgagee"). All three of these loans are secured by separate mortgages encumbering the Property. The Fee Mortgagee will release the lien of the First, Second and Third Mortgages from a particular Unit, upon the sale of such Unit by the Sponsor, provided the Fee Mortgagee receives payment of the minimum release price, pursuant to the terms of the First, Second and Third Mortgages. The First, Second and Third Mortgages do not contain terms and conditions concerning the Sponsor's obligation to market Residential Units for sale as they become vacant and/or any minimum number or percentage of Units which must be under contract before the Plan can be declared effective. Also, there are no limits or requirements imposed by the Fee Mortgagee for the Sponsor to rent rather than sell the Residential Units.

Parts I and II of the Offering Plan, including all Schedules, amendments and the Exhibits filed with the Department of Law, constitute the entire terms of the Sponsor's offer. Copies of the Offering Plan (including all Amendments) will be available at the sales office and copies of the Offering Plan including all Schedules, Amendments and Exhibits filed with the Department of Law will be available at the office of the Sponsor or the Selling Agent for examination by prospective Purchasers and their attorneys without charge whenever the sales office is open and at the office of the Sponsor or the Selling Agent during normal business hours. There will be a charge of $100 for each copy of this Offering Plan which will be refunded upon its return in good condition (except for reasonable wear and tear) or will be applied to a prospective Purchaser's down payment under the Purchase Agreement, if one is signed. All of the documents referred to in this Offering Plan are important. To the extent a Purchaser is entitled to terminate or rescind their Purchase Agreement and the Purchaser timely exercises such right of termination or rescission, then the $100 paid for the Offering Plan shall be deducted from the down payment returned to the Purchaser unless the Purchaser timely returns their copy of the Offering Plan in good condition (except for reasonably wear and tear). In order to receive a refund of the $100, a prospective Purchaser must return the Offering Plan within 30 days after receipt or 30 days after such Purchaser terminates the Purchase Agreement, whichever is applicable.

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

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DEFINITIONS

The following definitions are presented for explanatory purposes to facilitate review of this Plan and should be read in conjunction with the technical definitions appearing in the Declaration and By-Laws, both of which appear in Part II of this Plan. Other important terms are explained by their context in the Plan.

"Affiliate" - A person that directly, or indirectly, through one or more intermediaries controls or is controlled by, or is under common control with the person specified. As used in this definition "person" shall mean any individual, trust, estate, partnership, corporation or other business entity.

"Appurtenant Interest" - 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 Board of Managers 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.

"Architect" –Arpad Baksa Architect, P.C., having an office at 99 Wall Street, Suite 1600, New York, New York 10005-4301.

"Assessments" - The charges allocated and assessed by the Board of Managers 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).

"Board", "Condominium Board" or "Board of Managers" - The governing body of the Condominium elected by the Unit Owners, which will conduct the affairs and supervise the operation of the Property. The Board of Managers is sometimes referred to herein as the "Board."

"Building" - The structure which will contain the Residential and Commercial Units located at 421 West 54th Street, New York, New York, the subject of this Plan.

"By-Laws" - The document governing the operation of the Condominium, the form of which is set forth in Part II.

"City Register's Office" - The New York County Office of the Register of the City of New York.

"Closing" - The time, place and procedure by which fee title to the Unit in question is conveyed to a Purchaser pursuant to a fully executed Purchase Agreement.

"Closing Date" - The date on which a Closing occurs.

"Commercial Limited Common Elements" - Those portions of the Common Elements, if any, which serve or benefit one or more Commercial Unit Owners, the use of which is limited to one or more Commercial Unit Owners exclusively.

"Commercial Unit" - The portion of the Property to be owned exclusively by a Unit Owner or its tenants for commercial use when the Property is submitted to condominium ownership and such Unit's percentage interest in the Common Elements. Initially there will be 3 such Commercial Units.

"Commercial Unit Owners" - The Owners of the Commercial Units.

"Common Charges" - As used herein, this term generally refers to and includes the General Common Charges.

"Common Elements" - All portions of the Property other than the Units (Residential and Commercial), including without limitation the land and structural supports of the Building, and certain other portions of the Building to be set aside for the common use of all Unit Owners as set forth in the Declaration.

"Common Expenses" - Costs and expenses incurred or projected in connection with the repair, maintenance, replacement, restoration and operation of, and any alteration, addition or improvement to, the Common Elements.

"Common Interest" - The proportionate undivided interest in fee simple, expressed as a numerical percentage, in the Common Elements which is appurtenant to each Unit and is based upon the approximate proportion that the floor area of the Unit bears to the aggregate floor area of all the Units, but such proportion reflects the substantially exclusive advantages enjoyed by one or more but not all Units in a part or parts of the Common Elements. The aggregate Common Interest for all Units, including the Commercial Units, is 100%.

"Condominium" - A form of ownership of real property in which individual Units as component parts of a whole are owned in fee simple with the right of exclusive use, by separate individuals or entities, which separate individuals and/or entities jointly own those parts of the whole designated as Common Elements. In the context of this Offering Plan "Condominium" specifically refers to The Hit Factory® Condominium.

"Condominium Documents" - The Declaration and all Schedules thereto, the By-Laws, the Rules and Regulations, the Floor Plans, form of Unit Deed and the form of Unit Owners Power of Attorney.

"Condominium Name" – The Hit Factory® Condominium.

"Condominium Act" - The New York Condominium Act, as amended from time to time, which is presently found in the New York Real Property Law, Article 9B.

"Counsel to Sponsor" - Philip S. Brody, Esq. 55 Fifth Avenue, New York, New York 10003, 15th floor.

"Declarant" – Sagamore 54th St. Investments LLC, which will execute the Declaration, and is the fee owner of the Property.

"Declaration" - The recorded written instrument by which the Property will be submitted to the provisions of the Condominium Act, as such instrument may from time to time be amended. The form of Declaration is set forth herein in Part II.

"Description of the Property" – The Description of the Property and Building Conditions prepared by the Architect, as contained in Part II of the Plan.

"Duplex Penthouse Units" – The duplex Residential Units located on the 6th and penthouse floors of the Buildings.

"Effective Date" - The date on which the Sponsor declares the Plan effective. See Section titled "Effective Date" in Part I.

"Fee Mortgagee" – The holder of the Acquisition Loan, the Building Loan and the Project Loan, which are all secured by separate mortgages, currently held by the Bank of Scotland.

"Filing Date" – The date that the Plan is accepted for filing by the Department of Law.

"First Closing" or "First Unit Closing" - The first date upon which title to a Unit is conveyed to a Purchaser (unrelated or not affiliated with the Sponsor or its principals or members) under the Plan. The First Residential Unit Closing shall mean the first date which title to a Residential Unit is conveyed. The term "Closing" means the date upon which title to a Unit is conveyed to a Purchaser under their Purchase Agreement.

"First Mortgage" – The First Mortgage encumbering the Property in the original principal sum of $17,182,862, which is currently held by Bank of Scotland. The First Mortgage is also referred to as the "Acquisition Loan".

"First Year's Budget" or "First Year's Operating Budget" – The annual budget for the projected first year of operation of the Condominium for the period from 01/01/2007 – 12/31/2007, as set forth in Schedule B in Part I of the Plan.

"Floor Plans" - The floor plans of the Units and the cellar and the roof certified by a registered architect or licensed professional engineer, and filed in the Register's Office simultaneously with the recording of the Declaration, together with any supplemental floor plans thereto.

"Force Majeure" - Weather, floods, epidemics, quarantine restrictions, strikes, lockouts, acts of God, delays due to terrorist actions, freight embargoes, shortages of or inability to obtain materials, equipment or labor, governmental restrictions or preemption, delays in obtaining governmental permits, inspections and/or approval, damage by fire or the elements or any other cause over which the Sponsor does not have any reasonable control.

"General Common Charges" or "Common Charges"- Charges imposed by and payable to the Board of Managers against all Unit Owners in order to pay the General Common Expenses. Common Charges are based upon each Unit Owner's proportionate share of the Common Interests.

"General Common Elements" or "Common Elements" - General Common Elements are all the Common Elements which are not Residential Common Elements, if any.

"General Common Expenses" or "Common Expenses" - The costs and expenses associated with the repair, maintenance, replacement, restoration and operation of, and any alteration, addition or improvement to, the General Common Elements, as determined by the Board of Managers.

"Handicapped Parking Unit" – A Parking Unit which is accessible to physically handicapped individuals in accordance with the requirements of the New York City Administrative Code.

"Land" - All that certain tract, plot, piece and parcel of land situate, lying and being in the City of New York, New York, County, State of New York, as more particularly described in Schedule A to the Declaration.

"Law" - The laws and ordinances of any or all of the Federal, New York State, New York City, and New York County governments, 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, and/or the direction of any public officer pursuant to law.

"Limited Common Elements" - Those Common Elements which serve or benefit exclusively one or more but not all the Units and/or the Unit Owners. The Limited Common Elements consist of "Residential Limited Common Elements" which are for the exclusive use or benefit of a Residential Unit Owner and "Commercial Limited Common Elements", which are for the exclusive use and benefit of the Owner of a Commercial Unit.

"Majority" or "Majority of Unit Owners" means either (i) more than fifty per cent in Common Interest in the aggregate, or (ii) more than fifty per cent in number of Units in the aggregate, or (iii) more than fifty per cent in the aggregate in both Common Interest and in number of Units, as may be specified herein or in the Declaration or the By-Laws with respect to any matter or matters. Any specified percentage of Unit Owners means (i) such percentage in Common Interest in the aggregate, or (ii) such percentage in number of Units in the aggregate, or (iii) such percentage in Common Interest and such percentage in number of

Units, as may be specified herein or in the Declaration or the By-Laws with respect to any matter or matters, provided, however, that different percentages in interest and in number of Units may be so specified.

"Majority of Commercial Unit Owners" – Majority of Commercial Unit Owners means more than 50% of the Common Interests in the aggregate allocated to the Commercial Units.

"Majority of the Residential Unit Owners" – Majority of Residential Unit Owners means not more than 50% of the Residential Common Interests in the aggregate allocated to the Residential Units.

"Managing Agent" - The entity which will manage the Property on behalf of the Board of Managers. The initial Managing Agent will be Buchbinder & Warren LLC with an office at One Union Square West, 4th floor, New York, New York 10003.

"MTI" – MTI Enterprises, Inc., d/b/a Music Theatre International.

"MTI Entity" – An entity in which at least 50% of its beneficial ownership interest therein is owned directly or indirectly by Freddie Gershon and/or Cameron Mackintosh.

"MTI Elevator" or "Unit #3 Elevator" – The elevator which is a Limited Common Element for Commercial Unit #3, if MTI timely exercises its purchase option to purchase Commercial Unit #3.

"MTI Lease" – The lease for Commercial Unit #3 with MTI Enterprises, Inc., as such may be amended.

"MTI Work" – Sponsor's work obligations for Commercial Unit #3 as set forth in Architect's Description of the Property in Part II of the Plan and/or as otherwise agreed upon in writing (if any) by the Sponsor and MTI Enterprises, Inc.

"Offering Plan" or "Plan" - The document filed with the New York State Department of Law which describes the condominium property and pursuant to which individual Units in the Condominium are offered for sale, as the same may be amended from time to time. Sometimes herein referred to as the "Plan".

"Operation of the Property" - The administration and operation of the Property and the maintenance, repair and replacement of, and the making of any additions and improvements to, the Common Elements.

"Parking Unit" – a Unit designated in any subsequent amendment to the Plan and the Declaration as a Parking Unit, together with the Parking Units undivided interest in the Common Elements.

"Permitted Encumbrances" - Encumbrances affecting title to a Unit which a Purchaser agrees to take subject to, as set forth in the Purchase Agreement or the Deed contained herein in Part II.

"Permitted Mortgage" or "Mortgage" – Refers to a mortgage placed on a Unit made to a bank, savings bank, private bank, trust company, insurance company, credit union, federal savings and loan association, pension fund or other lender regularly engaged in the business of making mortgage loans, the Sponsor, Sponsor-Designee or the seller of a Unit.

"Permitted Mortgagee" or "Mortgagee" – Refers to the holder of a Permitted Mortgage.

"Person" – A natural person, corporation, partnership, limited liability company, association, trustee or other legal entity.

"Plans and Specifications" or "Plans" - The plans and specifications for the Building prepared by the Architect, approved by and filed with the Department of Buildings and other agencies of the City of New York, as they may be amended or changed in accordance with this Plan. The Plans and Specifications pertain to the work to be performed by the Sponsor as set forth in the Architect's Description of the Property and Building Conditions in Part II of the Plan.

Power of Attorney - The document, signed by Unit Owners, which appoints:

(i) the Board of Managers as attorney-in-fact to acquire, on behalf of all Unit Owners, any Unit the Unit Owner of which wishes to sell or abandon together with the Appurtenant Interests thereto and to deal with any such Units so acquired as they may determine.

(ii) the Sponsor, as attorney-in-fact, to amend the Declaration, the By-Laws, and the Rules and Regulations of the Condominium or any of said documents under certain conditions set forth in the Power of Attorney.

"Presentation Date" – The date of delivery of the Offering Plan, after it is accepted for filing, to all of the commercial tenants, which Offering Plan shall be deemed delivered to such commercial tenants on the date it is personally delivered, three days following the mailing of the Offering Plan by certified mail return receipt requested or one business day following the sending of the Offering Plan by overnight express delivery service.

"Property" - The Land, the Building and other improvements thereon described in this Plan which comprise the Condominium, including the Residential and Commercial Units and the Common Elements.

"Purchase Agreement" or "Contract of Sale" - The Agreement to purchase a Residential or Commercial Unit pursuant to the Plan, the forms of which are set forth in Part II.

"Purchaser" – Any Person who has entered into an agreement with Sponsor to purchase any Unit and is not in default thereunder.

"Recording Officer" and "Recording" or "Recorded" – The meanings stated in section two hundred ninety of the New York State Real Property Law.

"Residential Common Elements" – Those Common Elements of the Property which are for the exclusive use of all the Residential Unit Owners.

"Residential Common Expenses" – Costs and expenses incurred or projected in connection with the repair, maintenance, replacement, restoration and operation of and any alteration, addition or improvement to the Residential Common Elements.

"Residential Common Interests" – The proportion that each Common Interest of a Residential Unit Owner bears to the Common Interest of all Residential Units.

"Residential Lobby" - The residential lobby on the street level of the Building on 54th Street for the use of Residential Unit Owners, their families, guests, tenants, employees and which provides access to the elevators and other areas serving the Residential Units.

"Residential Unit" - A Unit designated as such in Schedule A and the Declaration as a Residential Unit together with the Unit's undivided interest in the Common Elements. Initially, the Residential Units shall be Unit numbers 4 to 30. Such number of Residential Units maybe increased overtime to the extent any of the Commercial Unit(s) are converted to Residential Unit(s) and a temporary or permanent Certificate of Occupancy is obtained for any such new Residential Unit.

"Residential Limited Common Elements" or "Commercial Limited Common Elements" – The Limited Common Elements appurtenant to a particular Residential Unit, the use of which is restricted to the Owner of a Residential Unit, including the terrace to be specifically reserved for the exclusive use of the Owners of the Duplex Penthouse Units.

"Residential Unit Owner" - The Owner of a Residential Unit. Residential Unit owners means collectively the Residential Unit Owners. The portion of a Commercial Unit that is converted to a residential use shall be deemed a Residential Unit after such conversion.

"Rules and Regulations" - 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.

"Second Mortgage" – The second mortgage encumbering the Property in the original principal sum of $8,412,290, which is currently held by Bank of Scotland. The Second Mortgage is also referred to as the "Building Loan".

"Selling Agent" – Stribling & Associates, Ltd., having an office at 340 West 23rd Street, New York, New York 10001.

"Sponsor" – Sagamore 54th St. Investments LLC, a Delaware Limited Liability Company and HF Sponsor Corp., a Delaware Corporation, each with an office at One Dock Street, Suite 408, Stanford, CT 06902.

"Sponsor Control Period" - The period of time in which the Sponsor will have control of the Board of Managers, which shall continue until the earlier to occur of: (i) any meeting of the Unit Owners at which the votes cast for the Sponsor's representative and board members appointed by the Sponsor do not result in Sponsor's representatives or appointed board members being elected or appointed as a majority of the members of the Board of Managers; or (ii) five (5) years after the First Unit Closing, or (iii) at such time as Sponsor owns Unsold Units which in the aggregate are allocated less than a 25% interest in the Common Elements. After the occurrence of the Sponsor Control period, the Sponsor's representatives or appointees may nevertheless serve out the remainder of their term until the next annual election of new board members.

"Sponsor-Designee" or "Sponsor's Designee" - Any Person designated by Sponsor to hold title to an Unsold Unit. Sponsor's statement in writing that a Person is a Sponsor-Designee shall be conclusive evidence of such status so as to entitle such Person to all the rights of a Sponsor-Designee under this Offering Plan. Sponsor's Designee or Sponsor-Designee shall also collectively mean each Sponsor Designee designated by the Sponsor.

"Storage Units" shall mean the 27 Storage Units in the cellar which are Residential Limited Common Elements for each of the Residential Units. See the Floor Plan for the cellar in Part II of the Plans as to the specific Storage Unit allocated to each Residential Unit. Such Storage Unit allocated for each Residential Unit shall not apply to any Commercial Unit which is subsequently converted to one or more Residential Units.

"Third Mortgage" – The Third Mortgage encumbering the Property in the original principal sum of $2,662,498, which is currently held by Bank of Scotland. The Third Mortgage is also referred to as the "Project Loan".

"Unit" - A part of the Property to be owned exclusively by a Unit Owner for residential or commercial use when the Property is submitted to Condominium ownership. A Unit Owner will also own an undivided percentage interest in the Common Elements. See "Description of Property and Improvements" in Part I.

"Unit Designation" – The number, letter or combination thereof or other official designations conforming to the tax lot number, if any, designating the unit in the Declaration and on the Floor Plans.

"Unit Owner" or "Owner" - The person, persons or entity owning a Unit in fee simple. The owner of a Residential Unit shall be referred to as a "Residential Unit Owner" and the owners of Residential Units are collectively called "Residential Unit Owners". The Owners of the Commercial Units shall individually be referred to as a "Commercial Unit Owner" and collectively referred to as the "Commercial Unit Owners". Residential Unit Owners and the Commercial Unit Owner may from time to time be referred to as a "Unit Owner" or "Unit Owners".

"Unsold Units" - Any Residential or Commercial Unit owned by the Sponsor (including both Sagamore 54th St. Investments LLC and HF Sponsor Corp.) or a person or entity designated by the Sponsor as an owner of an Unsold Unit. The term "Unsold Units" means, collectively, two or more Unsold Units.

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DESCRIPTION OF PROPERTY AND IMPROVEMENTS

The Building

The Building is located on the north side of 54th Street between 9th and 10th Avenues in the Midtown West or Clinton neighborhood of Manhattan. The Building is six (6) stories and is constructed of brick bearing walls and steel columns and beams. The frontage of the Building is approximately 125' on 54th Street. The lot size of the Property is approximately 12,500 square feet. The Building covers the entire lot comprising the Property. The Building was originally constructed in approximately 1922. The entire second floor and part of the first floor and cellar are occupied by two commercial tenants. Floors 3 through 6 (including the penthouse level) are vacant. The Sponsor plans to convert floors 3 – 6 (including the penthouse level) into 27 Residential Units. There will be 6 Duplex Penthouse Units. Each of the Duplex Penthouse Units will be located on the 6th and penthouse floors. Subject to the exclusive offer for Commercial Unit #3, as set forth in the Plan, the Sponsor reserves the right to convert additional Units to Residential Units upon the existing commercial tenants vacating their leased premises. The Sponsor further reserves the right to change the number, the use and/or configuration of the Units as set forth in this Plan.

There will be two passenger elevators servicing the Residential Units. Such elevators are located in the Residential Lobby. One of these elevators is existing, the other one will be a new elevator. One of these elevators will service the cellar to the 6th floor and the other one will service the cellar to the roof. There will be a new separate elevator for Commercial Unit #3, which will be included as a Limited Common Element for such Commercial Unit, if MTI exercises its option to purchase their Unit during its exclusive period. This elevator will travel between only the first and second floors. Commercial Unit #2 will have a handicapped lift within its Unit. In addition, there will be a new freight elevator, which services the cellar and the first floor. Such freight elevator may be used by all Unit Owners. This elevator will be utilized as an automobile lift to transport cars to the cellar if the City Planning Commission issues the special permit for accessory off-street parking for the cellar. There will be a separate entrance, through a rolled top gate, to such freight elevator from 54th Street.

There will be a roof deck finished with concrete pavers, for the use of all of the Residential Unit Owners. The approximate size of such roof deck is 2,000 square feet. Such roof deck will be a Residential Common Element. There will be a fitness room on the first floor for the use of all of the Residential Unit Owners. Such fitness center will be a Residential Common Element. Each of the Duplex Penthouse Units will have a terrace for their exclusive use as a Residential Limited Common Element. Such terraces will be located on the penthouse level of the Building. The approximate size of each of the terraces is indicated in the Floor Plans in Part II of the Plan. Some of the Duplex Penthouse Units will contain a skylight onto the main roof (Duplex Penthouse Units C and D).

The remainder of the upper roof will include a stair bulkhead, elevator bulkhead, elevator machine room, cooling towers, penthouse mechanical room which will contain the two (2) new gas-fired boilers and two (2) hot water heaters for the Residential Units, air-conditioning units for residential corridors and exhaust fans. The HVAC equipment for

Commercial Units #2 and #3 are located on roof above the first floor. The cellar area of the Building will contain the storage units located for the exclusive use of each of the Residential Units as Residential Limited Common Elements, meter rooms, corridors, fire pump room, locker rooms, utility rooms, public halls, heat pumps for the Residential Lobby and fitness room, storage tanks, sump pump, two (2) bathrooms, public stairs and Commercial Unit #1 and part of Commercial Unit #2, which are not currently being offered for sale. Commercial Unit #1 will contain the ten (10) parking spaces if the special permit is granted by the City Planning Commission for accessory off-street parking in the cellar of the Building.

The first floor will contain the Residential Lobby, the mail room for the Residential Units and the fitness room. Commercial Units #2 and #3 will each have a separate entrance into their respective Units on the first floor of the Building. The passenger elevators for the Residential Units are located in the Residential Lobby of the Building. The elevator for the Commercial Unit #3 and the freight elevator will also both be located in the first floor. The first floor will also contain the lobby for Commercial Unit #3.

A general description and outline of specifications for the Units (including a finish schedule for the Residential Units) and the Building appears in the Architect's Description of the Property and the Building Conditions in Part II, and the Purchaser should carefully review such description.

The Sponsor commenced the renovation of the Residential Units, on or about January, 2006 after obtaining the necessary Building Department approvals. Under the Sponsor's current projections, the First Residential Unit will be ready for residential occupancy in approximately December, 2006, unless delayed by forces beyond the control of Sponsor, including but not limited to Force Majeure conditions. The work to be completed by the Sponsor, as to the renovation of the Building and the Residential Units, is set forth in the Architect's Description of the Property and the Building Conditions in Part II of the Offering Plan. Such work will be substantially completed in accordance with the Plans and Specifications filed with and approved by the Department of Buildings of the City of New York. The Plans and Specifications are available for inspection by prospective Purchasers at the Sponsor's office.

The Plans and Specifications, including the schedule of work set forth in the Architect's Description of the Property and the Building Conditions in Part II of the Offering Plan, may be amended or modified, including, without limitation, changing materials, appliances, equipment, fixtures and other construction and design details and substituted in their place similar materials, appliances, equipment and/or fixtures of substantially equal or better quality, provided that any necessary approval of any governmental authority having jurisdiction thereof is timely obtained. Any or all of the foregoing shall not give rise to a right of rescission on the part of any Purchaser and may be made without prior notice or amendment to the Offering Plan.

Residential Unit Construction

The Residential Units converted by the Sponsor will be constructed based on the work specified in the Architect's Description of the Property and the Building Conditions in Part II of the Plan and in accordance with all applicable zoning and Building laws, regulations, codes and other applicable governmental regulations of the City of New York. Prospective Purchaser should carefully review the Architect's "Description of Property and Building Conditions" set forth in Part II of the Plan for a more complete description of the materials and fixtures to be installed.

Floors three through five will each contain seven (7) Residential Units ranging in size from approximately 1,115 gross SF to 2,450 gross SF with a unit mix for each floor as follows:

- 4 Units: 1 bed, 1.5 baths
- 3 Units: 2 bed, 2.5 baths

All of the Units except for except for G units on floors 3-5 will also have a room, designated on the Floor Plans, as office.

The Duplex Penthouse Units on the sixth and penthouse floors will consist of six Residential Units ranging in size from approximately 1,619 gross SF to 3,463 gross SF with a unit mix of:

- 2 Units: 2 beds, 2.5 baths
- 4 Units: 3 beds, 2.5 baths

Penthouse Units 6C and 6D will also have a room, designated on the Floor Plans, as an office.

All Penthouse Duplex Units, on the penthouse level, will have private terraces as Residential Limited Common Elements.

Finish flooring in the Residential Units will be new oak flooring except in the bathrooms, where tile shall be installed. Countertops in the kitchen will be stone and kitchen cabinets will be a combination of stained wood and stainless steel.

The existing windows in the Residential and Commercial Units will be replaced with new aluminum, double glazed windows, without screens, except for the windows for Commercial Unit #3 on the south and north sides.

The Sponsor will install two gas fired domestic hot water heaters in the penthouse mechanical equipment room to provide hot water to bathrooms and/or kitchens of the Residential Units.

All Residential Units shall be provided with new dedicated air-conditioning systems. The air-conditioning systems for Residential Units will consist of one (1) or multiple indoor water service heat pump units located within the Residential Units. The heat pumps will provide air-conditioning through the condenser water system piped from the cooling towers mounted on the roof. In addition, to the cooling towers, there will be a new make-up air-conditioning unit mounted on the boiler room roof for the residential corridors.

There will be a common roof deck consisting of approximately 2,000 square feet that can be used by all of the Residential Unit Owners for recreational purposes. Access to this roof deck will be through the elevators to the roof level.

Duplex Penthouse Units 6C and 6D will contain an aluminum skylight. The Penthouse Unit Owners will be responsible for the future repair or replacement of the glass and frame portion of such skylight.

There will be eleven (11) new gas fireplaces installed in the following Residential Units: 3D, 4D, 5D and Duplex Penthouse Units 6A, 6C and 6F.

Included in the sale of the Residential Units, are the following:

Sub-zero refrigerator/freezer, kitchen sink, kitchen cabinets, stovetop and oven for Residential Units on the 3rd–5th floors and for Duplex Penthouse Units B & E and Viking range for Duplex Penthouse Units A, C, D and F, microwave, automatic dishwasher, master bath with separate shower and tub and washer/dryer.

The manufacture, model number and specifications for the foregoing appliances and equipment are set forth in the Architect's Description of the Property and the Building Conditions in Part II of the Offering Plan. As more fully set forth under the Section entitled "Description of Property, Building Conditions and Improvements," these fixtures, appliances and equipment are subject to change by Sponsor.

All walls and ceilings in the Residential Units will be painted. Other than to paint as stated above, the walls and ceilings will not be refinished. (See Architect's Description of the Property and the Building Conditions in Part II of the Offering Plan).

Each of the Residential Units will have the exclusive use of a specific Storage Unit allocated for each Unit in the cellar. See the Floor Plans for the cellar and Architect's Description of the Property and the Building Conditions in Part II of the Plan for the location and size of each of the specific storage units.

Each of the Residential Units will be provided with outlets, conduit and wiring for telephone, satellite and cable systems. Each Residential Unit will contain a combination unit smoke and carbon monoxide detector locator in the vicinity of the bedrooms.

Each Residential Unit will contain a stand-alone intruder detection system, which will have the option to be monitored remotely. The basic system includes multi-zone control

panel, door and window transmitters, "pet immune" motion detector, sound/alarm horn, key pad, backup battery and security panel cabinet.

The Purchaser of a Residential Unit will not be required to perform any construction work in their Unit as a condition for the legal occupancy of their Unit. However, equipment for telephone, cable, satellite television and high speed internet services other than basic wiring or cabling of the Building and the Units will have to be installed by the Purchasers of a Residential Unit at their sole cost and expense.

The completion of any upgrades and extras in any Residential Unit requested by a Purchaser shall be at the sole discretion of the Sponsor. To the extent the Sponsor agrees to complete any such upgrades and/or extras, the Purchaser prior to the Sponsor's undertaking any such extra work or upgrades, shall escrow the entire amount of the cost for any such upgrades and extras with the Escrow Agent, Philip S. Brody, Esq. Such funds may be released from escrow by the Escrow Agent to the Sponsor to pay for the cost of any such upgrades and extras completed by the Sponsor. A Purchaser shall not be entitled to any refund of any funds released from escrow to pay for any such upgrades and extras if a Purchase Agreement is terminated for any reason, including but not limited to, any refund of a down payment as a result of any right of rescission, if any, that may granted to any such Purchaser under the terms of this Offering Plan.

Any special work which a Purchaser desires for their Residential Unit prior to closing shall only be performed with the Sponsor's prior written consent thereto and Sponsor's designation or approval of all contractors and suppliers in connection therewith, which consent and approval shall be within the sole discretion of Sponsor. To the extent agreed upon by the Sponsor and a Purchaser of a Residential Unit, the scope of work to be completed by the Sponsor, as set forth in the Architect's Description of the Property and Building Conditions in Part II of the Plan, may be modified to also reduce such scope of work.

Sponsor and its Designee reserve the right, without prior notice or amendment to the Offering Plan, to use Unsold Units as sales and leasing offices and a model Unit. In the event Sponsor or its Designee, thereafter, elects to sell such Unsold Units, used as a model Unit, Sponsor or its Designee may sell the Purchaser thereof all or any of the furniture, furnishings, equipment or decorations therein and such Purchaser shall pay, in addition to the purchase price for such Unsold Unit, such amounts as agreed upon by such Purchaser and the Sponsor.

Each Purchaser should note that the renovation of the Building is a complicated process requiring the coordination of numerous tasks and the balancing of complex mechanical and architectural systems. No assurance can be given with regard to the accuracy of any projected completion date set forth herein. After the First Residential Unit Closing construction workers and related personnel will be at the Property from time to time to complete the conversion of the balance of the Residential Units and to make adjustments and perform various tasks related to the completion of the renovation. Various systems, including but not limited to the water supply, air conditioning, heating and ventilating systems, the windows and elevators may require more than a year after any Unit closing or the First Residential Unit Closing to entirely complete and to adjust or balance properly. The Sponsor

will not be obligated to reimburse any Purchaser for expenses that such Purchaser may incur resulting from any delays that prevent Sponsor from completing construction of a Residential Unit or the Building. In the event that Sponsor is unable to deliver title for any reason other than its willful default, Sponsor's sole liability shall be limited to the return of a Purchaser's down payment, plus interest earned thereon, if any.

A Residential Unit shall be presumed fully completed in accordance with the Plans and Specifications when a temporary certificate of occupancy and any necessary permits for the Building in order for the lawful occupancy of such Unit are issued by the governmental authority having jurisdiction, provided Sponsor's Architect shall concur that such Unit has in fact been completed substantially in accordance with the Plans and Specification, subject, however, to any right which the Board of Managers or the Unit Owners may have with respect to Sponsor's obligation to cause defects in construction or materials to be corrected and to obtain a permanent certificate of occupancy, as hereinafter set forth in the Section titled "Rights and Obligations of the Sponsor" in Part I of the Offering Plan.

The Sponsor reserves the right to renew or extend or otherwise modify any of the existing commercial leases. Subject to the exclusive offer contained herein as to Commercial Unit #3, the Sponsor also reserves the right to rent rather than sell Commercial Units. The Sponsor also reserves the right to rent Commercial Unit #1 if the special permit is not granted for off-street parking in such Commercial Unit.

Entrance to Residential and Commercial Units

Commercial Units #2 and #3 will have their own separate entrances from 54th Street to their Units. Commercial Unit #3 will have its own lobby and elevator. There will be a separate entrance on 54th Street for the Residential Lobby and Units. Electric door releases will be located at the 54th Street residential entrance door and will be controlled from intercoms located in each Residential Unit. There will be a public fire stair on the east side of the Building. Such stairs will extend from the cellar to the roof. Each of the Residential Units will have access to such public fire stairs through the corridors on floors 3 through the penthouse floor. Such stairs will also open into the Residential Lobby. Commercial Unit #1 will have a handicapped lift in this Unit. There will also be one set of fire stairs from the cellar to the second floor on the west side of the Building. Such stairs will open onto 54th Street. Access to Commercial Unit #1 shall be through the freight elevator and the public fire stair on the east side of the Building to the cellar.

Commercial Units

The Property will contain three (3) Commercial Units. Commercial Unit #1 is located in part of the cellar. Commercial Unit #2 is located in part of the first floor and cellar. Commercial Unit #3 is located on the entire second floor. The percentage interest in the Common Elements allocated to each Commercial Unit is as follows:

- Commercial Unit #1: 4.604%;
- Commercial Unit #2: 17.173%; and

- Commercial Unit #3: 14.462%.

Commercial Units #1 and 2 are currently not being offered for sale. Commercial Unit #3 is being offered for sale as set forth in this Plan.

Commercial Unit #1

The Sponsor has filed an application with the City Planning Commission to obtain a special use permit, so that accessory off-street parking facility for automobiles could be located in the cellar Commercial Unit #1. The Property is located in the Special Clinton District Preservation Area and pursuant to the Zoning Resolution for the City of New York, accessory off-street parking is not permitted in such special district, except upon issuance of such special use permit. If the special use permit is granted, the Sponsor plans to convert Commercial Unit #1 in the cellar into an off-street parking facility for ten (10) separate parking spaces.

If the special use permit is granted, Commercial Unit #1 will be renovated in accordance with applicable law and regulations governing construction methods and materials for parking garages, including ventilation, fireproofing and related matters. In the event the special use permit to create off-street accessory parking in the Building is obtained, the Sponsor may then, at its sole option, and subject to the requirements concerning a Handicapped Parking Space described below, sell or rent all of the parking spaces or units in Commercial Unit #1 to Purchasers of Residential and/or Commercial Units or Residential or Commercial Unit Owners for parking space use, on terms to be determined solely by the Sponsor. If the Sponsor decides to offer Parking Units for sale, the Plan will be amended to set forth the terms and conditions of such offer. Any such offer to sell Parking Units will be made only to Purchasers of Residential or Commercial Units or Residential or Commercial Unit Owners on a first-come, first-serve basis. As to the available Parking Units, each Unit will only be entitled to purchase one Parking Unit. Such Parking Units may only used by a Residential Unit Owner, their respective family members or occupants residing in their Residential Unit and/or any of the principals, officers, directors and/or employees of a Commercial Unit Owner, as to a Parking Unit acquired by a Commercial Unit Owner. If the special use permit is not granted, then Sponsor shall be entitled to use Commercial Unit #1 for any lawful use, including commercial and storage.

Sponsor has been advised that governmental approval to create accessory off-street parking in the Building is likely to require the provision of a parking space which is accessible to physically handicapped individuals in accordance with the requirements of the New York City Administrative Code (the "Handicapped Parking Space"). The Parking Unit for such Handicapped Parking Space is hereinafter referred to as the "Handicapped Parking Unit". If approval for the accessory off-street parking is obtained and the Sponsor is required to provide for a Handicapped Parking Space, such Handicapped Parking Unit will be the last Parking Unit to be sold. Ownership of the Handicapped Parking Unit shall be subject to the following terms and conditions which shall be set forth in the Unit Deed for the Handicapped Parking Unit:

e) In the event the present or future owner of a Residential Unit, or a member of his or her immediate family occupying a Residential Unit, becomes handicapped, and acquires New York City SPI handicapped plates for his or her vehicle and said Unit Owner is the owner of a Parking Unit, said Unit Owner shall have the right to demand that the Owner of the Handicapped Parking Unit "trade spaces" by delivering to the now handicapped Unit Owner the Unit Deed for the Handicapped Parking Unit and receiving from said handicapped Owner the deed for the Parking Unit they currently own.

f) In the event the conditions set forth in item (a) above occur, and a handicapped Owner does not own a Parking Unit, said handicapped Unit Owner shall have the right to compel the Owner of the Handicapped Parking Unit to sell them their Parking Unit at fair market value. If the parties cannot agree within thirty (30) days on the fair market value of the Handicapped Parking Unit, then the matter shall be referred to the American Arbitration Association, or any other mutually agreeable arbitrator, for binding arbitration pursuant to Article XI of the Bylaws, set forth in Part II of this Offering Plan. The party bringing the action shall bear the cost of the arbitration, unless such cost is apportioned differently by the arbitration. The results of said arbitration shall be binding and may be legally enforceable by either party.

g) All costs and expenses entailed in the transfer of title to a Parking Unit pursuant to either of the foregoing clauses shall be borne by the party requesting the transfer. Such costs and expenses shall be included, but not be limited to title abstract, title insurance, New York City and New York State Transfer Taxes, recording fees and attorney's fees for either party, the condominium or any mortgage lender reviewing the documents and any fee charged by a mortgage lender for release of the Parking Unit or for the substitution of collateral.

h) The owner of the Handicapped Parking Unit shall comply with a demand pursuant to this section within thirty (30) days after receipt of written notice thereof. Notice pursuant to this section shall be delivered by hand delivery, certified mail, return receipt requested or overnight delivery service. Alternative means may be used where written acknowledgment of such delivery is delivered by the party receiving such notice.

SPONSOR MAKES NO REPRESENTATION OR GUARANTEE AS TO THE ABILITY OF THE SPONSOR TO OBTAIN THE APPROVAL FROM THE CITY PLANNING COMMISSION AS TO THE SPECIAL USE PERMIT FOR ACCESSORY OFF-STREET PARKING IN THE BUILDING. THEREFORE, PROSPECTIVE PURCHASERS OF RESIDENTIAL AND COMMERCIAL UNITS OFFERED IN THIS PLAN SHOULD NOT EXPECT THAT A PARKING FACILITY WILL BE CREATED OR THAT A PARTICULAR NUMBER OF PARKING SPACES, IF ANY, WILL BE OFFERED FOR SALE. PURCHASERS OF RESIDENTIAL AND COMMERCIAL UNITS SHALL HAVE NO RIGHT TO RESCIND THEIR PURCHASE AGREEMENTS IN THE EVENT THAT A PARKING FACILITY IS NOT CREATED IN THE BUILDING OR IN THE

EVENT THAT PARKING SPACES ARE NOT OFFERED FOR SALE OR LEASE TO SUCH PURCHASERS.

Commercial Unit #2

Commercial Unit #2 is located in part of the first and the cellar. Commercial Unit #2 shall have its own separate entrance to 54th Street. The Owner of Commercial Unit #2 shall be responsible for the repair and/or replacement of such separate entrance for Commercial Unit #2. Access between the first floor and cellar in Commercial Unit #2 shall be through the stairs from the cellar to the 2nd floor. Commercial Unit #2 contains a handicapped lift in such Unit. The Owner of Commercial Unit #2 shall be responsible for the maintenance, repair and/or replacement of the handicapped lift in such Commercial Unit. The Owner of Commercial Unit #2 and its tenant and employees shall be entitled to use the two bathrooms in the cellar, which are part of the Common Elements, pursuant to a revocable license. The Board of Managers may, at any time, revoke such license to use such bathrooms in the cellar. All of Commercial Unit 2 is currently leased to Gibson Guitar Corp. ("Gibson"). The expiration of Gibson's lease is 12/31/12.

Commercial Unit #3

Commercial Unit #3 is located on the entire 2nd floor of the Building. Commercial Unit #3 will have a separate entrance to 54th Street. There will be a separate elevator installed for Commercial Unit #3 which will travel between the 1st and 2nd floors, if MTI timely exercises its option, during its exclusive period, to purchase such Commercial Unit (the "MTI Elevator"). Such MTI Elevator (if MTI timely exercises its option to purchase) will be a Commercial Limited Common Element for such Unit. From the separate entrance on 54th Street, there will be direct access to the elevator for Commercial Unit #3 through the lobby for Commercial Unit #3 which is a Commercial Limited Common Element for such Unit. The Owner of Commercial Unit #3 shall be responsible for the maintenance, repair and/or replacement of its separate entrance, lobby and elevator for Commercial Unit #3.

The Owner of Commercial Unit #3, its tenants and their respective employees and invitees (collectively the "Unit #3 Parties") shall not have any further rights to use the Residential Lobby or the elevators in the Residential Lobby, except as follows: (i) in the event that the Owner of Commercial Unit #3 purchases a Parking Unit in the cellar (if the Commercial Unit #1 is converted to an off-street parking facility), the user of such Parking Unit, on behalf of the owner of Commercial Unit #3, in order to access such Parking Unit, shall have the right to use the Residential Lobby to access Commercial Unit #3 from the stairs in the cellar which opens into the Residential Lobby and/or the southerly passenger elevator in the Residential Lobby, if the user of such Parking Unit is handicapped or disabled; (ii) if (and for so long as) the MTI Elevator is out of service, then the Unit #3 Parties may use the southerly passenger elevator in the Residential Lobby (in common with the other tenants or occupants of the Building) to access Commercial Unit #3 (and in such event, the Unit #3 Parties shall use all reasonable efforts to promptly restore elevator service for the MTI Elevator), and (iii) Unit #3 Parties may use the southerly elevator in the Residential Lobby from time to time, upon reasonable prior notice and scheduling with the Board of Managers or the managing agent for

the Building for the moving of furniture and other personal property to and from Commercial Unit #3, if the MTI Elevator is not of sufficient size to accomplish such task. The forgoing shall be subject to Board of Managers' reasonable security requirements applicable to all tenants and occupants in the Building.

The Sponsor is offering, pursuant to the terms of this Offering Plan, MTI, as the tenant of Commercial Unit #3, the exclusive right for a period of twenty (20) days from the Presentation Date (defined below) of this Plan to purchase Commercial Unit #3, which is currently leased to MTI. If such exclusive period ends on a weekend or national holiday such end date shall be extended to the next business day. The term "Presentation Date" means the date of delivery of the Offering Plan, after it is accepted, for filing, which Offering Plan shall be deemed delivered to MTI on the date it is personally delivered, three days following the mailing of the Offering Plan by certified mail return receipt requested or one business day following the sending of the Offering Plan by overnight express delivery service. During such exclusive period the Sponsor shall not accept a Purchase Agreement for Commercial Unit #3 other than from MTI. MTI will not have the exclusive right to purchase any Unit other than the Commercial Unit which is leased to MTI. In order to take advantage of such exclusive period, MTI must submit a signed Purchase Agreement and a deposit equal to Six Hundred Fifty Thousand Dollars ($650,000) to the Selling Agent on or prior to the end of such exclusive period. The purchase price, upon which this exclusive option may be exercised by MTI, is $6,500,000. If MTI offers less than $6,500,000 as the purchase price and/or $650,000 as the deposit, the Sponsor shall not be obligated to accept such Purchase Agreement from MTI. MTI may assign the Purchase Agreement, without the consent of the Sponsor, to an MTI Entity (an entity in which at least 50% of its beneficial ownership interest therein is owned directly or indirectly by Freddie Gershon and/or Cameron MacKintosh), provided the Sponsor receives written notice of such assignment and the assignee assumed all of the obligations of the Purchaser under such Purchase Agreement. Also, the Sponsor will not be obligated to accept the Purchase Agreement for Commercial Unit #3 from MTI if MTI is in arrears in rent and/or additional rent or is otherwise in material breach of any its non-monetary obligations under its lease. The Sponsor reserves the right, in its sole discretion, to extend such offering period for Commercial Unit #3 upon filing an amendment to the Offering Plan to disclose any such extension.

If MTI does not timely exercise its option to purchase Commercial Unit #3 or fails to close pursuant to its Purchase Agreement, then Commercial Unit #3 shall no longer be offered for sale by the Sponsor unless and until the Sponsor files an amendment to the Plan to re-offer such Unit for sale.

If MTI does not enter into a Purchase Agreement during the exclusive period, for their Unit or fails to close, pursuant to such Purchase Agreement, subject to the above provisions as to the withdrawal of Sponsor's offer to sell Commercial Unit #3 until it amends the Plan to reoffer such Unit for sale, then the Sponsor reserves the right to sell such Commercial Unit #3, subject to the existing lease with MTI, to lease such space to another commercial tenant when it becomes vacant, or to convert such Commercial Unit to one or more Residential Units upon the expiration or termination date of such commercial lease. In the case of the conversion of such Commercial Unit #3 to one or more Residential Units, such Residential

Unit(s) will only be sold to a purchaser of any such Unit after the Sponsor obtains the vacancy of such Unit. The Sponsor will amend the Offering Plan, including Schedule A, prior to its offering of any such Unit for sale as a Residential Unit.

If Commercial Unit #3 is being acquired by MTI, or an MTI Entity, it shall be a condition of the Closing that all rent and/or other charges due and owing under their lease shall be paid in full on the Closing Date. Also if Commercial Unit #3 is being acquired by MTI, or any MTI Entity, then if MTI shall fail to pay when due the rent and other charges due and owing under their lease for a period of ten (10) days after receipt of written notice from the Sponsor, such failure shall constitute a default under the Purchase Agreement.

As part of the exclusive offer for Commercial Unit #3, MTI shall agree that to the extent that MTI or an MTI entity on the Closing Date is in default under its Purchase Agreement beyond any applicable grace or cure period (provided the Sponsor is not in default under such Purchase Agreement), then such default shall also constitute a default under the MTI Lease, which would entitle the Sponsor, as landlord, to terminate the MTI Lease.

Any such sale of a Commercial Unit will be for commercial use only. The sale of Commercial Unit #3 shall be made subject to the office use set forth in the existing Certificate of Occupancy for the Property. If MTI or an MTI Entity purchase such Unit, pursuant to the term of this option, MTI or an of MTI Entity shall be entitled to use Commercial Unit #3 for any legal use, including the conversion of Commercial Unit #3 to one or more Residential Units not to exceed 8 Residential Units unless otherwise approved by the Board of Managers. In such case, MTI would be responsible to amend the Certificate of Occupancy to change the use for such Unit to residential. To the extent Commercial Unit #3 is converted to one or more Residential Units, the entire Unit must be converted to Residential Units. If Commercial Unit #3 is converted to Residential Units, then the Owner of Commercial Unit #3 shall be obligated to replace all of the windows in Commercial Unit #3 so they are consistent with the rest of the windows in the other Residential Units (to the extent not already replaced). The Sponsor does not make any representation as to the future use of Commercial Unit #3.

The Sponsor shall not enter into any other purchase agreement for Commercial Unit #3 until the expiration of the exclusive period.

Provisions as to Commercial Units

As to Commercial Unit #2, which is not currently offered for sale, the Sponsor also reserves the right to amend the Plan to either offer Commercial Unit #2 for sale as a Commercial Unit or to subdivide it into one or more Commercial or Residential Units. To the extent the whole or a part of Commercial Unit #2 is converted to one or more Residential Units, the Units comprising Commercial Unit #2, to the extent permitted under applicable law, may consist either entirely of Residential Units or a combination of Residential and Commercial Units.

To the extent Commercial Unit #3 is converted to one or more Residential Unit the entire Unit must be converted to such residential use.

Any conversion or change in designation for a Unit from commercial to residential shall be subject to the terms of any such commercial lease for any such Unit and will only be converted by the Sponsor to one or more Residential Units after the Sponsor obtains the vacancy of any such Commercial Unit.

If Commercial Units #2 is converted in whole or in part to Residential Units or Commercial Unit #3 is converted in whole to Residential Unit(s), such Residential Unit(s) may consist of one or more a duplex or triplex units. To the extent the Sponsor decides to convert any such Commercial Unit owned by the Sponsor to one or more Residential Unit, it is hereby agreed that such conversion shall be substantially completed within ten (10) years after the First Unit Closing.

Subject to the offer to sell to MTI Commercial Unit #3, during the exclusive period, as provided above, the Sponsor reserves the right to lease rather than sell any such Commercial Unit and to amend or extend any existing commercial lease and/or enter into a new commercial lease for any such Commercial Unit upon obtaining the vacancy for all or a part of any such Commercial Unit.

The Common Interest as to any Unit, which is converted from a Commercial to one or more Residential Units, shall remain the same unless all affected Unit Owners consent in writing to such change and each affected Purchaser is given the right to rescind their Purchase Agreement and receive a refund of their down payment. As to a Commercial Unit which is converted into two or more Units (including Residential Units), in no event shall the aggregate amount of the Common Interests resulting from any such subdivision of a Commercial Unit into two or more Units be greater than or less than the amount of the Common Interest currently allocated to such Commercial Unit.

If MTI timely exercises its right to purchase Commercial Unit #3 during the exclusive period, then the Sponsor shall complete the work set forth in the Architect's Description of the Property and Building Conditions in Part II of the Plan ("Description of the Property"), including, but not limited to the installation of an elevator lobby and separate exterior entrance for Commercial Unit #3, and/or any other work agreed to in writing by the Sponsor and MTI (if any) (collectively the "MTI Work"). Such elevator, lobby and exterior entrance will be a Commercial Limited Common Element for the exclusive use of Commercial Unit #3. If MTI does not timely elect to purchase Commercial Unit #3, during its exclusive period, then the Sponsor shall not have any obligation to complete such work for Commercial Unit #3 as set forth in the Architect's Description of the Property. The Sponsor may nevertheless, at its sole option, complete all or a part of such work for Commercial Unit #3 as set forth in the Architect's Description of the Property or may modify such scope of work. If the Sponsor does not elect to complete such elevator for Commercial Unit #3, as a result of MTI's failure to timely elect to purchase Commercial Unit #3, then the Owner of Commercial Unit #3 and its subtenants, employees and invitees may use the elevators in the Residential Lobby to access Commercial Unit #3.

Except as otherwise provided herein as to MTI's exclusive right to purchase Commercial Unit #3, any purchase of a Commercial Unit shall be on an "as is" "where is" basis, including but not limited to the physical and environmental condition of any such Unit without any obligation to complete any work in such Units. The Purchaser of any such Unit shall also be purchasing their Unit subject to any and all violations which specifically relates to their Unit, if any, except as to Commercial Unit #3, violations arising out of or relating to the MTI Work or created by the Sponsor or any contractor engaged by the Sponsor. (See Architect's Description of the Property and the Building Conditions in Part II of the Plan.) The deed for any such Commercial Unit shall indicate that it is being sold for commercial use in accordance with commercial uses permitted by the Bylaws, the Declaration and applicable law. The existing certificate of occupancy will not be amended in the connection with the sale of a Commercial Unit.

All or any part of a Commercial Unit may be leased or subleased by a Commercial Unit Owner (as more fully set forth in the Declaration, subject to applicable laws and regulations) or a Commercial Unit may be sold, in its current form or may be subdivided from time to time by a Commercial Unit Owner into two or more separate Commercial Units and sold as such to the extent permissible by law. Commercial Units #2 and #3 may also be converted and/or subdivided into one (1) or more Residential Units, provided the owner of any such Commercial Unit shall be responsible, at their sole cost and expense, to amend the Certificate of Occupancy for the Property to permit such residential use. In no event shall the aggregate amount of Common Interests, resulting from any subdivision of the Commercial Unit into two or more Units, be greater or less than the amount of Common Interest currently allocated to the Commercial Unit prior to such subdivision. The sale of a Commercial Unit shall not be subject to any right of first refusal by the Board of Managers.

Except to the extent prohibited by law and as stated below, the Owner of a Commercial Unit (or Units, if it be subdivided) shall have the right, without the consent of the Board of Managers, other Unit Owners, or the holders of mortgages on any other Units, to (i) make alterations, additions or improvements, interior and exterior, in, to and upon their respective Commercial Unit(s), change the use of, including but not limited to the conversion of Commercial Units #2 and/or #3 to one or more Residential Units, and/or the conversion of Commercial Unit #1 to Parking Units (ii) alter or improve any Limited Common Elements appurtenant only to its Commercial Unit(s), (iii) subdivide the Unit(s) and recombine Units resulting from such subdivision, and (iv) alter any boundary walls between one or more subdivided Units, including but not limited to the conversion of a portion of a Commercial Unit into the Common Elements (including the Residential Common Elements) or incorporating a portion of a Commercial Unit into a new or existing Limited Common Element, provided, however, that in each instance such Commercial Unit Owner shall (i) comply, to the extent applicable, with all laws, ordinances and/or regulations of all governmental authorities having jurisdiction; (ii) undertake any such alterations, additions and/or improvements so as not to have a material adverse impact on the structural supports of the Building or its Building systems as provided to the other Unit Owners at the time any such alterations, improvements and/or additions are completed; (iii) undertake reasonable measures, to the extent practicable, to minimize disruption to the use and/or operation of the other Units; and (iv) agree to hold the Board of Managers and all other Unit Owners harmless

from any and all liabilities, losses, costs and expenses arising therefrom. To the extent Commercial Unit #3 desires to convert such Unit to more than 8 Residential Units, such conversion shall be subject to the prior written approval of the Board of Managers, which approval shall not be unreasonably withheld or delayed.

As part of the conversion of Commercial Unit #3 to one or more Residential Units, the Owner of such Unit, at its sole cost of expense, may eliminate and remove, as a part of such Unit, the separate entrance, lobby and elevator servicing such Unit. To the extent same is eliminated, such entrance and lobby would become part of the Common Elements or Residential Common Elements. Except if Commercial Unit #3 is owned by the Sponsor or its Designee, the plans and specifications for any such removal of the entrance lobby and/or elevator shall be subject to the approval of the Board of Managers, such approval to not be unreasonably withheld or delayed.

If Commercial Unit(s) are subdivided, recombined, or boundary walls altered, the Commercial Unit Owners thereof shall have the right, without the consent of the Board of Managers, other Unit Owners, or the holders of Mortgages on other Units, to apportion among the resulting Commercial and/or Residential Units their appurtenant interests in the Common Elements provided there is a reasonable relationship for such reapportionment in accordance with Real Property Law Section 339(i).

The Commercial Units may be used for any legal use, provided, such use is in conformity with applicable zoning laws and regulation and building codes. Notwithstanding the above provisions, no obscene, pornographic or sex-related materials and no materials depicting nude individuals may be located, exhibited or sold in a Commercial Unit, except in connection with a bona fide medical examination. A Commercial Unit may also not be used for any of the followings uses: (i) employment agency, (ii) drug rehabilitation and treatment center, (iii) nightclub, and (iv) bar. The following uses may only occur in the cellar and/or the first floor of a Commercial Unit: commercial including, but not limited to, retail, office, and storage as to the cellar. Commercial Unit #1 may be used as a parking garage if a special use permit for an accessory off-street parking facility is obtained for the Building from the City Planning Commission.

A Commercial Unit Owner, at its expense, shall keep their Commercial Unit in good order and repair and shall cause their Commercial Unit, its entranceways, doors servicing their Commercial Unit, all glass surfaces appurtenant to their Commercial Unit to be cleaned at regular intervals. The Owner of a Commercial Unit shall be responsible to keep the adjacent portions of sidewalk appurtenant to their Commercial Unit free from snow, ice, dirt and rubbish. All cleaning services for a Commercial Unit shall be supplied and paid for by the Owner of the Commercial Unit.

An Owner of a Commercial Unit shall be responsible for the repair and/or replacement of its storefront, including exterior doors, and any lobby exclusively servicing their Commercial Unit, provided such repairs and/or replacement are not required due to the acts or omissions of other Unit Owners, the Board of Managers and/or its agents, contractors, directors and/or invitees. The Owner of a Commercial Unit shall also replace and/or repair, at

its sole cost and expense, any and all plate glass and other glass damaged or broken in or about a Commercial Unit, unless such damage was caused by the negligence or willful misconduct of the Board of Managers, its agents, employees, invitees and/or contractors. Any such repairs and/or replacements shall be completed by the Owner of a Commercial Unit in compliance with all applicable laws and regulations.

Each of the Owners of Commercial Unit #2 or #3 shall be entitled to use one of the flagpoles on the exterior of the Building on 54th Street, as designated by the Board of Managers, to promote or provide signage for the Commercial Unit Owner's or their tenants' business operations at the Property. The Board of Managers shall designate the flagpole to be utilized by each such Commercial Unit. The Owner of each Commercial Unit shall be responsible to maintain, repair and/or replace any such flagpole utilized by such Commercial Unit Owner or their tenants. Owners of Commercial Units #2 and #3 and/ or their tenants shall also be entitled to erect, maintain, repair, and replace from to time one sign (which is not an illuminated sign) either as part of their separate entrance to their Unit or appurtenant to any such separate entrance to promote the operation of any business of the Commercial Unit Owner or their tenants at the Property. In reference to any such exterior signs, flagpoles, or flags installed or maintained by Commercial Unit Owner #2 or #3, the design, size, location and materials utilized shall be subject to the prior written approval by the Board of Managers, which approval shall not be unreasonably withheld or delayed. Such requirement for Board of Managers approval shall not apply to the Sponsor or its Designee as to any signs, flagpole and/or flag installed or maintained for Commercial Units #2 or #3 to the extent owned by the Sponsor or its Designee. Any such erection, repair and/or replacement of a sign, flagpole, or flag shall be undertaken in compliance with all laws, orders, rules and regulations of the governmental authorities having jurisdiction thereof including zoning laws and building codes. The Owner of a Commercial Unit, or its tenants, shall obtain and pay for all permits and fees (including renewals of same) required for any such signs, flagpole and/or flag. Any damage to the exterior of the Building caused by the installation of any such signs, flagpole and/or flag shall be promptly repaired or restored by the Owners of such Commercial Unit and/or its tenants or subtenants. To the extent the Board of Managers or its agents or contractors undertakes any repairs and/or improvements to the front façade of the Building, which necessitates the temporary removal of any such signs, flagpole and/or flag, then the Board of Managers or its agents or contractors, as a Common Expense, shall be responsible for the cost of such removal and installation of same.

There are separate electric meters to measure electric consumption for Commercial Units #1, #2 and #3. The Commercial Unit Owners, for Commercial Units #1, #2 and #3, will also pay directly to Con Ed the cost of electricity consumed in their Commercial Unit.

There will be a separate gas meter to measure gas consumption for the space heaters in Commercial Unit #1 and the cost of such consumption will be paid by the Owner of Commercial Unit #1. There is a separate gas meter to measure gas consumption for the HVAC equipment for Commercial Units #2 and #3 and the cost thereof will be paid by such Unit Owners based on the proportion that each such Commercial Unit's percentage interest in the Common Elements bears to the aggregate percentage interest in the Common Elements for both Units. Each of the Commercial Unit Owners shall have the right, at their sole cost and

expense, to install separate gas meters and to modify gas piping distribution to measure their gas consumption.

To the extent water usage by a Commercial Unit Owner or its tenants or subtenants exceeds water usage for ordinary lavatory and drinking purposes, then such separate water usage shall be metered or submetered and the cost therefore shall be paid by Commercial Unit Owners.

The Owners of Commercial Unit #2 or #3 or their tenants shall be responsible, at their sole cost and expense, for trash removal for their respective Unit. Such trash shall be stored in their respective Units until it is picked up for removal. The Board of Managers or its agents shall not place any trash for pick up on the sidewalk right in front of the entranceways to a Commercial Unit.

The Owners of Commercial Units #2 and #3 shall each be entitled to appoint their own representative to the Board of Managers.

Notwithstanding that the Board of Managers may establish a fee or charge in connection with the sale or lease of a Unit, such charge may not be imposed upon the sale or lease of a Commercial Unit.

The consent of the affected Commercial Unit Owner is required as to any material amendment or modification of the Declaration and/or Bylaws to the extent any such amendment or modification pertains to any of the provisions of the Declaration and/or Bylaws benefiting, protecting and/or otherwise affecting only such Commercial Unit or its owner.

To the best of the Sponsor's knowledge, as to the rights and obligations of the Owners of the Commercial Units, which are different than those of the Residential Unit Owners, such rights and obligations will not have a material adverse impact on the Condominium.

No representation is made with respect to the continued ownership by Sponsor of all or any portion of the Commercial Units, or as to whom the tenants or occupants of any portion of the Commercial Units may be at any time, or as to the uses to which any portion of the Commercial Units may be put at any time, except that the Commercial Units may be used for any lawful purpose consistent with the Declaration.

Common Interest

Each Residential and Commercial Unit has appurtenant to it a proportionate undivided ownership interest in fee simple, expressed as a percentage in the Common Elements of the Condominium ("Common Interest") based upon the approximate proportion that the floor area of the Unit bears to the aggregate floor area of all Units, but such proportion reflects the substantially exclusive advantages enjoyed by one or more but not all Units in a part or parts of the Common Elements. Every Unit Owner will be responsible for their proportionate share of the Common Expenses of the Condominium, based upon their Common Interest, and will

have the same proportionate share of any common profits of the Condominium or any distribution upon termination or condemnation of the Condominium.

Each of the Residential Unit Owners will be responsible for the cost for the maintenance, repair and/or replacement of the Residential Common Elements in proportion to their respective Residential Common Interests.

Common Elements

The Common Elements of the Condominium generally consist of the Land and all parts of the Building and improvements thereon, other than the Units, for the common use of the Units and the Unit Owners or which are necessary or convenient for the existence, maintenance or safety of the Property. The Residential Common Elements consist of the Common Elements for the common use and/or benefit of all Residential Unit Owners. The Limited Common Elements of the Condominium (the "Limited Common Elements") consist of those Common Elements that serve or benefit exclusively one or more but not all of the Units or the Unit Owners. The Residential Limited Common Elements consist of those portions of the Common Elements of the Condominium which serve or benefit exclusively a Residential Unit. The Commercial Limited Common Elements consist of those portions of the Common Elements of the Condominium which serve or benefit exclusively a Commercial Unit or a Commercial Unit Owner. The Common Elements are appurtenant to, serve and benefit each Unit to the extent of such Unit's percentage share of the Common Elements. The Common Elements are for the common use of all Unit Owners. The Residential Common Elements are appurtenant to, serve and benefit each Residential Unit to the extent of such Unit's pro rata share of the Residential Common Interests allocated to all Residential Units. The Residential Common Elements are for the common use of all Residential Unit owners. The Common Elements and the Limited Common Elements are divided in the following subcategories:

I. COMMON ELEMENTS

Those portions of the Common Elements which serve or benefit all Unit Owners included, without limitation, the following:

1. All land, foundations, columns, girders, beams and supports, including load bearing walls;
2. Steel frame, structural floor system and concrete;
3. The façade or exterior walls of the Building including windows and exterior window frames within the Common Elements, except for the separate entrances, storefronts and entrance doors to Commercial Units #1, #2 and #3 and the Residential Lobby;
4. The roofs (including the roof set back over the first floor and the boiler room roof), exhaust fans (which service the Common Elements), air shafts, roofstair bulkhead, cornices, parapets, eaves, flashing, ladders, including gooseneck, from main roof to boiler room roof, but not including the glass and frame for skylight over the Penthouse Units and the terraces for the Penthouse Units;

5. Railings or fencing on the roofs but not including any fencing or railings for the common roof deck which is part of the Residential Common Elements;
6. Sidewalk in front of the Building on 54th Street;
7. Leaders and roof drains;
8. Fire standpipe system, valves, fittings, siamese connections, risers, control valves, fire hoses and racks, alarm check valve assembly and all related piping;
9. Sprinkler system, including piping, fittings, valves, pumps, pump controls and sprinkler heads;
10. The freight elevator, including any shafts, pits, machine rooms, bulkheads and appurtenant facilities;
11. Fire stairs on the east side of the Building from the cellar to the 2nd floor;
12. Sump pump in the cellar and all portion of the cellar (including any separate rooms) used for water pumps, sprinkler equipment, telephone and/or telecommunication equipment, electrical service equipment, gas service equipment, freight elevator equipment, and miscellaneous other equipment;
13. Compactor in the cellar and condensing unit for the Common Elements in the cellar which is mounted on the first floor roof.
14. Telecommunication equipment, closets, distribution boxes, wiring and/or cables which service both the Residential and Commercial Units and/or the Common Elements;
15. All lighting in common areas in the cellar, stairways or on the exterior of the Building, except for the exterior lighting, if any, for the Commercial Units #2 and #3, the entrance to the Residential Lobby and the Residential corridors;
16. Building sewer piping, all fittings, waste and house trap;
17. Service entrance for the freight elevator on 54th Street;
18. All doors, door frames, including stair hall doors and frames and roof and cellar doors and frames and locks, except for doors to or in the Commercial or Residential Units including any exit doors from such Units and the entrance door to the Residential Lobby;
19. Meters for the Common Elements and the Residential Lobby and the fitness center;
20. Surveillance system and cameras;
21. All other tanks, pumps, motors, fans, control equipment and meters serving both the Residential and Commercial Units and/or Common Elements;
22. All other appurtenant installations, systems, equipment and facilities in or on the Building, including shafts, pipes, wire, plumbing, water, electrical, gas and/or telecommunication risers, ducts, vents, cables, conduits, meters and utility lines which service and benefit both the Residential and Commercial Units and/or the Common Elements;
23. All passages, corridors, hallways (other than the residential corridors providing access to the Residential Units), all mechanical space and all other rooms, areas and spaces which are not part of the Units, the Residential Common Elements or the Limited Common Elements; and
24. All other areas of the Property, air rights and all other parts of the Building and all apparatus, systems, equipment and installations in or on the Building or on

the Property for the common use of the Units and Unit Owners or which are necessary or convenient to the existence, maintenance or safety of the Property.

The cost of maintenance, repair and replacement of the Common Elements will be borne by all Unit Owners as a Common Expense of the Condominium in proportion to their respective percentage interests in the Common Elements.

II. RESIDENTIAL COMMON ELEMENTS

The Residential Common Elements consist of those portions of the Common Elements which service or benefit only the Residential Unit Owners, including without limitation the following:

(a) the entrance to the Residential Lobby and windows and window frame, if any, within the Residential Common Elements;
(b) the Residential Lobby;
(c) the two passenger elevators servicing the Residential Units;
(d) the Residential corridors or hallways;
(e) exterior doors and door frames to the Residential Lobby and the fitness center;
(f) fire stairs on the east side of the Building from the 2nd floor to the main roof and the convenience stair that connects the 6th floor to the penthouse floor;
(g) the common roof deck on the main roof and any fencing or railing separating the common roof deck from the rest of the roof area;
(h) fitness center and the condensing unit for the fitness room which is mounted on the first floor roof;
(i) mail boxes in the Residential Lobby for the Residential Units;
(j) the audio/video intercom system for the Residential Units;
(k) Boilers and domestic hot water heaters in the penthouse mechanical equipment room and all related equipment, storage tank, valves, controls, fans and piping for Residential Units and heating equipment, valves, controls, fans and piping for the Residential Lobby, fitness room and Residential corridors;
(l) roof mounted cooling towers on the main roof heat pumps located in the cellar for the Residential Lobby and fitness room, the air-conditioning unit for the residential corridors or hallways located on the main roof and distribution duct work, pipes, valves and controls for such Residential Common Elements;
(m) exhaust ductwork grilles and fans for exhaust fans for kitchens and bathrooms for Residential Units and for the kitchens of Duplex Penthouse Units;
(n) lighting in Residential Lobby, Residential corridors and exterior lighting for entrance to Residential Lobby;
(o) trash chute, trash room and compactor in the cellar;

(p) telecommunication equipment and related components, wiring and cable which service only the Residential Common Elements and/or the point of entry or distribution to the Residential Units; and
(q) submeter for water, gas meters for cooking and domestic hot water and heating.

The cost of the maintenance, repair and replacement of the Residential Common Elements will be borne by all Residential Unit Owners in proportion to their respective Residential Common Interests.

III. RESIDENTIAL LIMITED COMMON ELEMENTS

Those portions of the Common Elements indicated below for the exclusive use of a Residential Unit Owner, their guests, lessees, agents, invitees and residents of the Unit to which they are appurtenant ("Residential Limited Common Elements") which include:

A. The skylight over the Duplex Penthouse Units as designated in the Floor Plans in Part II of the Plan; and
B. The terrace appurtenant to each of the Duplex Residential Units as designated in the Floor Plans in Part II of the Plan; and
C. The Storage Units allocated to each Residential Unit, as designated in the Floor Plans.

IV. COMMERCIAL LIMITED COMMON ELEMENTS

Those portions of the Common Elements indicated below for the exclusive use of the Owner of a Commercial Unit, its tenants, subtenants, licensees, employees, guests, agents and invitees, ("Commercial Limited Common Elements") which include:

A. The separate exterior entrance and store front (if any) appurtenant to each Commercial Unit;
B. The second floor roof set back and HVAC equipment mounted on the first floor roof, which exclusively services Commercial Units #2 and #3;
C. The lobby and elevator for Commercial Unit #3 to the extent constructed for Commercial Unit #3, pursuant to the Plan. The Owner of Commercial Unit #3 shall have complete control over the decoration, appearance and finishes for the elevator cab and lobby for such Limited Common Element;
D. Telecommunication equipment and relating components, wiring and cables which exclusively service a Commercial Unit;
E. Conduits and equipment (including electrical conduits and meters) exclusively servicing a Commercial Unit;
F. Gas meter for HVAC equipment which is shared by Commercial Units #2 and #3 and the separate gas meter for Commercial Unit #1 in the cellar; and

G. The individual designated flag poles on the exterior of the Building, which are to be separately allocated by the Board of Managers for the exclusive use of Commercial Units #2 and #3.

The Owners of Commercial Units #2 and/or #3 shall each have the non-exclusive right to access, maintain, repair and/or repair their respective HVAC equipment mounted on the roof set back over the first floor. The Owner of Commercial Unit #3, at its sole cost and expense, shall have the right to move the HVAC equipment mounted on roof set back over the first floor, (including the HVAC equipment servicing Commercial Unit #2), to another location on such roof set back over the first floor, provided any such relocation: (i) shall not affect the operation and/or efficiency of such HVAC equipment for Commercial Unit #3 and/or any other HVAC equipment also located on the roof set back over the first floor; (ii) shall be undertaken on reasonable prior written notice to the Owner of Commercial Unit #2 and in the off-season when such HVAC equipment is not being utilized; and (iii) shall be undertaken in compliance with all applicable laws and regulations. The Owner of Commercial Unit #2, as to the HVAC equipment serving Commercial Unit #2, shall also have the right to move their HVAC equipment mounted on the roof set back over the first floor to another location on such roof set back over the first floor, provided any such relocation shall not affect the operation and/or efficiency of any of the other HVAC equipment mounted on such roof set back over the first floor, such relocation shall not block the view from the windows overlooking the roof set back over the first floor in any further material respect unless otherwise consented to in advance in writing by the Owner of Commercial Unit #3, which consent shall not be unreasonably withheld or delayed and such relocation shall be undertaken in compliance with all applicable laws.

V. COST OF MAINTAINING AND REPAIRING THE GENERAL COMMON ELEMENTS AND THE SPECIAL RESIDENTIAL AND COMMERCIAL LIMITED COMMON ELEMENTS

In general, the cost of maintaining and repairing the Common Elements shall be treated as an expense of the Unit Owner or Unit Owners who have the exclusive use thereof or whom such Common Elements benefit. Accordingly, the cost of all painting, decorating, maintenance, repairs and replacements, whether structural or non-structural, ordinary or extraordinary to the: (i) Common Elements shall be undertaken by the Board of Managers and shall constitute a Common Expense, unless such work is necessitated by the negligence, misuse or neglect of a Unit Owner, in which event such expense will be charged to such Unit Owner, (ii) the cost of maintenance repair and replacement of the Residential Common Elements shall be undertaken by the Board of Managers and shall be borne by all Residential Unit Owners in proportion to their respective Residential Common Interests; and (iii) the cost of maintaining and repairing the Commercial Limited Common Elements, appurtenant to a Commercial Unit, shall be undertaken by such Commercial Unit Owner, at their sole cost and expense, and the cost of maintaining and repairing the Residential Limited Common Elements, appurtenant to a Residential Unit, shall be undertaken by such Residential Unit Owner, at their sole cost and expense, unless such work is necessitated by the negligence, misuse, or neglect of another Unit Owner or is due to the condition of or damage to or from the Common Elements, in which event the cost and expense of such repair shall be charged to

such other Unit Owner or constitute a Common Expense. To the extent such work is necessitated by the negligence, misuse or neglect of more than one Unit Owner, the cost of maintenance and repair shall be borne by such other Unit Owners in the proportion that their percentage interest in the Common Elements bears to aggregate percentage interest in the Common Elements of all Unit Owners responsible therefor.

Notwithstanding the above provisions, the Board of Managers, as a Residential Common Expense, shall be responsible for the repair and/or replacement of the terraces for the Duplex Penthouse Units, except each such Duplex Penthouse Unit Owner shall be responsible for the repair and/or replacement of any decking and/or other surface covering installed as to the terrace appurtenant to their respective Units as a Residential Limited Common Element. In addition, a Duplex Penthouse Unit Owner shall be responsible for the cost of any repair and/or replacement of the terrace appurtenant to their Unit if repair and/or replacement is required as a result of the negligence, misuse or neglect of any such Owner of a Duplex Penthouse Unit.

Notwithstanding the above provisions, the Board of Managers, as a Common Expense, shall be responsible for the repair and/or replacement of the roof set back over the first floor, except the Owners of each of Commercial Units #2 and/or #3 shall be responsible for the respective share of the cost of any repair and/or replacement of such roof to the extent that such repair and/or replacement is required as a result of the negligence, misuse or neglect of such Commercial Unit Owner or their respective tenants, employees and/or contractors. The Owners of Commercial Units #2 and #3 shall each have the right to install sound attenuation equipment, pads and/or fencing for the HVAC equipment mounted on the roof set back over the first floor, provided same complies with all applicable laws and the Owner of Commercial Unit #3 shall have that right with respect to the HVAC equipment of Commercial Unit #2 that the Owner of Commercial Unit #3 may relocate.

Except for the glass and frame portion of the skylight appurtenant to a Duplex Penthouse Unit, the Board of Managers shall be responsible for the repair or replacements of the skylights for each of the Duplex Penthouse Units (as well as fixing of any leaks), so long as they are not due to a crack or other defects in the skylight itself or which are not caused by the acts or negligence of a Penthouse Unit Owner and the cost thereof will be charged to all Residential Unit Owners as a Residential Common Expense. Any repair or replacement to any such skylight required as a result of the act or negligence of the Penthouse Unit Owner shall be charged (or borne by) such Penthouse Unit Owner. The Residential Unit Owner of the Penthouse Unit shall also be responsible for the repair and/or replacement of the glass and frame portion of the skylight appurtenant to its Unit as a Residential Limited Common Element.

Notwithstanding anything to the contrary contained herein, if a Common Element, including the Residential Common Elements, benefits only certain Unit Owners (e.g., the Residential Units), then the Condominium's cost for operating expenses, alterations, additions, repairs, replacements and restoration thereto shall be borne solely by those Unit Owners who benefit from the Common Element in proportion that the Common Interest of each benefiting Owner bears to the Common Interests of all benefiting Unit Owners.

Compliance with filing any and all reports and remedying all conditions required by said reports with respect to Local Law 11 of 1998 pertaining to exterior façade of the Building and the roof, cornice, eaves and parapets and Local Law 10 of 1981 pertaining to elevator hoistways shall be the responsibility of the Unit Owners and shall be considered a General Common Expense to be shared on a pro-rata basis by the Owners of the Units based on their respective Common Interests. Compliance with filing any and all reports and remedying all conditions required by said reports with respect to local law 11 of 1998 pertaining to any store front façade or entrance for a Commercial Unit shall be the responsibility of such Commercial Unit Owner.

To the extent Commercial Unit #1 is converted into Parking Units, then the exterior door for Commercial Unit #1 providing access to the freight elevator or autolift shall be included as part of the Common Elements.

Until such time as Sponsor or its Designee no longer owns a Residential Unit or a Commercial Unit, the Lobby shall not be altered (including the changing of its furnishings) by the Unit Owners or the Board of Managers without the prior consent of Sponsor.

Services and Amenities

These services and amenities described below have been provided for in the projected budget for the first year of condominium operation. The decision to maintain the following services and amenities in future years will be in the sole discretion of the Board of Managers. The following services and amenities will be completed in an orderly fashion together with the completion of the Building generally, except as otherwise indicated in the Plan. The Sponsor does not represent except as otherwise stated in the Plan that any of the following services will be available as of the date of closing of any particular Unit.

A. Services and Amenities:

(i) Elevator Service - There will be three (3) automatic passenger elevators and one automatic freight elevator which services both the Commercial and Residential Units. One of the passenger elevators services the cellar through the sixth floor and the other one services the cellar to the roof. Both of these passenger elevators are located in the Residential Lobby. The third passenger elevator is a Commercial Limited Common Element for Commercial Unit #3 and services the first and second floors for such Unit. This elevator will only be installed if MTI timely exercises its option to purchase during its exclusive period. There is a handicapped lift within Commercial Unit #2. The freight elevator will service the cellar and the first floor. There is direct access to the freight elevator from 54th Street. The service elevator will be available for use by both the Commercial and Residential Units. All deliveries and removals from Units must be made at such time and by such routes (corridors, elevators, Common Elements, etc.) as the Board of Managers shall reasonably determine from time to time. The Sponsor shall have the right to reasonably determine such times and routes with respect to the Unsold Units owned by the Sponsor.

(ii) Intercom System for Lobby Door and Closed Circuit Video Surveillance System - The Building will be equipped with an audio/video intercom system. Each Residential Unit will have an intercom unit with a color video monitor. Such intercom system will permit the automatic opening of the door to the Residential Lobby and access to the passenger elevators servicing the Residential Units. The Residential Unit Owners will be able to see and buzz in any visitor to their Unit. A closed circuit video surveillance system will be provided with a camera located in the Residential Lobby and other entryways.

(iii) Smoke and Carbon Monoxide Detectors - Smoke and carbon monoxide detectors will be provided in each of the 27 Residential Units in compliance with applicable law.

(iv) Mail - All incoming mail will be delivered by a U.S. Postal Service employee directly to private mail boxes in the Residential Lobby maintained for each of these 27 Residential Unit Owners or by alternative means established by the Sponsor. Commercial Units will have mail delivered directly to their Units.

(v) Refuse Disposal – Commercial Units will be required to pay for and have their refuse collected by a commercial hauler. The times and locations for such trash removal shall be subject to the reasonable approval of the Board of Managers. Each Residential Unit Owner shall keep its trash and recycling on their floor for collection by the Building superintendent.

(vi) Building Superintendent – It is anticipated that there will be a non-resident full time superintendent for the Building. The name, address and telephone number of the superintendent or the contact person for the Managing Agent will be posted in the Residential Lobby of the Building. The superintendent, or an emergency back up superintendent, will be on call by way of a direct dial to a pager system on a 24 hour per day basis. It is also anticipated the Building will have a part-time porter on weekends at approximately 8 hours per week. The amount of hours worked by the part-time porter is subject to change.

(vii) Doorman/Lobby Attendant. – Included in the budget for the first year of operation is a doorman/lobby attendant for approximately 54 hours per week. It is projected that the hours of the doorman/lobby attendant will be from 12 - 8PM on weekdays and from 9AM – 5PM on weekends. The amount of hours worked by the doorman/lobby attendant is subject to change.

(viii) Common Roof Deck – There will be a common roof deck for the use of Residential Unit Owners for recreational purposes, consisting of approximately 2,000 square feet. Access to such common roof deck will be from the elevator to the roof.

(ix) Fitness Room – There will be a Fitness Room on the first floor for the use of the Residential Unit Owners.

LOCATION AND AREA INFORMATION

The Hit Factory® Condominium is located in Midtown West, or Clinton neighborhood of Manhattan in the City of New York, between 9th and 10th Avenues on 54th Street. The area is bordered by the Upper West Side to the north, and by Chelsea to the south. The eastern side of Midtown West adjoins the Midtown Office District, which is dominated by Rockefeller Center, Times Square and the Theater District. Midtown West was once known as Hell's Kitchen, and is now alternatively known as Clinton. The area between 9th Avenue and West Side Highway, is primarily residential in nature, with retail and theater uses concentrated on West 42nd Street. The area located between 10th and 8th Avenues is more commercial than industrial in nature, and is made up of a wide variety of properties including low-rise commercial buildings, as well as older apartment buildings. 9th Avenue has become a focus for "boutique" restaurants and cafes. Traditionally, one of the highest concentrations of restaurants in New York City is found along West 46th Street between 8th and 9th Avenues and is informally known as Restaurant Row.

Transportation:

Access to various subway and bus lines makes public transportation very convenient.

- 50th Street Subway 1,9, A, C, E (7th and 8th Avenue lines)
- 53rd Street Subway B, D (6th Avenue line)
- Columbus Circle Subways A, B, C, D, 1, 9 at 59th Street
- 57th Street N-R Subway N-R (Broadway line)
- Buses on 7th through 10th Avenue, cross-town at 49th and 50th Streets

Recreation/Entertainment:

Cultural Center(s):

- Caribbean & African Museum located at 408 West 58th Street
- Carnegie hall/Rose Museum located at 154 West 57th Street
- Equitable Gallery located at 787 Seventh Avenue
- Alvin Ailey Dance Company located at 405 West 55th Street

Movie Theatres:

- Clearview Ziegfeld Theatre located at 141 West 54th Street
- Lincoln Plaza Cinemas located at 62nd and Broadway
- Loews Cineplex State located at 1540 Broadway

Health Clubs:

- New York Sports Clubs located at Broadway and 52nd Street
- Gold's Gym located at 250 West 54th Street
- Sheraton New York Health Club located at 7th Avenue and 52nd Street
- Equinox Fitness Clubs located at 10 Columbus Circle

Supermarkets:

- Westerly Health Foods located at 8th Avenue and West 54th Street
- D'Agostino located at 353 West 57th Street
- Whole Foods Market located at 10 Columbus Circle
- Gristede's located at 907 8th Avenue

Schools:

Elementary School(s):

- PS 111 Adolph S. OCHS located at 440 West 53rd Street

High and Secondary School(s):

- High School Communication for Graphic Art located at 439 West 49th Street
- High School for Environmental Studies located at 44 West 56th Street
- Landmark High School located at 220 West 58th Street
- Park West High School located at 525 West 50th Street
- Coalition School for Social Change located at 220 West 58th Street

Public College/University:

- John Jay College of Criminal Justice (CUNY) located at 899 10th Avenue

Private College/University:

- Fordham University/Lincoln Center Campus located at 113 West 60th Street

The above listing is not inclusive.

No representation is made that the children of the Unit Owners will be entitled to attend any particular school.

Religious:

There are houses of worship of various denominations in the vicinity of the Property.

Public Library:

- The Columbus Library located at 742 10th Avenue

Hospital:

- St. Clare's Hospital and Health Center located at 415 West 51st Street

Municipal Services:

Police, fire protection, water, sanitation, snow removal and street maintenance are provided by the City of New York and all charges are incorporated into the City tax. Commercial garbage removal must be obtained and paid for privately by the Commercial Unit Owner.

The Property is located in the Midtown North police precinct and the nearest police station is located at 306 West 54th Street. The nearest fire house is Engine Co. No. 23 located at 214 West 58th Street.

Neighborhood Information

The above neighborhood information is not intended to be all inclusive and is subject to possible errors and subsequent changes. Prospective purchasers are advised to familiarize themselves with the neighborhood if they have not already done so.

Zoning and Application for Special Use Permit:

The Property is located in a C6-2 Zoning District within the Special Clinton District Preservation Area A. Under current zoning, the Property can be converted to a mixed-use building on an as-of-right basis. Based on current zoning, the Building cannot be enlarged as-of-right.

The Sponsor has filed an application with the City Planning Commission to obtain a special use permit, so that accessory off-street parking facility for automobiles could be located in the cellar Commercial Unit #1. The Property is located in the Special Clinton District Preservation Area and pursuant to the Zoning Resolution for the City of New York, accessory off-street parking is not permitted in such special district, except upon issuance of such special use permit. If the special use permit is granted, the Sponsor plans to convert Commercial Unit #1 in the cellar into an accessory off-street facility for ten (10) separate parking space, one of which will probably be a handicapped space. The Sponsor does not make any representation or warranty as to its ability to obtain such special use permit for an accessory off-street parking facility in the cellar Commercial Unit #1.

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The Hit Factory® Condominium

421 West 54th Street, New York, NY 10019

PURCHASE PRICES, PERCENTAGE OF INTEREST IN COMMON ELEMENTS, ESTIMATED COMMON CHARGES and ESTIMATED REAL ESTATE TAXES FOR THE FIRST YEAR OF CONDOMINIUM OPERATION
January 1, 2007 - December 31, 2007

1	2	3		4	5	6	7	8	9	10	11	12
							ESTIMATED COMMON CHARGES		ESTIMATED REAL ESTATE TAXES			
UNIT	ROOMS/ BATHS	APPROX GROSS SQ. FTG		% INTEREST IN COMMON ELEMENTS	% Interest in Residential Common Elements	PURCHASE PRICE	PER ANNUM	PER MONTH	PER ANNUM	PER MONTH	ESTIMATED REAL ESTATE TAXES & COMMON CHARGES PER ANNUM**	ESTIMATED REAL ESTATE TAXES & COMMON CHARGES PER MONTH**
C1		3,319		4.604		Not for sale	9,496.34	791.36	-	-	9,496.34	791.36
C2		12,380		17.173		Not for sale	35,421.73	2,951.81	-	-	35,421.73	2,951.81
C3		10,426		14.462		6,500,000	29,830.93	2,485.91	84,000.00	7,000.00	113,830.93	9,485.91
3A	4/1-1/2	1,210		1.678	2.632	1,225,000	8,679.96	723.33	15,465.57	1,288.80	24,145.53	2,012.13
3B	4/2	1,206		1.673	2.624	1,200,000	8,651.27	720.94	15,414.45	1,284.54	24,065.71	2,005.48
3C	5/2-1/2	1,912		2.652	4.160	1,875,000	13,715.78	1,142.98	24,438.16	2,036.51	38,153.94	3,179.49
3D	5/3	2,378		3.299	5.174	2,350,000	17,058.64	1,421.55	30,394.32	2,532.86	47,452.96	3,954.41
3E	4/2	1,124		1.559	2.445	1,075,000	8,063.04	671.92	14,366.37	1,197.20	22,429.41	1,869.12
3F	4/2	1,021		1.416	2.221	1,025,000	7,324.17	610.35	13,049.87	1,087.49	20,374.04	1,697.84
3G	4/2-1/2	1,237		1.716	2.691	1,250,000	8,873.65	739.47	15,810.67	1,317.56	24,684.32	2,057.03
4A	4/1-1/2	1,210		1.678	2.632	1,275,000	8,679.96	723.33	15,465.57	1,288.80	24,145.53	2,012.13
4B	4/2	1,206		1.673	2.624	1,250,000	8,651.27	720.94	15,414.45	1,284.54	24,065.71	2,005.48
4C	5/2-1/2	1,912		2.652	4.160	1,925,000	13,715.78	1,142.98	24,438.16	2,036.51	38,153.94	3,179.49
4D	5/3	2,378		3.299	5.174	2,425,000	17,058.64	1,421.55	30,394.32	2,532.86	47,452.96	3,954.41
4E	4/2	1,124		1.559	2.445	1,125,000	8,063.04	671.92	14,366.37	1,197.20	22,429.41	1,869.12
4F	4/2	1,021		1.416	2.221	1,075,000	7,324.17	610.35	13,049.87	1,087.49	20,374.04	1,697.84
4G	4/2-1/2	1,237		1.716	2.691	1,300,000	8,873.65	739.47	15,810.67	1,317.56	24,684.32	2,057.03
5A	4/1-1/2	1,210		1.678	2.632	1,325,000	8,679.96	723.33	15,465.57	1,288.80	24,145.53	2,012.13
5B	4/2	1,206		1.673	2.624	1,300,000	8,651.27	720.94	15,414.45	1,284.54	24,065.71	2,005.48
5C	5/2-1/2	1,912		2.652	4.160	1,975,000	13,715.78	1,142.98	24,438.16	2,036.51	38,153.94	3,179.49
5D	5/3	2,378		3.299	5.174	2,525,000	17,058.64	1,421.55	30,394.32	2,532.86	47,452.96	3,954.41
5E	4/2	1,124		1.559	2.445	1,175,000	8,063.04	671.92	14,366.37	1,197.20	22,429.41	1,869.12
5F	4/2	1,021		1.416	2.221	1,125,000	7,324.17	610.35	13,049.87	1,087.49	20,374.04	1,697.84
5G	4/2-1/2	1,237		1.716	2.691	1,350,000	8,873.65	739.47	15,810.67	1,317.56	24,684.32	2,057.03
PHA	5/2-1/2	2,832	T	3.928	6.161	4,050,000	20,315.42	1,692.95	36,197.11	3,016.43	56,512.52	4,709.38
PHB	4/2-1/2	2,045	T	2.837	4.449	2,600,000	14,669.86	1,222.49	26,138.09	2,178.17	40,807.95	3,400.66
PHC	6/3-1/2	3,548	T	4.922	7.719	4,250,000	25,451.66	2,120.97	45,348.63	3,779.05	70,800.30	5,900.02
PHD	6/3-1/2	3,291	T	4.565	7.160	3,950,000	23,608.07	1,967.34	42,063.80	3,505.32	65,671.86	5,472.66
PHE	4/2-1/2	1,540	T	2.136	3.350	2,250,000	11,047.23	920.60	19,683.45	1,640.29	30,730.68	2,560.89
PHF	5/2-1/2	2,445	T	3.392	5.319	3,800,000	17,539.26	1,461.61	31,250.68	2,604.22	48,789.94	4,065.83
TOTAL:		72,090		100	100	58,550,000	404,480.00	33,706.67	671,500.00	55,958.33	1,075,980.00	89,665.00

(1) NOTE: T = Terrace

(2) NOTE: The real estate taxes on Schedule A reflect the estimated post construction taxes for the Residential Units during only the 2nd half of calendar year 2007.

(3) Each of the Residential Units shall be entitled to exclusive use of the Storage Units designated for each of the Residential Units as a Residential Limited Common Element in the Floor Plans in Part II of the Plan. The square footage for Storage Units is not included in square footage for each Unit in column 3.

NOTES TO SCHEDULE A

1. There are a total of 30 Units of which 27 Residential Units and one (1) Commercial Unit will initially be offered for sale. Commercial Unit #3 is subject to the exclusive offer to the existing commercial tenant (MTI Enterprises, Inc.), as provided in the Plan. Commercial Units #1 and #2 are currently not offered for sale.

2. Prospective Purchasers should refer to the Floor Plans included in Part II of this Plan for the dimensions and layout of the Units. Any Floor Plan shown to a prospective Purchaser is only an approximation of the dimensions of a Unit. The actual layout or dimensions may be different than the Floor Plan. Each Unit is unique and should be inspected prior to purchase to determine its actual dimensions, layout and physical conditions. Room count has been calculated based on the following definition: In order to be considered a room, the space must be windowed and have a doorway. Bathrooms have not been counted as rooms. The number of rooms indicated on Schedule A also does not include utility rooms or closets. Rooms are calculated in accordance with the New York Building Code and Zoning Resolution.

The dimensions of the Units depicted in the Floor Plans are approximated and reflect the area measured horizontally from the exterior face of glass windows, brickwork, masonry or concealed concrete or structural members of the exterior walls of the Building, to the exterior face of glass windows, brickwork, masonry or concealed concrete or structural members of the exterior walls of the Building; or to the centerline of sheetrock or plaster partitions which separate the Unit from other Units; or to the centerline of sheetrock or plaster partitions which separate the Unit from corridors, common stairs, elevators or other rooms containing mechanical equipment and Common Elements. Each Unit consists of the area measured vertically from the top of the concrete floor to the underside of the concrete ceiling above. References to the interior face and exterior face are made from the perspective of someone standing within the Unit. The estimated square footage of each Unit is based on the Floor Plans and the Architect's Description of the Property and Building Condition set forth in Part II of the Plan.

3. MTI Enterprises, Inc. ("MTI") shall have the exclusive right to purchase Commercial Unit #3 at the price set forth in Schedule A for a period of twenty (20) days (or the next business day, if such date is on a weekend or national holiday) from the Presentation Date of this Plan After the expiration of such exclusive period, if MTI has not timely exercised its right to purchase Commercial Unit #3, the Sponsor may sell Commercial Unit #3 to any other third party purchaser and, through a duly filed price change amendment, may increase the price for Commercial Unit #3.

4. The Sponsor reserves the right from time to time to change or negotiate the purchase price and other sales terms for any Unit, not subject to a Purchase Agreement. Accordingly, Purchasers may pay different purchase prices for similar Units. The effect of this, as well as the right of the Sponsor to change purchase prices, is more particularly described in the Section in Part I titled "Changes in Price and Units". Prospective Purchasers are advised, that in addition to purchase price, they will be responsible for certain closing

costs and adjustments at the time of Closing, as explained in the Section titled "Unit Closing Costs and Adjustments". If a Purchaser obtains a mortgage loan, they will be responsible for the payment of additional closing costs and expenses relating to such loan. THE PURCHASE PRICES FOR THE UNITS SET FORTH IN SCHEDULE A HAVE BEEN SET BY THE SPONSOR AND ARE NOT SUBJECT TO REVIEW OR APPROVAL BY ANY GOVERNMENT AGENCY.

5. In accordance with Section 339(i) 1(iv) of the Condominium Act, the percentage interest of the respective Units in the General Common Elements have been determined based upon the ratio of the floor area of each Unit to the total floor area of all of the Units, but such proportion is also reflective of the location of a Unit, the uniqueness of the Unit, the availability of Residential Limited Common Elements or Commercial Limited Common Elements, if any, for the exclusive use of a Unit, the overall dimensions of a particular Unit and certain other additional factors of relative value in comparison to other Units in the Condominium. The aggregate Common Interest of all Units is equal to 100%. Schedule A also includes the Residential Common Interests of all of the Residential Unit Owners. The aggregate Residential Common Interests of all Residential Units is equal to 100%.

6. Common Charges are based upon the estimates contained in Schedule B for the projected first year of Condominium operation. These estimates are based on the assumption that the first year of Condominium operation will be the calendar year from January 1, 2007 to December 31, 2007, (the "First Year"). Common Charges do not include costs for which each Unit Owner is individually responsible, such as mortgage payments for a loan to finance the purchase of a Unit, costs of interior repairs to and maintenance, painting and decorating of a Unit (including the repair and maintenance of appliances contained in a Unit, which is not covered under any applicable warranty), costs for insurance for: (a) furniture, improvements, equipment, appliances and other personal property contained in a Unit; and (b) liability to others for personal injury or property damage, real estate taxes after the Units are separately assessed, cost of electricity for lighting, appliances, air conditioning (which will be separately metered), telephone and cable television charges and gas charges for Commercial Units #1, #2 and #3. Real estate taxes will be included as part of Common Charges until separately assessed. Real estate taxes will probably be paid in advance semi-annually once the real estate taxes for the Property are separately assessed for each Residential Unit. Common Charges by a Unit Owner, to the extent unpaid, shall constitute a lien upon the Unit which shall be subordinate to liens for real estate taxes and any first mortgage of record on the Unit. Common Charges will be billed and collected on a monthly basis.

7. Monthly carrying charges are composed of monthly Common Charges and the monthly real estate taxes projected for each Unit. The projections as to monthly costs for real estate taxes only include the estimated post construction real estate taxes for the second half of calendar year 2007. For the first half of calendar year 2007 it is not anticipated that the Property will be reassessed to reflect the completion of the 27 Residential Units. It is projected that the first assessment to reflect the completion of the entire renovation and conversion of the 27 Residential Units will not occur until fiscal year 2007/2008, or the second half of the estimated first year of operation. The status of the renovation of the

Property on January 5 of any one year is the basis for the assessment for the fiscal year beginning on the following July 1. As of January 5, 2006, it is estimated that the Sponsor will not have received any temporary certificate of occupancy for the Residential Units. As of January 5, 2007 it is estimated by the Sponsor that it will have substantially completed all of the Residential Units. If this is the case, the increase in value for all of the Residential Units could be reflected on the fiscal year 2007/2008 Assessment Roll.

The estimates set forth in columns 9 and 10 are a calculation of real estate taxes due for the Residential Units and Commercial Unit #3 for calendar year 2007. Estimated real estate taxes due are based upon the estimated assessed valuation for calendar year 2007, as projected by Tuchman Katz, Schwartz Gelles Korngold & Weiss, LLP, having an office at 6 East 45th Street, New York, NY 10017 ("Tuchman Katz") for the Residential Units and Commercial Unit #3. The fiscal 2005/2006 assessed valuation for the Property is as follows:

2005/06	
Actual Total Assessed Valuation:	$3,557,500
Transitional Total Assessed Valuation:	$2,864,700

The projected real estate taxes for calendar year 2007 have been apportioned by Tuchman Katz between Commercial Unit #3 and the Residential Units as follows:

	Projected Calendar Year 2007 Real Estate Taxes
Commercial Unit #3	
Taxes	$84,000
Residential Units	
Taxes	$587,500
Totals – Residential & Commercial	
Totals	$671,500

Schedule A contains an estimate of real estate taxes for each Residential Unit as apportioned between the Commercial #3 and the Residential Units, for calendar year 2007.

The projected real estate taxes for fiscal year 2007/2008 (the estimated first post construction year) have been apportioned by Tuchman Katz between the Commercial Unit #3 and the Residential Units as follows:

	Projected Fiscal Year 2007/2008 Real Estate Taxes (First Post Construction Year)
Commercial Unit #3	
Taxes	$96,000
Residential Units	
Taxes	$687,500
Totals – Residential & Commercial	
Totals	$783,500

Another assumption as to the estimate of real estate taxes for calendar year 2007 is that each Residential Unit will be assessed in a slightly higher proportion to each Residential Unit's percentage of the total square footage. No warranties are made that either the assessments of the individual Units amongst the Residential Units will be arrived at in the manner stated above. The projections also assume that the tax rate will be $12.216 per $100 of assessed value for the Residential Units and $11.558 for $100 of assessed value for the Commercial Units. This is based on the tax rates for fiscal year 2004/2005. As of the date of Tuchman Katz's estimate for real estate taxes, the 2005/2006 tax rate had not yet been set. It is not possible at this time to predict the tax rate applicable for fiscal year 2006/2007, except to note that the trend has been for slightly higher tax rates over the course of the last several years for residential structures and slightly lower rates for commercial structures.

There can be no assurance that there will not be a further increase in the assessed valuation of the Units comprising the Property and/or an increase in the tax rate above those projected calendar year 2007 or subsequent years.

If on the date of the First Unit Closing each of the Units shall not have been separately assessed as an independent tax lot, then until such time as said separate tax assessment shall be made and be in effect, each Residential Unit Owner and the Commercial Unit Owner, including the Sponsor, shall be nonetheless responsible for the cost of their proportionate amount of the aggregate real estate tax for the Property as determined by their percentage of Common Interest, multiplied by the aggregate real estate taxes assessed against the entire Property as apportioned to all the Residential Units and the Commercial Units. For the purpose of such apportionment, real estate taxes shall be allocated to the Residential Units and to the Commercial Unit #3 in a manner consistent with the projections of Tuchman Katz.

The real estate tax estimates for each Unit were calculated on the assumption that the real estate taxes will be allocated in proportion to each Unit's percentage interest in the Common Elements as set forth on Schedule A. Upon determination of individual tax lots and individual Unit assessments, the New York City tax authorities may determine taxes for each Unit based upon each Unit's implied fair market value as determined by the New York City tax authorities pursuant to said tax authorities' policies and practices for the assessment of commercial and residential property, rather than based upon each Unit's percentage interest in the Common Elements, and, if so, Units having the same or similar percentage interest may pay different real estate taxes and taxes may differ from those set forth on Schedule A.

The figures in the columns numbered 1 to 12 equal the sum of the estimated aggregate annual/monthly Common Charges and real estate taxes for calendar year 2007.

Real estate taxes are generally deductible for income tax purposes where a Unit is occupied as primary or secondary residence of the owner. If a Unit is occupied as a place of business, real estate taxes may be considered an expense of the business, but are not generally deductible for income tax purposes. Consequently, the deductibility of real estate taxes depends upon the use of the Unit and/or the person or entity who or which is in title to the Unit. Income tax deductions for real estate taxes may vary in future years due to changes therefore, whether due to expiration of real estate tax benefits, changes in assessed value, tax rates, or the method of assessment. In the event that any Unit Owner obtains mortgage financing for their Unit, the interest paid on such mortgage indebtedness will, in most cases, be deductible for income tax purposes.

On June 1, 2004, Governor Pataki signed legislation extending property tax abatements for homeowners in New York City cooperatives and condominiums through June 30, 2008 at the rate of 25% for buildings with average assessments of $15,000 or less per unit, and 17.5% where assessments are higher. Assuming a certificate of occupancy has been issued by January 5, 2007, any unit owner who purchases an apartment by that date and timely submits an application to the New York City Department of Finance should be eligible for a 17.5% reduction in real estate taxes for tax year 2007/2008. Purchasers who purchase subsequent to January 5, 2007 will be eligible in succeeding years if the current law is extended. Generally the Managing Agent submits the master application for such benefits to the Department of Finance. Therefore, the receipt of such benefits is contingent upon the timely submission of the required information to the Managing Agent for inclusion in the master application. It is unknown at this time if this law will be renewed for future tax periods. Such property tax abatement was not included in the calculation of real estate taxes in Schedule A, since it is unclear whether or not Residential Unit Owners will acquire their respective Units in time prior to the required application deadline.

Owners of residential condominium units in the City of New York may be eligible for New York State Tax Relief (STAR). STAR is the New York State School Tax Relief Program, which provides a tax reduction benefit for all New Yorkers who own their home and use it as their primary residence. The New York City Department of Finance administers STAR for property owners in the five boroughs of New York City. There are two levels of benefits: Basic STAR for most homeowners and Enhanced STAR for qualified senior

citizens. In projecting the taxes on this building, we have not given any consideration to this tax benefit due to the variable nature of the benefit, although it is currently available to all eligible condominium unit owners.

The Sponsor and its counsel does not guarantee or represent and warrant: (i) that the real estate taxes for the Residential Units and Commercial Unit #3 for calendar year 2007 will be, as projected above; (ii) the extent and amount by which the assessed value of a Residential or Commercial Unit will be increased in the future; (iii) that the actual allocation by the tax assessor of the new assessed value between the Commercial Units and the Residential Units will be as projected; (v) that the tax rate for the Residential Units will be $12.216 per $100 of assessed value or that such tax rate will not be increased in the future; (vi) that the tax rate for Commercial Units will be $11.558 per $100 of assessed value or that such tax rate will not be increased in the future; and (vii) that the tax assessor will allocate individual Unit assessments on the basis of each Unit's Common Interests or the method of assessment utilized to determine such individual Unit assessments. If any of these assumptions did not actually occur as projected, then a Unit Owner's real estate taxes may be greater or less than the amounts shown on Schedule A.

See Counsel's opinion letter as to the Estimate of Real Estate Assessment and Taxes in Part I of this Offering Plan for further details.

PROJECTED BUDGET FOR FIRST YEAR OF CONDOMINIUM OPERATION

SCHEDULE B
THE HIT FACTORY CONDOMINIUM
421 WEST 54TH STREET, NEW YORK, NY

Estimated Income:

Residential Common Charges (2)	$ 329,731
Commercial Common Charges (3)	$ 74,749
Total Common Charges (4)	$ 404,480

Estimated Expenses:

	Residential**	Commercial	Condominium Total
Payroll Expenses for Common Elements (5a)*	$ 52,555	$ 29,820	$ 82,375
Payroll Expenses for Residential Portion (5b)	65,417	-	65,417
Heat and Hot Water for Residential Portion (6)	56,375	-	56,375
Electric for Common Elements (7a)*	6,628	3,761	10,389
Electric for Residential Portion (xxx)	24,907	-	24,907
Gas for Residential Portion (7b)	6,312	-	6,312
Water and Sewer for Residential Portion (8a)	9,609	-	9,609
Water and Sewer for Common Elements (8b)*	4,232	2,402	6,634
Repairs, Maintenance Supplies for Common Elements (9a)*	9,570	5,430	15,000
Repairs, Maintenance Supplies for Residential Common Elements (9b)	15,000	-	15,000
Service Contracts for the Residential Portion (10a)	20,377	-	20,377
Service Contracts for the Common Elements (10b)*	2,605	1,480	4,085
Insurance (11)*	20,352	11,548	31,900
Management Fees (12)*	13,781	7,819	21,600
Administrative Fees (13)*	3,190	1,810	5,000
Professional Fees (14)*	4,147	2,353	6,500
Other (15)*	1,914	1,086	3,000
Contingency (16)*	12,760	7,240	20,000
TOTAL RESIDENTIAL AND COMMERCIAL ESTIMATED EXPENSES:	$ 329,731	$ 74,749	$ 404,480

* These costs are shared by Commercial Units

** The Residential portion of the estimated expenses includes both the estimated expenses for the Residential Common Expenses and the Residential portion of the Common Expenses

FOOTNOTES TO SCHEDULE B

(1) Projected Budget for First Year of Condominium Operation

Amounts are projected 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 that year. As of January 1, 2007, the Sponsor estimates that all of the Residential Units will be substantially completed.

The Sponsor represents that in the event the commencement date of the first year of condominium operation is delayed by more than 6 months from the original budgeted year in the Offering Plan, the Offering Plan will be amended, to include an updated budget with revised projections, if revised projections are necessary. If such revised projections in aggregate exceed the original projections by 25% or more, Sponsor will offer all Purchasers, for a reasonable period of time, which is not less than 15 days subsequent to the date of mailing or personal delivery of a copy of such Amendment to a Purchaser, the right to rescind their Purchase Agreements and to receive a refund of their down payments, if not otherwise in default under their Purchase Agreement. The Sponsor has attempted to make accurate estimates. However, due to inflation, changes in the economy and unforeseen factors, it is likely that actual expenditures will differ from estimates set forth herein. As a result thereof, no warranty is made that actual costs will conform to projections.

(2) Residential Common Charges ($329,731)

This figure represents the estimated total Residential Common Charges to be levied against the 27 Residential Units and collected from the Residential Unit Owners thereof during the first year of Condominium operation. These Residential Common Charges will be utilized to pay the expenses attributable to the Residential Common Elements and that portion of the operational expenses attributable to the Common Elements which are payable by the Residential Units. The Residential Unit Owner's proportionate share of the Residential Common Charges is based on each Residential Unit Owner's percentage interest in the Common Element. The aggregate percentage interest allocated to the Residential Units in the Common Elements is approximately 63.761%.

(3) Common Charges Allocable to the Commercial Units ($74,749)

This figure represents the total Common Charges payable by the Commercial Unit Owners during the first year of Condominium operation. The Commercial Unit Owners will bear its pro-rata share of the expense items indicated as Schedule B with an asterisk and in the column marked "Commercial Portion". The amount of Common Charges paid by each Commercial Unit Owner will be based on their respective proportionate percentage interest in the Common Elements, as set forth in Schedule A.

The aggregate Commercial Unit's proportionate share of the Common Expenses is 36.239%.

(4) Total Income **($410,432)**

This figure does not include any interest income that may be received by the Board of Managers from investment of the Working Capital Fund to be established at the various Unit closings. It is expected that all or part of the Working Capital Fund will be expended during the first or subsequent years of operation. Accordingly, such interest income cannot be determined with exactitude. For this reason, and for the further reason that such interest income does not reflect normally anticipated income from operations, no interest income has been included in the estimated income for the first year of Condominium operation.

(5a) Payroll Expenses for Common Elements - Superintendent and Part-time Porter **($82,375)**

The First Year's Operating Budget includes a full-time non-resident superintendent and a part-time porter on the weekends and holidays. It is estimated the part-time porter will work 8 hours on the weekends. The superintendent and porter will be responsible for monitoring the heating and Residential Limited Common Element's air conditioning system, cleaning the cellar, hallways, stairways and Residential Lobby, collect and put out the trash and recyclables for disposal, cleaning the sidewalk and roof, being on call for emergencies and such other appropriate duties as may be determined by the Board of Managers. It does not include any budgeted amount for minor repairs to the Building or within individual Units. It is assumed in the first Year's Budget that the superintendent and porter will not be union employees. The projected weekly cost for the full time superintendent is estimated at approximately $1,343 per week (including benefits and taxes). The projected weekly cost for a part-time porter is estimated at approximately $241 per week (including benefits and taxes). The above payroll costs include workers' compensation, disability insurance, unemployment insurance, health care benefits, and payroll taxes. The above payroll cost for the part-time porter does not include health care benefits. It is anticipated that this level of staffing complies with applicable housing and labor R20 3(h) laws.

(5b) Payroll Expenses for Residential Portion – Doorman/Lobby Attendant ($65,147)

The first Year Operating Budget for the Residential portion includes a doorman/lobby attendant for the Residential Lobby. It is estimated the lobby attendant will work 40 hours during the week and 16 hours during the weekend, between the hours of 12PM – 8PM weekdays and 9AM – 5PM on weekend and holiday. The exact amount and time periods during which the lobby attendant will work are subject to change and any such change in hours would increase or decrease the payroll expense allocated for such lobby attendant. It is assumed such lobby attendant will not be a union employee. The project weekly cost for such lobby attendant is estimated at approximately $1,253 per week (including benefits and taxes). The above payroll costs for the lobby attendant includes workers' compensation, disability insurance, unemployment insurance, health care benefits and payrolls taxes.

The following applies to Payroll Expenses in notes 5(a) and 5(b):

- Employer FICA contributions are based upon a rate of 7.65% of gross wages
- Employer Medicare benefits are based upon 1.45% of gross wages
- Unemployment insurance is based upon 4.5% of the first $7,000 of annual earnings per employee
- Disability insurance is based upon a rate of $5 per employee per month
- Worker's compensation is based upon 3.5% of gross wages

	Superintendent	Porter	Doorman (2)
Wages	$48,600	$ 1,080	$52,920
FICA	3,718	826	4,048
Medicare Contribution	705	157	767
Unemployment Insurance	315	315	630
Disability Insurance	60	60	120
Worker's Compensation	1,701	378	1,852
Health Insurance	14,740	-0-	4,810
(Total)	$69,839	$12,536	$65,147

The provision for health insurance includes a 10% increase above the current cost for HIP insurance. The superintendent will have a "family" plan and one of the doorman, if employed full-time, will have a "single" plan.

None of the employees are subject to a union contract, but the projected wages comply with the New York State Minimum Wage Laws.

Wages are based upon a 54 week year.

(6) Heat and Hot Water for Residential Portion ($56,375)

The heat and hot water for the Residential Portion will be produced by two gas-fired boilers. The heating system is designed to provide sufficient heat to maintain inside conditions of 72 degrees Fahrenheit. As projected by DNV Associates, 1 Lesa Lane, Hillsdale, N.J. 07642, the estimated cost for gas consumption to produce heat and hot water is based on a total estimated annual usage of 60,274 therms of gas, at $.85 per therm for an annual cost of $51,233. This rate calculation includes all applicable taxes and surcharges. After all surcharges and taxes were factored in, a 10% potential inflationary increase was added for a final total of $56,375. Commercial Units #2 and #3 each have existing separate rooftop HVAC equipment that provides heating and cooling for such Commercial Units. Commercial Unit #1 contains space heaters to provide heat for such Unit. Each of the

Commercial Units have their own hot water heaters.

(7a) Electric for Common Elements **($10,389)**

The individual Residential and Commercial Units will be separately metered for the cost of utilities consumed within their units, including, but not limited to, the costs of operating their individual heat pumps.

As projected by DNV Associates, 1 Lesa Lane, Hillsdale, N.J., the following electric consumption costs are estimated for operation of the Common Elements which shall include but not be limited to, lighting and other electric consumption for the portion of the cellar which is part of the Common Elements, stairwells, elevators (other than the handicapped lift for Commercial Unit #2), pressure pumps for water, audio/video intercom system, surveillance camera, exterior lighting, the power to run the mechanical, plumbing and air conditioning equipment for the Common Elements (including the Residential Common Elements): 71,175 KWH of electric at a total annual cost of $.15 per kilowatt hour or $9,444.38. The budget figure provides for a 10% increase above the estimated cost.

(7b) Electricity Cost for Residential Portion **($24,907)**

As projected by DNV Associates, 1 Lesa Lane, Hillsdale, New Jersey, the following electric consumption costs are estimated for operation of the Residential Common Elements consisting of boilers, hot water heaters, main pumps in the boiler room, cooling tower, heating and air-conditioning for the Residential Lobby and fitness room and electricity for storage units in the cellar: 150,949.87 KWH of electric at a total annual cost of $.15 per kilowatt hour or $22,642.48. The budget figure provides for a ten (10%) percent increase above the estimated amount.

(7c) Gas for Residential Portion **($6,312)**

There will be a master gas meter to measure consumption for the gas appliances in all of the Residential Units. DNV Associates, Lesa Lane, Hillsdale, NJ, projects such gas consumption as follows: 6,750 ccfs of gas at a total annual cost of $850.07 per ccfs or $5,738. The budget figure provides for a 10% increase above the estimate cost.

The Commercial Units will also be separately metered for gas, except there is one gas meter for Commercial Units #2 and #3.

(8a) Water & Sewer for Residential Portion ($9,609)

The budget estimate is based on the cost and projected consumption of water and sewer to be furnished by the City of New York for the first year of Condominium operation for the Residential Units and Residential Common Elements. The water charges and sewer rents will be based on consumption measured by a submeter for the Residential Units. Based on industry averages, it is assumed that 4,216 HCU.ft of water and sewer will be used in the Residential Units. The current NYC rate is $1.60 per hundred cubic feet for water and $2.54 per hundred cubic feet for sewer. A ten percent increase is estimated for 2007 for a final total of $9.609.

(8b) Water & Sewer for Common Elements ($6,634)

The budget estimate is based on the cost and projected consumption of water and sewer to be furnished by the City of New York for the first year of Condominium operation for the Common Elements. Based on industry averages, it is assumed that 2,910.54 HCU.ft of water and sewer will be used for such water and sewer consumption for the Common Elements. The current NYC rate is $1.60 per hundred cubic feet for water and $2.544 per hundred cubic feet for sewer. A ten percent increase is estimated for 2007 for a final total of $6,634. Such budget amount also includes the water consumption for the Commercial Units. To the extent water usage by any Commercial Unit Owner, its tenants, subtenants and/or their respective employees, invitees and/or guests exceeds ordinary lavatory and drinking purposes, then the Board of Managers may require that their water usage be metered or submetered and the cost for such water consumption will be paid by the Owner of such Commercial Unit.

(9a) Repairs, Maintenance and Supplies for Common Elements ($15,000)

The budget amount includes an estimate of the cost of general repairs to the interior Common Elements of the Building such as painting of such Common Elements, various supplies (such as cleaning supplies and materials, lubricants, bulbs, public fixtures and general and hardware supplies), exterior repairs (including the walls and roof), plumbing and electrical repairs in the Common Elements, and other services and maintenance items which are not included under the budget items entitled "Service Contracts" and "Other". The following is the itemization for the material components for such expenses:

- general repairs $5,450
- supplies $2,725
- other service and maintenance items (not included under 10(b) below) $6,825

The estimate is based on operating expenses in comparable properties. The cost of repairs, maintenance and supplies will vary among other things with the nature and scope of work performed during the period covered by Schedule B. No warranty can be made with respect to the work which will be required or otherwise desired by the Condominium in connection with the Property. This budget amount does not include (i) the cost of major capital repairs or replacements, or, (ii) repairs to the Residential Common Elements, or, (iii) repairs to the individual Commercial or Residential Units.

(9b) Repairs, Maintenance and Supplies for Residential Portion ($15,000)

The budget amount includes an estimate of the cost of general repairs to the interior Common Elements of the Residential Portion of the Building such as painting of such Residential Common Elements, various supplies (such as cleaning supplies and materials, lubricants, bulbs, public fixtures and general and hardware supplies), exterior repairs (including the common roof terrace and lobby entrance doors and locks), plumbing and electrical repairs in the Residential Common Elements, and other services and maintenance items which are not included under the budget items entitled "Service Contracts" and "Other". The following is the itemization for the material components for such expenses:

- general repairs $6,500
- supplies $2,725
- other services & maintenance items (not included under 10(a) below) $5,750

The estimate is based on operating expenses in comparable properties. The cost of repairs, maintenance and supplies will vary among other things with the nature and scope of work performed during the period covered by Schedule B. No warranty can be made with respect to the work which will be required or otherwise desired by the Condominium in connection with the Property. This budget amount does not include (i) the cost of major capital repairs or replacements, or, (ii) repairs to the Residential Common Elements, or, (iii) repairs to the individual Residential Units.

(10a) Service Contracts for the Residential Portion ($20,337)

The budget amount is based on the estimated costs of service contracts for the following services:

Nature of Service	Estimated Annual Cost
Elevator for Residential Units	$10,037
Boilers	$ 1,700
Cooling Towers and Air-Conditioning Unit for Residential Corridors	$ 8,600
Total:	$20,337

The budget estimate of $10,037, including 8.375% sales tax, for elevator maintenance contract is based upon an estimate from Dynamic Elevator Corp., 137 East 25th Street, New York, N.Y., dated July 19, 2005. The budget estimate of $1,700, including 8.375% sales tax, for maintenance of the boilers is based upon an estimate from Metro Plumbing and Heating, Inc., dated April_11, 2006. The budget estimate of $8,600, including 8.375% sales tax, for maintenance of the cooling towers and the air-conditioning unit for the residential corridors is based upon an estimate from Crystal Comfort, Inc., dated April 17, 2006.

(10b) Service Contracts for the Common Elements **($4,085)**

The budget amount is based on the estimated costs of service contracts for the following services:

Nature of Service	Estimated Annual Cost
Fire Alarm Central Station Monitoring	$ 1,695
Sprinkler System	760
Exterminator	$ 2,455
	$ 4,085

The budget amount of $1,695.00 including 8.375% sales tax for the Fire Alarm System Central Station Monitoring is based on an estimate from AFA Protective Services, Inc., 155 Michael Drive, Syosset, NY 11791, dated July 21, 2005.

The budget estimate of $760, including 8.375% sales tax, for monthly Sprinkler Systems inspections and annual HPD Sprinkler test is based on an estimate dated July 21, 2005 provided by Buckmiller Automatic Sprinkler Corp.

The budget amount of $2,455.00 including 8.375% sales tax for exterminator services is based on costs in similar buildings.

(11) Insurance **($31,900)**

This figure reflects the current estimated annual cost of the following insurance coverage for the Units and the Common Elements, based on the July 13, 2005 letter from Bollinger Insurance, a licensed insurance broker, having an office at 100 Wall Street, New York, New York 10268.

Property Insurance

1. Limits

Real Property	$10,500,000
Loss of Income/Rents	Actual Loss Sustained.
Sub-limit Earthquake/Flood	$ 2,500,000

2. Perils – "All risks" including water damage which backs-up through sewer and drains and boiler and machinery perils (including elevator collision) (subject to policy terms, conditions, exclusions and to limitations).

3. Coinsurance – Real Property – none, Agreed Amount applies
   Loss of Income – 100%

4. Valuation – Replacement cost (real and personal property)
   Actual loss sustained (loss of income/rents)

5. Deductibles – Real Property = $2,500; Boiler and Machinery = $2,500; Earthquake/Flood = $10,000.

6. Federal Terrorism included.

Commercial Liability Insurance

1. Limits

General Aggregate	$2,000,000
Products/Completed Operations Aggregate	$1,000,000
Personal & Advertising Injury Liability	$1,000,000
Each Occurrence	$1,000,000
Fire Damage Limit	$ 10,000
Medical Payments	$ 5,000

2. General Liability – Occurrence Form

Crime Coverage

1.	Limits – Employee Dishonesty	$ 100,000
2.	Deductible	$ 1,000

Automobile Liability

1. Limit - $1,000,000 Combined Bodily Injury & Property Damage Liability
2. Scope of Coverage – Non-Owned and Hired Car Liability

Umbrella Liability

1. Limits

Each occurrence	$75,000,000
Products/Completed Operations	$75,000,000
Aggregate each occurrence	$75,000,000

2. Self-Insured Retention - $ 10,000

Annual Estimated Premium

Package	$ 22,000
D&O	$ 1,500
Boiler & Machinery	$ 1,000
Umbrella	$ 4,500

Comments:

1 The fire, casualty and commercial liability insurance coverage shall provide: (i) that each Unit Owner is an additional insured party, (ii) that there will be no cancellation without notice to the Board of Managers, (iii) a waiver of subrogation, (iv) a waiver of invalidity because of acts of the insured (v) a waiver of pro-rate reduction if Unit owners obtain additional coverage, and (vi) a waiver of any defense based on any co-insurance requirement.

2 The Property insurance will include an agreed amount endorsement and a replacement cost valuation provision. As a result of these clauses, the insurer will agree to waive any coinsurance provisions that might exist and to settle all claims on a replacement cost basis.

3 Bollinger Insurance reviewed the insurance contained in the first year operations for the condominium and indicated that the fire insurance budgeted in the Plan is adequate. Replacement cost insurance by the Property averages out to approximately $150 per square foot.

4 This coverage does not include claims for personal injury or property damage resulting from occurrences in individual units, nor does it include coverage of furniture or personal property of unit owners.

5 This quotation is an indication of insurance premiums at current rates. Because conditions in the insurance marketplace are so volatile, it is not possible to predict what the premium will be at the time the plan is declared effective. Purchasers should be aware of the possibility of significant rate increases.

The budget figures provides for a 10% increase above the premium cited by Bollinger Insurance.

(12) Management Fees **($21,600)**

This figure is based on the proposed management agreement with Buchbinder Warren (See "Management Agreement" in Park I of the Plan for further details.)

(13) Administrative Fees **($5,000)**

The figure represents the estimated annual administrative costs, including costs for postage, copying, stationary and supplies, telephone, dues and subscriptions, permits, filing fees and other miscellaneous expenses. Such expenses are projected as General Common Expenses for the benefit of the Residential and Commercial Unit Owners.

(14) Professional Fees **($6,500)**

The figure includes the estimated cost of $2,500.00 for accounting services in connection with first year's audited financial statements and tax returns for the Condominium. This amount is based on the quote from Roy K. Danischewski, certified public accountants, having an address at 361 Edison Street, Lower Level Office Suite, Staten Island, NY 10306, for such accounting services. This estimate also includes $4,000.00 for legal services based on an attorney to be retained by the Board of Managers. Such consultation would include, but not limited to, issues raised by the board of Managers in connection with the operation of the Property. Since no separate counsel has been appointed by Sponsor for the Condominium and as it is expected that each purchaser shall be represented by an attorney in connection with the purchase of a Unit, it is not anticipated that further legal expense shall be required by the Condominium during the first year of Condominium operation. However, in the event that legal services are required by the Condominium in excess of the first year estimate, then such services would be billed on an hourly rate or monthly retainer rate to be determined and negotiated by the Board of Managers with the attorney to be retained.

(15) Other **($3,000)**

The budget figure includes an estimate of license, registration and municipal permit fees.

(16) Reserve for Contingencies **($20,000)**

This amount, to be used at the discretion of the Board of Managers, is intended to provide a fund for unanticipated expenses not included in the budget and for possible increases in one or more items of operating expense above the amounts projected. If additional funds are required over and above these funds, it may be necessary to utilize the Working Capital Fund, to increase Common Charges, separately assess all Unit Owners or obtain a loan for the Condominium. Sponsor has attempted to make accurate estimates. However, due to inflation, changes in the economy and unforeseen factors, it is likely that actual expenditures will differ from estimates set forth herein.

Notes:

The foregoing budget and notes were prepared by the Managing Agent, Buchbinder & Warren, LLC. While Sponsor and its expert have attempted to make accurate estimates, such realities as inflation, changes in the economy and other unforeseen factors are likely to cause differences between the actual expenditures and the projections set forth herein.

IN THE OPINION OF THE SPONSOR, THE PROJECTED RECEIPTS ARE ADEQUATE TO MEET THE ESTIMATED EXPENSES FOR THE YEAR OF CONDOMINIMUM OPERATION COMMENCING JANUARY 1, 2007. THE FOREGOING BUDGET, HOWEVER, IS NOT INTENDED AND SHOULD NOT BE TAKEN AS A GUARANTY OR WARRANTY BY ANYONE THAT THE ANNUAL COMMON CHARGES OF OTHER INCOME OR EXPENSES FOR SUCH FISCAL YEAR OR ANY SUBSEQUENT YEAR OF OPERATION OF THE PROPERTY BY THE CONDOMINIUM WILL BE AS SET FORTH IN SAID BUDGET, AND IT IS LIKELY THAT THE ACTUAL COMMON CHARGES AND OTHER ITEMS OF INCOME AND EXPENSES WILL VARY FROM THE AMOUNTS SHOWN IN THE BUDGET.

If the anticipated closing date under the Plan is six (6) months or more after the projected date of the budget year for this Schedule B, then the Plan shall be amended to include a revised budget disclosing current projections. If the aggregate amount of Common Charges disclosed in such amended Schedule B exceeds by 25% or more the aggregate amount of Common Charges set forth in Schedule B as from time to time amended, then the Sponsor shall offer all Purchasers the right for a period of at least fifteen (15) days from the date of presentation of such amendment to rescind their offer to purchase whether or not Sponsor offers to guarantee the previous budget projections. Sponsor shall promptly return to a Purchaser, who exercises any such right to rescind, his deposit under his Purchase Agreement.

Projections Of Individual Residential Unit Electric And Gas Charges For Residential And Commercial Units.

Schedule B-1
The only utility costs which will be paid directly by the Unit Owners are electricity and gas.

Electricity Charges
The following are projections of individual Unit electric charges, based on an estimate prepared by DNV Associates, consulting engineers, having an address at 1 Lesa Lane, Hillsdale, NJ 07642. Such electric charges are not included as part of the First Year's Operating Budget.

Each Residential and Commercial Unit shall be separately metered for electrical consumption within their Unit and each Unit Owner shall be required to directly pay the bills for electricity consumed or used in their Unit. Electricity costs were estimated by DNV Associates, consulting engineers on an annual basis to include: electricity for lighting and appliances (including an electric dryer) and heat pumps for the Units. DNV Associates estimated the annual electricity cost for the Residential and Commercial Units as follows:

Estimated Annual Electricity Cost for Individual Residential Units (including air conditioning), to be paid directly by the Residential Unit Owners

Floors 3-5	
Unit A	$3,382.12
Unit B	$3,373.76
Unit C	$3,444.83
Unit D	$3,680.50
Unit E	$3,297.61
Unit F	$3,304.38
Unit G	$3,250.24

Penthouse Units	
6A	$4,141.91
6B	$3,859.86
6C	$4,253.59
6D	$4,107.89
6E	$3,695.80
6F	$3.991.40

Estimated Annual Electricity Costs for Commercial Units #1, #2 and #3 (including air conditioning for Commercial Units #2 & #3) to be paid directly by such Commercial Unit Owners

Commercial Unit #1

$11,113.00

The above estimate assumes the use will be for a parking garage and does not include any electricity usage for air conditioning.

Commercial Unit #2

$28,866.00

Commercial Unit #3

$29,375.00

There is no guaranty as to the actual electricity costs for the individual Units.

Gas Charges

There will be one gas meter for cooking and one gas meter for heating and domestic hot water for all of the Residential Units and such cost will be paid as part of the Residential Common Expenses in proportion to each of the Residential Unit Owner's Residential Common Interests. Such payment will be included as part of the Common Charges to be paid by the Residential Unit Owners. Such charges are included as part of First Year's Operating Budget.

The following are the annual projections of gas charges for the Commercial Unit, based on an estimate prepared by DNV Associates, consulting engineers. Such gas charges are not included as part of the First Year Operating Budget.

There is one gas meter for Commercial Unit #1 to measure gas consumption for the space heaters in Commercial Unit #1. DNV Associates estimates the annual gas costs for Commercial Unit #1 as follows:

	Annual Gas Charges
Commercial Unit #1	$8,252.00

There is one gas meter for Commercial Units #2 and #3 for the rooftop HVAC equipment. The cost for such gas consumption, as measured by such gas meter, shall be shared by such Unit Owners in proportion that their respective percentage interests in the Common Elements

bear to the aggregate amount of their percentage interests in the Common Element. DNV Associates estimates such annual gas costs for both of these Commercial Units, as follows:

	Annual Gas Charges
Commercial Unit #2	$16,270
Commercial Unit #3	$17,122
Total	$33,392

There is no guaranty as to the actual amount of such gas charges to be paid by the above Unit Owners.

BUCHBINDER & WARREN, LLC
One Union Square West, Room 402
New York, New York 10003
(646) 637-9038
Fax: (212) 645-0985

OPINION OF LICENSED REAL ESTATE BROKER RE: COMPLIANCE WITH REAL PROPERTY LAW SECTION 339-i

December 21, 2005

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

Attention: Real Estate Financing Bureau

Re: Condominium Offering Plan ("the Plan") for
The Hit Factory® Condominium
421 West 54th Street
New York, New York 10019 (the "Premises")

Dear Sir/Madam:

All capitalized items not otherwise defined herein shall have the same meanings ascribed to them in the plan.

The Sponsor has requested our opinion on whether the method used to determine the undivided percentage interest of each Unit in the Common Elements in the above referenced Condominium complies with Real Property Law Section 339-i ("Section 339-i")

We are a licensed real estate broker whose principals have been engaged in the real estate brokerage business for approximately 40 years. We have also been engaged in the operation and management of residential buildings in the greater New York area for approximately 40 years. We presently manage over 50 buildings consisting of over 2,000 units.

In connection with this opinion, we have reviewed Schedule A of the Plan, the proposed Declaration included in Part II of the Plan and the Floor Plans and have assumed the statements and information contained therein are correct and accurate. We have not reviewed or verified the calculations of floor areas used in determining the sizes of Units or the Limited Common Elements.

Article 6 of the Declaration states that the percentage of Common Interest allocated to each Unit is "based upon floor space, subject to the location of such space and additional factors of relative value of such space to other space in the Condominium, the uniqueness of the Unit, the availability of Common Elements for exclusive or shared use, and the overall dimensions of the Unit". Article 6 also states the aggregate Common Interests of all Units equal one hundred percent (100%).

Section 339-i requires that the Common Interest of each unit be based on any one of several methods of calculation. One of these allowable methods is the method stated in Article 6 of the Declaration [Section 339- i (1)(iv)].

We have evaluated the allocation of Common Interest among the Residential Units and the Parking Space Units made by the Sponsor based on the foregoing factors and it is our opinion that the allocation of Common Interest is consistent with Section 339-i.

The opinion is confined to the matters addressed herein with respect to Section 339-i and is not intended, nor should be construed, as an opinion on any other aspects of the Plan. Further, we assume no obligation to update or supplement this opinion to reflect any changes in statutory law or judicial precedent, or any changes in fact or circumstances that may hereafter come to our attention pertaining to the subject matter hereof.

We are not acting as the selling agent of the Sponsor or the managing agent for the Property and we have no beneficial interest in the Sponsor or in the profitability of the conversion.

We consent to the incorporation of this opinion in the Plan and to the references to our name in the Plan in the connection with this opinion.

Very truly yours,

BUCHBINDER & WARREN, LLC

By: _____

Rosemary Paparo
Director of Management

December 21, 2005
New York, New York

CHANGES IN PRICES AND UNITS

Changes in the Prices

Purchase prices for the Units 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 Board of Managers, 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 price change will be made other than pursuant to a duly filed amendment to the Offering Plan filed in advance of any such change, except that Sponsor reserves the right to decrease purchase prices (including entering into Purchase Agreements for Commercial Units which are equal to or less the maximum offered price) or modify other terms of sale without filing an amendment to the Offering 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 Offering Plan for similar Units, but this will not affect any prior or subsequent sale of Units which are not the subject of such change.

During the offering period the offering prices set forth in Schedule A in Part I of the Offering Plan may be only changed by a duly filed amendment to the Plan when such change in price is an across the board increase or decrease affecting one or more lines of Units or Unit models, or is to be advertised or is a price increase for an individual purchaser.

Subject to the above provisions, the Sponsor reserves the right to negotiate certain price related terms and conditions contained in the Purchase Agreement for a Unit,(e.g. closing date, provisions relating to the down payment) which would not have to be disclosed in an amendment to the Offering 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 rights of rescission under a Purchase Agreement.

Changes to Units

In order to meet the possible varying demand for number and type of Units, or to meet particular requirements of prospective Purchasers, or for any other reason, Sponsor reserves the right, on behalf of the Sponsor and the Sponsor's Designee (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 Board of Managers, any Unit Owner or the holder of any mortgage encumbering a Unit (except as may be required under the terms of any Mortgage encumbering any Unsold Unit), to: (a) change the use of Commercial Unit #2 to Residential and/or Commercial and change the use of Commercial Unit #3 to Residential, or to change the use of Commercial Unit #1 in the cellar to permit off-

street parking in the cellar of the Building (b) change the layout of, or number of rooms in the Unsold Units, (c) change the size and/or number of Unsold Units, including the creation of duplex or triplex Units, by dividing one or more such Unsold Units into two or more separate Unsold Units, or by combining separate Unsold Units (including those resulting from such subdivision or otherwise) into one or more Unsold Units, (d) modify the boundary walls within any Unsold Unit (including a newly created Unsold Unit) to incorporate any Limited Common Elements for any Unsold Unit into an Unsold Unit or to convert part of any Unsold Unit or the Limited Common Elements for an Unsold Unit into the Common Elements (including the Residential Common Elements) or to convert part of an Unsold Unit into a Limited Common Element for an Unsold Unit, (e) if appropriate, reapportion among the Unsold Residential Units or Commercial Units affected by any such change, their aggregate Common Interests . However, Sponsor will first obtain the approval of all governmental authorities having jurisdiction thereof whose approval is required by law. No change will be made by Sponsor in the size or number of Unsold Units (including the number of Residential and Commercial Units), their respective percentages of Common Interest, or in the size or quality of Common Elements except by amendment to the Offering Plan and to the Declaration.

If Sponsor changes the size and/or number of Unsold Units, Sponsor will increase or decrease the Common Interest appurtenant thereto accordingly. However, the aggregate amount of the Common Interest of all the Units will always remain at 100%. As a result of such reapportionment, the amount of the Common Charges and the real estate taxes and assessments payable by the owners of Units unaffected thereby will not vary.

This Offering Plan and the Declaration where applicable, will be amended to reflect any material change in the size of a Unit, number of Units, percentage of Common Interest attributable to a Unit or a material change in the size and quality of any Common Element. However, the layout and number of rooms in Unsold Units may be changed without prior notice or amendment of this Plan.

Except as otherwise provided in the Plan, unless an affected Purchaser consents, no material change will be made in unit size, layout, or percentage of Common Interests pertaining to such Unit if a Purchase Agreement has been executed and delivered for the affected Unit by a Purchaser and the Sponsor and the Purchaser is not otherwise in default under their Purchase Agreement.

Unless all Purchasers consent, no material change will be made in the size of the Common Elements and no material adverse change will be made in the quality of the Common Elements.

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, or otherwise, nor may the Common Interest of any Unit be changed, unless the Declaration is amended and such amendment is duly recorded. The Plan will be amended in the event of any such changes. As more particularly provided in the Declaration, Sponsor or its Designee, as the owner of an Unsold Unit, will

have the right itself to so amend the Declaration to effectuate such change, without the Board of Managers, the other Unit Owners or any Mortgagee of any Unit (except as may be required under the terms of any mortgage encumbering an Unsold Unit) consenting to, or executing such amendment. However, no change of a Unit's Common Interest will be made without obtaining the prior written consent of the Owner of such Unit.

To the extent permitted by law, if the size or configuration of a Unit is changed in compliance with the Offering Plan, Declaration and/or By-Laws and, in connection therewith, a wall, space or other area forming a Limited Common Element servicing and benefiting only such Unit is razed or incorporated in the Unit, then such Limited Common Element shall be deemed for the exclusive use and benefit of the Owner of such Unit and the Unit's Common Interest will remain unchanged.

It should be noted that as long as the layout and dimensions of a Unit conform substantially to the Floor Plans for such Unit, a Residential Purchaser will not be excused from purchasing his or her Residential Unit and will not have any claim against Sponsor as a result of any insubstantial or immaterial change. The determination of the Architect shall be dispositive as to whether or not any such change is material or not.

Changes in the Commercial Units

Except to the extent prohibited by law and as provided below, the Owner of a Commercial Unit (or Units, if it be subdivided) shall have the right, without the consent of the Board of Managers, other Unit Owners, or the holder of mortgages on any other Units, to (i) make alterations, additions or improvements, in, to and upon their respective Commercial Unit(s), change the use of, including but not limited to the conversion of a Commercial Units #2 and/or #3 to one or more Residential Units and to convert Commercial Unit #1 for an accessory off-street parking facility, (ii) alter or improve any Limited Common Elements appurtenant only to its Commercial Unit(s), (iii) subdivide the Unit(s) and recombine Units resulting from such subdivision, including the creation of duplex or triplex Units, and (iv) alter any boundary walls between one or more subdivided Units, including but not limited to the conversion of a portion of a Commercial Unit into the Common Elements (including the Residential Common Elements) or incorporating a portion of a Commercial Unit into a new or existing Limited Common Element, provided, however, that in each instance such Commercial Unit Owner shall: (i) comply, to the extent applicable, with all laws, ordinances and/or regulations of all governmental authorities having jurisdiction; (ii) undertake any such alterations, additions and/or improvements so as not to have a material adverse impact on the structural supports of the Building or its Building systems as provided to the other Unit Owners at the time any such alterations, improvements and/or additions are completed; (iii) undertake reasonable measures to minimize disruption to the use and/or operation of the other Units; and (iv) agree to hold the Board of Managers and all other Units Owners harmless from any and all liabilities, losses, costs and expenses arising therefrom. To the extent Commercial Unit #3 desires to convert such Unit to more than 8 Residential Units, such conversion shall be subject to the prior written approval of the Board of Managers, which approval shall not be unreasonably withheld or delayed.

To the extent permitted under applicable laws, Commercial Unit #2 may be converted to Residential Units and/or a combination of Residential and Commercial Units. Commercial Unit #3 may be converted to one or more Residential Units, provided the entire Unit is converted to one or more Residential Units. To the extent Commercial Units #2 and #3 are owned by the same entity, then the Owner of such Units may create duplex or triplex Units as part of such conversion.

As part of the conversion of Commercial Unit #3 to one or more Residential Units, the Owner of such Unit, at its sole cost of expense, may eliminate and remove, as a part of such Unit, the separate entrance, lobby and elevator servicing such Unit. To the extent same is eliminated, such entrance, lobby and/or space where the elevator was removed would become part of the Common Elements or Residential Common Elements. Except if Commercial Unit #3 is owned by the Sponsor or its Designee, the plans and specifications for any such removal of such entrance, lobby and/or elevator shall be subject to the approval of the Board of Managers, such approval to not be unreasonably withheld or delayed.

If Commercial Unit(s) are subdivided, recombined, or boundary walls altered, the Commercial Unit Owners thereof shall have the right, without the consent of the Board of Managers, other Unit Owners, or the holders of mortgages on other Units, to apportion among the resulting Commercial and/or Residential Units their appurtenant interests in the Common Elements, provided there is a reasonable relationship as to such reapportionment in accordance with Section 339(i) of the Condominium Act. As more particularly provided in the Declaration, the Commercial Unit Owners will have the right to amend or to cause the Board of Managers to amend the Declaration, to the extent required to undertake such changes. In addition, the Commercial Unit Owners shall have all other rights which an owner of a commercial building has ordinarily and shall have the right to convey any of the foregoing rights by lease to a tenant or tenants of any Commercial Unit. The Board of Managers or Unit Owners may not amend the Declaration and/or Bylaws in any material respect without the consent of the affected Commercial Unit Owner if such amendment pertains to any provisions of the Declaration and Bylaws benefiting, protecting and otherwise affecting only a Commercial Unit or its Owner. It is the Sponsor's opinion, although not guaranteed, that those rights granted exclusively to the Commercial Unit Owners will not have a materially adverse impact on the Condominium.

PROCEDURE TO PURCHASE

Copy of Offering Plan

Any person interested in purchasing a Unit in the Building may apply at the office of the Selling Agent for a Offering Plan. Upon receipt of the Offering Plan, a prospective Purchaser must tender $100 by check payable to the order of the Sponsor. These funds will be held in escrow by Sponsor in accordance with the provisions set forth below. The deposit is a non-binding expression of interest and does not constitute a reservation or obligation. The $100 deposit will either be credited towards the down payment of a Unit for anyone who purchases a Unit or refunded to anyone who does not purchase a Unit if the copy of the Offering Plan is returned undamaged together with the original receipt, within 30 days of receipt of the copy. To the extent a Purchaser is entitled to terminate or rescind their Purchase Agreement and the Purchaser timely exercises such right of termination or rescission, then the $100 paid for an Offering Plan shall be deducted from the down payment returned to the Purchaser unless the Purchaser timely returns their copy of the Offering Plan in good condition (except for reasonably wear and tear). In order to receive a refund of the $100, a prospective Purchase must return the Offering Plan within 30 days after receipt or 30 days after Purchaser terminates the Purchase Agreement, whichever is applicable.

Building Department Approval of the Plans for the Renovation of the Building

The Sponsor obtained the approval of the plans for the renovation of and conversion of the Building (the "Plans") in June 2005 and the building work permit from the Buildings Department in January 2006.

Review of Offering Plan

Prospective Purchasers shall be afforded not less than three (3) days to review the Offering Plan and all amendments thereto prior to executing a Purchase Agreement. If a Purchaser has not received and read the Plan at least (3) full days prior to executing a Purchase Agreement, a Purchaser shall have the right to rescind the Purchase Agreement within seven (7) days after delivery of an executed Purchase Agreement together with required deposit. If such rescission is timely exercised by the Purchaser, the Purchaser shall have the entire deposit refunded to the Purchaser. Such rescission must be in writing addressed to the Sponsor and be post marked or hand delivered by midnight of the 7th day subsequent to Purchaser's executing and delivering the Purchase Agreement. Those Purchaser's who execute a Purchase Agreement after having had an opportunity to review the Offering Plan and any filed amendments for not less than three (3) days prior to their executing a Purchase Agreement shall not be permitted the aforesaid time period to rescind for any reason. The Sponsor shall have the right, at its sole option, to not accept Purchase Agreements from Purchasers who have not had the Offering Plan (including all amendment thereto) in their possession for at least 3 days.

Purchase Agreement

A person desiring to purchase a Unit will be required to execute a Purchase Agreement in at least duplicate (i.e., two (2) original copies), which will be in the form set forth in Part II of the Plan.

The Purchase Agreement sets forth in detail the terms of sale with respect to each Unit and should be read carefully by each prospective Purchaser. Prospective Purchasers should be aware that if any conflict exists between the Offering Plan and the Purchase Agreement, the provisions of the Offering Plan shall in all events control.

Purchase Agreements as to Units will not be binding on Sponsor until approved and executed by it, and delivered by Sponsor to the Purchaser. Sponsor will have thirty (30) days after delivery by Purchaser of an executed Purchase Agreement and the down payment required thereby, within which to accept or reject such Purchase Agreement for a Unit. Sponsor reserves the right to request thorough identification and financial information concerning any prospective Purchaser, subject to any limitations and requirements imposed by law.

If a Purchase Agreement for a Unit is not accepted by Sponsor within the aforesaid thirty (30) day period, the Purchase Agreement shall be deemed to have been rejected and canceled and all sums theretofore deposited thereunder, without interest, shall be promptly returned to Purchaser. Sponsor hereby reserves the right at any time and from time to time for any reason whatsoever, without prior notice or prior amendment to the Plan and without the consent of the Board of Managers, to refuse to approve and execute a Purchase Agreement for any Unit except as prohibited by law.

The Purchase Agreement for Residential or Commercial Unit 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 Offering 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, a Purchaser for a Residential or Commercial Unit is required to make a payment in an amount equal to ten percent (10%) of the purchase price (the "down payment"). All down payment checks must be made payable to the direct order of Philip Brody, Esq., as Escrow Agent." All checks delivered in payment of the down payment 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 canceled and of no further force of effect.

Although a Purchaser may obtain financing from a lending institution or any other financing source, the obligation to purchase a Unit pursuant to the Purchase Agreement shall not be contingent upon obtaining financing for such purchase. Neither Sponsor nor Selling Agent makes any representations as to the terms or availability of any mortgage financing. Prospective Purchasers of a Unit are, therefore, advised to finalize their financing arrangements before signing a Purchase Agreement.

Each prospective Residential Purchaser should note that Sponsor is only obligated to provide the equipment, fixtures and furnishings described in the Architect's "Description of Property and Building Conditions, set forth in Part II of this Offering Plan.

In no event shall the presence of any furniture, furnishings, equipment or decorations in a model apartment imply or represent that any Residential Unit will contain such furniture, furnishings, equipment or decorations upon delivery of the Residential Unit to Purchaser unless Purchaser agrees to pay Sponsor an amount determined by Sponsor in addition to the purchase price for such Residential Unit.

The balance of the purchase price shall be payable simultaneously with the delivery of the deed to the Unit by an official bank check drawn 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 as otherwise directed if Sponsor should so notify Purchaser. The deed will be substantially in the form set forth in Part II of the Offering Plan. Interest, if any, on Purchaser's down payment will be credited or paid to Purchaser at closing.

TIME IS OF THE ESSENCE TO PURCHASER AS TO PURCHASER'S OBLIGATIONS PURSUANT TO THE PURCHASE AGREEMENT, INCLUDING, WITHOUT LIMITATION, THE PAYMENT OF THE BALANCE OF THE PURCHASE PRICE. UNLESS OTHERWISE APPROVED IN ADVANCE BY THE SPONSOR, FUNDS DRAWN ON OUT-OF-STATE OR FOREIGN BANKS WILL NOT BE ACCEPTED IN PAYMENT OF THE PURCHASE PRICE FOR A UNIT.

Subsequent to the date that the Offering Plan has been declared effective, the Sponsor will fix dates for closing title to all Units for which Purchase Agreements have been executed by serving notice on each Purchaser. The notice shall state the date of the First Unit Closing and set forth the closing date for the respective Unit. Purchasers shall be given not less than thirty (30) days notice of the closing of title on their Units. As to the sale of a Commercial Unit, the Sponsor may reduce such notice period for the Closing from 30 days to 10 business days. This notice period may be waived by Purchasers. The notice shall also provide that the balance of the purchase price shall be due at closing of title.

The notice of closing will be served upon all Purchasers who have executed and delivered a Purchase Agreement for a Unit to the Sponsor or Selling Agent (and whose Purchase Agreement are in effect and not in default). The notice of closing will be served either by personal delivery or sent by registered or certified mail to the address of the Purchaser as set forth in the Purchase Agreement. Notices served by personal delivery shall be deemed complete upon delivery. Service by mailing shall be presumed complete on the 3rd day after the date of mailing.

Sponsor anticipates the First Unit Closing to occur on or about December, 2006. In the event that the First Unit Closing is delayed twelve (12) months or more beyond December, 2006, then all Purchasers who have executed Purchase Agreements and whose Purchase Agreements are still in effect and not in default, will be given the right to rescind their Purchase Agreements.

If Purchaser defaults under the Purchase Agreement, Sponsor shall notify Purchaser in writing of such default and advise Purchaser that he has thirty days from the mailing date or thirty days after personal delivery of such notice within which to cure such default. TIME IS OF THE ESSENCE FOR PURCHASER TO CURE ANY DEFAULT UNDER THE PURCHASE AGREEMENT WITHIN THE APPLICABLE PERIOD. "Time is of the essence" means that if such default is not cured within thirty (30) days from the mailing date or thirty (30) days after personal delivery of such written notice, Sponsor may (but shall not be obligated) elect to cancel the Purchase Agreement. If Sponsor elects to cancel the Purchase Agreement, Sponsor shall notify Purchaser in writing of said cancellation and the monies held by the Escrow Agent, shall, subject to the Escrow and Trust Fund Requirements set forth below, be paid over to the Sponsor as and for liquidated damages and thereafter the Purchase Agreement shall become null and void. Sponsor waives any right to seek specific performance in the event of a default by Purchaser. As to the sale of a Commercial Unit, the Sponsor may reduce such additional grace period to close after the scheduling of such Closing Date by the Sponsor or its attorney from 30 days to 10 business days.

The Purchase Agreement also provides that Purchaser shall be obligated to reimburse Sponsor for any legal fees and disbursements incurred by Sponsor in defending Sponsor's rights under the Purchase Agreement, or in the event Purchaser defaults under the Purchase Agreement beyond any applicable grace period, in canceling the Purchase Agreement or otherwise enforcing Purchaser's obligations thereunder. The Purchase Agreement also provides that except as prohibited by law, the parties waive trial by jury in any litigation arising out of, or connected with, or relating to, the plan this agreement or the relationship created hereby.

If, through no fault of Sponsor, a Purchaser of a Residential Unit fails for any reason to close title to their Unit on the originally scheduled closing date and Sponsor elects not to cancel such Purchaser's Purchase Agreement as a result thereof, (a) the closing apportionments described above will be made as of midnight of the day preceding the originally scheduled Closing Date regardless of when the actual closing occurs, (b) the Purchaser will be required to pay to Sponsor (i) as a reimbursement of Sponsor's higher carrying costs for the Residential Unit by virtue of the delay, and in addition to the other payments to be made to Sponsor under the Purchase Agreement and this Plan, an amount equal to 0.04% of the purchase price of their Residential Unit for each day starting from and including the originally scheduled Closing Date to and including the day before the actual closing date, and (ii) $250 to reimburse Sponsor for additional legal fees. The Sponsor may require that an estimate of the foregoing fees be paid in advance as a condition to adjourning the closing.

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.

On Closing a Purchaser will be required to sign a Power of Attorney in favor of the Board of Managers. The form of such Power of Attorney is set forth in Part II of the Plan.

Failure to execute such Power of Attorney at Closing will be deemed a default under a Purchase Agreement.

If the Offering Plan is withdrawn or abandoned, the down payment 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, a Purchaser will become obligated for the payment of Common Charges in proportion to the Purchaser's Common Interest, real estate taxes and assessments (including water charges and sewer rents, if separately assessed) and all other expenses with respect to their Unit, whether or not, as to a Unit, such Purchaser has taken possession of their Unit, and whether or not, as to a Residential Unit, all work required to be performed by Sponsor or anyone else in or to their Unit or the Building has been completed.

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 a Purchaser of a Residential Unit takes possession of such Residential Unit, at which time such risk shall be assumed by Purchaser), but without any obligation or liability by Sponsor to repair or restore any 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 subject 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 Board of Managers 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 Board of Managers do not resolve to make such repair or restoration pursuant to the By-Laws (see the Section entitled "Rights and Obligations of Boards of Managers, Summary of Declaration and By-laws" in Part I"), the Purchase Agreement shall be deemed canceled and of no further force or effect and Sponsor shall return to Purchaser all sums deposited thereunder, together with interest earned thereon, if any, whereupon the parties to the Purchase Agreement shall be released and discharged from all obligations and liability thereunder and under this Offering Plan; provided, however, notwithstanding anything to the contrary herein, 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.

Notwithstanding the above provisions as to risk of loss, in the event that a Purchaser, or one claiming by or through a Purchaser, enters into possession of the Residential Unit prior to the closing of title, then such Purchaser shall bear the risk of loss or other casualty with respect to the Residential Unit. Additionally, a Purchaser shall be solely responsible for any damage to, or loss or other condition in the Residential Unit and Sponsor shall not be obligated to repair any damages to the Residential Unit or its appliances, fixtures and

equipment. Accordingly, a Purchaser, or one claiming by or through a Purchaser, who takes possession of the Residential Unit prior to the closing of title should obtain insurance coverage for the Residential Unit prior to taking possession, since, despite any loss, a Purchaser will remain obligated to purchase the Residential Unit under the terms of the Purchase Agreement without any abatement in the Purchase Price. Any such Purchaser should consult with an attorney and/or insurance agent as to their insurance needs.

Notwithstanding the above provisions as to risk of loss, any existing commercial tenant or any affiliate or subsidiary thereof, which enters into a Purchase Agreement to purchase their Unit, shall bear the risk of loss or other casualty with respect to any furniture, fixtures, equipment, appliances, signs, cabinets, personal property within such Unit and/or any leasehold improvements completed by such tenant during the term of such lease (hereinafter referred as "Tenant Improvements and Personal Property") Such commercial tenant, or affiliate or subsidiary thereof, as Purchaser, notwithstanding any provision to the contrary in their lease, shall be solely responsible for any damage to, or loss of any Tenant Improvements and Personal Property and the Sponsor shall not be obligated to repair any damages to same. Such commercial tenant or affiliate or subsidiary thereof, as a Purchaser, should obtain insurance coverage for their Commercial Unit since such Purchaser will remain obligated to purchase their Commercial Unit under the terms of the Purchase Agreement without any abatement in the Purchase Price, notwithstanding any loss or damage to any such Tenant Improvements and Personal Property. The Purchaser of a Commercial Unit shall also bear the risk of loss as to any damage to the Unit caused by the tenant and its officers, directors, shareholders, employees, contractors, subcontractors, suppliers, agents and/or invitees and such Purchaser shall nevertheless remain obligated to purchase the Unit under the terms of their Purchase Agreement, without any abatement or reduction in the Purchase Price.

If a Commercial Unit is being acquired by the existing commercial tenant, its principals and/or an Affiliates or subsidiary of the existing commercial tenant and/or its principals, it shall be a condition of the Closing that all rent and/or other charges due and owing under their lease shall be paid in full on the Closing Date. Also if a Unit is being acquired by a commercial tenant, its principals and/or Affiliates of the commercial tenant and/or its principals, then if the tenant shall fail to pay when due the rent and other charges due and owing under their lease before the expiration of any cure or grace period, if any, such failure shall constitute a default under the Purchase Agreement.

As part of the exclusive offer for Commercial Unit #3, MTI shall agree that to the extent that MTI or an MTI entity on the Closing Date is in default under its Purchase Agreement beyond any applicable grace or cure period (provided the Sponsor is not in default under such Purchase Agreement), then such default shall also constitute a default under the MTI Lease, which would entitle the Sponsor, as landlord, to terminate the MTI Lease.

The complete terms of this Offering Plan shall be deemed incorporated into each Purchase Agreement as if set forth at length therein.

Any conflict between this Offering Plan and the Purchase Agreement will be resolved in favor of the Offering Plan. In no event may the Purchase Agreement contain, or be

modified to contain, any provision waiving Purchaser's rights under applicable laws and/or regulations, other than the ability of Purchaser to waive their right to thirty (30) days notice (or ten business days notice, as to the Purchaser of a Commercial Unit) prior to the closing of title to Purchaser's Unit. In no event may the Purchase Agreement contain, or be modified to contain, any provision abrogating Sponsor's obligations under the Offering Plan or under Article 23-A of the General Business Law.

Purchase Agreements are not assignable without the prior written consent of Sponsor, which consent may be granted or denied by Sponsor in its sole discretion. Under the terms of the exclusive offer to MTI, MTI may assign their Purchase Agreement, without the consent of the Sponsor, to an MTI Entity (an entity in which 50% of its beneficial ownership interest therein is owned directly or indirectly by Freddie Gershon and/or Cameron MacKintosh), provided the Sponsor receives written notice of such assignment and the assignee assumes all of the obligations of the Purchaser under such Purchase Agreement.

Lead-Based Paint Disclosure

Regulations governing disclosure of information regarding Residential Lead Based Paint, issued by US Environmental Protection Agency ("EPA") and the U.S. Department of Housing and Urban Development ("HUD") became effective on September 9, 1996 (the "Regulations"). Such Regulations apply to the sale of Residential Condominium Units except for studio apartments which do not contain a child in residence of less than six years old. The Sponsor does not have any actual knowledge of any lead-based paint or lead-based paint hazards in the Residential Units or in the Building. However the Building was constructed prior to 1978 and therefore either the Building and/or the Residential and/or Commercial Units may contain lead-based paint and lead-based paint hazards. Other than limited testing of an internal stairway, which was removed, the Sponsor has not undertaken any separate investigation or risk assessment as to the presence of lead-based paint hazards in the Building and/or the Residential and/or Commercial Units. The Sponsor does not have any actual knowledge that anyone else has undertaken such investigations or risk assessments. Exposure to lead from lead-based paint may place young children at risk of developing lead poisoning. Lead poisoning in young children may produce permanent neurological damage, including learning disabilities, reduced intelligence quotient, behavioral problems and impaired memory. Lead poisoning also poses a particular risk to pregnant women. The Sponsor does not make any guaranty, representation and/or warranty as to the accuracy of the disclosure contained herein or as to the presence (including the magnitude thereof) or lack thereof of lead-based paint hazards in the Units or the Building. The Purchaser in the Purchase Agreement for a Residential Unit shall assume all risk, if any, as to lead-based paint hazards in the Residential Unit being purchased. A prospective Purchaser may undertake their own separate and independent risk assessment or inspection for possible lead-based paint hazards prior to their becoming obligated under a Purchase Agreement to purchase a Residential Unit. Any such inspections for lead-based hazards must be undertaken by a prospective Residential Purchaser prior to the execution of their Purchase Agreement. If a prospective Residential Purchaser desires to undertake such inspection for lead-based paint hazards, such prospective Residential Purchaser shall be required to execute the Pre-Contract Lead Paint Inspection Agreement, the form of such is set forth in Part II of the Plan, before undertaking such

inspection. If a prospective Residential Purchaser does not desire to undertake a lead-based paint inspection, or assessment then, in conjunction with the execution of the Purchase Agreement for a Residential Unit, the prospective Residential Purchaser shall be required to wave any such risk assessment or inspection opportunity within the applicable Residential Unit. Also prior to the execution of the Pre-Contract Lead Paint Inspection Agreement or waiver of such right to inspect for lead-based paint, prospective Residential Purchasers will be given the brochure prepared by HUD, EPA and the Consumer Product Safety Commission entitled "Protect Your Family From Lead In Your Home." In any event a Purchaser shall assume the risk of lead based paint, if any, that may be contained in their Unit or in the Common Elements.

Escrow and Trust Fund Requirements

All Deposits (defined below) received by Sponsor under a Purchase Agreement will be held in escrow in conformity with the provisions set forth below.

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

Any provision of any 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, down payments, advances or payments (individually a "Deposit" or collectively the "Deposits") made by Purchasers prior to the closing of each individual transaction, will be placed, within five (5) business days after tender of the Deposit by Purchaser to Sponsor or Selling Agent, in a segregated special escrow attorney trust account of Philip Brody, Esq., the escrow agent (the "Escrow Agent"), whose address is 55 Fifth Avenue, 15th floor, New York, New York 10003 and whose telephone number is (212) 206-6011. The attorney who is currently the signatory on this account, authorized to withdraw funds, is: Philip Brody, Esq. and Daniel Schwartzman, Esq., who both have an office at 55 Fifth Avenue, 15th Avenue, New York, NY 10003. Such escrow account is maintained at the North Fork Bank, with an address at 1001 Avenue of the Americas, New York, NY 10008 and is entitled Philip Brody, Esq. No. [redacted] (the "Master Escrow Account"). All Deposits will be placed initially in a non-interest bearing checking portion of the Master Escrow Account. Each Purchaser is required to deliver a completed and signed Form W-9 (Request for Taxpayer Identification Number) in the form set forth in Part II of the Offering Plan or a Form W-8 (Certificate of Foreign Status) in the form set forth in Part II of the Offering Plan, as applicable, 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 W8, the Deposit will thereafter be promptly transferred to an individual interest bearing

sub-escrow savings 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 checking portion of the Master Escrow Account. 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. North Fork 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 for the purchase of a Unit, such Deposit will not be federally insured in excess of $100,000; and (ii) while the Deposit is in the non-interest bearing checking 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 Offering Plan.

If a Purchaser tenders a Deposit without an executed Purchase Agreement, Sponsor or the Escrow Agent shall promptly return the Deposit to the Purchaser.

The checking account portion of the Master Escrow Account will not be interest-bearing. The sub-escrow savings 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 Purchaser defaults. The interest rate to be earned will be the prevailing rate for these accounts which currently is approximately 2%. Interest will begin to accrue approximately within: (i) one (1) business day, if the Deposit is cash or cash equivalent, or (ii) three (3) 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 savings account portion of the Master Escrow Account.

All checks for the down payment shall be made payable directly to the order of "Philip Brody, Esq., as Escrow Agent." Endorsed instruments will not be accepted.

In the event a check delivered by a Purchaser is returned for insufficient funds, 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 five (5) business days of Sponsor receiving notice from Escrow Agent of such failure of collection.

Within ten (10) business days after tender of the Deposit, Escrow Agent will notify Purchaser that such funds have been deposited into escrow and will provide the account number and the initial interest rate, if any. If Purchaser does not receive notice of such deposit within fifteen (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 ninety (90) days after tender 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 hold the Deposit in escrow until otherwise directed in:

(i) a writing signed by both Sponsor and Purchaser; or

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

(iii) a judgment or order of a court of competent jurisdiction.

If there is no written agreement between the parties to release the Deposit, Escrow Agent will not pay the Deposit to Sponsor until Escrow Agent has given Purchaser written notice of not fewer than ten (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 Purchaser who timely rescinds in accordance with an offer of rescission contained in the Plan or an amendment to the Plan.

Purchaser will not object and will be deemed to have agreed, without the need for a 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 Offering 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.

Set forth in Part II of the Offering 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.

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 seven years after the release of funds.

EFFECTIVE DATE

All Purchase Agreements signed by Sponsor shall be contingent upon Sponsor's declaring the Offering Plan effective pursuant to the requirements and terms of the Offering Plan. These requirements, stated below, must be satisfied within one year of the date the Offering Plan is accepted for filing unless the Offering Plan is amended so as to extend this period. However, any amendment to the Offering Plan is hereby deemed to extend this time period to the same extent that the Offering Plan is extended by such amendment. The closing of title to any Unit may not occur until after the Offering Plan has been declared effective and an amendment has been filed substantiating same, and the Declaration and By-Laws have been duly recorded.

Under existing law and regulations, the Offering Plan may be declared effective when Purchase Agreements have been both executed and accepted by Sponsor for the sale of 5 Units, which represent a minimum of at least fifteen percent (15%) of the Units offered under the Offering Plan.

The Sponsor must declare the Offering Plan effective when Purchase Agreements have been executed for the sale to Purchasers of eighty (80%) percent of the Units, which is 24 Units. The Sponsor, at its election, may declare the Offering Plan effective sooner, but in no event before Purchase Agreements have been executed for at least 5 Units.

If the Offering Plan has not been declared effective, Sponsor may, in its sole discretion, declare the Offering Plan abandoned before Purchase Agreements for eighty (80%)

percent of the Units, or 24 Units have been executed. If the Offering Plan is abandoned, all moneys paid by Purchasers to Sponsor will be returned, with interest earned thereon, if any, within thirty days after such abandonment, provided however, that all down payments, together with interest thereon, of all Purchasers then in default under Purchaser Agreements, beyond any applicable cure periods or whose Purchase Agreements have been canceled due to Purchasers' defaults, shall not be returned, but may be retained by the Sponsor as liquidated damages. Thereafter, neither Sponsor nor any Purchaser will have any further rights, liabilities or obligations hereunder or under their Purchase Agreements. Abandonment of the Offering Plan will be by either duly filed amendment or notice of abandonment by Form RS-3 or other such form then required by the Department of Law to be submitted promptly after abandonment and shall explain the reasons for abandonment of the Offering Plan and set forth the disposition of all funds received.

The Offering Plan will be declared effective by the mailing or personal delivery of written notice to all Purchasers. Within ten (10) business days after such notice is given an amendment to the Offering Plan will be submitted by Sponsor stating that the Offering Plan has been declared effective. If requested, Sponsor will submit to the Department of Law copies of all Purchase Agreements, together with any amendments or modifications to such Agreements, within five (5) business days after the request is received.

Purchase Agreements will be contingent upon the Offering Plan being declared effective. No closing of title to any Unit will take place until the Offering Plan is declared effective and the Offering Plan is amended to disclose the declaration of effectiveness.

Once the Offering Plan has been declared effective, Sponsor may not abandon it for any reason other than for: (a) a defect in title which cannot be cured without litigation or cannot be cured for less than a cost, which does not exceed an amount equaling one half of one percent of the total Purchase Price set forth on the front cover of the Offering Plan; (b) work orders of a mortgagee or hazardous or dangerous conditions that cannot be cured for less than a cost which does not exceed an amount equaling one half of one percent of the Total Purchase Price set forth on the front cover of the Offering Plan; (c) substantial damage or destruction of the Building by fire or other casualty which cannot be cured for less than a cost which does not exceed an amount equaling one half of one percent of the Total Purchase Price set forth on the front cover of the Offering Plan; or (d) the taking of any material portion of the Property by condemnation or eminent domain. The aforementioned amount set forth above as a basis for abandonment after effectiveness of the Offering Plan shall exclude any title defects, attorneys fees, hazardous or dangerous conditions, work orders or determinations of any authority or regulatory association which exist as of the date the Offering Plan is declared effective and either are known to the Sponsor or are a matter of public record.

The Offering Plan will not be declared effective based upon Purchase Agreements: (a) signed by Purchasers who have been granted a right of rescission that has not yet expired or been waived; or (b) if the Purchaser was either not afforded at least three (3) business days to review the Offering Plan, and all filed amendments thereto prior to executing a Purchase Agreement, or if a Purchaser was not permitted seven (7) days after delivering an executed Purchase Agreement and deposit to rescind the Purchase Agreement; or (c) with any

Purchaser who is the Sponsor, the Selling Agent or the Managing Agent or is a principal of the Sponsor, the Selling Agent or the Managing Agent or is related to the Sponsor, the Selling Agent or the Managing Agent or to any principal of the Sponsor, the Selling Agent or Managing Agent by blood, marriage or adoption or as a business associate, an employee, shareholder, member or a limited partner, except that such a Purchaser, other than the Sponsor or a principal of the Sponsor may be included if Sponsor submits proof satisfactory to the Department of Law establishing that the Purchaser is a bona fide Purchaser.

TERMS OF SALE

Closing

The term "Closing" or "closing" as used herein refers to the conveyance of title to a Unit from Sponsor to Purchaser by the delivery to Purchaser of a deed upon payment by Purchaser to Sponsor of the balance of the purchase price for such Unit. The source of such funds may include the proceeds of any mortgage loan from a bank or other lender. The Closing for each Unit shall be held at the offices of Sponsor's attorney, Philip Brody, Esq., 55 Fifth Avenue, New York, NY 10003, 15th floor, or at such other place as Sponsor may designate on not less than thirty (30) days' prior written notice as to the closing for a Residential Unit or ten (10) business days prior written notice as to the closing for a Commercial Unit.

Condition of Residential Unit/Inspection of Residential Units

At least three (3) days prior to the closing of title, a Residential Purchaser shall be given notice (which may be verbally given) that he or she may have the opportunity to inspect the Residential Unit to be purchased prior to the closing in the presence of Sponsor's representative during normal business hours. Any item of work, as to a Residential Unit, which the Sponsor acknowledges is incomplete or at variance with the provisions of the Offering Plan or the Purchase Agreement shall be completed or corrected within a reasonable period of time after the closing, subject to the Purchaser giving the Sponsor or its contractors access to the Residential Unit during normal business hours, availability of materials, efficient scheduling of trades and lead time required to fabricate or correct custom parts and components. THE SPONSOR WILL, IF APPLICABLE, PROVIDE PURCHASER AT CLOSING WITH A LIST OF THE POST CLOSING OBLIGATIONS, WHICH SHALL SURVIVE THE CLOSING FOR ANY WORK WITHIN A RESIDENTIAL UNIT THE SPONSOR HAS ACKNOWLEDGED THAT IT IS STILL OBLIGATED TO PERFORM OR COMPLETE UNDER THE OFFERING PLAN OR THE PURCHASE AGREEMENT.

The Sponsor shall have no obligation to complete any work which is not specifically designated in the Purchase Agreement and/or in the Plan, except that the Sponsor shall be obligated to complete the work necessary to cure violations of record with respect to a Residential Unit and to obtain a temporary or a permanent certificate of occupancy for the Residential Unit. Provided that the Sponsor has obtained a temporary certificate of occupancy on or prior to the Closing, as to a Residential Unit, notwithstanding any such items of work to be completed by the Sponsor after the Closing, the Purchaser shall nevertheless be obligated

to close on their Residential Unit, pursuant to the terms of the Purchase Agreement, if the cost to complete such items of work agreed to be completed by the Sponsor after the Closing is reasonably estimated to be less than 5% of the purchase price for the Unit.

The Purchaser shall accept title (without abatement of, or credit against the Purchase Price or any provision for escrow deposits at the closing), notwithstanding that construction of all details of the Residential Unit or the Building or other Units, or portions of the Common Elements (including the Residential Common Elements or Residential Limited Common Elements), have not been completed or have sustained minor interior damage in the course of construction customary in construction projects of this type, provided, however, that a temporary or permanent certificate of occupancy for the portion of the Building in which the Residential Unit is located has been issued, and sanitary facilities, water and electric service are installed. The decision of the Architect shall be conclusive with respect to the materiality of any damage and he shall be the final arbiter as to whether the Residential Unit has been completed substantially in accordance with the Plans and Specifications.

Condition of Commercial Units

Except as to the Sponsor's work obligations for Commercial Unit #3 as set forth in the Architect's Description of the Property in Part II of the Plan or as otherwise agreed upon in writing (if any) by the Sponsor and MTI ("the MTI Work"), if MTI timely exercises its option to purchase Commercial Unit #3 during its exclusive period, any such Commercial Unit is being sold by the Sponsor in their "as is" "where is" condition (including all faults as their physical and environmental condition). The Sponsor shall not have any obligation to undertake any work in a Commercial Unit prior to or after the Closing (except as to the MTI Work in connection with MTI's exclusive offer to purchase) or to cure any violations, if any, which specifically relate to the particular Commercial Unit being sold. The Sponsor shall also not be obligated to obtain or amend the existing Certificate of Occupancy for a Commercial Unit being sold or the Building as a prerequisite for the sale of a Commercial Unit or thereafter. The Purchaser shall accept title (without abatement of, or credit against the Purchase Price or any provision for escrow deposits at the closing), notwithstanding that construction of all details of the Building or other Units, or portions of the Common Elements have not been completed or have sustained minor interior damage in the course of construction customary in construction projects of this type, if any.

Requirements for Closing

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

(a) the issuance, as to the Residential Units only, of a partial temporary certificate of occupancy for the Residential Unit and any other permits necessary for the occupancy of the Residential Unit.

(b) the creation of separate tax lots for each of the Units and the recording or filing of the Declaration, By-Laws, Floor Plans 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;

(c) the release of the Unit and its appurtenant interest in the Common Elements (including Limited Common Elements if any) from the lien of all mortgages, if any;

(d) the delivery to Purchaser of written notice of the time and place of the closing for their Unit at least thirty (30) days prior to the closing date specified therein, unless the Purchaser elects to waive the thirty day requirement. Such time period as to the sale of a Commercial Unit may be shortened to ten (10) business days' prior written notice of the time and place of the Closing.

(e) the execution and delivery by Sponsor of a bargain and sale deed with a covenant against grantor's acts, (which deed shall be substantially in the form set forth in Part II of the Offering Plan), conveying title to the Unit and its appurtenant Common Interest, including any Limited Common Elements, if applicable, free and clear of all liens, encumbrances and other title exceptions other than the Permitted Encumbrances;

(f) the assignment, as to Units only, by Sponsor to Purchaser of the right to proceed under any existing manufacturers' warranties covering appliances, equipment or fixtures installed in the Residential Unit or the MTI Work for Commercial Unit #3 (if MTI timely exercises its exclusive offer to purchase) to the extent such warranties are assignable and have not expired, and the assignment by the Sponsor to the Board of Managers at the First Unit Closing if available or upon completion of the particular Common Elements (including Residential Common Elements) or Limited Common Elements upon delivery to Sponsor of such warranties, the right to proceed under any existing assignable manufacturer's warranties covering appliances, equipment or fixtures installed in the Common Elements (including Residential Common Elements), or the Limited Common Element, as the case may be. Purchasers of a Unit should be aware that warranties vary in length, depending partly on when the appliances, equipment and fixtures covered by such warranties are first installed. Sponsor makes no representation as to which, if any, of the warranties will continue to remain in force upon the closing date of any particular Unit;

(g) the assignment to the Condominium of the right to use the name of the Condominium as the Hit Factory®, pursuant to the license agreement for such use.

(h) the execution and delivery by Purchaser of the Unit Power of Attorney, the form of which is set forth in Part II of the Offering Plan;

(i) delivery to Purchaser of an amendment to the Offering Plan to disclose that the Plan has been declared effective and which states that Sponsor has complied with the requirements of applicable regulations of the Department of Law relating to the declaration of effectiveness;

(j) on or prior to the time of the First Unit Closing, the holder of the first mortgage on the Property, will (a) consent to the formation of the Condominium and acknowledge that its lien will be limited to the Unsold Units; (b) subordinate the lien of its mortgage to the Declaration; (c) release its lien on the Condominium Unit being conveyed to a Purchaser, upon being paid the release price required under the terms of its mortgage; and

(k) the assignment of any commercial lease and the assumption of the obligations as landlord under such commercial lease which shall arise from and after the closing date, as to any Commercial Unit sold to a Purchaser, other than to an existing commercial tenant.

Title Insurance

On request of any Purchaser and at Purchaser's sole cost and expense, Sponsor will obtain, as of the closing of title to Purchaser's Unit, a policy of title insurance from First American Title Insurance Company (hereinafter "First American") insuring that (i) Purchaser has fee title to their Unit free and clear of all liens and encumbrances except those set forth in this Plan and standard exceptions generally excluded from coverage by First American (see "Sponsor's Conveyance of Title to Units" in this Section) and except for any mortgage loan which Purchaser may obtain to pay any part of the purchase price of the Unit, subject to the provisions of the Declaration and By-Laws, and (ii) the Condominium has been validly created pursuant to Article 9-B of the Real Property Law of the State of New York, as amended. Any such title insurance will be in an amount equal to the purchase price for the Unit. The Purchaser, at their election and expense, may obtain title insurance from any other title insurance company licensed to do business in New York, but no exception to title raised by such other title insurance company shall give Purchaser the right to cancel their Purchase Agreement if First American will issue a policy to Purchaser insuring title without such exception. The Sponsor and its attorneys shall have no obligation to furnish documents or information to clear title exceptions to any title company or abstract company other than First American. Accordingly, in the event a title company or abstract company other than First American refuses to insure Purchaser's title as herein provided, Purchaser shall nonetheless be required to close title and shall be in default in the event Purchaser shall fall to close title as provided in the Purchase Agreement.

Damage from Casualty or Fire

Sponsor is not obligated to repair any damage from a casualty or other cause that occurs before the closing of a Purchaser's Unit. If Sponsor elects to repair any such damage, Purchaser's Purchase Agreement will remain in full force and effect, and Purchaser shall not have the right to reject title or receive a credit against or an abatement in, the Purchase Price. Sponsor shall be entitled to a reasonable period of time within which to complete the repair or restoration. If Sponsor notifies Purchaser that it does not elect to repair or restore the Unit, except if a Purchaser has assumed the risk of loss, the Purchase Agreement shall be deemed canceled and Sponsor shall return to Purchaser all sums deposited by Purchaser under the Purchase Agreement, together with interest earned thereon, if any, except if Purchaser is in default under the Purchase Agreement, Sponsor shall retain any such sums as and for liquidated damages.

Liens or Encumbrances, Acceptance of Deed

In the event of the existence of any lien or encumbrance other than Permitted Encumbrances, the sole remedy of Purchasers under the Plan will be to rescind their respective Purchaser Agreements within fifteen (15) days after receipt of notice or an amendment disclosing such lien or encumbrance. A Purchaser electing to proceed with the purchase of their Unit will not be entitled to any credit against, or abatement of the purchase price set forth in their Purchase Agreement and will have no claim or right of action against Sponsor 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.

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 impermissible 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.

The acceptance of a deed by Purchaser shall be deemed an acknowledgment that Sponsor has performed and discharge 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 this Plan) and in General Business Law Section 352-e to survive delivery of the deed. In addition, all representations made by the Sponsor under the Offering Plan, the Sponsor's obligations under the General Business Law and any such additional obligations under the Offering Plan which are to be performed subsequent to a closing for a Unit will survive the delivery of the deed for any such Unit.

Sponsor's Conveyance of Title to Units

Title to each Unit and its appurtenant interest in the Common Elements will be conveyed to each Purchaser by bargain and sale deed with covenants against grantor's acts in the form set forth at Part II, free and clear of all liens and encumbrances other than:

1. State of facts shown on a survey made by Earl B. Lovell - S.P. Belcher, Inc., dated 11/1/96, as updated by visual examination made by Earl B. Lovell – S.P. Belcher, Inc., dated 12/26/04, and any changes therefrom a current, accurate survey or personal inspection of a Unit or the Property would show, provided that such changes do not render title unmarketable.

2. The terms, conditions, easements, covenants and provisions of the Declaration and By-Laws, the Rules and Regulations and the Floor Plans.

3. The agreements, covenants, easements, restrictions and other matters of record as pertain to the Unit or to the Property, provided same do not prevent the use of a Unit for its residential or commercial purpose or materially adversely affect its value for such purpose.

4. Zoning and other resolutions, regulations, laws and ordinances and any amendments thereto. provided that neither the Building nor the Unit nor its uses pursuant to this Plan would be prohibited thereby.

5. Easements in favor of the owners of other Units to use pipes, flues, wires, ducts, conduits, cables, utility lines and other Common Elements (including Residential Common Elements) and Limited Common Elements, including those located in the Unit itself or elsewhere on the Property, serving such other Units, and easements of necessity in favor of the other Units and/or the Common Elements (including Residential Common Elements) or Limited Common Elements.

6. Easements for the continuance of encroachments on Units and on the Common Elements (including Residential Common Elements) or Limited Common Elements by other Units or portions of the Common Elements (including Residential Common Elements) or Limited Common Elements then existing by reason of the renovation of the Building or thereafter occurring by reason of the settling or shifting of the Building, or by reason of repair and/or restoration by the Board of Managers of such other Units or Common Elements (including Residential Common Elements) or Limited Common Elements after damage by fire or other casualty or after a taking in condemnation or eminent domain proceedings, or by reason of an alteration or repair to the Common Elements (including Residential Common Elements) or Limited Common Elements made by the Board of Managers, or to any other Units so that any such encroachments may be made as long as the Building stands.

7. Franchise taxes and New York City General Corporation Taxes of any corporation in the chain of title, provided that First American is willing to insure that such taxes will not be collected out of the Unit.

8. The lien of any unpaid Common Charges and real estate taxes which shall be apportioned at the closing of title.

9. The lien of any unpaid assessment payable in installments 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 and from and after the Closing Date.

10. Sewer, water, electric, plumbing, heating, gas, telephone and other utility easements and consents, if any, then or thereafter recorded, including the right to maintain and operate lines, wires, cables, amplifiers, transformers, equipment, pipes, conduits, poles, meters and distribution boxes in, over, under and upon the Property and the Building (including but not limited to any agreement with any cable company permitted by municipal regulation to locate and maintain television lines and equipment in the Common Element (including Residential Common Elements) or Limited Common Element.)

11. The lien of any mortgage loan obtained by the Purchaser.

12. As to a Residential Unit, any violation against the Property (other than a violation of record against the Unit) which is the obligation of a Board of Managers, or another Unit Owner to correct.

13. As to a Commercial Unit, any violation against the Unit and/or against the Property.

14. Easements in favor of the Board of Managers and the Sponsor and their respective successors, assigns, invitees, licensees, contractors, employees and tenants, on, in, over and across all parts of the Property for (i) construction, installation, maintenance, ingress to and egress from and the right to use in common with all other Unit Owners, pipes, flues, conduits, ducts, cables, wires, storm drainage facilities, water, sewer and other utility systems and all fixtures and equipment serving any portion of the Property and for the purpose of completion of the renovation of the Building in accordance with the Plans and Specifications; (ii) ingress to and egress from all parts of the Property and the use thereof in common with Unit Owners for all lawful purposes; and (iii) the erection, maintenance, repair and replacement from time to time of one or more signs in or on the Property, relating to the sale of Units and the leasing of space in any Unit.

15. Easements for ingress and egress and for construction, installation, operation and maintenance of municipal service facilities and utilities and communication conduits.

16. Rights of all other Unit Owners through the Common Elements and Limited Common Elements and in the event of emergency, or if required by law or necessity, the Unit to and from the public streets.

17. Encroachments of stoops, areas, cellar steps, trim coping, foundations, fences, cornices, and similar projections, if any, of the Common Elements or Limited Common Elements on over and under the Property or the streets or sidewalks abutting same and rights of governmental authorities to require removal of projections and variations between retaining walls and record lines.

18. Powers of Attorney from the other Unit Owners to the Board of Managers, the Sponsor and the Commercial Unit Owners.

19. Standard exceptions contained in the form of title insurance policy issued by First American.

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

21. Revocability of license for vault space, if any, under sidewalks and streets.

22. Leases or tenancies with occupants or tenants of the Residential Unit, as agreed upon by the Sponsor and the Purchaser and leases or tenancies with the tenants of a Commercial Unit; and

23. Any encumbrance as to which First American or other title company insuring Purchaser's title, would be willing, in a fee policy to insure (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.

Sponsor reserves the right to grant easements for additional utility, sewer and drainage lines, equipment and appurtenances in, under and through the Property, to relocate any existing utility, sewer and drainage easement and to dedicate any or all of such facilities to any governmental body, public benefit corporation or utility company, if Sponsor shall deem it necessary or desirable for the proper operation and maintenance of the Property or any portion thereof, or for the general health and welfare of any Unit Owner, or users of, or residents of any Buildings on land adjacent to the Property, provided that such additional utilities or the relocation of existing utilities will not prevent or unreasonably interfere with the use of the Residential Units for dwelling purposes or the use of the Commercial Units for any lawful purpose. Any utility company or public benefit corporation furnishing services to the Property and its employees and agents shall have a right of access to any Unit, to the Common Elements (including Residential Common Elements) and the Limited Common Elements in furtherance of such easements provided such right of access is exercised in such a manner so as not to unreasonably interfere with the use of the Units.

Each user or beneficiary of an easement referred to in this Section shall have the responsibility to repair any damage resulting from their acts or alternatively, shall be liable for the reasonable cost thereof in the event the repair shall be made by the Board of Managers or other Unit Owner.

Sponsor has been advised by Sponsor's counsel that in counsel's opinion, none of the exceptions to title hereinbefore set forth are of a nature which would materially affect the use, enjoyment, lease or sale of any Unit.

Personal Property

All personal property located within a Unit on the date the Purchase Agreement is signed, or located within the Common Elements on the date the Declaration is filed, which property is owned by the Sponsor is included in the conveyance unless specifically excepted elsewhere in this Offering Plan.

UNIT CLOSING COSTS AND ADJUSTMENTS

As more particularly set forth in the Purchase Agreement, in addition to Purchaser's own legal fees, Purchaser will pay the closing costs set forth below at the time of the closing of title of the Purchaser's Unit. Recording charges, fees and taxes are based on rates in effect on the date of the Plan and are subject to change without notice.

Capital Contribution to the Working Capital Fund

There is no provision for a specific reserve fund for the Condominium for the purpose of paying the cost of future capital repairs, replacements or improvements to the Property (except that each Purchaser of a Unit, at the closing for their Unit, shall pay into the Working Capital Fund of the Condominium a sum of equal to two (2) months Common Charges for such Unit). Therefore, Unit Owners shall be obligated to pay their share of the cost of repair, replacements and improvements to the Common Elements and/or unbudgeted operating expenses as the need for the same arises, unless there is sufficient Working Capital or other funds available.

The Working Capital Fund may be used to fund unbudgeted operating expenses and/or capital improvements and/or repairs to the Common Elements of the Building. No representation is made that the Working Capital Fund will be sufficient to accomplish the purposes set forth above, or other purposes as determined by the Board of Managers in its discretion. If additional funds are required, it may be necessary to increase the Common Charges, impose a special assessment against all Unit Owners and/or to obtain a loan to cover such expenses.

The Working Capital Fund may not be used to reduce Common Charges or to defray increases in Common Charges.

The funds contributed for the Working Capital will be deposited in a separate special bank account in the name of the managing agent, as agent for the Board of Managers of the Condominium and may be used for such appropriate purposes as the Board of Managers shall determine.

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

Cost for Title Insurance

If a Purchaser elects to obtain fee title insurance, Purchaser will pay a premium which will vary depending upon the amount of insurance requested. The premium for fee title will be $281.00 for the first $35,000.00 of fee insurance plus $4.67 for each $1,000.00 of additional fee insurance up $50,000.00. For additional rates please see chart below.

FEE AMOUNT	PREMIUM			
50,000.00	351	+3.80	per thousand up to	100,000.00
100,000.00	541	+3.05	per thousand up to	500,000.00
500,000.00	1762	+2.79	per thousand up to	1,000,000.00
1,000,000.00	3157	+2.57	per thousand up to	5,000,000.00

If a Purchaser elects to simultaneously obtain both fee title insurance and mortgage title insurance, the premium for the mortgage title insurance will be at a simultaneous rate. The premium for mortgage title insurance will be computed using the "Basic Rate" schedule

as described below. The premium on the amount of the loan policy that does not exceed the owner's policy shall be calculated at thirty percent (30%) of the regular scheduled rate for loan policies. For example:

FEE AMOUNT	PREMIUM			
35,000.00	73	+1.17	per thousand up to	50,000.00
50,000.00	90	+.95	per thousand up to	100,000.00
100,000.00	137	+.77	per thousand up to	500,000.00
500,000.00	445	+.70	per thousand up to	1,000,000.00
1,000,000.00	795	+.64	per thousand up to	5,000,000.00

Fee to Record the Deed and Power of Attorney

(c) A fee for recording the Unit Deed and Unit Power of Attorney of approximately $225.

Mortgage Recording Tax Credit

(d) If Purchaser obtains a mortgage loan, the Purchaser will pay Sponsor a sum equal to the partial mortgage recording 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, if any, previously paid by Sponsor in connection with any existing mortgage(s) encumbering the Property.

Transfer Taxes

(e) The New York City Real Property Transfer Tax, currently one (1%) percent of the purchase price of a Residential Unit $500,000 or less (1.425% of the purchase price if over $500,000 as to a Residential Unit), 1.425% of the purchase price of a Commercial Unit $500,000 or less (2.625% of the purchase price of a Commercial Unit if over $500,000) and the New York State Documentary Stamp Tax, presently $2.00 for each $500.00 (or part thereof) of the purchase price of a Unit, will each be the sole responsibility of Purchaser. There is also a $75 filing fee for Residential Units and a $165 filing fee for Commercial Units that the Purchaser shall have to pay at the Closing for the City transfer tax. For purposes of calculating the taxes payable, the amounts of such taxes will be included in the consideration subject to tax. Therefore the steps to compute the tax are:

(i) Multiply the purchase price by the City tax rate to compute the City tentative tax.

(ii) Multiply the purchase price by the State tax rate to compute the State tentative tax.

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

(iv) Multiply (iii) by the City tax rate to determine the City taxes payable.

(v) Multiply (iii) by the State tax rate to determine the State's taxes payable.

For example, if the Purchase price equals $2,000,000, the transfer taxes for a Residential Unit would be computed as follows:

(1) $2,000,000 x 1.425% = $28,500

(2) $2,000,000 x .4% = $8,000

(3) $2,000,000 + $36,500 = $2,036,500

(4) $2,036,500 x 1.425% = $29,020 (City transfer tax)

(5) $2,036,500 x .4% = $8,146 (State transfer tax).

In this example for a Residential Unit the total City and State transfer taxes paid by the Purchaser would be $37,166.

In addition to the above City and State transfer taxes, Purchasers of a Residential Unit will be required to pay the New York Mansion Tax. Under New York State Tax Law Section 1402-a, a tax of 1% of the consideration or purchase price is payable by the purchaser on each conveyance of residential real property, including condominium units, where the consideration is $1,000,000 or more. Purchasers of a Residential Unit would be required to pay such tax at the closing. For purposes of calculating the amount of the tax, the consideration would also include the amount of New York City and State transfer taxes paid by a Purchaser as set forth above. The mansion tax for a Residential Purchaser, utilizing the above example, based on a total consideration of $2,036,500 would be $20,365. Based on the above example, the total transfer taxes paid by a Residential Purchaser, including the mansion tax, would be $57,531.

If in the above example, the Unit being sold was a Commercial Unit instead, the transfer taxes would be computed as follows:

(1) $2,000,000 x 2.625% = $52,500
(2) $2,000,000 x .4% = $8,000
(3) $2,000,000 + 60,500 = $2,066,500
(4) $2,060,500 x 2.625% = $54,088 (City Transfer Tax)
(5) $2,060,500 x .4% = $8,242 (State Transfer Tax)

In this example for a Commercial Unit, the total City and State transfer taxes paid by the Purchaser would be $62,330.

Mortgage Recording Tax and Other Loan Costs

(f) If Purchaser obtains a mortgage loan, Purchaser will be responsible for the payment of all mortgage recording tax, commitment fee, application fee, 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 for a Residential Unit under $500,000 is $2.05 for each $100 of principal and such tax for mortgages in the amount of $500,000 or greater is 2.175% for each $100 of principal. This tax is reduced for Residential Units in both instances by $30.00 if the mortgage principal exceeds $10,000.

Currently the Mortgage recording tax for Mortgages for a Commercial Unit is $2.05 for each $100.00 of principal and such tax for Mortgages in the amount of $500,000 or greater is $2.80 for each $100.00.

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. As previously stated in paragraph (d) above, if a mortgage tax credit becomes available pursuant to Section 339-ee(2) of the Condominium Act, such credit will inure solely to the benefit of Sponsor. Accordingly, at closing, each Purchaser utilizing mortgage financing will pay the full amount (but not in excess thereof) of the mortgage recording tax chargeable on the entire amount being financed and Sponsor will be reimbursed by Purchaser to the extent of any mortgage tax credit allowance. An estimated fee for recording a Mortgage is approximately $120.00.

If a Purchaser elects to apply for a mortgage loan for the acquisition of their Unit through the mortgage broker or directly to a lender, the Purchaser will probably have to pay to a lender an application fee generally ranging from $350 to $500 (such amount may be higher for a Commercial Unit), an origination fee/points generally ranging from 0-3% of the loan amount, depending on the interest rate option selected by the Purchaser and a mortgage broker fee typically equal to 1% of the loan amount. Sometimes the amount of the commission paid to a mortgage broker is included as part of the origination fee paid to the lender and the amount of such origination fee payable by the Purchaser may not exceed the amount that a Purchaser would otherwise pay such lender if a Purchaser applied directly to such lender without the assistance of the mortgage broker. See Section titled "Procedure to Purchase" in Part I of the Offering Plan for further details.

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 one-twelfth (1/12) of the estimated annual real estate taxes for the Unit, together with one twelfth (1/12) of the annual fire and casualty insurance policy premiums for the Unit, 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, and insurance premiums, in order that sufficient funds will be available for the lender to pay the same when due.

Legal Fees

All legal costs, fees and expenses charged by the Purchaser's attorney shall be the sole responsibility of each Purchaser. In addition, Purchaser shall also be responsible for payment of the following fees to Sponsor's attorneys. Philip Brody, Esq., in connection with the closing of title to Purchaser's Unit: (i) the sum of $1,500 to reimburse Sponsor for its legal fees, (ii) if the Purchaser requests the Closing to occur other than at the offices of Philip Brody, Esq. or such other place as Sponsor may designate in its closing notice and Sponsor consents to such change, an attendance fee of $500 for each Closing held within Manhattan and $700 for each Closing held in any borough outside Manhattan, (iii) if the closing for a Residential Unit is adjourned through no fault of Sponsor, an additional fee of $500 for each such adjournment to help defray the cost of preparing for and coordinating the new closing; and (iv) if Sponsor, in its sole discretion, consents to a Purchaser's request for an assignment of the Purchase Agreement for a Residential Unit, or for the addition, deletion or substitution of names on the Purchase Agreement, a fee of $500 payable in advance for preparation of an assignment agreement.

Adjustments

At Closing, adjustments will be made as of midnight of the day preceding the Closing Date between Sponsor and each Purchaser 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, (b) Common Charges for the month in which title closes (c) accrued rent and any other charges (additional rent as to any commercial lease) due and owing pursuant to any commercial lease as to a Commercial Unit, to any interim lease or use and occupancy agreement with a Residential Purchaser or use and occupancy agreement, if any, covering Purchaser's Unit, and (d) any security deposit held by the Sponsor under a lease or use and occupancy agreement if any, covering Purchaser's Unit.

Escrow For Real Estate Taxes Until Units are Separately Assessed

In the event a Unit Owner closes prior to the separate assessment of their Unit and until their Unit is separately assessed for real estate tax purposes, the Board of Managers shall collect from Unit Owners a monthly tax escrow based on the estimated real estate tax bill for the entire Property, the Unit Owner's percentage interest in the Common Elements and the then current tax rate (or a higher tax rate to reflect a possible increase in rate at the beginning of a new tax year). Such monthly tax escrows shall constitute additional Common Charges and shall be due and payable on the first day of each month along with the payment of Common Charges. Also at the closing a Purchaser may be required to deposit in escrow with the Board of Managers a multiple of the aggregate of such one month's escrow for real estate taxes in order that sufficient funds will be available for the Board of Managers to pay Purchaser's proportionate share of the semi-annual real estate taxes for the Property when due. For example if the Closing occurred in April and the first month's payment of Common Charges would be in May, a Purchaser would be required to escrow with the Board at the Closing payments equal to four month's real estate tax allocated to such Unit. Thereby, the Board of Managers would have sufficient funds upon receipt of the June payment to pay such

Unit Owner's pro rata share of such real estate taxes on or before July 1 of the subsequent fiscal year. The Board of Managers will pay from the escrowed funds all real estate taxes when due and payable prior to the separate assessment of the Units. Such real estate taxes will be paid by the Board of Managers on a semi-annual basis. At such time as a Unit is separately assessed and separately billed, the Unit Owner will pay such taxes directly to the City of New York.

If the actual real estate taxes due for any period for which the Board of Managers collected escrows are higher than the amount collected and held in escrow, the Unit Owners shall promptly pay such deficiency to the Board of Managers within 10 days after written demand for payment. If any Unit Owner fails to pay his or her pro-rata share of such real estate taxes within 15 days after the due date for such payment, then the Unit Owner shall owe a late charge to the Board of Managers equal to 4% of such overdue amount or based on such other late charge as established by the Board of Managers. The Board of Managers shall have the same rights and remedies for the collection of monthly real estate tax escrows as provided in the Declaration and Bylaws for the collection of Common Charges. If the actual taxes are lower than the amount collected and held in escrow by the Board of Managers, the Board of Managers will pay such tax bill and return to the Unit Owners their proportionate share of any excess without any interest thereon. If the Units are separately assessed with payment to commence during a period for which the Board of Managers holds escrowed funds, the Board of Managers will return the funds to each Unit Owner without any interest thereon and the Unit Owner will pay their own real estate taxes to the City of New York.

In addition, once the Units are separately assessed, the Board of Managers shall calculate the amount of the real estate taxes that would have been due by a Unit Owner based on the actual assessment for their Unit established by the City of New York and the amount of real estate tax paid during such escrow period will be adjusted with each Unit Owner so that Unit Owners will be reimbursed by the Board of Managers for any overpayment of real estate taxes or shall pay to the Board of Managers any underpayment of the amount of such real estate taxes paid to the Board of Managers.

Notwithstanding the above provisions, during the period when the Unsold Units are not separately assessed, the Sponsor or its Designee shall not be required to pay monthly escrows to the Board of Managers for such real estate taxes due for the Unsold Units owned by the Sponsor or its designee. Instead the Sponsor or its designee shall pay to the Board of Managers the amount of such real estate taxes for the Unsold Units, based on their percentage interest in the Common Elements attributable to the such Unsold Units no later than 10 days prior to the due date for the payment of such real estate taxes by the Board of Managers. There shall be a similar adjustment as to the Unsold Units owned by the Sponsor or its designee when the actual assessments are known for such Unsold Units as to any overpayment or underpayment of such real estate taxes.

Once the Units are separately assessed it is anticipated that the Unit Owners will be required to pay real estate taxes on a semi-annual basis.

Additional Cost for Failure of Purchaser to Timely Close

If, through no fault of Sponsor, a Purchaser of a Residential Unit fails for any reason to close title to their Unit on the originally scheduled closing date and Sponsor elects not to cancel such Purchaser's Purchase Agreement as a result thereof, (a) the closing apportionments described above will be made as of midnight of the day preceding the originally scheduled Closing Date regardless of when the actual closing occurs, (b) the Purchaser will be required to pay to Sponsor (i) as a reimbursement of Sponsor's higher carrying costs for the Residential Unit by virtue of the delay, and in addition to the other payments to be made to Sponsor under the Purchase Agreement and this Plan, an amount equal to 0.04% of the purchase price of their Residential Unit for each day starting from and including the originally scheduled Closing Date to and including the day before the actual closing date, and (ii) $250 to reimburse Sponsor for additional legal fees. The Sponsor may require that an estimate of the foregoing fees be paid in advance as a condition to adjourning the closing.

Example of Closing Costs

The numerical example for the costs set forth in this section of the Offering Plan for a typical Residential Unit with a purchase price of $2,000,000 and a mortgage of $1,750,000 are estimated as set forth below. Such costs are subject to change.

1. Title insurance for fee and mortgage, including the simultaneous fee discount ($5,717 for fee insurance) ($1,271 for mortgage insurance);

2. Recording costs for deed and power of attorneys approximately $100.00;

3. Mortgage recording tax (including payment to Sponsor pertaining to mortgage tax credit, if any) $33,688;

4. Recording cost of mortgage approximately $300.00;

5. New York City Real Property Transfer Tax $29,020;

6. New York State Real Estate Transfer Taxes (deed stamps) $8,146;

7. New York Mansion Tax $20,365; the Mansion Tax applies only to Residential Units whose purchase price is over $1,000,000;

8. Contribution to the Working Capital Fund in an amount equal to 2 month Common Charges;

9. Payment of Legal Fees to Sponsor's attorney $1,500; and

10. Real estate tax escrow.

For a closing occurring on June 1, 2007, 2nd half 2006/2007 real estate taxes will have been paid. Therefore, for first half 2007/2008 real estate taxes, due July 1, 2007, six months of real estate tax escrow would be picked up at the closing. For example, for Unit 3A, this amount would be estimated at $11,040.00, based upon the estimated assessed valuation of the Property. It is also noted that if the closing occurred on April 1, 2007 and the Sponsor paid the 2nd half of 2006/2007 real estate taxes, then the Purchaser would have to reimburse the Sponsor for 3 months of real estate taxes. For Unit 3A, based upon the estimates in Schedule A, this amount would equal approximately $5,520.00 for 3 months.

A Commercial Unit Owner would have to pay similar closing costs, except the New York City Real Property Transfer would be calculated using the tax rate of 2.625% of the total consideration as opposed to 1.425% and the Owner of Commercial Unit would not have to pay the New York State Mansion tax. Also the mortgage recording tax would be higher for mortgages over $500,000 since the rate would be 2.80% of the principal amount of the mortgage.

Other fees and closing adjustments which cannot be estimated because they pertain to events outside of Sponsor's control and/or statutory requirements include, purchaser's attorney's fee, lender's attorney's fee, possible commitment fee or loan origination fee, mortgage brokerage fees, appraisal fee, application fee, credit check fee and monthly Common Charges prospectively from the closing date.

Other Provisions

The entire contents of this Section as same may be revised or amended, shall be deemed to be incorporated in the Purchase Agreement for each Unit.

Contemporaneously with the closing of title to the First Unit, Sponsor will adjust with the Board of Managers other items of prepaid expenses, as of the midnight preceding such closing, in accordance with the Customs in Respect to title closings recommended by The Real Estate Board of New York, Inc., as amended. (See Section titled "Working Capital Fund and Closing Adjustments" in Part I).

Sponsor Payment of all Offering Plan Costs

Except as specifically set out in this Plan, Sponsor must pay all costs and expenses incurred in connection with the promulgation and consummation of this Plan and the sale by Sponsor of Residential Units, including, but not limited to, all selling expenses and commissions payable to the Selling Agent for the sale the Residential Units pursuant to this Plan, advertising, printing, engineering and architectural fees, the fees of Sponsor's attorneys, the cost of the renovation of the Building, governmental filing fees, in connection with the obligations of the Sponsor (See the Section entitled "Rights and Obligations of the Sponsor").

RIGHTS AND OBLIGATIONS OF THE SPONSOR

Obligations of Sponsor

Subject to the terms and conditions of this Plan, Sponsor shall have the following rights and obligations to Purchasers:

1. As of the date of the initial presentation of this Offering Plan, Sponsor believes that the Sponsor has sufficient financial resources or assets, without the necessity of obtaining a construction loan, to complete the renovation of the Building and to pay for the cost and expenses thereof, including fees of the engineers, architects, attorneys, insurance premiums, taxes, and other costs incidental to renovation of the Building.

2. Sponsor shall be obligated to complete the renovation of the Building based on the work set forth in Exhibit A to the Architect's Description of the Property and Building Condition in Part II of the Offering Plan, subject to Sponsor's right either to amend the Plans and Specifications or to substitute substantially equal or better equipment or materials and make modifications in layout or design and to amend the Plan if the change is not of substantially equal or better quality or design. Sponsor may not change the size, number or location of Units, their respective percentages of interest in the Common Elements, or the amount or quality of Common Elements, including the Residential or Commercial Limited Common Elements, unless disclosed by amendment to the Plan, and if the Declaration has been recorded, only by amendment to the Declaration as provided therein. However, Sponsor may not substitute equipment or materials of lesser quality, or change the size or location of Units or Common Elements, if such changes affect the percentage of Common Interest or adversely affects the value of any Unit to which title has closed, or for which a Purchase Agreement has been executed and is in effect, unless all affected Unit Owners consent in writing to such change and each affected Purchaser is given the right to rescind their Purchase Agreement and to receive a refund of their down payment. Under the present construction schedule it is anticipated, although not guaranteed, that, finish work to the Common Elements (including Residential Common Elements), and other areas of the Building which are not intended for the exclusive use of any one Unit Owner, the Building will be substantially completed by December, 2006, subject to Force Majeure Conditions or unavoidable delays. It is anticipated by the Sponsor that 6 Residential Units will be substantially completed by such date. Sponsor, however, makes no warranty or representation as to the date of such completion.

3. Prior to the closing of title to the First Residential Unit, Sponsor shall have obtained a temporary or permanent certificate of occupancy for the entire Building or, alternatively, a partial temporary or permanent certificate of occupancy covering the Residential Unit to be conveyed. Sponsor shall obtain a permanent certificate of occupancy and all necessary permits for all residential portions of the Building before expiration of applicable partial or temporary certificates of occupancy, as same may be renewed, replaced or extended. A permanent Certificate of Occupancy is required for permanent residential use of the Building and the Residential Units. Temporary residential use of the Building is permitted upon the issuance of a temporary Certificate of Occupancy, but if a temporary

Certificate of Occupancy, expires prior to obtaining a permanent Certificate of Occupancy, the residential occupancy of the Condominium will be in violation of the Multiple Dwelling Law, subjecting the Residential Unit Owners and/or the Board of Managers to fines or penalties under the Multiple Dwelling Law and any other certificate, authorization or permit required by law.

A new certificate of occupancy is not required in connection with the sale of a Commercial Unit. Notwithstanding Sponsor's obligation to obtain a permanent Certificate of Occupancy as provided herein, the Commercial Unit Owners and/or the Commercial tenants (to the extent obligated under their leases) shall be responsible to promptly and timely undertake such work in their Commercial Unit to comply with applicable laws and regulations, if such work is required in order for the Sponsor to obtain a permanent Certificate of Occupancy for the Property.

4. In the event any closing of title for a Residential Unit occurs before the issuance of a permanent Certificate of Occupancy, Sponsor shall maintain all down payments and funds received from the Purchaser of said Residential Unit in a special escrow account as required by Section 352-e(2-b) of the General Business Law, unless Sponsor's Architect or its successor certifies that a lesser amount will be reasonably necessary to complete all alterations and improvements to the public portions and common areas of the Building and the sum exceeding the amount so certified by such architect or its successor may be released to the Sponsor from the special escrow account. In the event Sponsor desires to proceed as provided herein, Sponsor will disclose this by duly filed amendment to the Offering Plan.

Except as otherwise described in the Offering Plan or as otherwise agreed upon by the Sponsor and a Purchaser, each Unit and the fixtures and personal property contained therein are being sold and delivered in its "as is" condition. However, no Purchaser of a Residential Unit shall be required to close title to their Unit unless the Unit shall have been substantially completed in accordance with the Plans and Specifications based on the scope of work as to such Unit as set forth in Exhibit A of the Description of the Property in Part II of the Offering Plan. If MTI Enterprises, Inc. timely exercises its option to purchase Commercial Unit #3 during its exclusive period, then MTI shall not be obligated to purchase such Commercial Unit until the Sponsor has substantially completed the MTI Work. Such determination as to substantial completion shall be made by Sponsor's Architect.

5. Sponsor will pay all contractors, subcontractors and materialmen and all others involved in the renovation of the Building, or the furnishing or installation of fixtures, materials or equipment supplied to or installed in the Building for Sponsor and will cause any mechanics' liens arising out of the renovation of the Building or the furnishing or installation of fixtures or equipment to be discharged or bonded promptly after any such lien is filed.

6. Sponsor has no obligation to defend any suits or proceedings, or to indemnify the Board of Managers or Unit Owners, except with respect to claims relating to representations expressly made by Sponsor in this Plan and only as limited herein.

7. Only those obligations of Sponsor set forth in this Section which are to be performed subsequent to the closing of a Unit shall survive delivery of the deed.

8. After the issuance of a permanent Certificate of Occupancy, the Sponsor shall deliver a set of "as-built" plans, for the renovation of the Property to the Board of Managers .

9. The Sponsor has not furnished any bond or other security for the performance of the obligations of the Sponsor under the Plan, including but not limited to its obligation to pay Common Area Charges. The ability of Sponsor to perform its obligations hereunder will depend upon its financial condition at the time it is called upon to perform.

10. Sponsor agrees to pay all Common Charges and special assessments and real estate taxes allocated to each Unsold Unit until title to such Unsold Unit is conveyed to a bonafide Purchaser. Also, the Sponsor also agrees to pay all Common Charges, special assessments and real estate taxes allocated to any Residential Units and the Commercial Units retained by the Sponsor. The Sponsor represents that, as of the date hereof, it has the financial resources to meet such obligations. The Sponsor will fund its financial obligations from rent collections of the commercial tenants, from the net proceeds derived from the sale of the Units, capital contributions from the members of the Sponsor and other financings.

11. Sponsor shall procure fire insurance, as set forth in Schedule B in Part I, pursuant to an agreed amount replacement cost policy or in an amount sufficient to avoid co-insurance. Such insurance will provide that each Unit Owner is an additional insured and that there will be no cancellation without notice to the Board of Managers and Unit Owners. The insurance policies will also contain waivers of subrogation, waivers of invalidity due to acts of the insured and Unit Owners and waivers of pro rata reduction of liability of the insurer due to other insurance carried by individual Unit Owners.

12. 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 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 six 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, will be filed in the City Register's office when the Declaration is recorded, and an additional set will be furnished to the Board of Managers.

13. Sponsor will not liquidate Sponsor's assets for a period of twelve (12) months from the filing of the Declaration, unless at the time of such liquidation, a bond or irrevocable letter of credit is posted in the amount of $25,000. Any final liquidation may affect the enforcement of Sponsor's obligations under this Plan, although Sponsor does not intend to avoid its obligations. No warranty, guarantee or other representation can be made that such amount will be sufficient to meet all of Sponsor's remaining unfulfilled obligations under the Offering Plan.

14. Sponsor will correct, repair, or replace any material latent defect (a defect that is not visually ascertainable) relating to construction of the Residential Units, but only if:

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; and

As to any latent defects in the construction of a Residential Unit, the Sponsor is notified by the Residential Unit Owner within sixty (60) days of the Closing Date of any such latent defect, which notice shall be by certified mail, return receipt requested.

Notwithstanding the foregoing, Sponsor shall have no obligation to correct any defects in any Residential Unit sold to a Purchaser which was occupied prior to such sale, provided the Sponsor discloses to such Purchaser that the Residential Unit being purchased was previously occupied. The Sponsor shall also have no obligation to correct any defects in any Commercial Unit.

The method of correcting any defect in a Residential Unit 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 in a Residential Unit if:

(a) Sponsor is not notified of the existence of such latent defect by the Residential Unit Owner, in the required manner within sixty (60) days following the Closing Date;

(b) The Residential Unit Owner making the claim fails to allow prompt access to the Unit in question by Sponsor, Sponsor's contractors, or the Managing Agent; 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, the Architect, or engineer, in their sole judgment.

In Section 26 of the form of the Purchase Agreement with MTI Enterprises, Inc., a copy of such Purchaser Agreement is attached hereto in Part II of the Plan, the Sponsor, subject to certain exclusions as set forth therein, covenants that the MTI Work for Commercial Unit #3 will be free from defects in workmanship and materials for a period of one year following substantial completion thereof. See Section 26 and Exhibit D in the form of Purchase Agreement with MTI Enterprises, Inc. in Part II of the Plan for the specific terms of such warranty.

Sponsor will not be obligated to correct, and will not be liable to the Board of Managers or 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 kitchen appliances and bathroom fixtures):

(i) with respect to which assignable warranties or other undertakings (however denoted) from manufacturers, contractors, materialmen or others which are assigned to either the Purchaser or the Board of Managers, as the case may be;

(ii) resulting from normal wear and tear, natural deterioration, normal settling, or shifting of the Building; or

(iii) that are not of a material nature including, without limitation, the following:

(a) concrete cracks that do not impair the structural soundness of the Building, including cracks or discoloration in concrete used in walls and paving, leaching or color variation in colored mortar, tile and brick, dimensional variations in brick joints, mortar droppings on bricks, ponding on the roof, stained tiles and cracks in pressure treated wood used, or intended for use, outside the Building or on the roofs;

(b) protruding dry wall fastenings, ridging on gypsum board, slight variations in gypsum board taping visible only under certain lighting conditions, walls not square, lumber shrinkage, minor painting defects, slight separation between base and floor, variations in floor and 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 not in excess of industry standards;

(d) variations in tone or color of natural stone or variations in tone or color of counter-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) normal plumbing, heating, air conditioning, ventilating 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, lavatories, water closets, kitchen cabinets, backslashes and countertops, bathroom counter-

tops, tile or natural stone floors and walls, saddles, appliances, woodwork, millwork, doors, mirrors and hardware; and

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

Notwithstanding the foregoing, Sponsor will not be obligated to repair scratches or imperfections in the surfaces of any of the finish work completed by the Sponsor which are due to defects in natural materials, defects in the manufacturing process or in the installation of such finish work, so long as the surfaces are usable for its intended purpose.

THE ITEMS AND CONDITIONS DESCRIBED ABOVE IN (iii) ARE NOT DEFECTS AND MAY BE FOUND IN ANY RENOVATED BUILDING. PURCHASERS WHO PURCHASE A UNIT IN THE BUILDING OR IN ANY OTHER RENOVATED BUILDING MAY EXPERIENCE SOME OR ALL OF THESE ITEMS AND CONDITIONS IN THEIR UNITS OR IN THE COMMON ELEMENTS (INCLUDING THE RESIDENTIAL 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 THE BOARD OF MANAGERS THEREFOR. IF A PURCHASER OR THE BOARD OF MANAGERS DESIRES TO CORRECT OR REPAIR ANY SUCH ITEMS OR CONDITIONS, TO THE EXTENT THEY CAN BE CORRECTED OR REPAIRED, THE PURCHASER OR BOARD OF MANAGERS WILL HAVE TO PROCEED AT ITS SOLE COST AND EXPENSE AND UNDER ANY WARRANTIES OR UNDERTAKINGS ASSIGNED TO THEM BY SPONSOR.

NOTHING CONTAINED IN THE PLAN WILL BE CONSTRUED SO AS TO RENDER SPONSOR LIABLE FOR CONSEQUENTIAL DAMAGES (WHETHER BASED ON NEGLIGENCE, BREACH OF CONTRACT, BREACH OF WARRANTY, OR OTHERWISE), IT BEING INTENDED THAT SPONSOR'S SOLE OBLIGATION WILL BE TO REPAIR OR REPLACE ANY DEFECTIVE ITEM OF CONSTRUCTION UPON, AND SUBJECT TO, THE TERMS AND CONDITIONS SET FORTH ABOVE. SPONSOR WILL HAVE NO OTHER OBLIGATION TO CORRECT OR REPAIR ANY DEFECTIVE OR OTHER CONDITION IN THE BUILDING (INCLUDING IN THE UNITS AND, THE COMMON ELEMENTS AND/OR THE RESIDENTIAL 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 RESIDENTIAL UNITS, AS CONTAINED HEREIN, NO OTHER WARRANTIES OR UNDERTAKINGS SHALL BE IMPLIED. THE HOUSING MERCHANT IMPLIED WARRANTY LAW (GENERAL BUSINESS LAW ARTICLE 36-8) IS NOT APPLICABLE TO THIS OFFERING.

15. Sponsor will assign to a Residential Purchaser upon the closing of title and to the Board of Managers upon the recording of the Declaration, as applicable, warranties, if any, of manufacturers and subcontractors relating to heating, domestic water supply, air-conditioning, electrical and plumbing work and fixtures, appliances and equipment, relating to the Unit or to

the Common Elements or to the Residential Common Elements. Sponsor undertakes to do the above only to the extent that warranties are actually made by such manufacturers and subcontractors and only to the extent such warranties are assignable.

16. Sponsor will pay all expenses incurred in connection with the completion of the work, as set forth in the Architect's Description of the Property and Building Condition in Part II of the Plan, the establishment of the Condominium and sale of all Units held or owned by Sponsor (except for costs specifically made payable by Purchasers under this Plan). Sponsor will pay all costs of filing this Plan and any amendments thereto.

17. The Sponsor shall have the right but not the obligation to defend any suits or proceedings arising out of its acts or omissions; the Sponsor shall have the obligation to indemnify the Board of Managers or the Unit Owners against any judgment obtained against either or both of them by reason of the wrongful acts or omissions of the Sponsor. The Board of Managers and the Unit Owners shall, as a condition to such indemnification, notify the Sponsor promptly of any such suit and cooperate with the Sponsor in defending against any such suits which the Sponsor elects to defend.

Sponsor shall not be liable for or be obligated to defend any suits, proceedings or claims (i) as to any Unit arising out of any occurrence taking place on or after the earlier of the closing of title to such Unit or the leasing thereof to, or at the direction of, any Purchaser or the leasing thereof pursuant to any existing lease with a commercial tenant, or (ii) as to the Common Elements, the Residential Common Elements and the Limited Common Elements, arising out of any occurrence taking place on or after the date of the recording of the Declaration, except suits, proceedings or claims arising out of acts or omissions of Sponsor or representations made by Sponsor in the Offering Plan.

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

19. In the event of the dissolution or liquidation of the Sponsor or the transfer of 6 or more Units or twenty percent (20%) or more of the total number of Units in the Condominium, whichever is less, the principals of the Sponsor will provide financially responsible entities or individuals who will assume the status and all of the obligations of the Sponsor for those Units under the Offering Plan, applicable laws or regulations. The Sponsor however does not warrant or guaranty whether or not in the future such third party owners will be financially responsible.

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

Each of the obligations of the Sponsor contained in this section shall be enforceable by any Unit Owner as to their Unit or the Board of Managers on behalf of the Unit Owners as to Common Elements. The representations contained in paragraphs 1 through 20 of this section shall survive delivery of the deed. Sponsor makes no other representation or warranties except as provided above. However, nothing herein shall be construed to limit any rights which Purchasers may otherwise have pursuant to Article 23-A of the General Business Law, Part 20 of the Regulations promulgated by the Attorney General and the Offering Plan.

The Sponsor intends to offer all Residential Units for sale and to use commercially reasonable efforts to effect such sales. However, in the event, the Sponsor is unable to sell Unsold Residential Units at the prices set forth in Schedule A, as the same may be amended, then the Sponsor reserves the right to lease such Unsold Residential Units on such terms as Sponsor shall in its sole discretion from time to time elect. Because the Sponsor is not limiting the conditions under which it will rent rather than sell Unsold Residential Units, there is no commitment to sell more Units than the 15 percent necessary to declare the Plan effective and owner-occupants may never gain effective control and management of the Condominium. Sponsor's good faith efforts to sell to Purchasers will include listing vacant Unsold Residential Units with brokers, showing Unsold Residential Units to brokers and prospective Purchasers or their representatives, filing update amendments to the Plan and otherwise engaging in customary sales activities. If the Sponsor makes a bulk sale of some or all of the Unsold Residential Units, the transferee or successor Sponsor shall be bound by Sponsor's foregoing commitment to sell Unsold Residential Units as they become vacant, subject to the reservation of right to rent, as aforementioned.

LEASING AND USE OF UNSOLD UNITS

Residential Units

The Sponsor intends to offer all Residential Units for sale and to use commercially reasonable efforts to effect such sales. However, in the event, the Sponsor is unable to sell Unsold Residential Units at the prices set forth in Schedule A, as the same may be amended, then the Sponsor reserves the right to lease such Unsold Residential Units on such terms as Sponsor shall in its sole discretion from time to time elect. Because the Sponsor is not limiting the conditions under which it will rent rather than sell Units, there is no commitment to sell more Units than the 15 percent necessary to declare the Plan effective and owner-occupants may never gain effective control and management of the Condominium. Sponsor's good faith efforts to sell to Purchasers will include listing vacant Unsold Residential Units with brokers, showing Unsold Residential Units to brokers and prospective Purchasers or their representatives, filing update amendments to the Plan and otherwise engaging in customary sales activities. If the Sponsor makes a bulk sale of some or all of the Unsold Residential Units, the transferee or successor Sponsor shall be bound by Sponsor's foregoing commitment to sell Unsold Residential Units as they become vacant, subject to the reservation of right to rent, as aforementioned.

Except as otherwise agreed upon between the Sponsor and the Purchaser of a Residential Unit, each such Residential Unit shall be delivered at the Closing free and clear of all leases, tenancies and rights of occupancy.

Sponsor reserves the right, prior to the date of closing title thereto, to rent or lease any Residential Unit for such rent and term and on such other conditions as may be agreed to between Sponsor and any Purchaser who has paid the down payment required by their Purchase Agreement, provided that no occupancy may commence until a temporary Certificate of Occupancy has been obtained for such Residential Unit. Any such lease (also known as a "Use and Occupancy Agreement") will provide, however, among other things, that an uncured default by the Purchaser under the Purchase Agreement with respect to the Residential Unit which is the subject of the lease will constitute a default under the lease entitling Sponsor, at its sole option, to terminate such lease in accordance with applicable law. In addition, each Purchase Agreement may provide that an uncured default by the Purchaser under any lease with respect to the Residential Unit, which is the subject of the Purchase Agreement, will constitute a default under the Purchase Agreement entitling Sponsor, at its sole option, to terminate such Purchase Agreement and to exercise any remedies therein provided. However, before the Sponsor may utilize a default under the Use and Occupancy Agreement for a Residential Unit to declare a default under the Purchase Agreement, the Sponsor must either (i) obtain an order of eviction or other judgment or order from a court or agency of competent jurisdiction against the lessee or (ii) the lessee must have vacated the Residential Unit. The interim occupant must vacate the Residential Unit within five (5) days after any default under the Purchase Agreement which remains uncured after five (5) days. No portion of the rental paid under a Use and Occupancy Agreement will be credited toward the Residential Unit's purchase price.

Rent and any other fees due under a Use and Occupancy Agreement and/or a security deposit, if any, held by the Sponsor shall be adjusted as of the closing of the Residential Unit. Notwithstanding any of the foregoing, Sponsor shall be under no obligation to enter into any Use and Occupancy Agreement for a Residential Unit. No portion of the rental paid under such Use and Occupancy Agreement with a Purchaser will be credited toward the Purchase Price of a Unit.

In the event this Offering Plan is abandoned, the Sponsor and/or a Residential Purchaser may, at any time at their sole option, cancel the Use and Occupancy Agreement and a Purchaser shall vacate their leased Unit upon (30) day's prior written notice at the address set forth on the cover page of this Plan. At the time such Residential Purchaser vacates their Unit the Purchaser shall pay to Sponsor all rent and other charges due and owing under their Use and Occupancy Agreement or the Sponsor may, at its option, may deduct any monies owed under such Use and Occupancy Agreement from the Purchaser's down payment.

Commercial Units

The Sponsor shall have the unrestricted right, subject to the terms of any existing lease, to lease all or a part of each Commercial Unit (including renewals, modifications or

new leases), owned by the Sponsor for any lawful purpose for such rent and terms as deemed appropriate by the Sponsor.

Each Purchase Agreement with an existing commercial tenant and/or an Affiliate, subsidiary or principal of such commercial tenant shall provide that an uncured default by a Purchaser under their lease beyond any applicable grace or cure period shall constitute a default under such Purchase Agreement entitled the Sponsor, at its option, to terminate such Purchase Agreement and to exercise any remedies provided therein, including the retention of the deposit as liquidated damages. Contrary to the above provisions as to the sale of Residential Unit, it is not necessary for the Sponsor to obtain an order of eviction or other judgment or order from a court or agency of competent jurisdiction before the Sponsor may terminate the Purchase Agreement with an existing Commercial tenant due to a default under their Commercial Lease.

No portion of the rent under any existing Commercial Lease shall be credited toward the Unit's purchase price. Rent and additional rent collected under any commercial Lease and/or security deposit, if any, held by the Sponsor shall be adjusted at the Closing of a Commercial Unit.

If the Plan is abandoned by the Sponsor, the existing commercial tenant who enters into a Purchase Agreement to purchase their Unit may not, as is the case for a Residential Unit, vacate their leased premises or terminate their lease, without the consent of the Sponsor. If the Purchase Agreement is cancelled in the event the Offering Plan is abandoned, the Sponsor may, at its option, as to Commercial Unit being acquired by a commercial tenant or an Affiliate or subsidiary thereof, deduct any monies owed to the Sponsor under a commercial lease by a tenant from the Purchaser's down payment.

Use of Unsold Units, Model Apartments, Signs

Sponsor and its Designee reserve the right, without prior notice or amendment to the Plan, to use any vacant Unsold Units as sales or leasing offices and model apartments. The Sponsor shall be entitled to post signs, banner in the Building and to conduct other activities connected with the promotion, sale or leasing of Units. In the event Sponsor or its Designee thereafter elects to sell any such model apartments, Sponsor or its Designee may require the purchaser thereof to purchase all or any of the furnishings, equipment or decorations therein and pay, in addition to the purchase price for such Unit, such amounts as Sponsor may determine. In no event shall the presence of any furniture, furnishings, equipment or decorations in any model apartment imply or represent that any Residential Unit will contain such furniture, furnishings, equipment or decorations upon delivery of the Residential Unit to the Purchaser of the Unit unless such Purchaser agrees to pay Sponsor such amount, as agreed upon by Sponsor and the Purchaser, in addition to the purchase price for such Unit.

ENTIRE OBLIGATION OF THE SPONSOR

The foregoing set 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 the

owners of Units under their respective Purchase Agreements. Sponsor makes no representation or warranty as to the work materials, appliances, equipment and fixtures other than as set forth in the Plan.

CONTROL BY THE SPONSOR

As described more fully in Section entitled "Board of Managers" in Part I of the Offering Plan, the Board of Managers will administer and manage the affairs of the Condominium.

Pursuant to the Condominium By-Laws, as set forth in Part II of the Plan, until the first meeting of Unit Owners, the Board of Managers will consist of three (3) Members designated by Sponsor. Sponsor will call the first meeting of Unit Owners no later than six (6) months after the First Unit Closing. At the first meeting of Unit Owners (the "First Annual Meeting"), a new seven (7) member Board shall be installed. The number of the members of Board of Managers may not be changed except in accordance with the procedures described in the By-Laws.

At the first annual meeting and at all times thereafter, to the extent the Sponsor still owns a Unit, the Sponsor shall have the right to elect members of the Board of Managers as a result of its ownership of any such Unit. Out of the seven members of the Board of Managers, the Owners of Commercial Units #2 and #3 shall each be entitled to appoint one member on the Board of Managers. The Sponsor, to the extent is the owner of the Commercial Units #2 and #3, would be entitled to appoint such Board members representing such Commercial Unit Owners.

Sponsor or its Designee will have voting control of the Board of Managers during the period which continues until the earlier to occur of: (i) any meeting of Unit Owners at which the votes cast for Sponsor's or its Designee's representatives and board members appointed by the Sponsor or its Designee do not result in Sponsor's or its Designee's representatives or appointees being elected or appointed as the majority of the members of the Board of Managers; or (ii) five (5) years after the First Unit Closing, or (iii) at such time as Sponsor or its Designee owns less than 25% of the Unsold Units (the "Sponsor Control Period"). Notwithstanding the foregoing, Sponsor or its Designee shall have the right to designate at least one (1) member of the Board of Managers so long as Sponsor or its Designee owns at least one (1) Residential or Commercial Unit in the Condominium. The Sponsor or its Designee, to the extent it owns Commercial Unit #2 and #3 may also appoint a board member for each such Commercial Unit owned by the Sponsor or its Designee. Such appointment made by Commercial Unit Owners #2 or #3 (to the extent owned by the Sponsor or its Designee) shall be counted in determining the Sponsor's or its Designee's voting control of the Board of Managers or the one remaining member of the Board of Managers that may be appointed by the Sponsor or its Designee as long as it owns one Unit.

So long as Sponsor is entitled to appoint or elect (through the Unsold Units owned by the Sponsor) a majority of the Board of Managers, Sponsor will be able to control the Board of Managers and through control of the Board of Managers, will have control of the

maintenance and operation of the Condominium and will determine the Common Charges payable by the Unit Owners, including Sponsor.

Sponsor and the owner of any Unsold Units may exercise veto power over some actions of the Board of Managers. Until Sponsor and the owner of any Unsold Units have conveyed title to all Units, but in no event later than later to occur of five (5) years after the First Unit Closing or whenever the Unsold Units constitute less than 25% of the Common Interest, the Board of Managers may not take any of the following actions without Sponsor's prior written consent: (a) make any addition, alteration or improvement to the Common Elements or the Residential Common Elements, or (b) assess any Common Charges for the creation of, addition to or replacement of all or part of a Working Capital Reserve, contingency or surplus fund, or (c) increase or decrease the number, or change the kind of, employees referred to in the Plan, or (d) enter into any service or maintenance contract for work not covered by contracts in existence on the date of the First Unit Closing or otherwise provide services in excess of those referred to in the Plan, except as is required to reflect normal annual increases in operating services, or (e) borrow money on behalf of the Condominium; provided, however, that Sponsor's written consent is not necessary to perform any function or take any action described in clauses (a) through (e) 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 Board of Managers to comply with Law, rules or regulations of any governmental authority having jurisdiction over the Condominium.

During the Sponsor Control Period, the Sponsor will not reduce or eliminate the services to be provided to the Condominium as set forth in the Plan. Also, during Sponsor Control Period, Sponsor may not exercise veto power over expenses described in the Section entitled "Schedule B-Projected Budget for First Year of Condominium Operation" (the "Budget") or over expenses required (i) to comply with applicable laws; or (ii) to remedy any notice of violation; or (iii) to remedy any work order by an insurer. Sponsor may exercise veto power over expenses other than those described in the foregoing sentence for a period ending not more than five (5) years after the First Unit Closing or whenever the Unsold Units constitute less than twenty five percent (25%) of the Common Interest, whichever is sooner.

Upon the expiration of the Sponsor Control Period, all of the Sponsor's or its Designee's nominees or appointees may nevertheless serve out the remainder of their term until the next annual election of the Board of Managers at which time, through the election of board members and/or the appointment of board members, the Sponsor or its Designee shall no longer control the Board of Managers by appointing or electing a majority of the members of the Board of Managers, who are a representative or appointee of the Sponsor or its Designee. Nothing contained herein shall be deemed to limited the right of Sponsor or its Designee to cast its votes for individuals nominated to the Board of Managers who are not nominated or designated by Sponsor or its Designee, which individuals, if elected, shall not be deemed Sponsor nominees or designees and shall not be deemed to cause Sponsor to control the Board of Managers after the Sponsor Control Period.

The Bylaws do not contain a provision that after the Sponsor Control Period, a majority of the members of the Board of Managers must be owner occupants or members of

an owner-occupants household who are unrelated to the Sponsor and its principals. As a result thereof, Purchasers for their own occupancy, may never gain control of the Board of Managers under the terms of the Plan or the Declaration or Bylaws.

All Members of the Board of Managers shall serve without compensation from the Condominium. The Sponsor has agreed that it shall not amend the By-Laws to provide otherwise so long as Sponsor shall have representation on the Board of Managers.

See Section titled "Rights and Obligations of the Board of Managers/Summary of Declaration and Bylaws" in Part I for a discussion of the procedure for removal of Members of the Board of Managers.

BOARD OF MANAGERS

First Meeting of Unit Owners

Initially, commencing with the First Unit Closing, the Board of Managers shall consist of the following three individuals, all of whom are principals, officers, directors, partners, members and/or employees of a beneficial owner of the Sponsor, the Managing Agent for the Property: Richard Saunders, Scott Torrington and Sheldon Stein. Within approximately six months after the First Unit Closing, the Sponsor shall call the first meeting of Unit Owners at which meeting the three initial Members of the Board appointed by Sponsor will resign and a new seven (7) member Board of Managers shall be elected. Of these seven members five (5) shall be elected by the Unit Owners (other than the Owners of Commercial Units #2 and #3) and shall be the Residential Members and the two (2) remaining members shall be elected or appointed by the Owners of Commercial Units #2 and #3. Such two members shall be the Commercial Members.

Annual Meeting of Unit Owners & Board of Managers

After the first meeting of Unit Owners, annual meetings of Unit Owners shall be held within approximately thirty (30) days of each anniversary date of the last annual meeting. At such meeting, the Residential Members shall be elected by ballot of the Unit Owners (other than the Owners of Commercial Units #2 and/or #3), including Sponsor or its designee.

Qualifications for Members

All Members of the Board of Managers (other than any person designated by Sponsor to represent the Sponsor on the Board of Managers) shall be Unit Owners, partners, Members, officers, directors or employees of a partnership or limited liability company owning a Unit, mortgagees of a Unit or its employees, officers, directors or agents, shareholders, officers, directors or employees of corporate owners or of corporate mortgagees of Units, fiduciaries or officers or employees of fiduciaries who are owners or mortgagees of Units, the spouse of a Unit Owner, the officer, stockholder or employer of any affiliate of a Unit Owner, an attorney, accountant or other professional engaged by a Unit Owner or by an affiliate of a Unit Owner,

the principal, partner, member, officer, director, shareholder or employee of the Managing Agent or in the case of the Sponsor shall be such person as designated by the Sponsor.

Appointment of Members by the Sponsor

All Members shall serve for the terms prescribed by the By-Laws. As long as the Sponsor or its Designee owns one Commercial or Residential Unit, the Sponsor or its Designee shall be able to appoint one of the members of the Board of Managers. During such period as the Sponsor or its Designee shall be entitled to appoint one of the members of the Board of Managers, the Sponsor or its Designee shall be entitled to cast the votes appurtenant to each Unit owned by the Sponsor or its Designee for the remaining members. After the conveyance of title by the Sponsor or its Designee of all of the Unsold Units owned by the Sponsor or its Designee, the Sponsor or its Designee will no longer be able to appoint one of the Members of the Board of Managers. At such time as Sponsor or its Designee may no longer be able to automatically appoint one of the Members of the Board of Managers, the Sponsor's or its Designee's appointee, who is a Member, may serve out the remainder of their one year term and shall relinquish their position at the end of such term and a successor shall be elected by the Unit Owners, who shall not be a representative of the Sponsor or its Designee.

Appointment by Owners of Commercial Unit #2 and #3

The Owners of Commercial Units #2 and #3 shall each be entitled to appoint one member of the Board of Managers. The Owners of Commercial Units #2 and #3 shall not be entitled to vote in the election for the Residential Members of the Board of Managers. Such right of the Owners of Commercial Units #2 and #3 to each appoint or elect a separate Commercial Member of the Board of Managers shall only apply during such time that Commercial Unit #2 or #3 remains as a Commercial Unit in its entirety. To the extent any such Commercial Unit is converted to one or more Residential Units, then the Owner(s) of such Unit(s) shall no longer have the separate right to elect or appoint a Commercial Member to the Board of Managers. In such case, the number of the Residential Members of the Board of Managers shall be correspondingly increased. If Commercial Unit #2 and/or #3 is converted to Residential Unit(s), then the Owners of such newly created Residential Unit(s) shall be entitled to vote for the Residential Members of the Board of Managers. Any replacement of a Commercial Member shall be appointed by the Commercial Unit Owner who originally appointed the member being replaced.

Term of Office

The term of office of the Members of the Board of Managers elected by the Unit Owners shall be for a period of one year or until their successors are elected and qualified. Unless otherwise agreed upon by the Board of Managers, such Members of the Board of Managers may serve successive one year terms without limitation as to the number of such successive one year terms. To the extent Sponsor may appoint a Member, such appointees shall resign their position at the end of their respective terms if Sponsor shall at such time no longer be entitled to appoint such Member.

Resignation by Member

Any Member of the Board of Managers may resign at any time by written notice hand-delivered or sent by certified mail (return receipt requested) to the President or Secretary of the Board of Managers. Notwithstanding the term of such Member's office, such resignation shall take effect at the time specified therein.

Regular Meetings

Regular meetings of the Board of Managers may be held at such time and place as shall be determined from time to time by a majority of the Members of the Board of Managers, as the case may be. Notice of regular meetings of the Board of Managers shall be given to each Member of the Board of Managers, by mail, personal or overnight delivery, fax or telegram, at least three (3) business days prior to the day named for such meeting.

Special Meeting

Special meetings of the Board of Managers may be called by the President upon three (3) business days' notice to each member of the Board of Managers, given by mail, personal or overnight delivery, telegram or by fax, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Managers shall be called by the President or Secretary in like manner and on like notice on the written request of at least three (3) Members of the Board of Managers.

Voting at Meetings of Unit Owners

At all meetings of the Unit Owners, each Unit Owner (or by their proxy), entitled to vote (including the Sponsor), shall be entitled to cast one vote for each .01% of Common Interests attributable to the Units owned by such Unit Owner. In the case of the election of the Board of Managers, a Unit Owner shall not be permitted to cumulate the votes attributable to ownership of any one Unit in favor of any one or more members to be elected.

Removal of Members

At any regular or special meeting of Unit Owners, any one or more of the Residential Members (other than a member designated by the Sponsor or its Designee) may be removed with or without cause by a majority of the Residential Unit Owners and a successor may then or thereafter be elected by the Residential Unit Owners to fill the vacancy thus created. Notwithstanding the foregoing: (i) a member of the Board of Managers designated by Sponsor (or its Designee) may only be removed for cause by a majority vote of the Unit Owners at any regular or special meeting of the Unit Owners and only the Sponsor shall have the right to designate his or her replacement. Also, the member of the Board of Managers appointed by the Owners of Commercial Unit #2 or #3 may also only be removed for cause by a majority vote of the Unit Owners at any or regular special meeting of the Unit Owners and only the Owners of such Commercial Units shall have the right to designate his or her replacement as to the Commercial Member to which each such Commercial Unit Owner is

entitled to appoint or elect. Any member of the Board of Managers whose removal has been proposed shall be given an opportunity to be heard at the meeting. If a member of the Board of Managers is no longer qualified to serve as a member of the Board of Managers, unless such member of the Board of Managers is a designee or appointee of the Sponsor or the Owners of the Commercial Units #2 and #3, he or she shall be deemed to have resigned effective as of the date such member is no longer qualified to serve as a member of the Board of Managers. (See Article II, Section 5 of the By-Laws in Part II of the Plan).

Members Serve Without Compensation

All Members of the Board of Managers shall serve without compensation and Sponsor has agreed that the By-Laws will not be amended to provide otherwise so long as Sponsor shall own any Unsold Units.

Duties of Board of Managers

The Board of Managers will be responsible for management and maintenance of the Condominium and shall have the powers and duties necessary for the administration of the affairs of the Condominium and may perform any acts necessary therefor, consistent with the Declaration, By-Laws and applicable law. Such acts include (i) determination, collection and enforcement of the obligations of Unit Owners to pay Common Charges; (ii) employment and dismissal of personnel; (iii) the right to accumulate reserves for capital replacements or otherwise; (iv) providing for insurance; and (v) adoption of rules relating to the use and operation of Condominium property.

As more fully set forth in the By-Laws, all determinations required to be made by the Board of Managers shall be by a majority of votes cast at any meeting at which a quorum is present; further, in the event of a tie vote on the Board of Managers, the President or in his or her absence, the Vice President, or in his or her absence any other designated officer or Member, shall cast the deciding vote.

A detailed list of the powers and duties of the Board of Managers is contained in Article II, Section 2 of the By-Laws in Part II of the Offering Plan.

Officers of Condominium

The principal officers of the Condominium shall be the President, Vice President, Secretary, and Treasurer, all of whom shall be elected by the Board of Managers. The Board of Managers may appoint such other officers as in its judgment may be necessary for their respective operation.

The President shall be the chief executive officer of the Condominium. He or she shall preside at all joint meetings of the Unit Owners, the Board of Managers, as necessary. In all capacities he or she shall have such general powers and duties as would be incident to the office of president of a typical stock corporation organized under the Business Corporation Law of the State of New York, including, but not limited to, the power to appoint committees

from among the Unit Owners from time to time as he or she may in their discretion decide is appropriate to assist in the affairs of the Condominium. The Vice President shall have the powers and responsibilities of the President in the event the President is unavailable or unable to act.

The Secretary shall keep the minutes of all joint and separate meetings of the Unit Owners, and Board of Managers. He or she shall have charge of such books and papers as the Board of Managers may direct and generally shall perform all the duties as would typically be performed by a secretary of a stock corporation organized under the Business Corporation Law of the State of New York.

The Treasurer of the Condominium shall have the responsibility for Condominium funds and shall be responsible for keeping full and accurate financial records and books of account showing all receipts and disbursements, and for preparation of all required financial data for both the Condominium and the Board of Managers. He or she shall be responsible for the deposit of all moneys and other valuable effects in the name of the Board of Managers, or their agents in such depositories as may from time to time be designated by the Board of Managers. He or she shall, in general, perform all duties as would typically be performed by a treasurer of a stock corporation organized under the Business Corporation Law of the State of New York.

Officers may be removed at any meeting of the Board of Managers with or without cause, provided notice of the proposed removal has been given to such officer and is contained in the notice of the meeting. Any officer whose removal has been proposed shall be given an opportunity to be heard at the meeting. A successor officer may be elected at any regular meeting or at any special meeting called for that purpose. All officers shall serve without compensation.

Liability of Board of Managers and Unit Owners

In order to limit the liability of the Members of the Board of Managers and the Unit Owners, any contract or other commitment made by the Board of Managers (or any Managing Agent for the Board of Managers) shall state that it is made by the Board of Managers only as agent for the Unit Owners or, if not all Unit Owners, the Unit Owners who shall receive the benefits thereof, that the Members of the Board of Managers or its Managing Agent shall have no personal liability on any such contract or commitment, except as Unit Owners, and that the liability of any Unit Owner on any such contract or commitment shall be limited to such proportionate share of the total liability thereunder as the Common Interest of such Unit Owner bears to the aggregate Common Interest of all Unit Owners receiving the benefits thereof. To extent permitted by applicable law, the Board of Managers and its Members and officers shall have no liability to the Unit Owners for errors of judgment, negligence or otherwise, except willful misconduct or bad faith. The Unit Owners shall severally indemnify and hold harmless the Members of the Board of Managers against any liability or claim except those arising out of the bad faith or willful misconduct of Members of the Board of Managers, but the liability of any Unit Owner on account of such indemnification shall be limited to such proportionate share thereof as the Common Interest of such Unit Owner bears to the aggregate

Common Interest of all Unit Owners. (See Article II. Section 14 of the By-Laws in Part II of the Offering Plan.)

The Board of Managers on behalf of the Condominium may enter into a contract with a member or officer of the Board of Managers or any affiliate of such member or officer provided the cost or fees for any such services shall be at competitive rates or costs for similarly qualified, experienced, reputable persons or entities rendering comparable services who are not Members, officers or affiliates.

Reports to Unit Owners; Notice of Meetings; Examination of Books

An annual report of the receipts and expenditures of the Condominium, prepared by an independent certified public accountant shall be furnished promptly after the end of each fiscal year by the Board of Managers to all Unit Owners and to all Mortgagees of Units who request same. Such financial statement shall be certified while the Sponsor is in control of the Board of Managers. The cost of such financial statement shall be paid by the Board of Managers and shall constitute a Common Expense.

Unit Owners will be given notice by mail of each Unit Owners meeting not more than sixty (60) nor less than ten (10) days prior to such meeting. After the first annual meeting, the annual meeting of the Unit Owners shall be held within approximately 30 days of each anniversary of the first annual meeting. At each annual meeting the incumbent Board Members shall resign and new Board Members shall be elected or designated.

Each Unit Owner and each Mortgagee of a Unit shall be permitted to examine the books of account of the Condominium at reasonable times during regular business hours at the office of the Condominium or wherever reasonably designated by the Board of Managers.

Termination of Condominium and Partition of Common Elements

The Condominium shall continue (unless terminated by casualty loss as provided by law, or by condemnation as described in the By-Laws), until such time as the Property shall be withdrawn from the provisions of Article 9-B of the Real Property Law of the State of New York as a result of a vote to do so by at least 80% in number and in Common Interest of the Unit Owners. In such event, the Property will be subject to an action for partition by any Unit Owner or any lienor as if owned in common and the net proceeds of the sale resulting therefrom, after first applying the share of the net proceeds of such sale otherwise payable to each Unit Owner to the payment of any liens on his or her Unit in the order of priority of such liens, shall be divided among all Unit Owners in proportion to their respective percentage interest in the Common Elements. Except as set forth in this paragraph, the Common Elements will not be subject to an action for partition.

Review of Real Estate Assessments on Units

Pursuant to Section 339-y(2) of the New York Real Property Law, the Board of Managers may, but is not obligated, to act as an agent for one or more Unit Owners who has

given written authorization to the Board of Managers to file a single complaint and bring a special proceeding on behalf of Unit Owners who wish to contest the real estate tax assessments of their Units. However, each Purchaser of a Unit is required to sign a Power of Attorney appointing the Board of Managers as his attorney in fact to bring an administrative or Judicial proceeding to reduce tax assessments. In such event, the Board may retain counsel on behalf of such Unit Owners and charge each Unit Owner for whom it is acting a pro rata share of the expenses, disbursements and legal fees, the payment of which would be secured by a lien on each such Unit.

Severance of Ownership Prohibited

Both the Condominium Act and the By-Laws of the Condominium prohibit a Unit Owner from attempting to convey his or her Unit apart from the percentage interest in the Common Interest or Limited Common Interest appurtenant thereto. The intent of such provision is to prevent any severance of such combined ownership.

Accumulation of Reserves

The Board of Managers may assess Common Charges for accumulation of reserves.

Amendments to Declaration and By-Laws

The Declaration may be amended with the approval of at least 67% in number and in Common Interest of all Unit Owners, provided, however, that the Common Interest appurtenant to a Unit cannot be altered without the consent of all Unit Owners affected. The Sponsor and Commercial Unit Owner are permitted to make certain amendments to the Declaration in connection with the construction and alteration of Units owned by them. (See Article 16 of the Declaration in Part II of the Plan.)

The By-Laws may be amended with the approval of at least 67% in number and in Common Interest of all Unit Owners. The consent of the Sponsor is required for certain changes in the By-Laws. (See Article 13 of the By-Laws in Part II of the Offering Plan).

Notwithstanding the foregoing, the Declaration or By-Laws may not be amended with respect to Sponsor or the Commercial Units unless Sponsor, or the Commercial Unit Owner affected thereby, consents thereto.

RIGHTS AND OBLIGATIONS OF UNIT OWNERS AND THE BOARD OF MANAGERS

The Declaration, By-Laws and Rules and Regulations of the Condominium appear in Part II of the Plan, and should be reviewed by Purchasers and their attorneys. Part I of this Plan, and in particular Sections entitled "Board of Managers" and "Control By the Sponsor" in Part I of the Plan, also contain summaries of certain provisions of these documents.

Sale or Lease of Units by Unit Owners

The Sponsor or its Designee may sell and/or lease any of the Unsold Units without the consent of the Board of Managers. The sale or lease of any Unit (both Residential and Commercial Units) by the Sponsor or its Designee and/or the sale of any Commercial Unit is not subject to a right of first refusal by the Board of Managers. The Owner of a Commercial Unit may sell or lease their Units without the consent of the Board of Managers. The sale or lease of a Commercial Unit is also not subject to the right of first refusal by the Board of Managers and is not otherwise subject to the approval of the Board of Managers.

The Owners of a Residential Unit shall have the right to sell their Unit without the Consent of the Board of Managers, but subject to the Board of Manager's right of first refusal to purchase such Residential Unit as set forth below.

No Residential Unit Owner may sell their Unit or any interest therein except by complying with the following provisions:

Any Residential Unit Owner who receives a bona fide offer (hereinafter such offer to purchase a Residential Unit is called "Outside Offer", the party making any such Outside Offer is called the "Outside Offeror" and the Residential Unit Owner to whom the Outside Offer is made is called an "Offeree Unit Owner") for the sale of their Residential Unit, which he or she intends to accept, shall give written notice to the Board of Managers of such Outside Offer. Said notice shall include the name and address of the proposed purchaser, the terms of the proposed transaction (including, but not limited to, the intended closing date, the contract deposit and the terms of any financing contingency, assumption of any existing loan or purchase money financing) and such other information as the Board of Managers may reasonably require. The giving of such notice to the Board of Managers shall constitute an offer to sell such Residential Unit to the Board of Managers, or its designee, corporate or otherwise, on behalf of all of the Unit Owners on the same terms and conditions as contained in such Outside Offer. The Offeree Unit Owner shall submit in writing such further information with respect thereto as the Board of Managers may request. No later than twenty (20) days after receipt of such notice, together with such information as may have been reasonably requested by the Board of Managers, the Board of Managers, may elect, by sending written notice to Offeree Unit Owner before the expiration of said twenty (20) day period to purchase such Residential Unit, (or to cause the same to be purchased by its designee, corporate or otherwise) on behalf of all Unit Owners, on the same terms and conditions as contained in the Outside Offer and as stated in the notice from the Offeree Unit Owner. In the event the Board of Managers shall elect to purchase such Residential Unit or to cause the same to be purchased by its designee, corporate or otherwise, title shall close at the office of the attorneys for the Condominium in accordance with the terms of the Outside Offer, but in no event less than forty-five (45) days after the giving of notice by the Board of Managers of its election to accept such offer. If pursuant to the Outside Offer, the Outside Offeror was to assume or take title to the Residential Unit subject to Offeree Unit Owner's existing mortgage or mortgages, the Board of Managers may purchase the Residential Unit subject to the existing mortgage or mortgages. At the closing, the Unit Owner shall convey the Residential Unit to the Board of Manager or to its designee, corporate or otherwise, on behalf

of all of the Unit Owners, by deed in the form required by Section 339-o of the Condominium Act, and shall pay all New York City and State transfer taxes arising out of such sale. Real estate taxes, mortgage interest (if applicable) and Common Charges shall be apportioned between the Offeree Unit Owner and the Board of Managers, or its designee, as of the closing date.

In the event the Board of Managers or its designee fails to notify the Offeree Unit Owner of its decision to accept such offer within twenty (20) days after the receipt of notice as aforesaid or notify the Offeree Unit Owner within said period of its decision not accept such offer, the Offeree Unit Owner shall be free to contract to sell such Unit, within sixty (60) days after the expiration of the twenty (20) day period, in which the Board of Managers or its designee might have accepted such offer, to the Outside Offeror, on the same terms and conditions set forth in the Outside Offer. Any such deed to any Outside Offeror shall provide that acceptance thereof by the grantee shall constitute an assumption of the provisions of the Declaration, the By-Laws and the Rules and Regulations, as the same may be amended from time to time. In the event the Offeree Unit Owner shall not, within such (60) sixty day period, contract to sell such Residential Unit to the Outside Offeror on the same terms and conditions contained in the Outside Offer, or the Unit Owner shall so contract to sell within such (60) sixty day period, but such sale shall not be consummated pursuant to the terms of such contract, then should such Offeree Unit Owner thereafter elect to sell such Residential Unit, to the same or another Outside Offeror on the same or other terms and conditions, the Offeree Unit Owner shall be required to again comply with the above the terms and provisions of this right of first refusal.

Notwithstanding the foregoing, the Board of Managers, in its discretion, may waive the Offeree Unit Owner's obligation to comply with the 60 day period described herein as to the sale of their Residential Unit or may extend such period, provided that such waiver or extension shall only be effective if in writing.

The costs and expenses relating to the purchase of any such Residential Unit by the Board of Managers or its designees pursuant to the above right of first refusal, shall be borne by all of the Residential Unit Owners in proportion to the respective Residential Common Interests. Such costs or expenses, if applicable, are not included in the first year's operating budget for the Condominium and this may necessitate either an increase in Common Charges or a special assessment. All income derived from the purchase of any such Residential Unit by the Board of Managers or its designee, pursuant to the above right of first refusal, shall be for the benefit of all of the Residential Unit Owners.

The above restrictions on sale of Residential Units shall not apply with respect to the sale or conveyance of a Unit as to any of the following matters: i) the sale or conveyance of a Commercial Unit, including but not limited to the subdivision of a Commercial Unit and/or the conversion of a Commercial Unit to a Residential Unit, ii) the sale or conveyance of any Unit owned by the Sponsor or its Designee, iii) the sale or conveyance of a Residential Unit, by a Unit Owner to his or her spouse, children, grandchildren, parents, siblings (hereinafter such relatives of a Unit Owner are individually referred to as an "immediate family member" or collectively as "immediate family members") or any one or more of them or to a trust for

the benefit of one or more immediate family members iv) the sale or conveyance of a Residential Unit by a Unit Owner to an entity in which the transferring Unit Owner or immediate family member of the transferring Unit owner owns more than *50%* of the economic interest or voting control of such entity, v) the sale or conveyance of a Residential Unit, which is owned by a tenancy-in-common, to one or more of the other tenant-in-common owners, vi) the acquisition or transfer of a Residential Unit to the holder of a mortgage, or its designee or assigns, who acquired title to a Residential Unit by foreclosure or deed in lieu of foreclosure, and vii) the sale of a Residential Unit by a mortgagee or an entity owned or controlled by such mortgagee, who acquired title to the Residential Unit by foreclosure or deed in lieu of foreclosure. However, the above restrictions on the sale of Residential Units shall apply with respect to the sale of a Residential Unit by any third party purchaser, which is not owned or controlled by a mortgagee, that previously purchased a Residential Unit as part of a foreclosure or deed in lieu of foreclosure.

Also any Residential Unit Owner shall be free to convey or transfer his or her Residential Unit by gift, or to devise his or her Residential Unit by will, or to pass the same by intestacy, without restriction, provided however that each succeeding Residential Unit Owner shall be subject to the above restrictions on the sale of Residential Units.

The Board of Managers shall not exercise any option hereinabove set forth to purchase any Residential Unit without the prior approval of a majority in interest of the Unit Owners present or in person or by proxy and voting at a meeting at which a quorum is present of the Unit Owners. In any vote of the Unit Owners, the Offeree Unit Owner shall have the right to vote in any vote conducted for the purpose of determining whether the Board of Managers shall exercise its right of first refusal to purchase the Unit of the Offeree Unit Owner. If the Board of Managers does not have sufficient funds on hand for the purchase of a Residential Unit which has been approved by a majority of the Unit Owners, the Board of Managers may either borrow such funds or may assess the Unit Owners therefor in proportion to their respective Common Interests. The costs and expenses relating to the purchase of any such Residential Unit, pursuant to such right of first refusal, shall be borne by all of the Unit Owners. All income derived from the purchase of any such Residential Unit pursuant to such right of refusal shall be for the benefit of all of the Unit Owners.

Each Unit Owner may lease their Unit without the approval of the Board of Managers, except the term of any lease for a Residential Unit shall not be less than one (1) year.

Any lease of a Residential Unit shall generally be in the form recommended for apartments by The Real Estate Board of New York Inc., except as otherwise required in the By-Laws or as reasonably required by the Board of Managers. Any such lease of a Residential Unit shall not be subject to any rent regulations pursuant to state or local law.

Each Unit Owner's right (including the right of the Sponsor, its Designee and/or any Commercial Unit Owner) to sell or lease their Unit will be subject to their being current in the payment of Common Charges and assessments, if any, theretofore assessed by the Board of Managers.

At the closing of title to a Unit in connection with the initial sale or subsequent resale, a Purchaser for either a Residential and Commercial Unit will be required to execute a power of attorney in the form set forth in Part II of the Plan, or such other form then required by the Board of Managers, which will irrevocably designate the Board of Managers, as attorneys in fact, to acquire Units and sell, lease or mortgage Units acquired by it on behalf of all Unit Owners in accordance with their respective Common Interests. Such Power of Attorney shall also authorize and empower the Sponsor to amend the Declaration and Bylaws to the extent permitted under the Declaration and/or the Bylaws.

Different provisions relating to the sale or lease of Units may be made in the future consistent with the Condominium Declaration, By-Laws and applicable law. Notwithstanding the right of Unit Owners to amend the Declaration or By-Laws to provide for different provisions relative to the sale or lease of Units, there shall be no change in the Declaration or By-Laws affecting the rights of the Unit Owners, (including the Sponsor or its Designee), of any Commercial Unit or Unsold Residential Units to sell, lease or sublease unless and until the written consent to such change in the Declaration or By-Laws is first obtained from the Owners of such Commercial Units or Unsold Residential Units, as the case may be.

If permitted by law the Board of Managers (except as provided below) shall be entitled to fix by resolution and collect, before any sale or lease of a Unit is consummated, a reasonable charge to cover its expenses, and any fees due the Managing Agent or any attorney retained by Board of Managers, in connection with the sale or lease. If such charge is adopted, it shall be added to, and constitute a portion of the Common Charges payable by the selling or leasing Unit Owner. The aforesaid charge shall not apply to the Unsold Units owned by the Sponsor or its Designee. The aforesaid charge for the lease or sale of a Unit shall also not apply to: i) lease of the Commercial Units, ii) the sale or transfer of a Unit to the holder of a mortgage which was of record or its designee or assigns who acquired title to a Unit by foreclosure or deed in lieu of foreclosure, ii) the lease of a Unit by a court appointed receiver during the pendency of a foreclosure action by a mortgagee; and iii) the lease or sale of a Unit by a mortgagee or an entity owned or controlled by such mortgagee who acquired title to the Unit by foreclosure or deed in lieu of foreclosure.

In the event the Board does exercise its right of first refusal, the acquisition of the Unit may be made from the Working Capital Fund or Common Charges (or both) or, if such funds are insufficient, the Board of Managers may assess each Residential Unit Owner, other than the offering Residential Unit Owner, in proportion to each Residential Unit Owner's percentage of Residential Common Interest for any funds so borrowed for the Unit to be acquired. The Board of Managers may also assess each Residential Unit Owner, as provided above, for the cost of paying the Common Charges or rent and the maintenance of such Unit. In the event any Units are acquired by the Board of Managers the title shall be held by the Board of Managers on behalf of all Residential Unit Owners in proportion to their percentage of Residential Common Interests and any sale of such Unit shall be made by the Board of Managers on behalf of all Residential Unit Owners in proportion to their percentage of Residential Common Interests. Such Unit, while owned by the Board of Managers, may be used for any purpose for which it could be used by an individual Residential Unit Owner. In

no event, however, may the Board of Managers at any meeting of Residential Unit Owners vote the votes appurtenant thereto.

Each Unit Owner, at the closing of title to his or her Unit, shall be required to execute an instrument in the form of that contained in the Section in Part II of the Plan entitled "Power of Attorney," designating the Board of Managers and their successors as his or her attorneys in fact, coupled with an interest, for the purpose of selling, conveying, mortgaging, leasing, subleasing (but not voting the votes of) or otherwise dealing with Units acquired by the Board of Managers or their designee, on behalf of all Unit Owners.

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

Mortgaging of Units by Unit Owners

Each Unit Owner has the right to mortgage his or her Unit, provided that (i) the Board of Managers is notified in writing of the making of the mortgage and receives a conformed copy of the mortgage and note, (ii) the Unit Owner making such mortgage first pays all assessments and Common Charges previously assessed by the Board of Managers against the Unit, and satisfies all unpaid liens against the Unit, except for the lien of any mortgage encumbering any such Unit, which is not required to be paid off or discharged by such mortgagee.

Use of Residential and Commercial Units

Residential Units shall be used for dwelling purposes only, except that they may be used for a "home occupation", as that term is defined in the New York City Zoning Resolution Section 12-10, as an accessory use which:

(1) is clearly incidental to or secondary to the residential use of the dwelling unit;
(2) is carried on within a dwelling unit by one or more occupants of such dwelling unit, except that, in connection with the practice of a profession, one person not residing in such dwelling unit may be employed; and
(3) occupies not more than twenty five (25%) percent of the total floor area of such dwelling unit an in no event more than 500 square feet of floor area.

Home occupations include a fine arts studio, professional offices and teaching of not more than four persons, or in the case of musical instruction not more than a single pupil at a time. A permissible home occupation use does not include a barber shop, beauty parlor, commercial stable or kennels, electrolysis, ophthalmic dispensing, pharmacy, interior decorators offices, real estate, insurance or stockbroker's offices, or use for veterinary medicine. The home occupation shall not be permitted to produce offensive noise, vibration, smoke, dust or other particulate matter, odorous matter, heat, humidity, glare or other objectionable effects.

Any Residential Unit owner who plans to use their Unit for a home occupation should consult an architect regarding applicable building code and zoning requirements.

The Sponsor shall also have the right, in connection with the sale or lease of Units, without charge, other than the payment of Common Charges (i) to maintain general and sales offices in one or more Units or elsewhere on the Property, to use one or more Units as models and for other promotional purposes in connection with the sale or lease of Units and to erect and maintain signs, banners on the site in connection therewith, (ii) to have Sponsor's employees, contractors, representatives and sales agents present at the Property, (iii) to do all things necessary or appropriate, including the use of the Common Elements to sell or lease Units, to complete the renovation of the Building and to comply with Sponsor's obligations under this Plan.

The Common Elements (including the Residential Common Elements) shall be used only for the furnishing of the services and facilities for which they are reasonably intended and which are incidental to the use and occupancy of Units. No Unit Owner (other than the Sponsor or its Designee) shall make any addition, alteration, improvement or change in or to any Common Element (including the Residential Common Elements) or locate anything therein without the prior written consent of the Board of Managers.

No nuisances which interfere with the peaceful possession or proper use of the Property by Unit Owners, residents or occupants of the Building shall be allowed.

No immoral or unlawful use shall be made of the Property nor any part thereof and all valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction thereof shall be observed. Violations of laws, orders, rules, regulations or requirements of any governmental agency having jurisdiction thereof, relating to any portion of the Property, shall be complied with by and at the expense of the respective parties (Unit Owners or the Board of Managers) responsible for the repairs or others matters or for the portions of the Condominium Property to which such violation relates.

No "For Sale", "For Rent", "For Lease" sign or any other sign evidencing a similar purpose, or other window display or advertising shall be maintained or permitted on any Unit, except as to a Unit owned by the Sponsor or its Designee or as specifically provided for in the Declaration.

No pets other than two dogs or two cats or one cat and one dog, caged birds, fish and other small pets appropriate for apartment living (which do not cause a nuisance, health hazard or unsanitary condition) may be kept in a Residential Unit without the consent of the Board of Managers or the Managing Agent, which consent shall not be unreasonably withheld or delayed. Each Residential Unit Owner who keeps any type of pet in his or her Residential Unit will be required to: (a) indemnify and hold harmless the Board of Managers, all Unit Owners and the Managing Agent from all claims and expenses resulting from acts of such pet; and (b) abide by any and all reasonable Rules and Regulations adopted with respect thereto.

Each Unit Owner shall keep their 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 their own Unit in accordance with the provisions of the By-Laws, the Rules and Regulations of the Condominium and the rules and regulations of municipal departments or agencies having jurisdiction thereof.

Rules and Regulations concerning the use of the Units, Common Elements and the Limited Common Elements may be promulgated and amended from time to time by the Board of Managers in accordance with the By-Laws, provided that copies of such rules and regulations are furnished to each Unit Owner not less than ten (10) days prior to the time that they become effective. A rule or regulation may be rescinded by a majority of the Unit Owners at a meeting duly called for that purpose.

Notwithstanding the right of the Unit Owners and Board of Managers to cause the rules and regulations to be changed, amended or modified, no such change, amendment or modification shall be effective which affects the rights of Sponsor, or its Designee, except with the prior written consent of Sponsor and/or its Designee.

Prospective Purchasers should carefully review the initial Rules and Regulations set forth in Exhibit A to the By-Laws in Part II of the Offering Plan, along with the By-Laws and the Declaration, which contain many important provisions, including many related to the use of Units and to the day-to-day activities of Unit Owners in the Condominium.

The Commercial Units may be used for any legal use, provided such use is in conformity with applicable zoning laws and regulation and building codes. A Commercial Unit may also not be used for any of the followings uses: (i) employment agency, (ii) drug or alcohol rehabilitation or treatment center, (iii) nightclub, (iv) bar and (v) restaurant. The following uses may only occur in the cellar and/or the first floor of a Commercial Unit: commercial, including, but not limited to, retail, office and storage as to the cellar. Commercial Unit #1 may be used as a parking garage if a special use permit for an accessory off-street parking facility is obtained from the City Planning Commission.

No Units may be used for massage parlors, adult only bookstores, peep shows, establishments offering topless or bottomless entertainments and/or any sex related activities, betting parlors, gambling casinos or gambling type establishments and/or any other use prohibited by laws or public authorities other than the uses permitted by a temporary or permanent Certificate of Occupancy.

No income derived from any use of the Commercial Units will constitute income to the Board of Managers, the Condominium or Residential Unit Owners.

Estimated Common Charges and Expenses

Each Unit Owner will be obligated to pay their proportionate share of the cost of operation and management of the Condominium by payment of Common Charges which will be determined in accordance with the Common Interest appurtenant to each such Unit, subject to certain special allocations set forth below. Such proportionate share for Residential Unit Owners shall also consist of their proportionate share of the cost of operation and maintenance for the Residential Common Elements.

The respective Common Interests of each Unit in the Common Elements has been determined upon the basis of floor space subject to the location of such space and the additional factors of relative value to other spaces in the Condominium, the uniqueness of the Unit, the availability of Limited Common Elements, if any, for exclusive use and the overall dimensions of the particular Unit.

The cost of the maintenance repair replacement of the Residential Common Elements will be borne by all Residential Unit owners in proportion to their respective Residential Common Interests. The Residential Common Interest of a Residential Unit Owner is the proportion that their Common Interest bears to the Common Interest of all Residential Units.

At least annually the Board of Managers will prepare a budget for the Common Expense. The Board of Manager will furnish copies of each budget on which Common Charges are based to all Residential and the Commercial Unit Owners.

The Common Charges payable by each Unit Owner, in accordance with his or her proportionate interest in the Common Elements, shall be based on the budget for the Common Expenses. The Common Charges (including any gas charges for the Residential Units, if applicable) shall be billed and be payable monthly in advance on the first day of each month. In the event Common Charges, or any assessment determined by the Board of Managers is not paid within ten (10) days of the due date, a late charge of 4% of such overdue amount shall be due and payable. In the event Common Charges, gas charges or any assessment determined by the Board of Managers is not paid within ten (10) days of the date payable, interest will accrue thereafter on such unpaid amount until paid at 1.5% per month (but in no event in excess of the maximum interest rate permitted by law). The Board of Managers may modify the amount of such late charges or the interest rate that will accrue on any unpaid Common Charges, and/or assessments.

Common Charges are payable only by the Unit Owners for the maintenance, repair, and operation of the Unit Owners' proportionate share of the Common Expenses, including the Residential Common Expenses as to the Residential Unit Owners.

Common Expenses pertain to maintenance, repair, operation, etc., of those portions of the Condominium used by both Residential and Commercial Unit Owners, and are allocated between the Residential and the Commercial Units on a pro rata basis in accordance with the aggregate Common Interest. Thus, as the Commercial Units contains approximately 36.4% of

the Common Interest in the Condominium, the Commercial Unit Owners will pay approximately 36.4% of the Common Expenses.

In addition to basing Common Charges on Common Interests the Board of Managers may also make allocations and assessments of Common Expenses and gas charges for Residential Units in accordance with submetering, contract allocations and usages (both projected and/or actual) so long as such allocations are reasonable under the circumstance and are in accordance with applicable provisions of law. To the extent there is a dispute as to any such allocation, such dispute shall be settled by binding arbitration pursuant to the arbitration provisions of the Bylaws.

Neither the Common Charges will include maintenance, repair or decoration of any Units or portions thereof, or payments required pursuant to the terms of any Unit Owner's mortgage, or real estate taxes covering any individual Unit.

In addition to the normal operating expenses of the Condominium, the budget may, in the discretion of the Board of Managers, provide for reserves, working capital and other sums required for the affairs of the Condominium. (See Section titled "Control By the Sponsor" in Part I of the Offering Plan regarding the Sponsor's right to withhold consent to such acts for a limited period). Each Unit Owner shall promptly be advised after the adoption of each budget of the amount of Common Charges payable by such Unit Owner for the period covered by such budget.

The Board of Managers may, in accordance with the By-Laws, impose assessments as it deems necessary, to meet unanticipated or extraordinary expenses, including, but not limited to, expenses incurred for major capital improvements to the Common Elements and/or the Residential Common Elements. The assessment to be paid by each Unit Owner shall also be determined in accordance with the Unit Owner's percentage of the Common Interests and assessment to be paid by each Residential Unit Owner, as to the Residential Common Elements, shall be determined in accordance with a Residential Unit Owner's percentage of the Residential Common Interests.

Estimated Common Expenses for First Year of Operation

Schedule B in Part I of the Plan contains estimates of the expenses for the first year of operation of the Condominium. The Schedule B budget for the first year of operation in Part I is based on the specified 12-month period to commence on the date that condominium operations are projected to begin (January 1, 2007) and no sooner than 6 months after the submission of this Plan for filing. This schedule was prepared by the Sponsor in conjunction with the Managing Agent. In its opinion and based on its experience and knowledge of the Plans and Specifications, the estimates are reasonable and adequate under existing circumstances. However, because of the possibility of governmental restrictions or preemptions, shortages of materials or labor, increases in the expenses of operation, unforeseeable changes in the economy or because actual expenditures may differ from estimated expenditures, such estimates are not intended, nor should they be considered, as guarantees or warranties of any kind whatsoever, or as any assurance that the actual expenses

or receipts of the Condominium may not vary from the amounts shown, or that the Condominium may not incur additional expenses.

So long as the Sponsor controls the Board of Managers, the Common Charges will not be reduced below the amount necessary to operate the Condominium with the services to be provided under this Plan.

It should be noted that the estimates of expenses in Schedule B do not include the cost of electricity to be consumed in the Residential or Commercial Units for lighting, kitchen and other appliances, etc.. Each Unit will be separately metered for electricity and the cost of electricity consumed within such Unit will be billed and payable apart from the Common Charges which Unit Owner will be billed for directly by Con Edison. A Master meter will measure gas consumption to operate the gas appliances in the Residential Units (ranges and ovens), the gas-fired boiler and domestic hot water heaters for the Residential Units and the cost thereof will be included in the Common Charges for the Residential Units as a Residential Common Expense. The gas charges for the Commercial Units will not be included as part of the Common Charges.

Liens for Non-Payment of Common Charges

Under the provisions of the Bylaws and pursuant to Section 339-Z of the Real Property Law, the Board of Managers on behalf of the Unit Owners will have a lien on each Unit for unpaid Common Charges assessed against such Unit by the Board of Managers together with late charges and interest thereon. Such lien, to extent permitted under applicable law, will be subordinate only to liens for real estate taxes on the Unit and to any sums unpaid on a first mortgage of record thereon or a subordinate mortgage of record held by the New York Job Development Authority, the New York State Urban Development Corporation, the Division of Housing and Community Renewal, the Housing Trust Fund Corporation, the New York City Housing Development Corporation or the New York City Department of Housing Preservation and Development. Any lien filed against a Unit for unpaid Common Charges shall be effective from and after the filing of verified notice thereof in the City Register's Office. Such lien shall continue in effect until all sums secured thereby, together with late charges and interest thereon, shall have been paid in full, or until six years from the date of filing (unless foreclosure of such lien is started within such six year period), whichever may be earlier. The Bylaws provide that such lien may be foreclosed by a suit brought in the name of the Board of Managers acting on behalf of the Unit Owners in like manner as the foreclosure of a mortgage on real property, or an action may be brought by the Board of Managers to recover the unpaid Common Charges without foreclosing the lien. In the event the Sponsor is more than thirty (30) days in arrears in Common Charges for any Unsold Unit during the time the Sponsor is in control of the Board of Managers, the Sponsor will cause the Board of Managers to file a lien as provided in Section 339-aa of the Real Property Law.

Liability of Unit Owners For Common Charges and Expenses

No Unit Owner may exempt himself from liability for their Common Charges or gas charges by waiving the use of any of the Limited Common Elements or Common Elements or by abandonment of his or her Unit.

The liability of each Unit Owner for the payment of Common Charges or gas charges assessed or becoming due against their Unit shall terminate upon a sale, transfer or other conveyance thereof, together with the appurtenant interests in the Common Elements and Limited Common Elements (as defined in the By-Laws), made by a Unit Owner in accordance with the applicable provisions of the By-Laws. In addition, any Unit Owner may, subject to the terms and conditions specified in the By-Laws, convey their Unit, together with its appurtenant interest in the Common Elements and Limited Common Elements, to the Board of Managers or its nominee on behalf of all other Unit Owners without any compensation, and in such event shall be exempt from Common Charges, gas charges and assessments thereafter assessed. All Unit Owners shall be required to comply with the Declaration, By-Laws, Rules and Regulations of the Condominium and with any other requirements duly imposed by the Board of Managers pursuant to the authority granted to them. The Board of Managers shall have the power to impose appropriate sanctions where a Unit Owner is in default. Such sanctions include placing a lien against the Unit Owner's Unit, instituting foreclosure proceedings and filing suit against a Unit Owner.

The Sponsor will cause the Board of Managers to file a lien as provided in Section R-20 3(w) 339-aa of the Real Property Law on Unsold Units in which the Sponsor is more than 30 days in arrears of Common Charges while it is in control of the Board of Managers.

Real Property Law Section 339-kk as to a Non-Occupying Owner

A Non-Occupying Owner of a Unit is subject to Real Property Law Section 339-kk. A "Non-Occupying Owner", under Section 339-kk, mean a residential unit owner in a condominium association who does not occupy the dwelling unit.

If a Non-Occupying Owner rents any residential 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 from the Board of Managers, all rental payments from the tenant shall be directly payable to the Board of Managers.

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 shall be made payable to the Board of Managers at the address listed on the notice. Where a majority of the Board of Managers has been elected by and from among the Residential Unit owners who are in occupancy, the Board of Managers may elect

not to require such direct rental payments. 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 the Non-Occupying Owner. Thereafter, all rental payments shall be made payable to the Non-Occupying Owner or a designated agent. A Non-Occupying Owner, who disputes the Board of Manager's claim to rental payments shall be entitled to present facts supporting such Owner's position at the next scheduled meeting of the Board of Managers, which must be held within thirty days of the date that the Board of Managers receives notice that any such Owner seeks to dispute such claim.

Payment by a rental tenant to the Board of Managers made in connection with Real Property Section 339-kk 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.

Meetings and Votes of Unit Owners

The Unit Owners shall hold annual meetings at which all Unit Owners shall elect the Members of the Board of Managers. In addition, special meetings of Unit Owners may be held from time to time pursuant to the By-Laws whenever necessary for the affairs of the Condominium.

At all meetings of Unit Owners, each Unit Owner shall be entitled to cast one vote either in person or by proxy for each .01 percent of interest in the Common Elements appurtenant to their Unit with respect to all matters involving the affairs of the Condominium to which a Unit Owner is entitled to vote. Thus, a Unit Owner having a 8.25% percent interest in the Common Elements would be entitled to cast 825 votes. There shall be 10,000 total votes. In the case of the election of the Board of Managers, Unit Owners may cumulate or allocate their total number of votes in such amounts and to such number of nominees as each Unit Owner may decide, which may include some but not all of the nominees.

RPL and 339-ii-Borrowing by Condominium

A new subsection jj to Section 339 of the Real Property Law ("RPL") was enacted into law on August 26, 1997 and authorizes the Board of Managers to incur debt provided that such debt (a) is incurred no earlier than the fifth anniversary of the First Unit Closing and (b) is approved by Unit Owners owning Units to which there is appurtenant a majority of the Common Interests. Any such debt may be secured by future income and Common Charges in which event the Common Charges shall be deemed trust funds for the purpose of paying such debt. The Board of Managers can secure such debt by a lien on the Common Elements without the consent of all Unit Owners.

Maintenance and Repairs to the Common Elements and the Units

All maintenance, repairs and replacements to the Common Elements, whether located inside or outside a Unit, will be made by the Board of Managers, on behalf of all Unit Owners, and the cost thereof will be a Common Expense. Such cost shall be allocated among

the Unit Owners in proportion to their percentage interest in the Common Elements. If work to the Common Elements is necessitated by the negligence, misuse or neglect of a Unit Owner, their agent, employee or invitee, the Board of Managers may recover the cost thereof from the Unit Owner responsible for the damage by rendering a special assessment which shall be added to the Common Charges due from such Unit Owner.

All maintenance repairs and replacements to the Residential Common Elements will be made by the Board of Managers, on behalf of all Residential Unit Owners, and the cost hereof will be a Residential Common Expense. Such cost will be allocated among the Residential Unit Owners in accordance with their respective Residential Common Interests.

The cost of maintaining and repairing the Commercial Limited Common Elements, appurtenant to a Commercial Unit, shall be undertaken by such Commercial Unit Owner, at their sole cost and expense, and the cost of maintaining and repairing the Residential Limited Common Elements, appurtenant to a Residential Unit, shall be undertaken by such Residential Unit Owner, at their sole cost and expense, unless such work is necessitated by the negligence, misuse, or neglect of another Unit Owner or is due to the condition of or damage to or from the Common Elements, in which event the cost and expense of such repair shall be charged to such other Unit Owner or constitute a Common Expense.

To the extent such work for the cost of maintaining and/or repairing the Common Elements (including the Residential Common Elements) or the Limited Common Elements is necessitated by the negligence, misuse or neglect of more than one Unit Owner, the cost of maintenance and repair shall be borne by such other Unit Owners in the proportion that their percentage interest in the Common Elements bears to aggregate percentage interest in the Common Elements of all Unit Owners responsible therefor.

Notwithstanding the above provisions, the Board of Managers, as a Residential Common Expense, shall be responsible for the repair and/or replacement of the terraces for the Duplex Penthouse Units, except each such Duplex Penthouse Unit Owner shall be responsible for the repair and/or replacement of any decking and/or other surface covering installed as to the terrace appurtenant to their respective Units as a Residential Limited Common Element. In addition, a Duplex Penthouse Unit Owner shall be responsible for the cost of any repair and/or replacement of the terrace appurtenant to their Unit if repair and/or replacement is required as a result of the negligence, misuse or neglect of any such Owner of a Duplex Penthouse Unit.

Except for the glass and frame portion of the skylight appurtenant to a Duplex Penthouse Unit, the Board of Managers shall be responsible for the repair or replacements of the skylights for each of the Duplex Penthouse Units (as well as fixing of any leaks), so long as they are not due to a crack or other defects in the skylight itself or which are not caused by the acts or negligence of a Penthouse Unit Owner and the cost thereof will be charged to all Residential Unit Owners as a Residential Common Expense. Any repair or replacement to any such skylight required as a result of the act or negligence of the Penthouse Unit Owner shall be charged (or borne by) such Penthouse Unit Owner. The Residential Unit Owner of the Penthouse Unit shall also be responsible for the repair and/or replacement of the glass and

frame portion of the skylight appurtenant to its Unit as a Residential Limited Common Element.

Notwithstanding anything to the contrary contained herein, if a Common Element, including the Residential Common Elements, benefits only certain Unit Owners (e.g., the Residential Units), then the Condominium's cost for operating expenses, alterations, additions, repairs, replacements and restoration thereto shall be borne solely by those Unit Owners who benefit from the Common Element in proportion that the Common Interest of each benefiting Owner bears to the Common Interests of all benefiting Unit Owners.

Compliance with filing any and all reports and remedying all conditions required by said reports with respect to Local Law 11 of 1998 pertaining to exterior façade of the Building and the roof, cornice, eaves and parapets and Local Law 10 of 1981 pertaining to elevator hoistways shall be the responsibility of the Unit Owners and shall be considered a General Common Expense to be shared on a pro-rata basis by the Owners of the Units based on their respective Common Interests. Compliance with filing any and all reports and remedying all conditions required by said reports with respect to local law 11 of 1998 pertaining to any store front façade or entrance for a Commercial Unit shall be the responsibility of such Commercial Unit Owner.

All maintenance, repairs and replacements to the Units and their entrance doors and/or storefronts and/or lobby (as to a Commercial Unit), whether structural or non-structural, ordinary or extraordinary (other than to the Common Elements contained therein) will be made by the respective Unit Owners at their sole cost and expense.

The repair, maintenance and replacement of the windows in the Units shall be the responsibility of the Unit Owners. Except as to the Unsold Units owned by the Sponsor or its Designee, the replacement of existing windows shall be subject to the approval of the Board of Managers, which approval shall not be unreasonably withheld or delayed. All windows visible to the street shall, to the extent feasible, be of the same style and appearance. All exterior doors for the Residential Units, to the extent feasible, shall be of the same style and appearance.

Notwithstanding that the Unit Owners are responsible for the repair and/or replacement of the windows, in the event that the Board of Managers resolves, determines or decides to effectuate a building-wide window replacements or alterations, whereby all Unit windows are to be replaced or altered or all windows of the Residential Units are replaced or altered, the Board of Managers shall have the right and power to undertake such replacement or alterations with the costs therefor to be deemed Common Expenses to be paid by each Unit Owner according to such Unit Owner's respective percentage of the Common Interests, as to window replacements and/or alterations for all of the windows or a Residential Common Expense to be paid by each Residential Unit Owner, according to such Residential Unit Owner's respective percentage of the Residential Common Interests, as to window replacements or alterations for just the Residential Units.

The interior and exterior glass surfaces of all windows visible from the street located in any Unit shall not be colored or painted. The exterior and interior glass surfaces of all windows located in any Unit shall be washed and cleaned by the Unit Owner or occupant thereof at their sole cost and expense.

The maintenance or service contracts for the air-conditioning units for the Residential Units shall be a Residential Common Expense. Each of the Residential Unit Owners, at their sole cost and expense, shall be responsible for the repair (to the extent not covered under the maintenance and/or service contract for all of the air-conditioning units for the Residential Units) and/or the replacement of the respective air-conditioning units. At the option of the Board of Managers, the Board of Managers may undertake any such repairs and/or replacements, on behalf of a Residential Unit Owner and such Residential Unit Owner shall pay for the cost of any such repair or replacement completed by the Board of Managers. Furthermore, at the option of the Board of Managers, the Board of Managers may undertake all repairs and replacements for the residential air-conditioning units and charge the cost for such repair and/or replacement as a Residential Common Expense, which would be paid by all Residential Unit Owners in proportion to their respective Residential Common Interests. To the extent the Board of Managers elects to complete such repairs and replacements as a Residential Common Expense, the Board of Managers shall undertake such repairs and/or replacements on a non-discriminatory and uniform basis so that all repairs and replacements for the residential air-conditioning units servicing each of the Residential Units would be undertaken in the same manner. Notwithstanding the above provisions, if any repair and/or replacement is necessitated by the negligence, misuse and/or neglect of a Residential Unit Owner or its occupants, guests and/or invitees, then, despite any such policy of the Board of Managers to undertake such repairs or replacements as a Residential Common Expense, the individual Residential Unit Owner would be responsible to pay for any such cost or expense to the extent such repair or replacement is directly attributable to the negligence of a Residential Unit Owner or their occupants, guests or invitees.

The Owners of Commercial Units #2 and #3 shall be responsible for the maintenance, repair and/or replacement of the existing rooftop HVAC equipment located on the first floor roof with associated ductwork distribution that provides heating and cooling for their respective Commercial Units.

The maintenance, repair and/or replacement of the sprinklers and sprinkler systems and pipes for the Residential Units and the Residential Common Elements shall be a Residential Common Expense. The maintenance, repair and/or replacement of the sprinklers and sprinkler system and pipes for the Common Elements in the cellar shall be a Common Expense.

The Board of Managers shall have a right of access to any Unit (Residential or Commercial) and to the terrace allocated as Residential Limited Common Elements for the purpose of making any repair or replacement to any of the Common Elements (including Residential Common Elements) contained therein or elsewhere in the Building or to remedy any condition which would result in damage to any other Unit or the Common Elements, the Residential Common Elements or Limited Common Elements, or which would violate the

provisions of any mortgage covering another Unit or for the purpose of complying with any laws, orders, rules or regulations of any governmental body having, jurisdiction thereof. Such right of access shall be exercised in such manner as will not unreasonably interfere with the use of Units, but no prior notice shall be required in the event the Board of Managers shall determine that action is immediately necessary for the preservation or safety of the Condominium or the Property, or the Units, or for the safety of Condominium residents or other persons, or required to avoid the suspension of any necessary service to the Condominium. Where immediate action is not necessary, as determined by the Board of Managers in its sole discretion, reasonable advance notice will be provided to a Unit Owner. A Unit Owner may not unreasonably deny such access to the Board of Manager or to its agents or contractors. Provided reasonable care is exercised to safeguard the Unit Owner's property, any entry described herein shall not render the Board of Managers or its directors, officers, or authorized agents liable for damages incurred in exercise of such right of entry.

Additions, Alterations and Improvements by Board of Managers

Whenever in the judgment of (i) the Board of Managers, with respect to the General Common Elements or the Residential Common Elements, it shall be necessary to make additions, alterations or improvements costing more than $100,000 in the aggregate in any one year ("Threshold Amount") and the making of such additions, alterations or improvements shall require a special assessment of all the Unit Owners as to improvement to the Common Elements or to the Residential Unit Owners as to the improvement of the Residential Common Elements, such addition, alteration or improvement shall be approved by a majority of the Unit Owners, as to the improvement of the Common Elements or approved by a majority of the Residential Unit Owners, as to the improvement of the Residential Common Elements. Upon obtaining such approval the Board of Managers shall proceed with such additions, alterations or improvements and shall assess each Unit Owner their proportionate share of the cost; such cost will constitute a Common Expense as to improvements to the Common Elements and a Residential Common Expense as to improvements to the Residential Common Elements. Additions, alterations or improvements costing in the aggregate less than the Threshold Amount may be made by the Board of Managers without approval of the Unit Owners, and the cost thereof shall be apportioned accordingly. Even if the addition, alteration or improvement costs in excess of the Threshold Amount, the approval of the majority of the Unit Owners or the approval of the majority of the Residential Unit Owners, as the case may be, will not be required to undertake work to cure violations, to comply with applicable laws and regulations, to undertake work to alleviate or eliminate any hazardous and/or dangerous condition existing at the Property (as determined by the Board of Managers in its sole discretion), to restore the Property due to a fire and/or casualty to the extent of the amount of insurance proceeds, to undertake any work required by a lender which has provided a loan to the Condominium and/or to undertake any work required by the insurance carrier for the Property. Such Threshold Amount shall be increased 15% every 5 years after the beginning of the First Year of Operation.

Additions, Alterations and Improvements by Unit Owners

No Residential Unit Owner (except for Units owned by the Sponsor or its Designee) shall make any structural addition, alteration or improvement in or to his or her Residential Unit or to the Residential Limited Common Elements appurtenant to such Unit, if any, or any structural or non-structural addition, alteration or improvement which affects the exterior of the Building, the Building systems or the value of other Units without the prior written consent of the Board of Managers, which consent shall not be unreasonably withheld or delayed. Any work to be undertaken on any terrace reserved for the exclusive use of the Owners of the Duplex Penthouse Units, as a Residential Limited Common Element shall require the prior approval of the Board of Managers, including but not limited to the installation of any replacement of any decking for any such terrace, which consent shall not be unreasonably withheld or delayed.

Except to the extent prohibited by law and as stated below, the Owner of a Commercial Unit (or Units, if it be subdivided) shall have the right, without the consent of the Board of Managers, other Unit Owners, or the holders of mortgages on any other Units, to (i) make alterations, additions or improvements, interior and exterior, in, to and upon their respective Commercial Unit(s), change the use of, including but not limited to the conversion of Commercial Units #2 and #3 to one or more Residential Units and/or the conversion of Commercial Unit #1 to an accessory off-street parking use, (ii) alter or improve any Limited Common Elements appurtenant only to its Commercial Unit(s), (iii) subdivide the Unit(s) and recombine Units resulting from such subdivision, and (iv) alter any boundary walls between one or more subdivided Units, including but not limited to the conversion of a portion of a Commercial Unit into the Common Elements (including the Residential Common Elements) or incorporating a portion of a Commercial Unit into a new or existing Limited Common Elements, provided, however, that in each instance such Commercial Unit Owner shall (i) comply, to the extent applicable, with all laws, ordinances and/or regulations of all governmental authorities having jurisdiction; (ii) undertake any such alterations, additions and/or improvements so as not to have a material adverse impact on the structural supports of the Building or its Building systems as provided to the other Unit Owner at the time any such alterations, improvements and/or additions are completed; (iii) undertake reasonable measures, to the extent possible, to minimize disruption to the use and/or operation of the other Units; and (iv) agree to hold the Board of Managers and all other Units Owners harmless from any and all liabilities, losses, costs and expenses arising therefrom. To the extent Commercial Unit #3 desires to convert such Unit to more than 8 Residential Units, such conversion shall be subject to the prior written approval of the Board of Managers, which approval shall not be unreasonably withheld or delayed. To the extent converted to Residential Units, the entire premises comprising Commercial Unit #3 shall be converted to one or more Residential Units. The Owner of Commercial Unit #3, as a part of any such conversion of Commercial Unit #3 to one or more Residential Units, shall replace all of the windows for such Unit so that they are consistent with the rest of the windows in the other Residential Units (to the extent not already replaced).

As part of the conversion of Commercial Unit #3 to one or more Residential Units, the Owner of such Unit, at its sole cost of expense, may eliminate and remove, as a part of such

Unit, the separate entrance, lobby and elevator servicing such Unit. To the extent same is eliminated, such entrance, lobby and/or space where such elevator was located would become part of the Common Elements or Residential Common Elements. Except if Commercial Unit #3 is owned by the Sponsor or its Designee, the plans and specifications for any such removal of the entrance lobby and/or elevator shall be subject to the approval of the Board of Managers, such approval to not be unreasonably withheld or delayed.

If Commercial Unit(s) are subdivided, recombined, or boundary walls altered, the Commercial Unit Owners thereof shall have the right, without the consent of the Board of Managers, other Unit Owners, or the holders of mortgages on other Units, to apportion among the resulting Commercial and/or Residential Units their appurtenant interests in the Common Elements and Residential Common Elements (as to a Residential Unit) provided there is a reasonable relationship for such reapportionment in accordance with Real Property Law Section 339(i).

The Owners of such Commercial Units, to the extent they are converted to Residential Unit(s), shall be responsible to obtain an amendment to the Certificate of Occupancy to permit any such residential use. Also, as part of the conversion of all or any part of such Commercial Units to Residential Units, the Board of Managers shall execute an amendment to the Declaration to reflect any such subdivision and/or change of use of such Commercial Units. To the extent the Common Elements or the Residential Common Elements are revised as a result of the conversion of all or a part of Commercial Unit #3, the Floor Plans for the Declaration shall be revised to reflect such change. If the elevator located in Commercial Unit #3 is eliminated, as part of the conversion of all or a part of Commercial Unit #3, then the existing passenger elevators would be programmed to allow them to open onto the second floor.

If any Commercial Unit is subdivided, (i) any dividing wall or walls shall be deemed Limited Common Elements for the exclusive use of the Unit Owners whose Units are separated by such walls and shall be maintained, repaired and replaced by the Owners of the subdivided Units at their sole cost and expense and as their joint and several obligation, and (ii) all drains, flues, vents, condensate and refrigerant lines and other mechanical fixtures and equipment (except fixtures and equipment installed by the Owner of a subdivided Unit or a tenant of such Owner) used in common by two or more Unit Owners shall be maintained, repaired and replaced by the Owners of such subdivided Units at their sole cost and expense and as their joint and several obligation.

In order, to the extent feasible, to create a uniformity of style and type, Unit Owners (other than Units owned by the Sponsor or its Designee) shall obtain the prior written consent of the Board of Managers as to any replacement windows which are visible from the street, which consent shall not be unreasonably withheld or delayed. Except as to Units owned by the Sponsor or its Designee, the replacement of all exterior doors for a Residential Unit shall be subject to the consent of the Board of Managers, which consent shall not be unreasonably withheld or delayed.

To the extent the approval of the Board of Managers is required as to additions, alterations or improvements by a Unit Owner (including any Limited Common Elements, if any) the Board of Managers shall have the obligation to answer any written request by a Unit Owner for any such required approval within thirty (30) days after such request is made to the Board of Managers, and failure to do so within the time stipulated shall constitute the consent by the Board of Managers to the proposed addition, alteration or improvement. If the Board of Managers fails to act on the application for approval within thirty (30) days after the request has been made, the Board of Managers shall be deemed to have approved such application. If the Board of Managers denies such request by a Unit Owner for the proposed addition, alteration or improvement that requires the approval of the Board of Managers, then the Unit Owner may submit to binding arbitration the question of whether or not the Board of Managers was unreasonable in denying such request. Prior to and as a condition of granting any consent to extent required for the making of any such alteration, repair, addition or improvement to a Unit or the Limited Common Elements appurtenant to such Unit, if any, the Board of Managers (or the Managing Agent on behalf of the Board of Managers) may exercise the right to reasonably approve such Unit Owner's contractors and suppliers, the plans and specifications for such work and, may require such Unit Owner to execute an agreement in the form required by the Board of Managers, setting forth the terms and conditions under which the proposed work shall be done, including, without limitation, the name and address of the contractor, the days and hours during which the work shall be done, the manner in which construction debris will be handled, measures to be undertaken to prevent comprising the security of the Building during construction and the interruption of gas, electric and/or water/sewer services during construction. Any such work shall be undertaken by a Unit Owner in compliance with all applicable laws, rules, regulations, codes and ordinances. The contractors performing such work shall maintain adequate liability, property damage and workmen's compensation insurance and a certificate confirming such insurance coverage shall be delivered to the Board of Managers prior to the commencement of such work. If requested by the Board of Managers or the Managing Agent, the Board of Managers shall be named as an additional insured on such contractor's liability and property damage insurance policy. A Unit Owner shall reimburse the Board of Managers for any out-of-pocket expenses incurred by the Board of Managers in connecting with granting its consent to such work and in connection with any services provided for such alteration, addition or improvements, such expenses may include, but shall not be limited to, any reasonable processing and/or legal fees of the Managing Agent and/or Board of Managers' attorneys, fees of any architect or engineer consulted in connection with any request by a Unit Owner for approval of such work and fees of any construction coordinator retained by the Board of Managers. A Unit Owner making or causing to be made any such alteration, addition and/or improvement shall agree, and shall be deemed to have agreed, to hold the Board of Managers, the Managing Agent and all other Unit Owners harmless from and against any and all liabilities, losses, damages, costs and or expenses arising therefrom. The above provisions which required the consent of the Board of Managers, in any instance shall not apply to the Units owned by the Sponsor or its Designee.

To the extent any Unit Owner undertakes any work in their Unit which would result in a change in the Certificate of Occupancy for the Building or their Unit, then such work or change of use shall be undertaken in such a manner at their sole cost and expense so as to not

delay or require additional work to be undertaken by the Sponsor as to the Sponsor's obligation to obtain a new Certificate of Occupancy for the Residential Unit being sold by the Sponsor and/or the Building. Before any Unit Owner, other than the Sponsor or its Designee, undertakes any work to obtain an additional certificate of occupancy or to change the certificate of occupancy for the Building or their Unit, such work and any application to obtain an additional certificate of occupancy or to change the certificate of occupancy shall be subject to the prior approval of the Board of Managers, which approval shall not be unreasonably withheld or delayed.

Notwithstanding the foregoing, so long as the Sponsor shall be continuing to complete the renovation of the Building, which for purposes hereof shall mean that a permanent Certificate of Occupancy has not been issued, or the Sponsor is seeking to convert a Commercial Unit to Parking Units and/or Residential Unit(s), the Board of Managers or any Unit Owner shall not without the Sponsor's prior written consent (except in the case of the conversion of Commercial Unit #3 to Residential Unit(s), as permitted hereunder), permit any additions or alterations of a Unit which is of a nature that would require the filing of an application with the Buildings Department of the City of New York, including but not limited to any application to amend the Certificate of Occupancy of the Building. Any conversion of a Commercial Unit to Residential Unit(s) by the Owner of a Commercial Unit, which is not the Sponsor or its Designee, shall be undertaken in such a manner as to not interfere or impair the Sponsor's ability to complete the renovation of the Building and the Units and the issuance of a temporary or permanent Certificate of Occupancy for a Unit or the Property.

Except as otherwise permitted in the Plan as to the Sponsor and its Designee, no Unit Owner may make any alterations, additions, improvements or repairs to the Common Elements (including the Residential Common Elements) without the prior approval of the Board of Managers, which approval shall not be unreasonable withheld or delayed.

The Commercial Units may be used for any legal use, provided, such use is in conformity with applicable zoning laws and regulation and building codes. Notwithstanding the above provisions, no obscene, pornographic or sex-related materials and no materials depicting nude individuals may be located, exhibited or sold in a Commercial Unit, except in connection with a bona fide medical examination. A Commercial Unit may also not be used for any of the followings uses: (i) employment agency, (ii) drug rehabilitation or treatment center, (iii) nightclub, (iv) bar and (v) restaurant. The following uses may only occur in the cellar and/or the first floor of a Commercial Unit: commercial, including but not limited to retail, office and storage as to the cellar. Commercial Unit #1 may be used as a parking garage if a special use permit for an accessory off-street parking facility is obtained from the City Planning Commission.

A Commercial Unit Owner, at its expense, shall keep their Commercial Unit in good order and repair and shall cause their Commercial Unit, its entranceways, doors servicing their Commercial Unit, all glass surfaces appurtenant to their Commercial Unit to be cleaned at regular intervals. All cleaning services for a Commercial Unit shall be supplied and paid for by the Owner of the Commercial Unit.

An Owner of a Commercial Unit shall be responsible for the repair and/or replacement the storefronts, including exterior doors, and any lobby servicing their Commercial Unit provided such repairs and/or replacement are not required due to the acts or omissions of any of other Unit Owners, the Board of Managers and/or its agents, contractors, directors and/or invitees. The Owner of a Commercial Unit shall also replace and/or repair, at its sole cost and expense, any and all plate glass and other glass damaged or broken in or about a Commercial Unit, unless such damage was caused by the negligence or willful misconduct of the Board of Managers, its agents, employees, invitees and/or contractors. Any such repairs and/or replacements shall be completed by the Owner of a Commercial Unit in compliance with all applicable laws and regulations.

Each of the Owners of Commercial Unit #2 or #3 shall be entitled to use one of the flagpoles on the exterior of the Building on 54th Street, as designated by the Board of Managers, to promote or provide signage for the Commercial Unit Owner's or their tenants' business operations at the Property. The Board of Managers shall designate the flag pole to be utilized by each such Commercial Unit. The Owner of each such Commercial Unit shall be responsible to maintain, repair and/or replace any such flagpole utilized by such Commercial Unit or their tenants. Owners of Commercial Units #2 and #3 and/ or the Commercial Unit Owners shall also be entitled to erect, maintain, repair, and replace from to time one sign (which is not illuminated) either as part of their separate entrance to their Unit or appurtenant to any such separate entrance to promote the operation of any business of the Commercial Unit Owner or their respective tenants at the Property. In reference to any such exterior signs, flagpole and/or flag installed or maintained by Commercial Unit Owner #2 or #3, the design, size, location and materials utilized shall be subject to the prior written approval by the Board of Managers, which approval shall not be unreasonably withheld or delayed. Such requirement for Board of Managers approval shall not apply to the Sponsor or its Designee as to any signs, flagpole and/or flag installed or maintained for Commercial Unit #2 or #3 to extent owned by the Sponsor or its Designee. Any such erection, repair and/or replacement of a sign, flagpole or flag shall be undertaken in compliance with all laws, orders, rules and regulations of the governmental authorities having jurisdiction thereof including zoning laws and building codes. The Owner of a Commercial Unit, or its tenants, shall obtain and pay for all permits and fees (including renewals of same) required for any such signs, flagpole and/or flag. Any damage to the exterior of the Building caused by the installation of any such signs, flagpole and/or flags shall be promptly repaired or restored by the Owners of such Commercial Unit and/or its tenants or subtenants. To the extent the Board of Managers or its agents or contractors undertakes any repairs and/or improvements to the front façade of the Building, which necessitates the temporary removal of any such signs, flagpole and/or flag, then the Board of Managers or its agents or contractors, as a Common Expense, shall be responsible for the cost of such removal and installation of same.

If a special use permit is granted by the City Planning Commission for accessory off-street parking in the Building, the exhaust for the parking garage in Commercial Unit #1 may be vented through a shaft located in the Building.

The Sponsor or its Designee shall have the right to erect, maintain, repair and (or replace, to the extent permitted by law, from time to time one or more signs or banners for the

purpose of advertising for sale or for lease all or any part of a Commercial and/or Residential Units owned by the Sponsor or its Designee.

The Sponsor and its Designees shall have the right, subject to compliance will all applicable laws, regulations and restrictive covenants, without the consent of the Board of Managers, other Unit Owners or the holders of any Unit Mortgage encumbering a Unit (except as may be required under the terms of any mortgage encumbering any Unsold Unit), to: (a) make alterations, additions or improvements, structural and non-structural, ordinary and extraordinary, interior and exterior, in, to and upon any Unsold Unit owned by Sponsor or its Designee, (b) change the use of Commercial Unit #2 to Residential and/or a combination of residential and commercial and/or change the use of Commercial Unit #3 from Commercial to Residential, and to change the use of Commercial Unit #1 to accessory off-street parking, to change the layout, boundary walls, or number of rooms in any Unsold Unit or any subdivided Unsold Unit, (c) change the size and/or number of such Units, including the creation of duplex or triplex Units, by subdividing an Unsold Unit, combining separate Unsold Units (including those resulting from such subdivision or otherwise) into one or more Unsold Units, and to modify the boundary walls within any Unsold Unit (including a newly created Unsold Unit) to incorporate any Limited Common Elements for any Unsold Unit into an Unsold Unit or to convert part of an Unsold Unit or the Limited Common Elements for an Unsold Unit into the Common Elements (including the Residential Common Elements) or to convert part of an Unsold Unit into a Limited Common Element for an Unsold Unit, and (e) reapportion among the Units affected by such change their appurtenant interests in the Common Elements and the Limited Common Elements, provided, however, that in each instance, the Sponsor shall comply with all laws, ordinances and regulations of all governmental authorities having jurisdiction and shall agree to hold the Board of Managers and all other Unit Owners harmless from any liability arising therefrom. No change will be made by Sponsor in the size, use or number of Unsold Units (including the number of Residential and Commercial Units), their respective percentages in the Common Elements or which materially changes the Common Elements (including Residential Common Elements) and/or the Limited Common Elements, except by an amendment to the Offering Plan. To the extent the Common Elements (including the Limited Common Elements) are modified or reapportioned and/or a Commercial Unit is subsequently, converted to one or more Residential Units or Parking Units, the Sponsor shall amend the Declaration to set forth any such changes.

If the Sponsor or a Commercial Unit Owner, in the case of the conversion of a Commercial Unit to one or more Residential Units, is undertaking the repair, rerouting and/or replacement of any water supply lines, plumbing risers, electric risers, gas risers, plumbing traps, ventilating stacks, drainage lines, radiators, heating and air conditioning units, pipes, ducts and/or conduits and/or the installation of plumbing fixtures in a Unit owned by the Sponsor or such Commercial Unit Owner (hereinafter any such work is referred to as "Plumbing, Electric and/or Ventilating Work" or "Work"), then the Sponsor or such Commercial Unit Owner (as to the conversion of a Commercial Unit to one or more Residential Units) shall have an easement to make all necessary connections (including, but not limited to, connections to common risers and building systems and the penetration of a floor slab) and undertake such work in a Unit and/or Common Elements located above or below any such Unit in which such Plumbing, Electric and/or Ventilating Work is being

completed by the Sponsor or such Owner of a Commercial Unit in order to complete such Plumbing, Electric and/or Ventilating Work for such Unit owned by the Sponsor or such Commercial Unit Owner. Any such connections or work completed in a Unit which is not owned by the Sponsor or such Commercial Unit Owner, in furtherance of such easement, shall be exercised in such a manner as will not unreasonably interfere, to the extent practicable, with use of any such Unit.

The Sponsor or its Designee shall have the right, without the consent of the Board of Managers, other Unit Owners', or the holders of Unit Mortgages on any other Units, to execute and record (or upon request, to require the Board of Managers to execute and record) an amendment to the Declaration of Condominium and appropriate plans and other documents to reflect any subdivision or recombination in the Commercial Unit(s), any conversion of a Commercial Unit to one or more Residential Unit(s) and the reapportionment of the Common Interests resulting therefrom.

The Board of Managers will sign any application or other document required to be filed with any governmental authority having, or asserting jurisdiction in connection with any such structural addition, alteration or improvement to be submitted on behalf of the Sponsor, its Designee or any other Commercial Unit Owner, provided, however, that neither the Board of Managers nor the Unit Owners shall be subject to any expense or liability by virtue of signing such application or other such documents. A copy of any such application or other document will be furnished to the Board of Managers.

Mechanics' Liens

Under the provisions of the Condominium Act, no lien of any nature may arise or be created against the Common Elements (or the Limited Common Elements) except with the unanimous consent of all Unit Owners affected thereby. Liens may arise or be created only against individual Units and their respective Common Interests by the respective owners thereof. A lien for labor performed or materials furnished to a Unit, may be filed against the Unit of a Unit Owner who has expressly requested or consented to such labor or materials but may not be filed against the Unit of any Unit Owner who has not expressly consented to or requested the same, except in the case of emergency repairs. No labor performed or materials furnished to the Common Elements or the Limited Common Elements shall be the basis for a lien thereon, but all Common Charges received by the Board of Managers shall constitute trust funds for the purpose of paying the cost of the labor performed or materials furnished at the request or with the consent of the Board of Managers.

Insurance

The Board of Managers is required to obtain and maintain, in accordance with the provisions of the By-Laws, 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 part of a Unit), together with all service machinery contained therein and covering the interests of the Condominium, the Board of Managers and all Unit Owners and

their mortgagees, as their respective interests may appear, in an amount equal to the full replacement value of the Building (exclusive of foundations and footings); (b) rent insurance in an amount equal to Common Charges for one year; (c) workman's compensation and New York State disability benefits insurance; (d) boiler and machinery insurance; (e) water damage insurance to the extent, if any, determined by the Board of Managers; (f) elevator liability and collision insurance; (g) fidelity insurance covering the Board of Managers and all officers, directors and employees of the Condominium; (h) directors and officers liability coverage; and (i) such other insurance as the Board of Managers may determine.

All policies of physical damage insurance shall contain 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. The Board of Managers or the insurance carrier or agent shall give at least 10 days prior written notice to the Unit Owners and the holder, insurer or guarantor of any mortgage encumbering a Unit, which name and address appears on the books and records of the Condominium of any lapse, cancellation or material reduction in coverage of any insurance policy or fidelity bond maintained by the Board of Managers.

The Board of Managers shall also be required to obtain and maintain, to the extent obtainable, commercial general liability insurance with broad form coverage against claims for personal injury, death or property damage occurring upon, in or about the Property, in such limits as such Board of Managers may from time to time determine, covering (i) the Managing Agent or agents thereof, each director, officer and employee of the Condominium and the Board of Managers, (ii) the Commercial Unit Owners, and all officers, directors and employees thereof, and (iii) each Residential Unit Owner, except that such policy will not cover liability of a Unit Owner arising from occurrences within his or her own Unit or within the Limited Common Elements, if any, exclusive to his or her Unit. The Board of Managers shall review such limits once each year. The insurance discussed above shall also include cross-liability claims of one insured against another.

To the extent the specific use of their Unit by any Commercial Unit Owner or its tenant(s) directly causes an increase in the cost for insurance premiums for the Property, other than the general commercial use or current use of a Unit, such Commercial Unit shall pay for such additional cost.

The amount of fire insurance and commercial general liability insurance to be maintained until the first meeting of the Board of Managers elected by the Unit Owners shall be in at least the sum set forth in Note 11 of Schedule B.

Any insurance maintained by the Board of Managers may provide for such deductible amounts as such Board determines. The premiums for all insurance referred to above shall be a General Common Expense and shall be borne by all Unit Owners.

Unit Owners shall not be prohibited from carrying other insurance for their own benefit at their own expense (covering items not included or included only to a limited extent in the policy procured by the Board of Managers), provided that such policies contain waivers

of subrogation and further provided that the liability of the carriers issuing insurance procured by the Board of Managers shall not be affected or diminished by reason of any Unit Owner's other insurance.

The insurance coverage to be carried by the Condominium does not include fire, casualty or other risks to personal property or upgraded fixtures, equipment or improvements within Units, or liability coverage for occurrences within a Unit. Unit Owners are encouraged to obtain such coverage at their own expense.

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 Board of Managers with respect to any damage to or destruction of the Common Elements and/or the Residential Common Elements shall 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 a Unit). Insurance proceeds with respect to any damage to or destruction of the Common Element and/or the Residential Common Element shall be disbursed to the Board of Managers. The Declaration and Bylaws do not require the Board of Managers to utilize an insurance trustee to disburse such insurance proceeds for the restoration of the Property. If said damage or destruction, however, affects the Common Elements, then any deficit or surplus in insurance proceeds shall be borne or shared by all Unit Owners in proportion to their respective Common Interests. If said damage or destruction however affects the Residential Common Elements, then any deficit or surplus in insurance proceeds shall be borne or shared by the Residential Unit Owners in proportion to their respective Residential 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 their share of such funds such amounts as may be necessary to pay any amount due and owing to the Board of Management for Common Charges, and/or assessments and/or reduce or discharge unpaid liens on their Unit, other than existing mortgages thereon, unless otherwise required pursuant to the terms of the existing mortgages, in the order of priority of such liens.

Unless the Unit Owners have elected not to restore the Building as provided below, damage or destruction to a Unit or a Limited Common Element as a result of fire or other casualty shall be promptly repaired and reconstructed by the Owner of the affected Unit(s) where such repair or reconstruction does not involve the Common Elements (including the Residential Common Elements) for which the repair or reconstruction is the obligation of the Board of Managers under the Declaration and By-Laws. If a Unit Owner fails to repair or reconstruct such Unit Owner's Unit, the Board of Managers may cause the Unit to be repaired or reconstructed and the costs incurred in connection therewith shall be charged to the defaulting Unit Owner as a special assessment.

If three-fourths or more of the Building is destroyed or substantially damaged and if 75% or more in Common Interest of all Unit Owners do not promptly resolve within 120 days from the date of such damage or destruction 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 his or her share of such funds such amounts as may be necessary to discharge all unpaid liens on his or her Unit (other than existing mortgages unless otherwise required pursuant to the terms of the existing mortgages, in order of priority of such liens).

Notwithstanding anything contained herein to the contrary, the proceeds of all policies of physical damage insurance maintained by the Board of Managers shall be payable to the Board of Managers.

Unit Owner's Obligation to Comply with Condominium Declaration, By-Laws and Rules and Regulations

Each Unit Owner will be obligated to strictly comply with the Declaration, By-Laws and Rules and Regulations of the Condominium. Failure to do so may result in the Board of Managers or other Unit Owners exercising any of their rights in these Condominium documents or at law, such as the institution of a lawsuit to enforce the Unit Owner's obligations or to prevent or recover damages for a Unit Owner's breach of their obligations. In certain circumstances, such as the non-payment of Common Charges, the Board of Managers on behalf of Unit Owners will have a lien against the Unit, as described above.

REAL ESTATE TAXES

Real Estate Taxes

Each Unit will be taxed as a separate tax lot for real estate tax purposes, and no Unit Owner will be responsible for payment of, nor will the Unit be subjected to, any lien arising from the non-payment of real estate taxes on other Units. Generally, Units may not be separately assessed until the tax year following the tax year in which the Declaration of Condominium is recorded. Until the Units are separately assessed and billed, each Unit Owner shall pay his or her pro rata share (in the proportion that his or her Unit's Common Interest bears to the aggregate Common Interest of all his or her Units) of all real estate taxes with respect to the Property to the Board of Managers as Common Charges. The City of New York subdivides tax lots into separately assessed lots as of July 1st of every year. Accordingly, depending upon when the Declaration and By-laws are recorded, there can be a delay of up to a year and several months until a separate assessment can be obtained.

Real Estate Tax Protests

To the extent there are currently are pending real estate tax protest or certiorari proceeding to reduce the real estate taxes for the Property, all real estate tax refunds, if any, obtained in connection with such proceedings, after deducting the cost of such proceedings including attorney fees and disbursements shall be paid as follows: (i) to the Sponsor or any former owner of the Property for any tax year ending prior to the closing date for the transfer

of a Unit to a Purchaser; (ii) to a Purchaser of a Unit for a tax year commencing after the closing date for the transfer of such Unit; and (iii) to the Sponsor and the Purchaser of a Unit to be apportioned as of the closing date for the transfer of a Unit to a Purchaser as to any tax year in which the closing date occurs. Apportionments for real estate tax refunds shall also be made with the Board of Managers on the same basis to the extend the Units are not yet separately assessed for real estate taxes. There is no guarantee by the Sponsor concerning the outcome of such tax protest proceedings and as to whether or nor a Purchaser will receive any tax refund from such proceedings. The Sponsor reserves the right to prosecute any proceedings for the tax year in which a closing occurs and any preceding tax years by attorneys selected by the Sponsor and to settle any such proceedings.

Currently there are no tax certiorari proceedings pending for the Property.

The By-Laws provide that the Board of Managers is entitled to execute and deliver documents necessary in connection with proceedings to obtain reduced real estate tax assessments with respect to Unit Owners, for the benefit and on behalf of (i) all Unit Owners, or (ii) for individual Unit Owners, provided that each such Unit Owner indemnifies the Board of Managers from and against all claims, costs and expenses (including, without limitation, reasonable attorneys' fees) resulting from such proceedings.

Income Tax Deductions to Residential Unit Owners and Tax Status of the Condominium

Prospective Purchasers should carefully review the income tax opinion of the law firm of Schechter & Brucker, P.C., counsel to the Sponsor in Part I of the Plan as to the income tax consequences of ownership of Units as to the deductibility of real estate taxes and interest on mortgage indebtedness and the tax status of the Condominium.

The following discussion of certain income tax consequence of the ownership of the offered Units is a summary of the income tax opinion of Schechter & Brucker, P.C.

1. Real Estate Taxes and Mortgage Interest

An owner of an offered Unit that is subject to Federal, New York State and New York City income taxes and that uses such Unit in the active conduct of trade or business will be able to deduct for income tax purposes, subject to applicable limitations in the tax laws, the real state taxes and mortgage interest paid or accrued by it and attributable to its Unit. Said expenses, to the extent deductible, shall be deductible when paid or accrued by the Unit Owner in accordance with such Unit Owner's method of accounting. The deductibility of real estate taxes and interest paid with respect to a Unit may be limited by, among other possible limitations, the passive activity loss and "at risk" limitations and limitations on the deductibility of interest with respect to indebtedness incurred to purchase or carry property held for investment. Purchasers are urged to consult their own tax advisors regarding the application of these and other limitations on the deductibility of interest and real estate taxes.

2. Tax Status of the Condominium

The affairs of the Condominium are governed by a Board of Managers. The exact status of the Condominium, under present law, is uncertain. The Board of Managers may take the position that because it acts as agent for the Unit Owners, the Condominium is not a separate taxable entity. In such case, the Unit Owners would, in the aggregate, include in their gross income and be taxed on all income (not including Common Charges) earned by the Condominium, reduced by the expenses incurred in earning such income.

In the income tax opinion by Schechter & Brucker, P.C. in Part I of the Plan, Schechter & Brucker indicated the Condominium would probably not be eligible to make an election to be treated as an organization exempt from Federal income taxes under Section 528 of the Internal Revenue Code. In order to qualify for a Section 528 exemption substantially all the Units (i.e., at least 85% of the total square footage of all Units) must be used as residences. Based on Schedule A set forth in Part I of the Plan, approximately 36.239% of the Units are Commercial Units. This could change if Commercial Units #2 and/or #3 were converted to Residential Units or such portions of both Units were converted as necessary to obtain such exemption under Section 528. Even though a condominium may at some future date satisfy the requirements of Section 528 and elect to be exempt from Federal income taxes on exempt function income, it would still be taxable at a 30% flat rate on the amount, subject to a $100 specific deduction, by which its non-exempt function income exceeds the amount of allowable deductions which are directly connected with the production of such income. Among other things, income derived from the interim investment of assessments collected would be includable in the amount of income subject to taxation. If, in any tax year, the Condominium does not qualify to elect to be exempt from Federal income taxes on Common Charges pursuant to Section 528 of the Code or otherwise, but elects to be taxed as a corporation, the Condominium may be subject to the regular Federal corporate income tax on its taxable income. If no election to be taxed as a corporation is filed, the Condominium will be treated as an aggregation of Unit Owners and each Unit Owner may be directly taxable on his or her proportionate share of Condominium income (excluding Common Charges) less Condominium expenses (excluding Common Expenses). The Sponsor does not anticipate (although does not guarantee) that for the foreseeable future, the Condominium will not have significant income (e.g., interest income from the Working Capital Fund) to which the Unit Owners will be subject to paying taxes.

THE LAW FIRM OF SCHECHTER & BRUCKER, P.C. IS COUNSEL TO SPONSOR AND NOT THE RESIDENTIAL UNIT OWNERS. EACH PURCHASER SHOULD CONSULT THEIR OWN TAX COUNSEL AS TO THE TAX CONSEQUENCES OF UNIT OWNERSHIP UNDER THIS PLAN.

No warranties are given that the Internal Revenue Service, the New York State Department of Taxation and Finance or the Finance Department of the City of New York will allow the deductions for mortgage interest and real estate taxes as set forth in Counsel's Income Tax Opinion. There is also no assurance that the tax laws or the regulations or rulings issued thereunder, or any judicial interpretation thereof, upon which the law firm of Schechter & Brucker, as counsel to Sponsor, bases its opinion, will not change. In no event will

Sponsor, the law firm of Schechter & Brucker, P.C., the Selling Agent, the Managing Agent or any other person connected with this offering be liable if at any time it is held that the Unit Owners, or any of them, are not entitled to such income tax deductions. In addition, none of the aforesaid give any warranties with respect to the tax consequences of this Plan, including the tax status of the Condominium, or the tax consequences of ownership of any Units offered under this Plan, and no one has been authorized to give any warranties.

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July 13, 2005

Sagamore 54th St. Investments LLC
c/o Core Plus Properties, LLC
One Dock Street
Stamford, CT. 06902

RE: The Hit Factory Condominium
421-429 West 54th Street
Block 1064, Lot 16
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 EXPRESSED 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 and taxes to be levied upon the captioned premises for the first year of condominium operation which you have advised us will be the period January 1, 2007 through December 31, 2007 as well as the taxes for the first full tax year after completion of construction which will be the 2007/2008 tax year. You have advised us that the project will consist of the conversion from an existing tax class 4 commercial building to a class A multiple dwelling to be operated as a condominium. You have further advised us that the building will contain 27 residential condominium units plus three commercial units located on the cellar, ground and second floors. You have advised us that only the residential units plus the second floor unit are being offered for sale and thus our projection of real estate taxes shall be limited to those 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 January of 2005 as well as the anticipated renovation costs and that you expect to commence the alteration work in October 2005 and you anticipate completion in November 2006. You have also supplied us with a description and specifications of the building prepared by the office of Arpad Baksa Architect, P.C.

We have also considered the recent tax assessment history of the property, the cost of the new project, the potential income for the converted 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.

Real Estate Tax 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 roll containing the final 2005/2006 tax assessments was published on May 25, 2005. The total actual assessment for the tax year 2005/2006 is in the amount of $3,577,500. The total transition assessment for 2005/2006 is in the amount of $2,864,700.

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 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.

3. The potential capitalized net income of the property.

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 and the commercial unit will be designated as a tax class 4 property and will pay on the class 4 tax rate. The current 2004/05 class 2 tax rate has been billed at $12.216 for each $100 of assessed valuation and the class 4 tax rate has been billed at $11.558 for each $100 of assessed valuation. As of the date of this letter, the 2005/2006 tax rate has not yet been set.

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 2006/2007 and 2007/2008 as a result of the renovation which will be placed on the assessment roll immediately and not subject to the five year phase in.**

On June 1, 2004, Governor Pataki signed legislation extending the existing property tax abatement law for New York City cooperative and condominium owners through June 30, 2008 at the rate of 25% for buildings with average assessments of $15,000 or less per unit, and 17.5% where assessments are higher. Assuming a certificate of occupancy has been issued by January 5, 2007, any unit owner who purchases an apartment by that date and timely submits an application to the New York City Department of Finance should be eligible for a 17.5% reduction in real estate taxes for tax year 2007/2008. Purchasers who purchase subsequent to January 5, 2007 as well as unit owners who purchased prior to January 5, 2007 will be eligible in succeeding years if the current law is extended. Owners of more than three units will not be eligible for this abatement. Since it is unclear if individual unit owners will have acquired their interest by the various filing dates, in predicting the taxes on this building we have not given any consideration to this possible tax benefit even though it is possible that some owners will be eligible for this reduction in real estate taxes.

Owners of residential condominium units in the City of New York may be eligible for New York State Tax Relief (STAR). STAR is the New York State School Tax Relief Program, which provides a tax reduction benefit for all New Yorkers who own their home and use it as their primary residence. The New York City Department of Finance administers STAR for property owners in the five boroughs of New York City. There are two levels of benefits: Basic STAR for most homeowners and Enhanced STAR for qualified senior citizens. In projecting the taxes on this building, we have not given any consideration to this tax benefit due to the variable nature of the benefit, although it is currently available to all eligible condominium unit owners.

Predicated upon the foregoing, it is our opinion that the actual assessed valuation for the partially reconstructed entire building for tax year 2006/2007 will be in the amount of $4,000,000 and the actual assessed valuation for 2007/2008 will be $15,000,000. We have not predicted a transition assessment since we believe there will be no significant difference between the actual and transition assessed valuations. **We caution you that the taxes we are projecting for your first budget year are substantially below the taxes which will be charged in subsequent**

years because a portion of the first budget year is based on the status of the building on January 5, 2006 when the building will still be in the course of construction. We also caution you that the practices of the New York City Department of Finance are notoriously inconsistent when determining assessed valuations for buildings in the course of construction and therefore the projection for 2006/2007 may be substantially different than the value determined by the New York City Department of Finance.

In determining the assessed values for the individual residential units, the current policy of the Department of Finance is to apportion the tax liability in the proportion that the sales price of an individual residential unit bears to the total price of all residential units as set forth in the offering plan. We offer no opinion as to whether this method is authorized by law.

We caution you that it is possible that there will not be an official apportionment of the tax assessment for the 2006/2007 tax year and you should include in your offering plan a provision to unofficially apportion the tax liability among the units consistent with the way common charges are apportioned until such time as an official apportionment of the assessed value is made and becomes effective.

Therefore assuming the class 2 tax rate increases to $12.50 for each $100 of assessed valuation and the class 4 tax rate increases to $12.00 for each $100 of assessed valuation, we make the following projections of the real estate taxes prior to any tax abatements for the budget year January 1, 2007 through December 31, 2007 as well as for the first full post construction budget year January 1, 2008 through December 31, 2008:

January 1, 2007 through December 31, 2007
(Estimated First Year of Operation)

Unit	Apportioned Assessed Value	Tax Rate	Tax (6 Months)
	2006/2007 (6 Months)		
Commercial (unit #3)	$600,000	.12	$36,000
Residential (all units)	$3,900,000	.125	$243,750

2007/2008 (6 Months)

Unit	Apportioned Assessed Value	Tax Rate	Tax (6 Months)
Commercial (unit #3)	$800,000	.12	$48,000
Residential (all units)	$5,500,000	.125	$343,750

Total Projected Real Estate Taxes for Initial Budget Year

Commercial: (unit #3)	$84,000
Residential: (all units)	$587,500

July 1, 2007 - June 30, 2008
(First Post Construction Year)

Total Projected Real Estate Taxes for 1st Post Construction Year

Commercial: (unit #3)	$96,000
Residential: (all units)	$687,500

Our firm has an extensive practice in real estate tax review matters and in tax abatement/tax exemption applications, and we currently represent the owners of approximately 3,500 buildings in the City of New York, and file applications for correction of the tax assessments and tax abatements/tax exemptions 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 the New York State Builders Association, 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 REAL ESTATE TAX ASSESSMENTS COVERS A PERIOD FAR 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 the initial and subsequent budget years and for tax year 2006/2007 and 2007/2008 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

SCHECHTER & BRUCKER, P.C.

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October 24, 2005

Sagamore 54th St. Investments LLC
c/o Core Plus Properties, LLC
One Rock Street
Stamford, CT 06902

Re: Condominium Offering Plan (the "Plan") for 421-429 West 54th Street, New York, NY The Hit Factory® Condominium (the "Condominium")

Ladies and Gentlemen:

You have requested our opinion with respect to the deductibility for Federal and New York State income tax purposes of mortgage interest and real estate taxes paid by a purchaser ("Unit Owner") who purchases a residential unit ("Unit") under the Plan. You have also asked us to discuss the method of calculating percentages of common interest with respect to Units in the Condominium and certain ancillary tax consequences of the Plan. Unless otherwise stated, capitalized terms used herein have the same meaning as in the Plan.

Prospective purchasers are advised that the opinion herein expressed is a marketed opinion, as defined in Internal Revenue Service Circular 230, §10.35(b)(5). As provided in §10.35(b)(5)(ii), the opinion herein expressed is not intended or written to be used, and it

cannot be used by any taxpayer, for the purpose of avoiding penalties that may be imposed upon the taxpayer. This opinion was written for inclusion in the Condominium Offering Plan to support the promotion or marketing of the transaction and the matters addressed by this opinion. Furthermore, the taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor. As used herein, the term "taxpayer" includes, but is not limited to, any purchaser, prospective purchaser, advisor of any purchaser or advisor of any prospective purchaser, and any person reading the Plan.

In connection with the opinions expressed herein, we have reviewed the Plan (including the schedules and exhibits thereto), and assume the material correctness of all thereof, but we made no independent investigation of the matters therein set forth. Our opinions are based upon the assumptions that the Plan becomes effective and is consummated in accordance with its terms, that condominium ownership of the Property is established upon the filing of a condominium declaration and that the legal consequences of the Plan are as described therein, specifically, that under the Plan:

A. a Unit Owner will own fee title to his, her, their or its Unit and an undivided percentage interest in the Common Elements inseparable from said Unit;

B. each Unit, together with its appurtenant interest in the Common Elements will ultimately be a separate tax lot for purposes of local real estate taxes, and the Unit Owner will be directly liable for payment of the real estate taxes imposed by them with respect to his, her, their or its Unit, but not with respect to any other Unit;

C. subject to certain restrictions, a Unit Owner may sell or mortgage his, her, their or its Unit as he, she, they or it wish, and the Unit will not be subject to the lien of any mortgage placed on any other Unit; and

D. a Unit Owner may separately transfer his, her, its or their Unit, subject to certain restrictions described in the Plan.

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

Based upon the foregoing, we are of the opinion that under present law, each individual Unit Owner who itemizes his, her or their deductions may deduct from gross income for Federal and New York State income tax purposes the real estate taxes assessed against that Owner's Unit and paid by such Unit Owner and the amount paid by such Unit Owner on account of "qualified residence interest" on any mortgage indebtedness covering such Unit (see Sections 163 and 164 of the Internal Revenue Code of 1986, as amended) (the "Code"); Rev. Rul. 64-31, 1964-1 C.B. (Part 1) 300) . "Qualified residence interest" is interest on indebtedness (subject to certain limitations as to type and amount) secured by a "qualified residence" of the taxpayer, which is defined as the taxpayer's principal residence plus one other residence selected by the taxpayer.

A Unit Owner who regularly uses a portion of such Unit exclusively for his or her principal place of business may also take deductions for depreciation attributable to such use limited, however, to the excess of gross income derived from such use over his or her deductions for taxes and interest (See Section 280(A) of the Code).

A Unit Owner who is a veteran of the United States Armed Forces may be entitled to a veteran's exemption, or alternative veterans' exemption covering part of the real estate taxes otherwise assessed against his or her Unit (see Sections 458 and 458-a of the New York State Real Property Tax Law). We express no opinion as to the availability of any other local real property tax abatement or exemption.

It should be noted that under Section 55 of the Code a non-corporate taxpayer may be subject to an alternative minimum tax on his or her alternative minimum taxable income ("AMTI") in lieu of the regular income tax. See Section 55 and 57 of the Code.

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

Pursuant to Section 7701 of the Internal Revenue Code, the status of the Condominium for Federal income tax purposes (and accordingly for New York State and New York City income tax purposes) is as an aggregation of the Unit Owners, unless a contrary election is filed.

Absent an affirmative contrary election, therefore, the Condominium will be treated for tax purposes as merely an aggregation of the Unit Owners, and therefore any income (such as rents on any Units owned and leased by the Condominium or interest on the

Condominium's funds) and the expenses incurred by the Condominium in deriving such income would be deemed to be income and expenses of the individual Unit Owners, in proportion to their respective interests, and the amount of such income less such expenses would be taxable to them. The Common Charges would not be considered to be income to the Unit Owners and the expenditures incurred in maintaining the Common Elements would not be deductible by them, except to the extent, if at all, that a Unit Owner who uses his, her, its or their Unit in a trade or business would be entitled to deduct such expenses as ordinary and necessary business expenses pursuant to Section 162 of the Internal Revenue Code.

Notwithstanding the foregoing, the Condominium may elect to be treated as an association taxable as a corporation (see Section 301.7701-2 of the Treasury Regulations), and therefore would be subject to Federal corporation income tax (as well as to the New York State corporate franchise [income] tax) on its taxable income. See Rev. Rul. 80-63, 1980-1 C.B. 116; Rev. Rul. 74-99, 1974-1 C.B. 131. For these purposes, the Condominium's taxable income would be the excess of its gross income over its deductible expenses. Gross income will include any rental income, any investment income and the Common Charges paid by the Unit Owners. However, any portion of the Common Charges that is segregated and used to finance specified capital expenditures or reserves for such capital expenditures should not be required to be included in gross income. See Rev. Rul. 75-371, 1975-2 C.B. 52; Rev. Rul. 75-370, 1975-2 C.B. 25; Rev. Rul., 74-563, 1974-2 C.B. 38. Deductible expenses will generally include the Common Expenses other than capital expenditures.

If (a) the Condominium elects to be taxed as a corporation, and (b) the Condominium satisfies the requirements of Section 528 of the Code (which it does not now, and for the foreseeable future will not, satisfy), the Condominium would be eligible to elect to be exempt from Federal income taxes on Common Charges collected from the Unit Owners, and taxed a flat rate on any income earned. The requirements of Section 528 are: (i) the association must be organized and operated to provide for the acquisition, construction, management, maintenance, and care of association property; (ii) 60% or more of the association's gross income must consist of assessments from Unit Owners ("exempt function income"); (iii) at least 90% of the association's expenditures must be for the acquisition, construction, management, maintenance, and care of association property; (iv) no part of the net earnings can inure to the benefit of any member or private individual other than by the acquisition, construction, management, maintenance and care of association property or by rebates of excess assessments; and (v) substantially all units

(i.e., at least 85% of total square footage of all units) must be used as residences. An election under Section 528 may be made on an annual basis by filing Form 1120-H.

The Plan discloses, however, that approximately 35% of the total square footage of all units cannot and will not be used as residences for the foreseeable future. Thus, the benefits of Section 528 will not be available for the foreseeable future. Prospective purchasers should consider the foregoing as a "special risk", as that term is used in 13NYCRR§20.3(y)(2). That regulation requires that, where this opinion cannot state that the Condominium will qualify for exemption pursuant to Section 528, the Condominium Offering Plan, Schedule "B", make a provision for income taxes payable. We believe that the regulation does not take into account either the provisions of Section 7701, referred to above, or the possibility of Subchapter T qualification, referred to below.

Even though a condominium may at some future date satisfy the requirements of Section 528 and elect to be exempt from Federal income taxes on exempt function income, it would still be taxable at a 30% flat rate on the amount, subject to a $100 specific deduction, by which its non-exempt function income exceeds the amount of allowable deductions which are directly connected with the production of such income. Among other things, income derived from the interim investment of assessments collected would be includable in the amount of income subject to taxation. The qualification of a Condominium to elect to be subject to tax under Section 528 involves factual issues, which can only be determined on a case-by-case and year-by-year basis. If, in any tax year, the Condominium does not qualify to elect to be exempt from Federal income taxes on Common Charges pursuant to Section 528 of the Code or otherwise, but elects to be taxed as a corporation, the Condominium may be subject to the regular Federal corporate income tax on its taxable income. If no election to be taxed as a corporation is filed, the Condominium will be treated as an aggregation of Unit Owners and each Unit Owner may be directly taxable on his or her proportionate share of Condominium income (excluding Common Charges) less Condominium expenses (excluding Common Expenses).

Finally, it might be possible that the Condominium, even though it now and in the future fails to qualify for the benefits of Section 528 but nevertheless elects to be taxed as a corporation, would at some future date qualify under Subchapter T of the Code as organization acting on a cooperative basis. In such event, the association's patronage-sourced income (as that terms is defined in the Code) would not be taxed, but any non-patronage-sourced income would be subject to tax. By way of analogy, see Thwaites

Terrace House Owners Corp. v. Commissioner (T.C. Memo. 1996-406, 72 TCM 578). If the Thwaites holding applies to the Condominium, income from its members (the Unit Owners) used to provide services to its members (including, presumptively, Common Charges paid by Commercial Unit Owners, if any) would be exempt from taxation. However, the Internal Revenue Service has not acquiesced in the Thwaites holding, and it is unlikely the Service will do so. Even if the Thwaites holding is sustained in any subsequent litigation, its application to condominiums is neither established nor has it been tested. As regards New York State Income Tax, see Petition of 330 Third Avenue Owners' Corp., DTA No. 809615, New York State Tax Appeals Tribunal, March 26, 1998. New York State would seem to be following the Thwaites holding.

In no event do we make any prediction as to what elections may or may not be made by the Board of Managers in future, nor do we give any opinion as to the impact of any such election upon any Unit Owner's individual tax situation.

We have reviewed the opinion (the "339-i Opinion") of Buchbinder and Warren LLC, dated July 21, 2005, which we understand is to be included in the Plan, as to the compliance of the method used to calculate Percentage Interest in the Common Elements appertaining to each Unit. We express no opinion as to the accuracy of factual assumptions upon which the 339-i Opinion is based, or as to the relative values and amenities of each of the proposed Units in the Condominium that underlie the calculation of Percentage Interest of each Unit in the Condominium. The method relied upon complies with statute.

We express no views as to the validity of the proposed Condominium or any tax consequences or other matters except for those explicitly discussed in this opinion. Specifically, we express no views as to (i) the tax status of the Condominium as such, or (ii) the tax consequences that result from ownership of a Unit in connection with a Unit Owner's trade or business or for the production of income, other than those explicitly expressed herein.

We strongly advise each person contemplating the purchase of a Unit to consult his, her, its or their own attorney and tax advisor as to all tax matters (including the tax matters discussed in this opinion).

The opinions expressed above with respect to tax matters are based on our interpretation of existing tax laws, the applicable regulations and rules of the Treasury Department and court decisions construing such rules and regulations. Although we

believe our opinions are well founded, they are not intended, and should not be construed, as warranties. No assurances can be given that the Internal Revenue Service or State and local tax authorities will accept any or all of the views stated above or that the tax law upon which we based our opinions will not change. We have assumed no obligation to amend or supplement this opinion in case of any change in law or fact. In no event will the Sponsor, this firm, or any other person be liable if there are changes in the facts on which we relied in issuing this opinion, or if there are changes in the applicable statutes, regulations, decisional law or rulings on which we relied. Finally, we have not passed upon the accuracy of any figures, projections, estimates or calculations contained in the Plan and do not warrant the amount payable or deductible for any period, assuming that any tax deduction is allowed, or the amount of any saving of Federal, State or New York City income taxes, if any, by anyone, as a result of such deductions.

We consent to the incorporation of this letter in the Plan, in its entirety, without alteration of any kind.

Very truly yours,

SCHECHTER & BRUCKER, P.C.

WORKING CAPITAL RESERVE FUNDS AND ADJUSTMENTS

There is no provision for a specific reserve fund for the Condominium for the purpose of paying the cost of future capital repairs, replacements or improvements to the Property (except that each Purchaser of a Unit, at the closing for their Unit, shall pay into the Working Capital Fund of the Condominium a sum of equal to two (2) months Common Charges for such Unit). Therefore, Unit Owners shall be obligated to pay their share of the cost of repair, replacements and improvements to the Common Elements and/or unbudgeted operating expenses as the need for the same arises, unless there is sufficient Working Capital or other funds available.

The Working Capital fund may be used to fund unbudgeted operating expenses and/or capital improvements and/or repairs to the Common Elements of the Building. No representation is made that the Working Capital Fund will be sufficient to accomplish the purposes set forth above, or other purposes as determined by the Board of Managers in its discretion. If additional funds are required, it may be necessary to increase the Common Charges, impose a special assessment against all Unit Owners and/or to obtain a loan to cover such expenses.

During such time period as Sponsor controls the Board of Managers, the Sponsor would be able to determine whether the Working Capital Fund is used to defray increases in the Common Charges.

The Working Capital Fund shall not be used to reduce the Common Charges otherwise payable or defray increases in Common Charges.

The Board of Managers in its discretion, and subject to the provisions of the By-Laws and the Declaration, may decide in the future to add to the reserve fund by special assessment or increase Common Area Charges. No representation is made that the Working Capital Fund will be sufficient to accomplish the purposes set forth above, or other purposes as determined by the Board of Managers in its discretion. If additional funds are required, it may be necessary to increase the Common Charges, to impose a special assessment against all Unit Owners, or obtain a loan.

NEITHER THE DEPARTMENT OF LAW NOR ANY OTHER GOVERNMENT AGENCY HAS PASSED UPON THE ADEQUACY OF THE WORKING CAPITAL FUND. NO WORKING CAPITAL OR RESERVE FUNDS HAVE BEEN PROVIDED FOR EXCEPT AS SET FORTH ABOVE.

In the event that capital expenditures for renewal or replacement of Building components or systems or to remedy major Building defects are needed, despite the availability of the Working Capital Funds, it may be necessary to increase Common Charges or impose a special assessment upon the Unit Owners. Alternatively, the Board of Managers may determine to seek financing from a bank or other lending institution for such expenditures in accordance with the terms of the By-Laws and subject, in certain instances, to

Unit Owner approval. In addition, pursuant to the By-Laws the Board of Managers is entitled to determine amounts for a reserve for replacements in establishing the annual budgets.

Closing Adjustments

Sponsor shall apportion the following items with the Board of Managers as of midnight of the day immediately preceding the First Unit Closing, those items customarily adjusted between a seller and purchaser of real property in New York City, including without limitation:

(a) any Common Charges which are Sponsor's obligation for the period from the First Unit Closing to the end of the month in which same occurs;

(b) accrued or prepaid wages and benefits and all other payments or obligations relative to any employee of the Building;

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

(d) cost of fuel on hand, plus sales tax, if any;

(e) charges for electricity for the Common Elements;

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

(g) cost of unused Building supplies on hand, at Sponsor's cost, plus sales tax; and

(h) premiums for insurance policies;

The Board of Managers shall reimburse the Sponsor in full for any electric or other utility deposits paid by Sponsor.

If the closing adjustments discussed above result in a net credit in favor of the Board of Managers, Sponsor shall make a contribution to the Working Capital Fund in the amount of such net credit within thirty (30) days of the First Unit Closing. If, however, the closing adjustments result in a net credit in favor of Sponsor, such amount will be paid to Sponsor by the Board of Managers with interest at 10% per year, in twelve (12) equal consecutive monthly installments commencing the first day of the second calendar month after the First Unit Closing pursuant to the terms of a promissory note to be executed by the Board of Managers in favor of Sponsor. The promissory note will contain a provision allowing Sponsor to accelerate the note's maturity date in the event of a default in the payment of any monthly installment. The Board of Managers will be entitled to prepay the promissory note in full or in part, at any time and without penalty but with all accrued interest to date thereon.

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

CONTRACTUAL AGREEMENTS

Management Agreement

At the First Unit Closing, the Condominium Board will enter into a management agreement (the "Management Agreement") with Buchbinder & Warren LLC, ("Managing Agent") having an office at One Union Square West, 4th floor, New York, NY 10003. The Management Agreement will be for a initial term of one (1) years. For the first two years of Condominium operation, the Managing Agent will receive an annual fee equal to $21,600.

Under the Management Agreement, the Managing Agent will be entitled to receive fees for the following additional services:

- 1.5% of construction costs for administration of capital repairs and/or improvement costing more than $25,000;
- $75 per hour for court appearance, arbitration hearing and similar situations; and
- A fee equal to 1% of the principal balance of any loan procured for the Condominium through the efforts of the Managing Agent but in no event less than $1,500. If the Managing Agent did not procure the financing, a fee of $1,500 for administrative services related to any loan closing shall be paid by the Condominium.

Under the Management Agreement, the Managing Agent shall also be entitled to receive additional fees from Unit Owners (other than from the Sponsor or its Designees) for the following:

- The sum of $200.00 for processing papers (waiver of right of first refusal) relating to any Residential Unit transfer or lease if required (payable by the transferor);
- The sum of $450.00 for the processing of papers relating to any Unit transfer involving an estate or trust;
- The sum of $200.00 for processing papers, completion of questionnaires for lenders and submission of insurance certificates relating to the financing or refinancing of any Unit (payable by a borrower); and
- The sum of $500.00 for the administration of renovation of any Residential Unit which requires an alteration agreement (payable by a Unit Owner).

The above fees do not apply to the initial acquisition of a Unit from the Sponsor and/or as to any Units owned by the Sponsor or its Designee.

If engaged by the Board of Managers, the Managing Agent may receive additional commissions in accordance with its rates then in effect for leasing or selling Units owned by the Board of Managers or its designees. To the extent that the Board of Managers requests other services of the Managing Agent beyond the duties and services to be performed under the Management Agreement, such services shall be performed by the Managing Agent based on such fees as agreed upon by the Managing Agent and the Board of Managers or as otherwise set forth in the Management Agreement.

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

(a) billing and collecting Common Charges, utility charges which are sub-metered or charged based on a flat rate, and real estate taxes (until they are separately assessed);

(b) causing the Common Elements (including the Residential Common Elements) to be maintained, repaired and altered in the manner deemed advisable by the Board of Managers, except that the approval of the Board of Managers is necessary for any expenditure of over 750 for any one item of ordinary repairs or alterations (other than emergency repairs). The Managing Agent is not required to administer any alteration or repair in excess of $10,000 unless the Board of Managers and the Managing Agent agree upon the exact nature of the Managing Agent's responsibilities with respect thereto;

(c) contracting for necessary services for the Common Elements (including the Residential Common Elements (such as utility, exterminator, meter reading and elevator service), but no contract shall be for a term longer than one years or shall require annual payments in excess of $2,500 unless authorized by the Board of Managers;

(d) purchasing all supplies necessary to properly maintain and operate the Common Elements;

(e) reviewing all bills received in connection with the operation of the Common Elements and causing all such bills and other expenses to be paid;

(f) supervising, hiring and discharging any employee for the Building;

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

(h) maintaining payroll records and filing withholding tax statements for any employee for the Building;

(i) maintaining accurate sets of books for the Condominium (other than books of account to be maintained by the Condominium's accountants) and orderly files of

records of Common Charges, insurance policies, leases, receipted bills, copies of mortgages on Units and the like;

(j) preparing and submitting to the Board of Managers, on an annual basis, operating budgets setting forth the anticipated income and expenses for the ensuing year; and

(k) sending notices, preparing agendas and attending meetings of the Board of Managers and Unit Owners and keeping copies of minutes thereof.

The Management Agreement may not be assignable by the Managing Agent. The Board of Managers, other than upon expiration of the term of the Management Agreement, shall have the right to cancel the Management Agreement upon thirty (30) days' prior written notice to the Managing Agent, as provided in the Management Agreement. If this Agreement shall terminate on other than the last day of a month, then the compensation payable to the Managing Agent shall be prorated on a per diem basis.

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

All expenses and fees incurred by the Managing Agent in performance of its duties will be reimbursed by the Board of Managers. In addition, the Board of Managers will indemnify the Managing Agent against any claims or liabilities in connection with acts properly performed by the Managing Agent pursuant to the instructions of the Board of Managers or for personal injury or property damage not resulting from the Managing Agent's gross negligence or willful failure to comply with its obligations under the Management Agreement.

All Members of the Board of Managers, the officers and employees of the Condominium and the officers and employees of the Managing Agent (during the term of the Management Agreement) will be bonded in favor of the Condominium. The cost of the bond will be paid by the Board of Managers and charged to the Unit Owners as a Common Expense.

The Managing Agent is not affiliated with the Sponsor or its principals.

Additional Agreements

Upon commencement of condominium operation, the Property will be subject to the then existing insurance policies and maintenance, service and concessionaire agreements, if any (see footnotes to "Schedule B - Budget for First Year of Condominium Operation," above, for further details).

Sponsor has reserved the right, prior to the First Unit Closing, to modify, renew and replace the existing service or maintenance agreements and insurance policies and to enter

into new agreements and policies that will be binding on the Board of Managers. However, Sponsor may not enter into any service or maintenance contract or policy after this Plan is accepted for filing that will materially increase the estimated Common Charges for the first year of condominium operation or will be binding on the Board of Managers for longer than two years, unless disclosed in an amendment of the Plan.

IDENTITY OF THE PARTIES

Sponsor

The Sponsor is Sagamore 54th St. Investments, LLC, a Delaware limited liability Company formed on September 30, 1999, and HF Sponsor Corp., a Delaware corporation formed on January 18, 2006, each with the same address at c/o One Dock Street, Suite 408, Stamford, Connecticut 06902.

The Managing Member of the Sagamore 54th St. Investments LLC and the President and sole director of HF Sponsor Corp. is Charles M. Dubroff whose office is located at c/o 7202 East Carefree Drive, PO Box 5794, Carefree, Arizona 85377. Charles M. Dubroff has been involved over the last fifteen years in the development and ownership of approximately ten limited service hotels throughout the United States. The other principals of both of the entities comprising the Sponsor are Richard Saunders with an address c/o Core Plus Properties LLC, One Dock Street, Stamford, Connecticut 06902 and Scott Turkington with an address c/o Sagamore Capital LLC, 7202 E. Carefree Drive, PO Box 5794, Carefree, Arizona 85377. Richard Saunders is a principal of Core Plus Properties LLC and has been in the real estate investment, real estate advisory, asset management and leasing business for over 25 years. Core Plus Properties LLC and its affiliated entities currently have interest in four properties in the United States. These include but are not limited to the 125,000 square foot office building located at Briarcliff Corporate Campus, 555 Pleasantville Road, Briarcliff Manor, New York and the approximately 150,000 square foot office building at 120 Bloomingdale Road, White Plains, New York. Scott Turkington is a principal of Sagamore Capital LLC, a real estate investment company. Previously Scott Turkington was a member of the wealth and asset management division of Lehman Brothers.

The Sponsor or its principals (Charles M. Dubroff, Richard Saunders and Scott Turkington) do not own ten percent or more of the unsold shares or units as an individual, partner or principal in any other apartment corporation or condominium.

Selling Agent

The Selling Agent is Stribling Associates, Ltd., with an office at 340 West 23rd Street, New York, NY 10011. Stribling Marketing Associates is a division of Stribling and Associates, opened in 1980 and has over 200 sales associates. Its principals have been engaged in the sales and marketing of new developments and conversions for 10 years and have represented over 35 properties. Current and recently completed developments include: The Plaza Hotel conversion, One Brooklyn Bridge Park, Loft 25, The Porter House, Tower 270 at 270 Broadway, 47 East 91st Street, 145 Hudson Street, 73 Worth Street, 7 Wooster, 129

Lafayette, 160 Wooster, The Franklin Tower, The Fischer Mills Building, and 143 East 34th Street (The Benson). The Selling Agent is a licensed real estate broker in the State of New York. The Selling Agent will receive a commission from the Sponsor for the sale of Units under the Plan. The Selling Agent is not affiliated with the Sponsor or its principals.

Managing Agent

The Managing Agent will be Buchbinder Warren LLC, with offices at One Union Square West, 4th floor, New York, NY 10003. Buchbinder & Warren, LLC has been managing high-rise residential properties in Manhattan for more than forty years and condominium and cooperative apartment buildings for more than 25 years. A sample of their present management portfolio includes cooperatives or condominiums located at: 77 Park Avenue; 203-205 West 87th Street; 34 Gramercy Park East; and 375 West End Avenue. The Managing Agent is not affiliated with the Sponsor or its principals. As the Managing Agent, Buchbinder Warren. LLC will receive management fees and may also receive other commissions or fees for performance of services for the Board of Managers and Unit Owners. See the Management Agreement section in Contractual Agreements in Part I of the Plan.

Construction Professionals

Architects and Engineers

Arpad Baksa Architects, P.C. (the "Architect") with an office at 99 Wall Street, Suite 1600, New York, NY 10005-4301 was retained by the Sponsor as the architect for the Property. Arpad Baksa Architect, P.C. has been in continuous operation since 1984. The firm completed over 1,000 projects in the Tri-State area consisting of a wide range of projects such as: new buildings, commercial/residential/historic building renovations and restorations, restaurants, retail stores, banks, apartment renovations, schools, health care facilities and hotels. Arpad Baksa Architect, P.C. has designed numerous condominiums and prepared the required materials for the necessary filings with the Attorney General's Office. Some current and recently completed examples of projects are: Tower 270 at 270 Broadway, The Spears Buildings, The Atalanta Building at 25 North Moore Street, The Claremont Square at Union Square, The Croft Building at 29 John Street, The Bayard at 81 Spring Street, 291 Seventh Avenue, 29 West 19th Street, 60 Greene Street and 20-26 Greene Street. The Architect, with the aid the structural engineer, MEP Engineer & Elevator Engineer, prepared the Description of the Property, and Building Conditions contained in Part II of the Plan.

DNV Associates, Consulting Engineer with an office at 1 Lesa Lane, Hillsdale, NJ 07642, has been retained by the Sponsor as the mechanical, electrical and HVAC engineers for the renovation of the Property. DNV Associates has also been retained to estimate the following costs for the First Year's Operating Budget in Schedule B: i) gas consumption and cost for heating, hot water and cooking; ii) electricity consumption and cost; and iii) water consumption and water and sewer rents and charges.

ACS Environmental Services, Inc. with an address at 2081 Homecrest Avenue, Suite 2B, Brooklyn, NY 11229 prepared the asbestos report for the Property.

Chen Engineering Services, P.C., structural engineer, with an office at 28 Deepdale Drive, Great Neck, NY 11020 prepared the structural engineering plans for the renovation of the Property.

D.T.M. Inc., elevator engineer, with an office at 120-02 14th Road, College Point, NY 11356, prepared the plans and specifications for elevator renovations and installations for the Property.

The architects and engineers do not have any financial interest in the Property, in the Sponsor or in any other party or entity interested in this transaction, except that they will be paid a fee for professional services rendered and may be entitled to additional fees for continuing services.

Attorneys for Sponsor

Sponsor has retained Philip S. Brody, Esq., having an office at 55 Fifth Avenue, 15th floor, New York, NY 10003, to represent it in connection with the Plan. Philip S. Brody, Esq. prepared the Plan, and the forms of Purchase Agreements, Unit Deed, Unit Power of Attorney, the Declaration, the By-Laws and the Exhibits submitted to the Department of Law pursuant to Part 20 of the Regulations. Philip S. Brody, Esq. will serve as Escrow Agent and will represent the Sponsor in connection with matters relating to Unit closings.

The Sponsor retained Tuchman Katz Schwartz Gelles & Korngold LLP, having an office at 6 East 45th Street, New York, NY 10017, to render the opinion or information included in the Plan as to the estimate of the assessed value of the Units after completion of the initial renovation and the estimated real estate taxes payable for each such Residential and Commercial Unit.

The Sponsor also retained the law firm of Schechter & Brucker. P.C., with an office at 350 Fifth Avenue, Suite 4510, New York, NY 10118, to render the opinion included in the Plan with respect to the availability of income tax deductions to Purchasers of Residential Units and the eligibility of the Condominium as a homeowner association.

Escrow Agent for Down Payments

The Escrow Agent for down payments shall be Philip Brody Esq. The signatory to the escrow account for down payments will be Philip Brody, Esq. whose address is 55 Fifth Avenue, 15th floor, NY, NY 10003. (See "Escrow and Trust Fund Requirements" in the Section in Part I titled "Procedure to Purchase").

Condominium Budget Expert

Buchbinder & Warren LLC, having an office at One Union Square West, 4th floor, New York, NY 10003, estimated all amounts of income and expenses in Schedule B, "Projected Budget For First Year of Condominium Operation", in consultation with the Sponsor.

Buchbinder & Warren LLC, having an office at One Union Square West, 4th floor, New York, NY 10003, provided the following certifications set forth in Part II of the Plan as to the projected Budget for First Year of Condominium Operation: (i) Adequacy of the Budget and (ii) Adequacy of the Common Charges payable by Commercial Unit Owner. Buchbinder & Warren LLC also provided the Certification of Compliance with Real Property Section 339(i) contained in Part I of the Plan.

REPORTS TO UNIT OWNERS

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

(1) a financial statement of the Condominium prepared by a certified public accountant within four months after the end of each fiscal years; such statement shall be certified while the Sponsor is in control of the Board of Managers;

(2) prior notice of the Annual Unit Owner's meeting; and a copy of the proposed annual budget, if any, of the Condominium within ten (10) days prior to the date set for adoption thereof by the Board of Managers.

DOCUMENTS ON FILE

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 six years. Offering Plans, including all amendments and exhibits or documents referred to herein, are also available for inspection at the Attorney General's Office.

The Declaration and the By-Laws will be recorded by the Sponsor in advance of or concurrently with the First Unit Closing. A set of Floor Plans showing the layout, locations and approximate dimensions of each Unit and its unit 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 following the recording of the Declaration, and an additional set will be furnished to the Board of Managers. Copies of these documents will be delivered by the Sponsor to the Board of Managers at the time of the First Unit Closing.

The recording of all deeds conveying individual Units will also be in the City 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 include the form of Declaration, form of By-Laws, form of Purchase Agreement, form of Unit Deed, form of Unit 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 herein, copies of which are on file with Sponsor, are necessarily not 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 Residential Units, the Property, the Condominium, the operation thereof, or the Sponsor's capacity to perform its obligations under the Plan, which are not covered by insurance.

There are no contractual undertakings or obligations of the Sponsor or other persons, or bonds or other securities posted to insure payment of any obligation or undertaking, which would affect the ownership of Units by Purchasers, except, (i) such mortgage as the Sponsor has obtained and/or may obtain, from which each Unit will be released prior to or concurrently with the closing of title and (ii) the easements, agreements and restrictive covenants referred to in the Plan.

No party other than the respective Purchasers shall have any right or benefit herein or herefrom, including without limitations, 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 closing of the First Unit 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 the Sponsor, the Purchasers and/or prospective Purchasers under the Plan. 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 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 date of presentation of said amendment. Sponsor shall promptly return any down payment, together with any interest thereon, to Purchasers who rescind, except that Sponsor shall retain the down payment (and any interest thereon) of any Purchaser who is in default under the Purchase Agreement beyond any applicable grace period.

As of the date of acceptance of the Plan for filing, no contracts or agreements written or oral have been entered into for the sale of any of the Units offering in the Plan and no deposits or advances of funds have been taken by or on behalf of the Sponsor in connection

with the reservation, sale or transfer of any such Units prior to the date the Plan is accepted for filing.

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 any such Units because of such person's sex, race, creed, color, national origin, marital status, age, disability, religion, sexual orientation 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 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 and the Building have not been the subject of any prior public offerings.

Sagamore 54th St. Investments LLC
and HF Sponsor Corp.

April 26, 2006

SPONSOR'S STATEMENT OF BUILDING CONDITION

GENERAL

Sponsor represents that, to the best of its knowledge, the Architect's Description of Property and Building Conditions hereinafter set forth in Part II of the Plan, which Sponsor hereby adopts, accurately summarizes the general nature of the systems, materials, equipment, appliances and fixtures to be contained in the Building on completion of construction. However, Sponsor reserves the right to substitute in place thereof, without prior notice or amendment to the Plan, systems, materials, equipment, appliances and fixtures of substantially equal or better quality. Sponsor further reserves the right to make all decisions relative to construction methods, practices and designs. In addition, Sponsor will, by the First Unit Closing or within a reasonable period thereafter, cure or cause to be cured all violations of record against the Property as of the date of the acceptance of this Plan for filing, other than those specifically relating to a Commercial Unit.

The Description of Property and Building Conditions, set forth in Part II of the Plan, was prepared by Arpad Baksa Architect, P.C. with the aid of Chen Engineering Services, P.C., DNV Associates and D.T.M., Inc. and is included in this Plan in reliance upon the expertise of such firm.

PART II

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PURCHASE AGREEMENTS FOR RESIDENTIAL AND COMMERCIAL UNITS

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RESIDENTIAL PURCHASE AGREEMENT

HF Sponsor Corp. Sponsor-Seller

TO

_____ Purchaser

UNIT NUMBER(S) _____

THE HIT FACTORY® CONDOMINIUM

AT

421-429 WEST 54TH STREET
NEW YORK, NEW YORK

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RESIDENTIAL UNIT NUMBER(S)_____

The Hit Factory® Condominium

AT

421-429 WEST 54TH STREET
NEW YORK, NEW YORK
(the "PROPERTY")

AGREEMENT, made as of _____ 200_, between HF Sponsor Corp., a Delaware corporation, having an address at One Dock Street, Suite 408, Stamford, CT 06902 ("Sponsor"), and _____, having an address at _____ - _____ ("Purchaser").

W I T N E S S E T H:

1. THE PLAN. Purchaser acknowledges having received and read a copy of the Offering Plan for The Hit Factory® Condominium and all amendments thereto, if any, filed with the Department of Law of the State of New York (hereinafter, collectively, referred to as the "Offering Plan" or the "Plan") at least three (3) days prior to Purchaser's signing this Agreement. If Purchaser has not received and read the Plan and all amendments thereto at least three (3) full days prior to Purchaser's signing this Agreement, Purchaser shall have the right to rescind this Agreement within seven (7) days from the date of this Agreement. Such rescission must be by written notice addressed to the Sponsor and be post marked or hand delivered no later than midnight of the 7th day subsequent to Purchaser's delivery of the executed Purchase Agreement to the Sponsor.

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.

2. DEFINITIONS. Terms used herein which are also used in the Plan shall have the same meanings herein as therein unless the context otherwise requires.

3. THE UNIT. Upon and subject to the terms and conditions as set forth herein, Sponsor agrees to sell and convey, and Purchaser agrees to purchase, the unit set forth above ("Unit") designated in the Declaration, together with an undivided _____% interest in the General Common Elements of the Condominium.

4. PURCHASE PRICE.

4.1 The purchase price for the Unit ("Purchase Price") is $_____

The Purchase Price is payable as follows:

(a) $_____ (the "downpayment"), due upon Purchaser's signing and submitting this Agreement, by check (subject to collection), receipt of which is hereby acknowledged; and

(b) $_____ constituting the balance of the Purchase Price, by good certified check of Purchaser or official bank check, payable on the delivery of the deed as hereinafter provided.

4.2 All checks shall represent United States currency, be drawn on or issued by a New York bank or trust company which is a member of The New York Clearing House Association. Checks for the downpayment shall be made payable to "Philip Brody, Esq., as Escrow Agent". Checks for the balance of the Purchase Price shall be made payable to the direct order of " HF Sponsor Corp." or such or entity or person as directed by the Sponsor or its attorney.

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 14 hereof.

5. CLOSING OF TITLE.

5.1 The closing of title shall be held at such place in the City and State of New York and on such date and hour as Sponsor may designate to Purchaser on not less than thirty (30) days prior written notice. This 30-day notice shall indicate that the Plan was declared effective and that the balance of the Purchase Price shall be due at the closing. Purchaser may nevertheless waive such thirty (30) day notice period and close prior to the expiration of such thirty day period. In the event Purchaser fails to close on the designated date then Purchaser will have thirty (30) day period after notice within which to cure, TIME BEING OF THE ESSENCE, such default following which the Sponsor shall have the remedies under Article 14. Sponsor from time to time, may adjourn the date and hour for closing on written notice to Purchaser, which notice shall fix a new date, hour and place for the closing of title and will be given not less than five (5) business days prior to the new scheduled date and time for closing.

5.2 The closing of title shall occur only after or concurrently with compliance with the prerequisites as set forth under "Closing of Title to Units" in Part I of the Plan.

5.3 The term "Closing Date" or "closing of title" or words of similar import, whenever used herein, shall mean the date designated by Sponsor on which the deed to the Unit is delivered to Purchaser, or any adjourned date fixed by Sponsor pursuant to subsection 5.1 hereof.

6. DELIVERY OF THE DEED AND THE UNIT POWER OF ATTORNEY, PAYMENT OF TRANSFER TAXES.

6.1 At the Closing of title, Sponsor shall deliver to Purchaser a bargain and sale deed with covenants against grantor's acts conveying title to the Unit to Purchaser. The deed shall be prepared by Sponsor in substantially the form set forth in Part II of the Plan and shall be executed and acknowledged by Sponsor in a form for recording. Purchaser shall pay all New York State and New York City real property transfer taxes, and Sponsor and Purchaser shall at the closing duly execute and have acknowledged a New York City Real Property Transfer Tax Return and a New York State Transfer Tax Return and any other forms then required by law, all of which shall be prepared by Sponsor. In addition, if the Purchase Price is $1,000,000 or more, the Purchaser of the Unit shall at the Closing pay the New York State Mansion Tax pertaining to this transaction.

6.2 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 Board of Managers prepared by Sponsor substantially in the form set forth in Part II of the Plan. The power of attorney shall be delivered to the representative of the title company insuring Purchaser's title to the Unit and to the Board of Managers.

6.3 The deed for the Unit shall be delivered to the representative of the title company insuring Purchaser's title (or, if no such representative is present, then to Purchaser's attorney) 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 the Purchaser.

7. MARKETABLE TITLE. At the closing of title, Sponsor shall convey to Purchaser good and marketable title in fee simple to the Unit, free and clear of all encumbrances other than those expressly agreed to by Purchaser or set forth in Schedule A annexed hereto and made a part hereof. Any encumbrance shall not be a title defect 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) First American Title Insurance Company (or such other title insurance company as Purchaser may utilize), is or would be willing, in a fee title insurance policy issued by it to the 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. CLOSING ADJUSTMENTS.

8.1 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 for the month in which title closes; and

(c) **Insert if applicable** - accrued rent and any other charges pursuant to an interim lease or use and occupancy agreement, if any, covering all or part of the Unit.

(d) **Insert if applicable** - any security deposit held by the Sponsor under any interim lease or lease and occupancy agreement, if any, covering the Unit.

8.2 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 8.1(a) hereof shall be based upon the assessment for the Property and the percentage interest in the General Common Elements appurtenant to the Unit. Until a Unit is separately assessed, the Board of Managers shall collect from the Purchaser with their Common Charges a monthly escrow for real estate taxes based on the real estate tax bill for the entire Property, the Purchaser's percentage interest in the Common Elements and the current real estate tax rate applicable to the Property (or a higher rate to reflect a possible increase in rate at the beginning of the new tax year). Also if the Unit has not been separately assessed as of the Closing Date, Purchaser shall be required at the closing to deposit in escrow with the Board of

Managers a multiple of the aggregate of such one month escrows for real estate taxes in order that sufficient funds will be available for the Board of Managers to pay Purchaser's proportionate share of the semi-annual real estate taxes for the Property when due.

8.3 Purchaser hereby 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. MORTGAGE TAX CREDIT.

9.1 In the event a mortgage recording tax credit becomes available pursuant to Section 339-ee(2) of the Condominium Act, it is specifically understood that such credit shall inure to the benefit of Sponsor. Accordingly, at Closing, a Purchaser who obtains a mortgage loan for the acquisition of the Unit 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. Sponsor at the Closing will be reimbursed by Purchaser to the extent of any mortgage recording tax credit allowed.

9.2 The following subparagraph shall apply if a mortgage recording tax credit is not available pursuant to Section 339-ee(2) of the Condominium Act. In the event Purchaser is financing the purchase of the Unit with a purchase money loan secured by a mortgage (the "Purchase Money Mortgage"), Purchaser, at the request of Sponsor, shall cause the lender making such loan to accept from the Sponsor an assignment of a portion of any mortgage securing the Property in an amount up to the Purchase Money Mortgage as determined by Sponsor. Upon such assignment, the Purchase Money Mortgage will be exempt from mortgage recording tax under Section 255 of the Real Property Tax Law. Sponsor shall be solely entitled to the benefits of such exemption and accordingly, Purchaser must pay to Sponsor an amount equal to the mortgage recording tax which would have otherwise been due in connection with the recording of the Purchase Money Mortgage.

10. CLOSING COSTS. In addition to those costs and adjustments described in Articles 8 and 9 herein, Purchaser shall be required to pay into the Working Capital Fund (as defined in the Plan) of the Condominium a sum equal to two (2) months Common Charges for the Unit together with the other closing costs which are Purchaser's responsibility as more particularly described in Part I of the Plan entitled "Unit Closing Costs and Adjustments,". If the Purchaser elects to obtain title insurance, a title report from any other title insurance company and/or abstract company shall be recognized by the Sponsor.

11. DOWNPAYMENT. The downpayment made pursuant to this Agreement is subject to the requirements of Section 71-a(3) of the State of New York Lien Law and Sections 352-e(2)(b) and 352-h of the General Business Law of the State of New York. Any downpayment received from Purchaser will be held in accordance with the provisions of the Subsection entitled "Escrow and Trust Fund Requirements" under the Section entitled "Procedure to Purchase" set forth in Part I of the Plan. 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 downpayment to Seller in the event Seller and Purchaser close title under this Agreement. Sponsor is required by law to submit a Form 1099 to the Internal Revenue Service reporting interest earned on Purchaser's downpayment, if any. Purchaser will be taxed accordingly on such interest, whether or not Purchaser ultimately receives the interest in accordance with the terms of this paragraph.

12. BINDING EFFECT OF DECLARATION, BY-LAWS AND RULES AND REGULATIONS. Purchaser hereby accepts and approves the Plan (including the Declaration, By-Laws

and Rules and Regulations contained therein) and agrees to abide and be bound by the terms and conditions thereof.

13. AGREEMENT SUBJECT TO MORTGAGE. No encumbrance shall arise against the Property as a result of this Agreement or any monies deposited hereunder. In furtherance and not in limitation of the provisions of the preceding sentence, Purchaser agrees that the provisions of this Agreement are and shall be subject and subordinate to the lien of any mortgage, including, but not limited to, any construction or building loan mortgage, heretofore or hereafter made, 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 each Unit and its undivided interest in the Common Elements from the lien of such mortgages on or prior to the Closing Date, unless Purchaser voluntarily assumes such mortgage or consents to the continuation of the lien thereof. The existence of any mortgage or mortgages encumbering the Property, or portions thereof, other than the Unit(s) and its (their) 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 its 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.

14. DEFAULT BY PURCHASER.

14.1 If Purchaser shall fail to pay any portion of the balance of the Purchase Price when due, fail to close title on the date, hour and place specified by Sponsor pursuant to Paragraph 5 hereof or fail to perform any of Purchaser's other obligations hereunder, such failure shall constitute a default by Purchaser. If the Purchaser has entered into an interim lease, as to a Residential Unit, a default under any such lease, whereby the Sponsor is entitled to terminate such lease, shall constitute a default under this Purchase Agreement. Sponsor shall notify Purchaser in writing of such default and advise Purchaser that they has thirty (30) days from the mailing date or thirty (30) days after personal delivery of such notice within which to cure such default. TIME IS OF THE ESSENCE FOR PURCHASER TO CURE ANY DEFAULT UNDER THIS PURCHASE AGREEMENT WITHIN SUCH THIRTY (30) DAY PERIOD. If such default is not cured within thirty (30) days from the mailing date or thirty (30) days after personal delivery of such written notice, Sponsor has no obligation to extend the time to cure and may (but shall not be obligated to) elect to cancel this Purchase Agreement. If Sponsor elects to cancel this Purchase Agreement, Sponsor shall notify Purchaser in writing of said cancellation and the down payment shall be paid over to Sponsor as and for liquidated damages and thereafter the Purchase Agreement shall become null and void. In the event that Seller shall elect so to cancel this Agreement, Sponsor shall certify to its attorney, Phil Brody, Esq. that title has not closed because of Purchaser's default, that a notice to cure was delivered to Purchaser and Purchaser has failed to cure the default within thirty (30) days from or within thirty (30) days from personal delivery of such notice and that Seller has elected to cancel this Purchase Agreement by reason thereof, and Philip Brody Esq. shall thereupon pursuant to Paragraph 11 hereunder, cause to have paid over to Sponsor as liquidated damages the down payment and any interest earned thereon, and upon such payment being made, each of the parties hereto shall be relieved of any further liabilities or obligations hereunder. However, if there is no written agreement between the Purchaser and Sponsor to release the escrowed funds, Philip Brody, Esq. will not pay the funds to the Sponsor until Philip Brody Esq. has given the Purchaser written notice of not fewer than ten (10) business days. Thereafter, the funds may be paid to the Sponsor unless the Purchaser has already made application to the Department of Law pursuant to the dispute resolution provisions of the Attorney General's regulations and has so notified the Escrow Agent in accordance with such provisions. A form of application to the Attorney General for a

determination on the disposition of downpayments appears in Part II to the Plan. Philip Brody Esq. shall have the right to continue to hold the down payment pending resolution of such dispute (judicial or otherwise) or to pay the downpayment deposit into court. Sponsor shall reimburse Philip Brody Esq. insofar as he is acting in his capacity as Escrow Agent, for his reasonable cost and expenses, including attorneys' fees and the fair value of legal services rendered by the Escrow Agent to itself incurred as a result of any dispute or litigation concerning the right to the down payment. Sponsor shall not seek the remedy of specific performance in connection with this Purchase Agreement as to which there has been a default by Purchaser. If this Agreement shall be canceled by Sponsor pursuant to the provisions of this Article 14, Sponsor may sell the Unit to any third party and shall be under no obligation to account to Purchaser for any part of the proceeds of such sale. Philip Brody Esq. may rely upon the truth and accuracy of the facts contained in Sponsor's certification and the authority of the person or persons executing the same and shall have no liability as a result of such reliance.

14.2 If Purchaser fails for any reason to close title to their Unit on the date which is 30 days after the originally scheduled Closing Date (such date which is 30 days after the original scheduled Closing Date is the "Extended Closing Date") and the Sponsor has not, at its sole option, elected to not terminate this Agreement, as permitted hereunder, (a) the closing apportionments described in Paragraph 8.1 of this Agreement will be made as of midnight of the day preceding the originally scheduled Closing Date regardless of when the actual closing occurs, (b) the Purchaser will be required to pay to Sponsor (i) 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 0.04 of the Purchase Price for the Unit for each day starting from and including the originally scheduled Closing Date to and including the day before the actual closing date, and (ii) $250 to reimburse Sponsor for additional legal fees. The Sponsor may require that an estimate of the foregoing fees be paid in advance as a condition to adjourning the closing. If, through no fault of Purchaser, Sponsor postpones the Closing Date beyond the Extended Closing Date to a rescheduled Closing Date (the "Rescheduled Closing Date"), these provisions shall apply to the Rescheduled Closing Date if Purchaser fails for any reason to close title to their Unit on the Rescheduled Closing Date.

15. AGREEMENT SUBJECT TO PLAN BECOMING EFFECTIVE. This Purchase Agreement is contingent upon the Plan being declared effective. The Plan may be abandoned by Seller at any time prior to its being declared effective and before eighty percent (80%) of the Residential Units have been purchased. Sponsor also reserves the right to abandon the Plan after it has been declared effective pursuant to other provisions of the Offering Plan as set forth in the section in Part I of the Offering Plan titled "Effective Date". If this Purchase Agreement is canceled as a result of the Plan being abandoned pursuant to the provisions of this Article, then not later than twenty (20) days thereafter, Purchaser shall receive a refund in full, of the downpayment paid by Purchaser hereunder, with the interest earned thereon, if any. Upon such repayment, neither party shall have any claim against the other and both shall be released from all obligations.

16. SPONSOR'S INABILITY TO CONVEY THE UNIT(S). If Sponsor is unable to deliver title to the Unit to Purchaser in accordance with the provisions of this Agreement and the Plan, 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, and, in such case, if Sponsor notifies Purchaser of its refusal to cure such inability 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 inability (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 thirty (30) days after receipt of notice of termination from Purchaser, return to Purchaser the downpayment paid by Purchaser hereunder, together with interest

earned thereon, if any, and, 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 fifteen (15) days after the giving of Sponsor's notice of refusal to cure such inability, failing which it shall be conclusively deemed that Purchaser elected the remedy described in clause (a) above to (i.e., acquire title subject to such inability).

17. FIXTURES, APPLIANCES AND PERSONAL PROPERTY. Only those fixtures, appliances and items of personal property which are described in Part II of the Plan as being part of the Unit or as specifically listed in any Rider to this Purchase Agreement, if any are included in the sale of the Unit pursuant to the provisions of this Agreement. All appliances in a Residential Unit will be in good working order on the Closing Date except that it shall not be a condition for the Closing if the Sponsor agrees in writing at the Closing to fix any of the appliances so that they will be in good working order within a reasonable time period after the Closing. At the Closing, Sponsor shall transfer to Purchaser any assignable warranties and undertakings received by Sponsor which relate to appliances, equipment or fixtures located in the Unit, which are in Sponsor's possession.

18. ACCEPTANCE OF CONDITION OF PROPERTY.

18.1 The Purchaser shall accept title (without abatement in, or credit against, the Purchase Price or any provision for escrow deposits at the closing of title) notwithstanding that construction of all details of the Residential Unit or the Building or other Units, or portions of the Common Elements (including Residential Common Elements) have not been completed or have sustained minor interior damage in the course of construction customary in construction projects of this type, provided, however, that a temporary or permanent certificate of occupancy for the Unit has been issued, sanitary facilities, water and electric service are installed and heat (during the heating season) is being provided to the Unit. The decision of the Architect (Arpad Baksa Architect, P.C.) or any substitute architect designated by the Sponsor shall be conclusive with respect to the materiality of any damage and the Architect shall be the final arbiter as to whether the Unit has been completed substantially in accordance with the Plans and Specifications.

18.2 Purchaser shall carefully inspect the Unit prior to the closing of title. The Sponsor shall have no obligation to complete any work to the Unit which is not specifically designated in the Purchase Agreement and/or in the Plan, except for work necessary to cure violations of record with respect to the Unit and/or to obtain a temporary or permanent certificate of occupancy covering the Unit. Purchaser will receive at least three (3) days' notice that the Unit is available for inspection. If Purchaser fails to inspect the Unit within said three (3) day period, Purchaser shall be deemed to have accepted the Unit in good condition and in accordance with the terms of this Agreement and/or the Plan. Any item of work, which the Sponsor acknowledges in writing is incomplete, shall be completed or corrected within a reasonable period of time after the Closing, subject to the Purchaser giving the Sponsor or its contractors access to the Unit during normal business hours, the availability of materials, efficient scheduling of trades and lead time required to fabricate or correct custom parts and components. Provided that the Sponsor has obtained a temporary certificate of occupancy on or prior to the Closing, notwithstanding any items of work agreed to be completed by the Sponsor after the Closing, the Purchaser shall nevertheless be obligated to close on their Residential Unit, pursuant to the terms of the Purchase Agreement, if the cost to complete such items of work are reasonably estimated to be less than 5% of the purchase price for the Unit. Except as expressly provided in this Agreement or the Plan, including but not limited to the Section in Part I of the Plan entitled "Rights and Obligations of Sponsor," Sponsor shall have no obligation to repair or improve the Residential Unit, any portion of the Property, or the appliances, equipment or fixtures attached to or used in connection with the Unit or the Property.

18.3 Sponsor will not be obligated to correct, and will not be liable to the Board of Managers or 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 kitchen appliances and bathroom fixtures), except as specifically set forth in the Section of Part I of the Plan entitled "Rights and Obligations of Sponsor".

Notwithstanding the foregoing, Sponsor, as to a Unit only, will not be obligated to repair scratches or imperfections in the surfaces of any finish work completed by the Sponsor which are due to defects in natural materials, defects in the manufacturing process or in the installation of such finished work so long as the surfaces are useable for its intended purpose.

18.4 The Sponsor is not required to perform any special or custom work to the Unit. However, in the event the Sponsor agrees in writing to perform any special work, extras or upgrades, payment made for such special work, upgrades or extras ordered by the Purchaser, if any, must initially be placed in the escrow account held by the Sponsor's attorney. However, Purchasers should note as a special risk that such funds may be released from the escrow account by the Escrow Agent, prior to the Closing, as long as the Sponsor uses the funds for such upgrades or extras. As a result, in the event a Purchaser is entitled to rescission of their Purchase Agreement, or if the Agreement is terminated for any reason, the Purchaser will not receive a refund of any funds used for upgrades or extras requested by a Purchaser.

19. DAMAGE TO THE UNIT(S). 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 is assumed by Sponsor until the earlier of closing of title or possession of the Unit by Purchaser, but without any obligation or liability by Sponsor to repair or restore the Unit. If Sponsor elects to repair or restore 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 Board of Managers and the 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, 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 canceled 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.

19.3 Notwithstanding the above provisions as to risk of loss, in the event that the Purchaser, or one claiming by or through Purchaser, enters into possession of the Unit prior to the closing of title, then such Purchaser shall bear the risk of loss or other casualty with respect to the Unit. Additionally, Purchaser shall be solely responsible for any damage to, or loss or other condition in the Unit and Sponsor shall not be obligated to repair any damages to the Unit or its appliances, fixtures and equipment. Accordingly, Purchaser, or one claiming by or through Purchaser, who takes possession of the

Unit prior to the closing of title should obtain insurance coverage for the Unit prior to taking possession, since, despite any loss, Purchaser will remain obligated to purchase the Unit under the terms of this Purchase Agreement, without any abatement in the Purchase Price.

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 abatement or exemption with respect to the purchase of the Unit, or any other data, except as herein or in the Plan specifically represented, Purchaser having relied solely on their 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 as to a Residential Unit.

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.

22. BROKER. Purchaser represents to Sponsor that _____ is the only broker or sales agent with whom Purchaser has dealt in connection with this transaction, and Sponsor agrees to pay the commission earned by said broker pursuant to a separate agreement. Purchaser agrees that should any claim be made against Sponsor for commissions by any broker, other than the aforementioned 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 22 shall survive the closing of title.

23. AGREEMENT MAY NOT BE ASSIGNED. Purchaser does not have the right to assign this Agreement without the prior written consent of Sponsor. 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.

24. BINDING EFFECT. This Agreement shall not be binding on Purchaser or Sponsor until a fully executed counterpart hereof has been delivered to Purchaser or their attorney. If this Agreement is not accepted within thirty (30) days from the date hereof by the delivery to Purchaser or its attorney of a fully executed counterpart, this Agreement shall be deemed to have been rejected and canceled and the deposit paid on the execution hereof shall be promptly returned to Purchaser.

25. NOTICES. Any notice, request, letter, consent or other communication hereunder or under the Plan shall be in writing and hand delivered or sent by overnight delivery service or sent, postage prepaid, by registered or certified mail, to Purchaser at the address given at the beginning of this

Agreement, with a copy to **{insert name and address of Purchaser's attorney}** and to Sponsor at the address given at the beginning of this Agreement, with a copy to Philip Brody Esq., 55 Fifth Avenue, 15th Fl., New York, New York 10003 in the same manner as notice is given to Sponsor, or to such other address as either party may hereafter designate to the other in writing. Except as otherwise expressly provided herein, the date of hand delivery, overnight delivery or mailing shall be deemed to be the date of the giving of notice, except that the date of actual receipt shall be deemed to be the date of the giving of any notice of change of address. Any notice either of the parties hereto receives from the other party's attorneys shall be deemed to be notice from such party itself.

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. PERFORMANCE BY AND LIABILITY OF SPONSOR. Purchaser's acceptance of the deed for the Unit shall be deemed to be a full performance and discharge of each and every agreement and obligation on the part of the Sponsor to be performed pursuant to the provisions of this Agreement, the Plan, 13 NYCRR, Part 20 (the regulations of the Attorney General of the State of New York governing the acceptance or filing of the Plan) and General Business Law Section 352-e, except those (if any) herein or therein expressly stated to survive delivery of such deed.

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 conditions of this Agreement and Purchaser's obligations hereunder are not contingent upon Purchaser securing financing of the Purchase Price (or any portion thereof) stated in Paragraph 4 of this Agreement, and Purchaser understands and agrees that his or her failure to obtain such financing will not relieve Purchaser of his or her obligations hereunder. Purchaser further understands and agrees that if they chooses to finance their 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 their financial status or condition shall release or relieve Purchaser of their obligations pursuant to this Agreement.

30. LEAD-BASED PAINT WARNING. Regulations governing disclosure of information regarding Residential Lead Based Paint (the "Regulations"), issued by the US Environmental Protection Agency ("EPA") and the US Department of Housing and Urban Development ("HUD") became effective on September 6, 1996. Such Regulations apply to the sale of Residential Condominium Units, except for studio apartments, which does not have a child less than six years old in residence. The Sponsor does not have any actual knowledge of any lead-based paint or lead-based paint hazards in the Unit or in the Property. However, the Property was constructed prior to 1978 and therefore either the Property or the Unit may contain lead-based paint and lead-based paint hazards. Other than limited testing of an internal stairway, which was removed, the Sponsor has not undertaken any separate investigation or risk assessment as to the presence of lead-based paint and/or lead-based paint hazards in the Property and/or the Unit. The Sponsor also does not have any actual knowledge that anyone else has undertaken any such investigation or risk assessment. The Purchaser hereby acknowledges that the Sponsor indicated it did not have any reports or records pertaining to lead-based paint or lead-based hazards as to the Unit or the Property. The Regulations require the Sponsor to disclose to Purchasers that exposure to lead from

lead-based paint may place young children at risk of developing lead poisoning. Lead poisoning in young children may produce permanent neurological damage, including learning disabilities, reduced intelligence quotient, behavioral problems and impaired memory. Lead poisoning also poses a particular risk to pregnant women. The Purchaser further recognizes and agrees that the Sponsor does not guaranty the accuracy of Sponsor's disclosure as to lead-based paint or lead-based paint hazards set forth herein or as to the existence (including the magnitude thereof) or nonexistence of lead-based paint hazards in the Unit or the Property. The Purchaser hereby assumes all risks, if any, as to lead-based paint hazards in a Unit or in the Property. The Purchaser may undertake their own risk assessment or inspection for possible lead-based paint hazards. It is hereby agreed if Purchaser wishes to complete such inspection or risk assessment, it shall be undertaken by Purchaser prior to the execution of this Purchase Agreement. In connection therewith, the Purchaser has either undertaken its own inspection or risk assessment or waived its right to undertake same. Also the Purchaser hereby acknowledges receipt of the lead-based paint hazard information brochure entitled "Protect your Family From Lead in Your Home" prepared by the EPA, HUD and the Consumer Product Safety Commission.

31. 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.

32. 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.

33. STRICT COMPLIANCE. Any failure by Sponsor to insist upon the strict performance by Purchaser of any of the provisions of this Agreement shall not be deemed a waiver of any of the provisions hereof, and Sponsor, notwithstanding any such failure, shall have the right thereafter to insist upon the strict performance by Purchaser of any and all of the provisions of this Agreement to be performed by Purchaser.

34. 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.

35. 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.

36. ENTIRE AGREEMENT. This Agreement supersedes any and all understandings and agreements between the parties with respect to the subject matter hereof.

37. 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.

38. 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.

39. RULE OF CONSTRUCTION. There shall be no presumption against the draftsman of this Agreement.

40. SUCCESSORS AND ASSIGNS. The provisions of this Agreement shall bind and inure to the benefit of Purchaser and his or her heirs, legal representatives, successors and permitted assigns and shall bind and inure to the benefit of Sponsor and its successors and assigns.

41. 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.

42. FOREIGN INVESTMENT IN REAL PROPERTY TAX ACT. Pursuant to the Foreign Investment in Real Property Tax Act (FIRPTA), upon disposition of a United States real property interest by a foreign person on or after January 1, 1985, the Purchaser of such real property interest must deduct and withhold a tax equal to ten percent (10%) of the purchase price unless the Seller furnishes a certificate that it is not a foreign entity or individual. Seller, a Delaware Limited Liability Company, will furnish to Purchaser a non-foreign certification at closing, thereby complying with FIRPTA and relieving Purchaser from any withholding obligations.

43. AMENDMENTS TO THE PLAN. Subject to any provision of the Plan to the contrary, if there is a substantial amendment to the Plan that materially and adversely affects Purchaser prior to the Closing, Purchaser will have a period of fifteen (15) days from the date of presentation of said amendment within which to rescind this Agreement and, if Purchaser exercises such right of rescission, Sponsor shall return the downpayment together with any interest thereon, pursuant to this Agreement within thirty (30) days.

44. EXCHANGE PROVISIONS. Sponsor shall have the right to structure the sale of the Unit as a forward or reverse exchange thereof for other real property of a like-kind to be designated by Sponsor (including the ability to assign this Agreement to an entity established in order to effectuate such exchange), with the result that the exchange shall qualify for non-recognition of gain or loss under Section 1031 of the Internal Revenue Code of 1986, as amended, in which case Purchaser shall execute any and all documents reasonably necessary to effect such exchange, as reasonably approved by Purchaser's counsel, and otherwise assist and cooperate with Sponsor in effecting such exchange, provided that: (i) any costs and expenses incurred by Purchaser as a result of structuring such transaction as an exchange, as opposed to an outright sale, shall be borne by Sponsor; (ii) Sponsor shall indemnify and hold harmless Purchaser from and against any and all liabilities, costs, damages, claims or demands arising from the cooperation of Purchaser in effecting the exchange contemplated hereby; (iii) such exchange shall not result in any delay in closing the transaction without Purchaser's prior written consent; and (iv) Purchaser shall not be obligated to make any representation or warranty in favor of Sponsor or any other person in connection with such exchange.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

SPONSOR:
HF Sponsor Corp.

By: _____

PURCHASER:

_____

_____
(Social Security or Federal I.D. Number)

_____
Telephone No. _____

SCHEDULE A
PERMITTED ENCUMBRANCE

1. State of facts shown on a survey made by Earl B. Lovell - S.P. Belcher, Inc., dated 11/1/96, as updated by visual examination made by Earl B. Lovell – S.P. Belcher, Inc., dated 12/26/04, and any changes therefrom a current, accurate survey or personal inspection of a Unit or the Property would show, provided that such changes do not render title unmarketable.

2. The terms, conditions, easements, covenants and provisions of the Declaration and By-Laws, the Rules and Regulations and the Floor Plans.

3. The agreements, covenants, easements, restrictions and other matters of record as pertain to the Unit or to the Property, provided same do not prevent the use of a Unit for its residential or commercial purpose or materially adversely affect its value for such purpose.

4. Zoning and other resolutions, regulations, laws and ordinances and any amendments thereto. provided that neither the Building nor the Unit nor its uses pursuant to this Plan would be prohibited thereby.

5. Easements in favor of the owners of other Units to use pipes, flues, wires, ducts, conduits, cables, utility lines and other Common Elements and Limited Common Elements, including those located in the Unit itself or elsewhere on the Property, serving such other Units, and easements of necessity in favor of the other Units and/or the Common Elements or Limited Common Elements.

6. Easements for the continuance of encroachments on Units and on the Common Elements (included the Residential Common Elements) or Limited Common Elements by other Units or portions of the Common Elements (including the Residential Common Elements) or Limited Common Elements then existing by reason of the renovation of the Building or thereafter occurring by reason of the settling or shifting of the Building, or by reason of repair and/or restoration by the Board of Managers of such other Units or Common Elements (including the Residential Common Elements) or Limited Common Elements after damage by fire or other casualty or after a taking in condemnation or eminent domain proceedings, or by reason of an alteration or repair to the Common Elements (including the Residential Common Elements) or Limited Common Elements made by the Board of Managers, or to any other Units so that any such encroachments may be made as long as the Building stands.

7. Franchise taxes and New York City General Corporation Taxes of any corporation in the chain of title, provided that Stewart Title is willing to insure that such taxes will not be collected out of the Unit.

8. The lien of any unpaid Common Charges and real estate taxes which shall be apportioned at the closing of title.

9. The lien of any unpaid assessment payable in installments 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 and from and after the Closing Date.

10. Sewer, water, electric, plumbing, heating, gas, telephone and other utility easements and consents, if any, then or thereafter recorded, including the right to maintain and operate lines, wires, cables, amplifiers, transformers, equipment, pipes, conduits, poles, meters and distribution boxes in, over, under and upon the Property and the Building (including but not limited to any agreement with any cable

company permitted by municipal regulation to locate and maintain television lines and equipment in the Common Element (including Residential Common Elements) or Limited Common Element.

11. The lien of any mortgage loan obtained by the Purchaser.

12. Any violation against the Property (other than a violation of record against the Unit) which is the obligation of a Board of Managers, or another Unit Owner to correct.

13. Easements in favor of the Board of Managers and the Sponsor and their respective successors, assigns, invitees, licensees, contractors, employees and tenants, on, in, over and across all parts of the Property for (i) construction, installation, maintenance, ingress to and egress from and the right to use in common with all other Unit Owners, pipes, flues, conduits, ducts, cables, wires, storm drainage facilities, water, sewer and other utility systems and all fixtures and equipment serving any portion of the Property and for the purpose of completion of the renovation of the Building in accordance with the Plans and Specifications; (ii) ingress to and egress from all parts of the Property and the use thereof in common with Unit Owners for all lawful purposes; and (iii) the erection, maintenance, repair and replacement from time to time of one or more signs in or on the Property, relating to the sale of Units and the leasing of space in any Unit.

14. Easements for ingress and egress and for construction, installation, operation and maintenance of municipal service facilities and utilities and communication conduits.

15. Rights of all other Unit Owners through the Common Elements (including Residential Common Elements) and Limited Common Elements and in the event of emergency, or if required by law or necessity, the Unit to and from the public streets.

16. Encroachments of stoops, areas, cellar steps, trim coping, foundations, fences, cornices, and similar projections, if any, of the Common Elements (including the Residential Common Elements) or Limited Common Elements on over and under the Property or the streets or sidewalks abutting same and rights of governmental authorities to require removal of projections and variations between retaining walls and record lines.

17. Powers of Attorney from the other Unit Owners to the Board of Managers.

18. Standard exceptions contained in the form of title insurance policy issued by First American.

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

20. Revocability of license for vault space, if any, under sidewalks and streets.

21. Leases or tenancies with occupants or tenants of the Residential Unit, as agreed upon by the Sponsor and the Purchaser; and

22. Any encumbrance as to which First American or other title company insuring Purchaser's title, would be willing, in a fee policy to insure (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.

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COMMERCIAL
PURCHASE AGREEMENT

SAGAMORE 54th ST. INVESTMENT LLC
Sponsor-Seller

TO

MTI ENTERPRISES, INC.
Purchaser

COMMERCIAL UNIT NUMBER 3

THE HIT FACTORY® CONDOMINIUM
421-429 WEST 54th STREET
NEW YORK, NEW YORK 10019

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EXHIBITS:

Schedule A:	Permitted Encumbrances
Exhibit A:	Existing Lease
Exhibit B:	Assignment and Assumption of Lease
Exhibit C:	Bill of Sale
Exhibit D	Exclusions from Warranty Coverage

THE HIT FACTORY® CONDOMINIUM
421-429 West 54th Street
New York, New York 10019

This agreement (the "Agreement"), made as of the date on the signature page of the Agreement, between Sagamore 54th St. Investment LLC, a Delaware limited liability company, having an office at One Dock Street, Suite 408, Stamford, CT 06902 ("Sponsor"),and MTI Enterprises, Inc. d/b/a Music Theater International, having an address at 421 West 54th Street, 2nd floor, New York, New York 10019 ("Purchaser").

WITNESSETH:

1. THE PLAN. Purchaser acknowledges having received and read a copy of the Offering Plan for The Hit Factory® Condominium (the "Condominium") 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 three (3) days prior to Purchaser's signing this Agreement. If Purchaser has not received and read the Plan and all amendments thereto at least three (3) full days prior to Purchaser's signing this Agreement, Purchaser shall have the right to rescind this Agreement within seven (7) days from the date of this Agreement. 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.

2. DEFINITIONS. Terms used herein which are also used in the Plan shall have the same meanings herein as therein unless the context otherwise requires.

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 ("Unit") designated as Commercial Unit 3 in the Plan, together with the percentage undivided interest in the Common Elements of the Condominium appurtenant thereto. The Unit consists of the entire second floor of the Condominium (other than the Common and Limited Common Elements on such floor) located at 421 West 54th Street, New York, New York (the "Property"). The entranceway, lobby and elevator which provide access to the Unit between the 1st and 2nd floors of the building at the Property will be a Limited Common Element appurtenant to the Unit as set forth in the Plan.

4. PURCHASE PRICE.

4.1 The purchase price for the Unit ("Purchase Price") is Six Million Five Hundred Thousand Dollars ($6,500,000).

The Purchase Price is payable as follows:

(a) Six Hundred Fifty Thousand Dollars ($650,000) (the "Down Payment"), due upon Purchaser's signing and submitting this Agreement, by check (subject to collection), receipt of which is hereby acknowledged;

(b) Five Million Eight Hundred and Fifty Thousand Dollars ($5,850,000), constituting the balance of the Purchase Price as same may be adjusted, pursuant to

Section 8 hereof (the "Balance"), at the Closing, at the Sponsor's option, by wire transfer to the Sponsor's or its designees' accounts or by one or more unendorsed bank check(s) paid to the direct order of the Sponsor and/or the Sponsor's designees, payable on the delivery of the deed as hereinafter provided.

4.2 All checks shall represent United States currency and shall be drawn on or issued by a New York bank or trust company which is a member of The New York Clearing House Association, unless otherwise agreed to by Sponsor. Checks for the Down Payment shall be made payable to "Philip S. Brody, Esq., Escrow Agent," the proceeds thereof shall be held in escrow as provided in Section 11 below. The Sponsor shall give the Purchaser at least one (1) business day's written notice as to the disbursement of the Balance (including wiring instructions, if applicable). If any check is returned for insufficient funds or any other reason, Sponsor at its option, may declare this Agreement null and void and of no further force and effect and may institute an action against Purchaser for the collection of the Down Payment as liquidated damages or may declare default by Purchaser under this Agreement which shall entitle Sponsor to exercise any of the remedies set forth in Section 15 hereof.

5. CLOSING OF TITLE.

5.1 (a) The closing of title under this Agreement shall be held at 10:00AM at the offices of Philip S. Brody, Esq., 55 Fifth Avenue, 15th floor, New York, New York 10003, provided, however, that if required by Purchaser's lender for the acquisition of the Unit, the Closing shall be held at the offices of Purchaser's lender or its attorneys, provided such offices are in Manhattan. The Closing shall occur on the Date (the "Closing Date") on the date as Sponsor or its attorney may designate to Purchaser on written notice served on Purchaser and/or its attorney not less than thirty (30) days prior to the scheduled date for the Closing. Subject to any other adjournment right grant to Sponsor under this Agreement, each of the Sponsor and the Purchaser shall have the right to adjourn the Closing Date for up to an additional 30 days by written notice given by the adjourned party not less than two (2) business days prior to the then scheduled Closing Date. If a party hereto exercises its adjournment right, the notice adjourning the Closing Date shall set forth the new Closing Date.

(b) The Closing Date, as such may be adjourned by either the Seller and/or Purchaser under this Agreement shall be "Time of The Essence" as to the performance of all of the Purchaser's obligations under this Agreement.

(c) If the Closing fails to occur on or before November 30, 2007 because the Closing Conditions have not been satisfied, then Purchaser shall have the right at any time prior to the date on which the Closing Conditions are so satisfied, to terminate this Agreement by written notice to Sponsor. Upon any such termination, the Down Payment (together with all accrued interest thereon, if any) shall be returned to Purchaser. Thereafter, this Agreement shall be deemed cancelled and of no further effect, and neither party hereto shall have any further obligations hereunder, except for any obligations expressly stated to survive termination of this Agreement.

5.2 The closing of title shall occur only after or concurrently with the following events ("Closing Conditions") and Purchaser's obligations to close the transactions contemplated by this Agreement are conditioned on the satisfaction of the following Closing Conditions:

(a) the Plan has been declared effective in accordance with its terms and the amendment to the Plan disclosing same has been accepted;

(b) the creation of a separate tax lot for the Unit and the recording or filing of the Declaration, By-Laws, Floor Plans and engineer's and tax authority's 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;

(c) the holder of any mortgages encumbering the Property will consent to the formation of the Condominium and acknowledge that its lien(s) will be limited to the unsold units (as defined in the Plan);

(d) either (i) the release of the Unit and its appurtenant interest in the Common Elements from the lien of all mortgages, if any, or (ii) if the Purchaser is obtaining financing on such Unit, the assignment to the Purchaser's mortgagee of any existing mortgage(s) encumbering such Unit and its appurtenant interest in the Common Elements;

(e) delivery to Purchase of an amendment to the Plan to disclose that the Plan has been declared effective and which states that the Sponsor has complied with the requirements of applicable regulations of the New York State Department of Law relating to the Declaration of Effectiveness; and

(f) The Sponsor shall have substantially completed the Sponsor's Work Obligations (as defined in Section 18(a) below).

(g) Sponsor shall have executed Sponsor's Representation Certificate (as hereinafter defined) and caused Sponsor's representations and warranties contained in Section 14.1 below to be true and correct in all material respects as of the date of the Closing (as if first made on and as of such date); and

(h) Sponsor shall not be in material default under this Agreement.

6. DELIVERY OF THE DEED AND OTHER CLOSING DOCUMENTS.

The following documents shall be executed and delivered at the Closing:

6.1 Sponsor shall deliver to Purchaser a bargain and sale deed without covenants against grantor's acts conveying title to the Unit to Purchaser. The deed shall be prepared by Sponsor in substantially 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 execute a New York City Real Property Transfer Tax Form, the New York State Transfer

Tax Form (TP-584) and the New York State Equalization Form and any other forms then required by law, all of which shall be prepared by Sponsor. The deed shall be delivered to the representative of the title company insuring Purchaser's title (or, if no such representative is present, then to Sponsor's attorney) 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.

6.2 Sponsor shall deliver to Purchaser sufficient evidence of the due authorization, execution and delivery by Sponsor of all of the documents and instruments to be executed by Sponsor at the Closing in accordance with the terms of this Agreement; and Purchaser shall deliver to Sponsor sufficient evidence of the due authorization, execution and delivery by Purchaser of all of the documents and instruments to be executed by Purchaser at the Closing in accordance with the terms of this Agreement.

6.3 Sponsor shall deliver to Purchaser a certification stating that Sponsor is not a foreign person in the form then required by the Code Withholding Section and (ii) each party shall execute, acknowledge and deliver to the other party such instruments, and take such other actions, as such other party may reasonably request in order to comply with IRS §6045(e), as amended, or any successor provision or any regulations promulgated pursuant thereto, insofar as the same requires reporting of information in respect of real estate transactions.

6.4 Sponsor shall (to extent assignable and/or not otherwise transferred to the Board of Managers) assign to Purchaser all of Sponsor's rights, title and interest in and to all applicable warranties and guarantees from the contractors, subcontractors and materialmen (including manufacturers) performing work in or to the Unit or the Limited Common Element for the Unit in connection with the Sponsor's Work Obligations and Sponsor shall, without any cost or expense to Sponsor, upon request, from and after the Closing, cooperate with Purchaser in enforcing such warranties and guaranties (such cooperation obligation to survive the Closing).

6.5 If the Purchaser and the tenant (the "Tenant") are under the existing lease for space in the Unit, more particularly identified on Exhibit A annexed hereto (the "Existing Lease") and are not the same entity, Sponsor shall deliver an Assignment and Assumption of Lease ("Assignment of Lease"), substantially in the form annexed hereto as Exhibit B, with respect to the Existing Lease.

6.6 The Sponsor shall deliver a bill of sale, substantially in the form annexed hereto as Exhibit C, conveying, transferring and selling to Purchaser (with no value separate from the Unit) all right, title and interest of Sponsor in and to all fixtures, equipment, castings and personal property, if any, used solely in connection with the ownership, management, maintenance or operation of the improvements and located in the Unit as of the date hereof, and all inventory used solely in connection with the ownership, management, maintenance or operation of the improvements and located in the Unit (the "Personal Property").

6.7 Sponsor shall deliver the signed original of the Existing Lease (or if such original is not available, then a copy thereof) and all other documents in the possession of Sponsor relating to the Existing Lease and the Tenant.

6.8 If the Tenant is different from the Purchaser, then Sponsor shall deliver written notice executed by Sponsor and addressed to the Tenant (i) advising such Tenant of the sale of the Unit; and (ii) indicating that the rent payable under the Existing Lease should thereafter be paid to Purchaser.

6.9 Purchaser shall deliver to Sponsor the Assignment of the Lease, duly executed by Purchaser.

6.10 Sponsor shall execute and deliver Sponsor's Representation Certification (as hereinafter defined) and Purchaser shall executed and deliver Purchaser's Representation Certificate (as hereinafter defined).

6.11 Each party shall execute, acknowledge and/or deliver any and all other documents or other items that are (i) required by this Agreement or the Declaration to be executed, acknowledged and/or delivered by such party at the Closing, (ii) reasonably requested by the Purchaser's title insurance company to be executed, acknowledged and/or delivered by such party, or (iii) otherwise required by law in connection with the transactions contemplated by this Agreement.

6.12 The Tenant shall deliver to Sponsor a general release as to all of the Sponsor obligations under the Lease.

7. FEE TITLE.

7.1 If the Purchaser elects to obtain title insurance, the Purchaser shall pay for the cost of same, including the owner's policy and the policy for the lender providing the Purchaser with financing for the acquisition of the Unit. The Sponsor's attorney shall order a title report for the Purchaser from First American Title Insurance Company of New York (the "Title Company"), having an address at 633 Third Avenue, New York, New York 10017 (telephone: (212) 922-9700; facsimile: (212) 922-0881) unless otherwise directed by the Purchaser. If the Purchaser elects to obtain title insurance, a title report from any other title insurance company and/or abstract company shall be recognized by Sponsor. If the Purchaser, at its election and expense, obtains title insurance from any other title insurance company licensed to do business in New York, other than the Title Company, then no exception to title raised by any such other title insurance company shall give the Purchaser the right to cancel its Purchase Agreement, if the Title Company will issue a policy to Purchaser insuring title without such exception.

7.2 At the closing of title, Sponsor shall convey to Purchaser fee simple title to the Unit, free and clear of all Title Encumbrances (as hereinafter defined) other than those expressly agreed to by Purchaser or set forth in Schedule A annexed hereto and made a part hereof ("Permitted Encumbrances"). Any Title Encumbrance which is not a Permitted

Encumbrance 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 to Purchaser's title insurance company, together with the attendant recording or filing fee, if any and Purchaser's title insurance company omits such Title Encumbrance from the list of title exceptions in Purchaser's title insurance policy; or (b) an escrow, bond or indemnity is provided to Purchaser's title insurance company and Purchaser's title insurance company omits any such Title Encumbrance from the Purchaser's title insurance policy. For purposes thereof, the term "Title Encumbrance" means any lien, encumbrance, security interest, easement, encroachment, restrictive covenant, affecting the Unit or the Common Elements or any part thereof other than those created by the Purchaser and/or the Tenant and/or the Permitted Encumbrances. At the Closing, Sponsor shall execute and deliver to the Purchaser's title insurance company such title affidavit or other instrument as may be reasonably requested by Purchaser's title insurance company and necessary for such title insurance company to insure title to the Unit subject only to the Permitted Encumbrances.

8. CLOSING ADJUSTMENTS.

8.1 The following adjustments shall be made as of 11:59 p.m. of the day immediately preceding the Closing Date with respect to the Unit, and the net amount thereof shall be added to (if such net amount is in Sponsor's favor) or deducted from (if such net amount is in Purchaser's favor) the Balance::

(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 for the month in which title closes; and

(c) All fixed rent and regularly scheduled items of additional rent under the Lease (collectively, "Rents"), and other tenant charges if, as and when received. Purchaser shall be entitled a credit in an amount equal to all prepaid rentals for periods after the Closing Date. It shall be a condition of the Closing that all rents and other sums due and owing under the Lease shall be paid in full, as of the Closing Date, by the Tenant under the Lease.

8.2 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 the Unit has not been separately assessed as of the Closing Date for the then current tax period, the adjustment under this subparagraph 8.2 hereof shall be based upon the latest assessment for the Property and the percentage interest in the Common Elements appurtenant to the Unit. Until the Unit is separately assessed, the Board of Managers shall collect from the Purchaser, with their Common Charges, a monthly escrow for real estate taxes based on the real estate tax bill for the entire Property, and the Purchaser's percentage interest in the Common Elements (or a higher amount as reasonably determined by the Board of Managers to reflect a possible increase in the real estate taxes for the Property at the beginning of the new tax year). Also if the Unit has not been separately assessed as of the Closing Date, Purchaser shall be required at the Closing to deposit in escrow with the Board of Managers a multiple of the aggregate of such one month escrows for real estate taxes in order that sufficient funds will be available for the Board of Managers to pay Purchaser's proportionate share of the semi-annual real estate taxes for the Property one month prior to the due date.

8.3 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.

8.4 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.

8.5 Any errors or omissions in computing apportionments at Closing shall be corrected and payment made to the proper party promptly after discovery, provided that the party seeking to correct such error or omission requests such correction in writing on or prior to the date that is one year following the Closing. The provisions of this subsection shall survive the closing.

8.6 It is hereby agreed that there shall be no adjustments for utilities as the Purchaser is responsible, as the Tenant under the Lease, to pay for the utilities for the Unit.

8.7 It is hereby acknowledged and agreed that there is not any security deposit under the Lease.

9. MORTGAGE RECORDING TAX.

9.1 In the event a mortgage recording tax becomes available pursuant to Section 339-ee(2) of the Condominium Act, it is specifically understood that such credit shall inure to the benefit of the Sponsor. Accordingly, at Closing, a Purchaser who obtains a mortgage loan for the acquisition of the Unit 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. Sponsor at the Closing will be reimbursed by Purchaser to the extent of any mortgage recording tax credit allowed.

9.2 The following subparagraph shall apply if a mortgage recording tax credit is not available pursuant to Section 339-ee(2) of the Condominium Act. In the event Purchaser is financing the purchase of the Unit with a purchase money loan secured by a mortgage (the "Purchase Money Mortgage"), Purchaser, at the request of Sponsor, shall cause the lender making such loan to accept from the Sponsor an assignment of a portion of any mortgage securing the Property in an amount up to the Purchase Money Mortgage as determined by Sponsor. Upon such assignment, the Purchase Money Mortgage will be exempt from mortgage recording tax under Section 255 of the Real Property Tax Law. Sponsor shall be solely entitled to the benefits of such exemption and accordingly, Purchaser must pay to Sponsor an amount equal to the mortgage recording tax which would have otherwise been due in connection with the recording of the Purchase Money Mortgage.

10. WORKING CAPITAL FUND CONTRIBUTION. At the Closing, the Purchaser shall make a capital contribution to the Working Capital Fund of the Condominium equal to two months Common Charges for the Unit. The Sponsor represents and warrants that each owner of a Unit of the Condominium shall, upon taking title to such Unit, make a capital contribution to the Working Capital Fund of the Condominium equal to two months of Common Charges for such Unit.

11. DOWN PAYMENT. The Down Payment made pursuant to this Agreement is subject to the requirements of Sections 352-e(2-b) and 352-h of the General Business Law of the State of New York. Any Down Payment received from Purchaser will be held in accordance with the provisions of the Subsection entitled "Escrow and Trust Fund Requirements" under the Section entitled "Procedure to Purchase" set forth in Part I of the Plan. 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 Down Payment to Sponsor in the event Sponsor and Purchaser close title under this Agreement. Sponsor is required by Law to submit a Form 1099 to the Internal Revenue Service reporting interest earned on Purchaser's Down Payment, if any. Purchaser will be taxed accordingly on such interest.

12. BINDING EFFECT OF DECLARATION BY-LAWS AND RULES AND REGULATIONS. Purchaser hereby accepts and approves the Plan (including the Declaration, By-Laws and Rules and Regulations contained therein) and agrees to abide and be bound by the terms and conditions thereof.

13. AGREEMENT SUBJECT TO MORTGAGE. No encumbrance shall arise against the Property as a result of this Agreement or any monies deposited hereunder. In furtherance and not in limitation of the provisions of the preceding sentence, the provisions of this Agreement are and shall be subject and subordinate to the lien of any mortgage, including, but not limited to, any construction or building loan mortgage, heretofore or hereafter made 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, unless Purchaser voluntarily assumes such mortgage or consents to the continuation of the lien thereof. 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 its 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.

14. REPRESENTATIONS AND WARRANTIES.

14.1 Representations and Warranties of Sponsor. Sponsor represents and warrants to Purchaser that:

(a) Sponsor is a limited liability company organized and in good standing under the laws of the State of Delaware, is duly qualified to conduct business in the State of New York, and has the power and authority to enter into and perform its obligations under this Agreement.

(b) Sponsor is fully authorized to execute and deliver this Agreement, to perform all of its obligations hereunder, and to consummate the transactions contemplated herein. Sonsor has obtained all consents and approvals required in connection with such execution, delivery, performance and consummation of the transactions contemplated herein. The individual executing this Agreement on behalf of Sponsor has the authority to bind Sponsor to the terms of this Agreement.

(c) The Sponsor will obtain all required governmental permits and approvals required in connection with and necessary to perform Sponsor's Work Obligations. Sponsor's Work Obligations shall be completed substantially in accordance with the plans and specifications for such work and in accordance with all applicable laws and regulations.

(d) Except for the Existing Lease, the Sponsor has not entered into any lease, license agreement, and/or occupancy agreement with respect to or affecting any portion of the Unit.

(e) There is no pending (or, to the best knowledge of Sponsor, threatened) litigation, action or proceeding with respect to or affecting Sponsor, the Unit, the building or any portion thereof (including, without limitation, any condemnation or eminent domain proceeding which, if adversely determined against the Sponsor, the Unit or the Building, would have a material adverse effect on (i) the ability of Sponsor to complete the Sponsor's Work Obligations or otherwise consummate the transactions contemplated by this Agreement or (ii) the value of the Unit.

(f) Except for the Permitted Encumbrances, there are no contracts, agreements or judicial or administrative decrees or orders that (x) affect the Unit or any portion thereof and (y) would be binding on Purchaser (or enforceable against or out of the Unit or the Common Elements or any portion thereof) after the Closing (other than in respect of any contracts or agreements entered into by Purchaser as the tenant of the Unit).

(g) Sponsor has delivered to Purchaser true and correct copies of the Plan and all exhibits thereto.

(h) No bankruptcy, insolvency or similar proceedings are pending against or with respect to Sponsor.

At the Closing, Sponsor shall deliver to Purchaser an instrument (the "Sponsor's Representation Certificate") pursuant to which Sponsor re-makes, as of the Closing Date, all of Sponsor's representations and warranties contained in this Section 14.1 (as if first made on and as of the Closing Date). All of Sponsor's representation and warranties contained in this Section 14.1 and in the Sponsor's Representation Certificate shall survive the Closing for one year.

14.2 Representations and Warranties of Purchaser. Purchaser represents and warrants to Sponsor that:

(a) Purchaser is a New York corporation, is duly qualified to conduct business in the State of New York, and has the power and authority to enter into and perform its

obligations under this Agreement. Freddie Gershon owns and controls more than fify one percent (51%) of the outstanding and issued stock of Purchaser.

(b) Purchaser is fully authorized to execute and deliver this Agreement, to perform all of its obligations hereunder, and to consummate the transactions contemplated herein. The individual executing this Agreement on behalf of Purchaser has the authority to bind Purchaser to the terms of this Agreement.

No bankruptcy, insolvency or similar proceedings are pending against or with respect to Purchaser.

At the Closing, Purchaser shall deliver to Purchaser an instrument (the "Purchaser's Representation Certificate") pursuant to which Purchaser re-makes, as of the Closing Date, all of Purchaser's representations and warranties contained in this Section 14.2 (as if first made on and as of the Closing Date). All of Purchaser's representations and warranties contained in this Section 14.2 and in the Purchaser's Representation Certificate shall survive the Closing for one year.

15. DEFAULT; REMEDIES; TERMINATION.

15.1 The following shall constitute Purchaser's "Events of Default" hereunder:

(a) Purchaser's failure to pay the Balance of the Purchase Price on the Closing Date; or

(b) Purchaser's failure to duly complete and sign before a notary public and deliver at closing the New York State and City transfer tax returns; or

(c) The Tenant's failure to pay rent and/or additional rent due and owing under the Lease, which failure continues for ten (10) days after receipt of a written notice thereof; or

(d) Purchaser's assignment of any of Purchaser's property for the benefit of creditors, or Purchaser's filing a voluntary petition in bankruptcy; or

(e) 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 and such appointment or petition is not dismissed or revoked within 60 days; or

(f) Purchaser's failure to pay on the Closing Date any closing costs set forth in this Agreement to be paid by Purchaser; or

(g) The failure of Purchaser to pay, perform or observe any of Purchaser's other material obligations hereunder and such default

continues for ten (10) days after written notice thereof from the Sponsor to Purchaser.

15.2 SPONSOR'S DEFAULT. The following shall constitute Sponsor's "Events of Default" hereunder:

(a) Sponsor's failure to duly complete and sign before a notary public and deliver at Closing the New York State and City transfer tax returns; or

(b) Except in connection with any existing mortgage to be released or assigned on the Closing Date, Sponsor's assignment of any of Sponsor's property for the benefit of creditors, or Sponsor's filing a voluntary petition in bankruptcy; or

(c) If a non-bankruptcy trustee or receiver is appointed over Sponsor or Sponsor's property, or an involuntary petition in bankruptcy is filed against Sponsor, and such appointment or petition is not dismissed or revoked within 60 days; or

(d) Sponsor fails to close the sale and purchase of the Unit as provided herein or makes a material misrepresentation to Purchaser hereunder or pursuant hereto; or

(e) Sponsor defaults in any of its other obligations hereunder and such default continues for thirty (30) days after written notice thereof from Purchaser to Sponsor.

15.3 REMEDIES.

(a) If an Event of Default by Purchaser occurs hereunder, then Sponsor, as its sole remedy hereunder, may cancel this Agreement by notice of cancellation to Purchaser. If Sponsor elects to cancel this Agreement, (i) Sponsor may retain the Down Payment, together with interest earned thereon, as liquidated damages (Sponsor's actual damages being difficult or impossible to ascertain) and, upon retaining such sum, 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 and (ii) Sponsor may sell the Unit to any third party as though this Agreement had never been made (without any) obligation to account to Purchaser for any part of the proceeds of sale).

(b) If an Event of Default by Sponsor occurs hereunder, then and in either such event, Purchaser's sole remedy shall be either to (i) terminate this Agreement by written notice to Seller, whereupon the Down Payment (and any interest thereon) shall be returned to Purchaser with three business days after such termination or (ii) waive such Event of Default and close title to the Unit in accordance with the remaining terms of this Agreement, without any credit and/or abatement in the Purchase Price. Notwithstanding the occurrence of an Event of Default by the Sponsor, the

Purchaser shall not be entitled to any damages as a result of the occurrence of such Event of Default by Sponsor.

15.4 To the extent that on the Closing Date Purchaser is in default under this Purchase Agreement beyond any applicable grace or cure period and provided that Sponsor is not then in default under this Agreement, then such default shall also constitute a default under the Lease, which would entitle the Sponsor, as landlord, to terminate the Lease.

16. 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 (and provided that such inability does not arise out of the failure of the Sponsor to perform its obligations under this Agreement from the breach of Sponsor's obligations under this Agreement), then 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, and, in such case, if Sponsor notifies Purchaser of its refusal to cure such inability 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 inability (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 thirty (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, and, 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 fifteen (15) days after the giving of Sponsor's notice of refusal 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). The foregoing shall not, however, limit the obligation of the Sponsor to cure all liens and encumbrances against the Unit that are liquidated in amount and that can be cured by payment of a sum of money, including any mortgage liens, mechanic's liens, tax liens judgment liens and the like (and the fact that the Unit may be encumbered by any such lien(s) shall not constitute an "inability" of Sponsor to deliver title to the Unit to Purchase in accordance with the provisions of this Agreement).

17. FLOOR PLANS. Any floor plans or sketches shown to Purchaser or included in the Plan are only approximations of the Unit's dimensions and arrangement, and Purchaser should not rely thereon.

18. ACCEPTANCE OF CONDITION OF PROPERTY.

(a) Subject to Sponsor substantially completing its work obligations for the Unit as set forth in the Architect's Description of Property and Building Condition as set forth in Part II of the Plan as such may be modified pursuant to an amendment to the Existing Lease (to the extent entered into by the Sponsor and the Tenant) and Section 26 below (collectively, the "Sponsor's Work Obligations"), the signing of this Agreement by Purchaser signifies Purchaser's acceptance of the condition of the Property, including the Building, the Common Elements, the Unit and all fixtures, machinery, equipment, furnishings, appliances, installations and other personal property contained therein (hereinafter collectively called "Installations"), in their respective existing conditions as of the date hereof, ordinary wear and tear (and all conditions which Purchaser, in its capacity as the tenant

under Existing Lease, is required to keep in good condition and repair) excepted, between the date Purchaser signs this Agreement and delivery of the deed to Purchaser. To the extent the Sponsor and Tenant enter into an amendment to the Existing Lease which modifies Sponsor's Work Obligations, such modifications shall be deemed incorporated as part of the Architect's Description of the Property and Building Conditions and Sponsor's Work Obligations. Purchaser acknowledges having read the Architect's Description of the Property and Building Condition, which sets forth a description of the physical condition of the Building set forth in Part II of the Plan. Purchaser understands that Sponsor has no obligation to make any repairs, improvements or decorations in or to the Property, the Building, the Unit or the Installations, except as may otherwise be set forth in the Plan and this Agreement. Purchaser shall be given a reasonable opportunity to examine the Unit prior to Closing and it is recommended that Purchaser make a careful examination at such time.

(b) Subject to the completion of Sponsor's Work Obligation, the Purchaser has inspected the Unit and agrees to accept the Unit on the Closing Date in its "as is" condition, and "with all faults", including, but not limited to, the physical and environmental condition of the Unit. Except as relating to Sponsor's Work Obligations, the purchase of this Unit shall be made subject to any and all violations against the Unit or the Property except for any violation arising out of or relating to Sponsor's Work Obligations and/or created by Sponsor or any contractor engaged by Sponsor. To the extent required under Local Law #58, the American Disabilities Act and/or any other applicable law or regulation, the Purchaser shall, at its sole cost and expense, be responsible to provide handicap accessibility within the Unit, and Sponsor shall, at its sole cost and expense, be responsible for providing handicap accessibility for the lobby entrance and the elevator servicing the Unit and cause the elevator servicing the Unit to comply with applicable handicapped accessibility laws. Except as expressly set forth in this Agreement and the Plan, no representations or warranties have been made or are made and no responsibility has been or is assumed by Sponsor or by any member, agent or representative acting or purporting to act on behalf of Sponsor as to any matters concerning any fact or condition which has or might affect the Unit or the condition, rental, repair, value, expense of operation or income potential of the Unit or any portion thereof. Purchaser is not relying upon any statement or representation by the Sponsor unless such statement or representation is specifically embodied in this Purchase Agreement and/or the Plan. Any such sale of the Unit will be for non-residential use only (but subject to the terms and conditions of the Declaration and Bylaws, the Purchaser shall have the right, after the Closing to convert the Unit into one or more (not to exceed 8) residential units).

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 Risk of Loss, Restoration. The risk of loss to the Unit by fire or other casualty is assumed by Sponsor until the Closing of title of the Unit by Purchaser, but without any obligation or liability by Sponsor to repair or restore the Unit. If Sponsor elects to repair or restore the Unit and neither Sponsor nor Purchaser has terminated this Agreement as hereinafter provided, then 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 Board of Managers 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 If, as a result of the fire or other casualty, Purchaser elects to terminate the Existing Lease pursuant to the terms thereof, then this Agreement shall automatically and concurrently so terminate. Upon any such termination, the Down Payment shall be promptly released to Purchaser (together with interest earned thereon, if any), and thereafter this Agreement shall be deemed canceled and of no further force and effect, and neither party hereto shall have any further rights, obligations or liability to or against the other hereunder or under the Plan, other than those provisions which are to expressly survive any such termination of this Agreement.

19.3 If the Sponsor elects to repair any such damage, this Purchase Agreement will remain in full force and effect and the Purchaser shall not have the right to reject title or receive a credit against or an abatement in the Purchase Price. The Sponsor shall be entitled to a reasonable period of time within which to complete the repair or restoration. In the event Sponsor notifies Purchaser that it does not elect to repair or restore 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 canceled 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.

19.4 No Obligation to Restore Purchaser's Property. Notwithstanding the above provisions, the Sponsor shall also not be obligated to restore, repair and/or replace any furniture, fixtures, equipment, appliances, signs, cabinets, personal property and/or any leasehold improvements completed by the Tenant in the Unit during the term of the Lease, except for any damage to Purchaser's property caused by Sponsor or its contractor in performing Sponsor's Work Obligations or any other work in or about the Unit, or due to gross negligence or willful misconduct of Sponsor or its contractors. The Purchaser (subject to the provisions or subsection 19.2 above) shall bear the risk of such loss and shall nonetheless remain obligated to purchase the Unit under the terms of this Agreement, without any abatement in the Purchase Price. In addition, the Purchaser shall also bear the risk of loss as to any damage to the Unit caused by the Tenant, its officers, directors, shareholders, employees, contractors, subcontractors, suppliers, agents and/or invitees and the Purchaser shall nevertheless remain obligated to purchase the Unit under the terms of this Agreement, without any abatement in the Purchase Price.

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, Purchaser having relied solely on such 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 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. The provisions of this Section shall survive the closing of title.

21. PROHIBITION AGAINST ADVERTISING. Prior to the closing of title, Purchaser shall not 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.

22. BROKER. Each party hereto hereby represents to the other that such party did not deal with any broker or sales agent in connection with the sale of the Unit to the Purchaser. Purchaser agrees that should any claim be made against Sponsor for commissions by any 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. Sponsor agrees that should any claim be made against Purchaser for commissions by any broker, on account of any acts of Sponsor or Sponsor's representatives, Sponsor will indemnify and hold Purchaser Sponsor free and harmless from and against all liabilities and expenses in connection therewith, including reasonable legal fees. The provisions of this Section 22 shall survive the Closing.

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. 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 the Sponsor approves such assignment, the form of such assignment agreement shall be subject to the reasonable approval of the Sponsor.

23.2 Notwithstanding the above provision, Purchaser may assign this Agreement, without the consent of Sponsor, to an entity in which at least 51% of its beneficial ownership interest therein is directly or indirectly owned by Freddie Gershon and/or Cameron MacKintosh (hereinafter referred to as an "MTI Entity"), provided the Sponsor receives written notice of such assignment and the assignee assumed all of the obligations of Purchaser under this Agreement.

24. BINDING EFFECT. This Agreement shall not be binding on Purchaser or Sponsor until a fully executed counterpart hereof has been delivered to Purchaser.

25. NOTICES. Any notice, request, letter, consent or other communication hereunder or under the Plan (other than amendments to the Plan which shall be served in accordance with the Plan or documents for which the method of notice and or delivery is otherwise set forth in the Plan) shall be in writing and delivered by regular mail as well as hand delivered or sent, postage prepaid, by registered or certified mail, or by Federal Express or other reputable overnight courier, to Purchaser at the address given at the beginning of this Agreement, attention: Drew Cohen, General Manager, with a copy to Purchaser's attorney, Sandor A. Green, Esq., Bryan Cave LLP, 1290 Avenue of the Americas, New York, New York 10104, in the same manner as notice is given to the Purchaser and to Sponsor at the address given at the beginning of this Agreement, with a copy to Philip S. Brody, Esq., 55 Fifth Avenue, 15th floor, New York, New York 10003 in the same manner as notice is given to Sponsor, or to such other address as either party may hereafter designate to the other in writing. Except as otherwise expressly provided herein, the date of hand delivery or mailing shall be deemed to be the date of the giving of notice, except that the date of actual receipt shall be deemed to be the date of the giving of any notice of change of address. Any notice either of the parties hereto receives from the other party's attorneys shall be deemed to be notice from such party itself (including, without limitation, any notices of closing or default which Sponsor's counsel is hereby expressly designated and empowered to issue. A failure by Purchaser to acknowledge receipt of any notice, request, letter, consent or other communication hereunder shall not in anyway invalidate such communication. Notwithstanding anything to the contrary, notices regarding closing costs or ministerial matters, the rescheduling of Closing Dates or the scheduling or rescheduling of inspections may be made by facsimile to each party's attorneys.

26. CONSTRUCTION OF THE SPONSOR'S WORK OBLIGATIONS.

26.1 Sponsor, at its sole cost and expense, shall perform all of the Sponsor's Work Obligations in accordance with the overall construction schedule for the work necessary to complete the conversion of the Building to predominantly a residential apartment building, in a good and workmanlike manner, in compliance with all applicable laws and regulations. Sponsor shall cause the Sponsor's Work Obligations to be completed as a part of and in sequence with the overall construction schedule for the construction work to be performed by Sponsor at the Building, in accordance with good construction practice. In addition, Sponsor, at its sole cost and expense, shall, as soon as practicable after completion of the Sponsor's Work Obligations, obtain all licenses, permits and approvals necessary for the Sponsor's Work Obligations.

26.2 Sponsor covenants that the Sponsor's Work Obligations will be free from defects in workmanship and materials for a period of one (1) year following substantial completion thereof. Accordingly, and without limiting the generality of the foregoing, if within one (1) year from the substantial completion of the Sponsor's Work Obligations any part of such work (i) is found to be defective in any material respect, (ii) requires adjustment, whether due to a defect or because such adjustment is customary in connection with the installation and initial operation of such component of the work (e.g., a building system that requires periodic adjustment in connection with the installation and "fine tuning" of such system to make such system fully operational), or (iii) fails to substantially conform to any

applicable laws and regulations ("Legal Requirements"), then Sponsor, at its sole cost and expense, shall (or shall cause its contractor to) correct such defect, make such adjustment or correct such nonconformity promptly after receipt of written notice from Purchaser to do so. The Purchaser shall provide access to the Sponsor or its contractors during normal business hours to correct any such defect, make such adjustment or correct any such nonconformity. Failure of Purchaser to provide such access shall invalidate such warranty. If the Purchaser fails to notify the Sponsor in writing of any such defective work, required adjustment and/or non-conformity of Legal Requirements on or prior to the expiration of such one-year warranty period, then the Sponsor shall have no further obligations to correct or cure same. Such warranty as provided herein in this Section 26.2 shall hereinafter be referred to as the "Warranty". The coverage provided under this Warranty includes only those items set forth in this Section 26.2 and shall not include the exclusions set forth in the attached Exhibit D. Such Warranty shall inure solely to the benefit of the Purchaser and/or the Purchaser's permitted assign under this Agreement. It does not extend to subsequent owners, tenants and/or anyone else who may succeed to the rights of the Purchaser and/or its permitted assign under this Agreement or any other persons or entities. The Warranty will not cover or extend to any additional work requested by Purchaser that is beyond the scope of Sponsor's Work Obligations. THIS WARRANTY EXCLUDES AND PRECLUDES ALL CONSEQUENTIAL, INCIDENTAL, SPECIAL AND INDIRECT DAMAGES.

26.3 Upon substantial completion of the Sponsor's Work Obligations, Sponsor shall send Purchaser a notice (the "Work Completion Notice") indicating that the Sponsor's Work Obligations is complete in accordance with the terms hereof. Purchaser may, within 10 Business Days after receipt of the Work Completion Notice, dispute that the Sponsor's Work Obligations (or any part thereof) is so complete, by written notice to Sponsor (the "Dispute Notice"). Such Dispute Notice shall indicate with specificity any such dispute by the Purchaser as to the completion of the Sponsor's Work Obligations. If the Purchaser shall fail to timely deliver to the Sponsor the Dispute Notice or specify the work which it deems incomplete, then the Purchaser shall be deemed to waive its right to dispute the completion of such Sponsor's Work Obligations. Any such dispute shall be resolved by arbitration in accordance with the JAMS Comprehensive Arbitration Rules and Procedures and the JAMS Optional Arbitration Appeal Procedures in effect as of the date of this Agreement. At the option of the Sponsor, the arbitrator for any such dispute shall be the architect or engineer who completed the plans and specifications for the Sponsor's Work Obligations. The decision of such architect and/or engineer shall be binding on the Sponsor and the Purchaser.

26.4 At the Closing Sponsor shall assign to Purchaser all of Sponsor's right, title and interest in and to all warranties and guaranties pertaining to the Sponsor's Work Obligations (to the extent such warranties and guaranties are assignable and/or have not been assigned to the Board of Managers), and Sponsor, from and after the Closing shall, upon request, cooperate with Purchaser in enforcing such warranties and guaranties. Notwithstanding the above provisions of Section 26.2, to the extent any such defects in workmanship and/or materials are covered by manufacturers' and/or suppliers' warranties or guarantees, and the Purchaser would be covered by such warranties and/or guarantees, then the Purchaser's sole recourse shall be to have such defects in workmanship and/or materials corrected and/or replaced by an such applicable manufacturer and/or supplier.

26.5 The provisions of this Section 26 shall survive the Closing.

27. 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.

28. PERFORMANCE BY AND LIABILITY OF SPONSOR. Purchaser's acceptance of the deed for the Unit shall be deemed to be a full performance and discharge of each and every agreement and obligation on the part of Sponsor to be performed pursuant to the provisions of this Agreement, the Plan, 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 General Business Law §352-e, except those (if any) herein or therein expressly stated to survive delivery of such deed.

29. 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. The provisions of this subparagraph shall survive the closing of title.

30. 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) stated in Section 4 of this Agreement, 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 Purchaser's 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.

31. COSTS OF ENFORCING AND DEFENDING AGREEMENT. If either party hereto shall commence litigation against the other in connection with this Agreement and/or the transactions contemplated hereunder, the losing party in such action shall reimburse the reasonable attorney's fee and disbursements of the prevailing party in such action. The terms and provisions of this Section shall survive the Closing or any termination of this Agreement.

32. 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.

33. STRICT COMPLIANCE. Any failure by a party to insist upon the strict performance by the other party hereto of any of the provisions of this Agreement shall not be deemed

a waiver of any of the provisions hereof, and each party hereto, notwithstanding any such failure, shall have the right thereafter to insist upon the strict performance by the other party hereto of any and all of the provisions of this Agreement to be performed by such other party.

34. 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.

35. 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, THE PLAN THIS AGREEMENT OR THE RELATIONSHIP CREATED HEREBY. THE PROVISIONS OF THIS SECTION SHALL SURVIVE THE CLOSING OF TITLE.

36. ENTIRE AGREEMENT. This Agreement together with the Plan constitutes the entire agreement between the parties and supersedes any and all understandings and agreements between the parties with respect to the subject matter hereof.

37. 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.

38. 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.

39. RULE OF CONSTRUCTION. There shall be no presumption against the draftsman of this Agreement or the Plan.

40. SUCCESSORS AND ASSIGNS. The provisions of this Agreement shall bind and inure to the benefit of Purchaser and Purchaser's heirs, legal representatives, successors and permitted assigns and shall bind and inure to the benefit of Sponsor and its successors and assigns.

41. NO ORAL CHANGES. This Agreement cannot be changed or terminated and no provision waived 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.

42. TAX CERTIORARI PROCEEDINGS.

42.1 If any tax reduction proceedings in respect of the Unit or Building, relating to any fiscal years ending prior to or during the fiscal year in which the Closing occurs, are pending at the time of the Closing, Sponsor reserves and shall have the right to continue to prosecute and/or settle the same.

42.2 Any refunds or savings in the payment of taxes resulting from such tax reduction proceedings applicable to the period prior to the date of the Closing shall belong to and be the property of Sponsor, and any refunds or savings in the payment of taxes applicable to the period from and after the date of the Closing and attributable to the Unit shall belong to and be the property of Purchaser; provided, however, that if any such refund creates an obligation to reimburse any tenants under Leases for any rents or additional rents paid or to be paid, that portion of such refund equal to the amount of such required reimbursement (after deduction of allocable expenses as may be provided in the Lease to such tenant) shall, at Sponsor's election, either (a) be paid to Purchaser and Purchaser shall disburse the same to such tenants or (b) be paid by Sponsor directly to the tenants entitled thereto. All attorneys' fees and other expenses incurred in obtaining such refunds or savings shall be apportioned between Sponsor and Purchaser in proportion to the gross amount of such refunds or savings payable to Sponsor and Purchaser, respectively (without regard to any amounts reimbursable to tenants).

42.3 The provisions of this Section 42 shall survive the Closing.

43. EXCHANGE PROVISIONS. Sponsor shall have the right to structure the sale of the Unit as a forward or reverse exchange thereof for other real property of a like-kind to be designated by Sponsor (including the ability to assign this Agreement to an entity established in order to effectuate such exchange), with the result that the exchange shall qualify for non-recognition of gain or loss under Section 1031 of the Internal Revenue Code of 1986, as amended, in which case Purchaser shall execute any and all documents reasonably necessary to effect such exchange, as reasonably approved by Purchaser's counsel, and otherwise assist and cooperate with Sponsor in effecting such exchange, provided that: (i) any costs and expenses incurred by Purchaser as a result of structuring such transaction as an exchange, as opposed to an outright sale, shall be borne by Sponsor; (ii) Sponsor shall indemnify and hold harmless Purchaser from and against any and all liabilities, costs, damages, claims or demands arising from the cooperation of Purchaser in effecting the exchange contemplated hereby; (iii) such exchange shall not result in any delay in closing the transaction without Purchaser's prior written consent; and (iv) Purchaser shall not be obligated to make any representation or warranty in favor of Sponsor or any other person in connection with such exchange.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date above written.

SPONSOR:

SAGAMORE 54TH ST. INVESTMENTS LLC

By: _____
Name:
Title:

PURCHASER:

MTI ENTERPRISES, INC.

By: _____
Name:
Title:

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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 of the Property would show, provided such state of facts would not make title to the Unit uninsurable, except as otherwise permitted herein, provided that such state of facts would not affect, limit or impair access to the Unit or prevent or impair the use thereof for general commercial use.

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, 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 spaces, if any, under the sidewalks and streets.

7. 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 between record lines of the Property and retaining walls and the like, if any.

8. Lease and service, maintenance, employment, concessionaire and license agreements, if any, of other Units or portions of the Common Elements or Limited Common Elements.

9. 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.

10. The lien of any unpaid assessment payable in installments (other than assessments levied by the Board of Managers), 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.

11. 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.

12. Any encumbrance as to which First American Title Insurance Company of New York (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 omit same as a title exception.

13. 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 its intended purposes.

14. The Existing Lease.

15. Any violation against the Property and or the Unit, except as to any violation relating to Sponsor's Work Obligations.

16. The existing Certificate of Occupancy for the Property.

EXHIBIT A

EXISTING LEASE

Tenant Name: MTI Enterprises, Inc.

Date of Lease and Amendments, if any: February 1996.

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EXHIBIT B

ASSIGNMENT AND ASSUMPTION OF LEASE

THIS ASSIGNMENT AND ASSUMPTION OF LEASE (this "Assignment") is made as of the day of , 200__ by and between Sagamore 54th St. Investment LLC, a Delaware limited liability company, having an office at c/o _____ ("Assignor") and _____, having an office at _____ ("Assignee").

WITNESSETH:

WHEREAS, Assignor (or its predecessor in interest) entered into those certain lease, listed on Exhibit 1 attached hereto (such lease is hereinafter collectively referred to as the "Lease") affecting the property commonly known as 421 West 54th Street, Commercial Unit 3, New York, New York (the "Unit") as more particularly described in Exhibit 2 attached hereto; and

WHEREAS, Assignor has entered into that certain Purchase Agreement with Assignee dated (the "Agreement"); and

WHEREAS, in connection with the transaction contemplated by the Agreement, Assignor desires to assign all of Assignor's right, title and interest in and to the Leases, and the rents collected therefrom, to Assignee and Assignee desires to accept the assignment of such right, title and interest in and to the Lease, and the rents collected therefrom and to assume all of Assignor's rights and obligations thereunder.

NOW, THEREFORE, in consideration of the mutual covenants and conditions herein contained and for other good and valuable consideration, the parties hereto mutually agree as follows:

1) Assignor hereby assigns, transfers, sets over and conveys to Assignee, its successors and assigns, all of Assignor's right, title and interest in and to (1) the Lease, and the rents collected therefrom. Assignee hereby accepts the Assignment and agrees to assume, fulfill, perform and discharge of the obligations and liabilities of Assignor under and by virtue of the Lease, accruing or obligated to be performed from and after the date hereof.

2) Assignee hereby indemnifies and agrees to hold harmless Assignor from and against any and all claims, liabilities, losses, damages, causes of action, costs and expenses (including, without limitation, reasonable attorneys fees and disbursements) incurred in connection with or arising under (i) the obligations of the landlord under the Lease, and the rents collected therefrom, in each instance, which arise or accrue from and after the date hereof.

3) This Assignment is made without representation, warranty (express or implied) or recourse of any kind, except as may be provided herein or as set forth in the Agreement.

4) This Assignment shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns. This Assignment shall be governed by, and

construed under, the laws of the State of New York. This Assignment may be executed in one or more counterparts.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, Assignor and Assignee do hereby execute and deliver this Assignment as of the date and year first above written.

ASSIGNOR:

SAGAMORE 54TH ST. INVESTMENTS LLC

By: _____
Name:
Title:

ASSIGNEE:

MTI ENTERPRISES, INC.

By: _____
Name:
Title:

STATE OF NEW YORK)
COUNTY OF NEW YORK)

On the _____ day of _____ in the year 200_, before me, the undersigned, personally appeared_____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name is subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity, and that by his/her/their signature on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

_____
Notary Public

STATE OF NEW YORK)
COUNTY OF NEW YORK)

On the _____ day of _____ in the year 200_, before me, the undersigned, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name is subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity, and that by his/her/their signature on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

_____
Notary Public

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EXHIBIT C

BILL OF SALE

KNOW ALL MEN BY THESE PRESENTS,

Sagamore 54th St. Investments LLC, a Delaware limited liability company, with an office at c/o Core Plus Properties, LLC, One Rock Street, Stamford, CT 06902 ("Seller"), for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, hereby grants, bargains, sells, transfers and delivers to _____, a _____ ("Purchaser"), all of Seller's right, title and interest, if any, in and to all of the fixtures, equipment and personal property located on or used in connection with the Unit (as such term is defined in that certain Purchase Agreement between Seller and Purchaser dated as of 200_, the "Agreement"), including, if any, all blinds, window shades, screens, screen doors, storm windows and doors, awnings, shutters, furnaces, heaters, heating equipment, stoves, ranges, oil and gas burners and fixtures appurtenant thereto, hot water heaters, plumbing and bathroom fixtures, electric and other lighting fixtures, plans, and air-conditioning equipment and ventilators (collectively, the "Personal Property"), but specifically excluding from the Personal Property all property leased by Seller or owned by tenants or others, if any, to have and to hold the Personal Property unto Purchaser, its successors and assigns, forever.

This Bill of Sale is made without representation or warranty (express or implied) or recourse of any kind, except as may be provided herein or in the Agreement.

This Bill of Sale shall be governed by and construed in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, Seller has caused this instrument to be duly executed as of this _____ day of _____, 200___.

SELLER:

SAGAMORE 54TH ST. INVESTMENTS LLC

By: _____
Name:
Title:

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EXHIBIT D
EXCLUSION FROM WARRANTY COVERAGE

Exclusion From Coverage. The coverage provided under the Warranty contained includes only those items specifically set forth in Section 26 of the Purchase Agreement. Exclusions from this Warranty include, but are not limited to, the following:

(a) Raised butt joints, nail pops, normal shrinkage in lumber, variations of wood grain, doors sticking because of weather; minor adjustments of doors; minor chips, scratches, marks, breaks or other blemishes in doors and elevator cabs; squeaking of sub-flooring or floor covering; and minor chips (nicks) to floors and exterior surface or finishes for the elevator cab.

(b) Defects in any work or materials ordered directly by Purchaser from Sponsor's subcontractors or suppliers or other outside suppliers or subcontractors and for incidental or consequential damages resulting from such work or materials.

(c) Damage caused by the failure by the Purchaser or anyone other than the Sponsor, its employees, agents or subcontractors, to comply with the warranty requirements of manufacturers or suppliers of fixtures or items of equipment.

(d) Damage caused by the misuse, abuse or interference by Purchaser or anyone other than Sponsor or its employees, agents and subcontractors with the Sponsor's original construction or installation.

(e) Additional damage caused by the failure of the Purchaser to give notice to the Landlord of any defects or damage in a timely manner.

(f) Damage caused by changes, alterations or additions made to the leased premises or the Condominium Unit by anyone other than Landlord or its employees, agents or subcontractors after the commencement date of this Purchase Agreement.

(g) Damage caused by changes, alterations or additions made to the leased premises or the Condominium Unit by Sponsor's agents and subcontractors if such work was ordered directly by Purchaser after the commencement date of this Purchase Agreement.

(h) Damage caused by dampness or condensation due to the failure of the Purchaser to maintain adequate ventilation.

(i) Loss or damage caused by or resulting from terrorism, accidents, riot and civil commotion, fire, explosion, smoke, water escape, falling objects, vehicles, acts of God, lightning, windstorm, hail, flood, wind-driven water, soil movement and changes in the underground water table.

(j) Loss or damage caused by seepage of water unless such loss or damage is the direct result of a construction defect.

(k) Any damage which Purchaser has not taken timely action to minimize.

(l) Normal wear and tear and normal deterioration.

(m) Insect, vermin and/or rodent damage and infestation, or damage caused by other animals or pests.

(n) Bodily injury, death or damage to personal property.

(o) Costs of shelter, transportation, food, moving, storage or other expenses related to relocation during repair or replacement.

(p) Consequential, incidental, special and indirect damages.

(q) Any claim not timely filed by Purchaser on or prior to the expiration of the one (1) year warranty period.

(r) Damage due to abnormal loading on floors which exceeds design loads as mandated by the applicable building code or building standards.

MODEL FOR ESCROW AGREEMENT

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ESCROW AGREEMENT FOR OFFERING PLAN

AGREEMENT made this 18th day of January, 2006 between Sagamore 54th St. Investments LLC and HF Sponsor Corp. (collectively, the "Sponsor") as Sponsor of the Offering Plan (defined below) and Philip Brody, Esq. as escrow agent (the "Escrow Agent").

WHEREAS, SPONSOR is the Sponsor of an offering plan for the premises located at 421 West 54th Street, New York, NY and known as The Hit Factory Condominium (the "Offering Plan"); and

WHEREAS, Sagamore 54th Investment LLC will be the owner of the Unsold Units for Commercial Units #2 and #3 and has assumed all of the Sponsor's obligations under the Plan as to such Unsold Commercial Units; and

WHEREAS, HF Sponsor Corp. will be the owner of the Unsold Units for Commercial Unit #1 and the twenty-seven (27) Residential Units and has assumed all of the Sponsor's obligations under the Plan as to such Unsold Units; and

WHEREAS, Philip Brody, Esq. is authorized to act as escrow agent hereunder in accordance with General Business Law ("GBL") Section 352-e(2-b) and the Attorney General's regulations promulgated thereunder; and

WHEREAS, SPONSOR desires that ESCROW AGENT act as Escrow Agent for deposits and payments by purchasers or subscribers, pursuant to the terms of this Agreement.

NOW, THEREFORE, in consideration of the covenants and conditions contained herein and other good and valuable consideration, the parties hereby agree as follows:

A. ESTABLISHMENT OF THE ESCROW ACCOUNT.

1. ESCROW AGENT has established a master escrow account for the purpose of holding deposits, down-payments, advances or payments ("Deposits") made by purchasers ("Purchasers") pursuant to the Offering Plan at North Fork Bank, at its branch located at 1001 Avenue of the Americas, New York, New York 10018, entitled Philip Brody, Esq., Account No. [redacted] (the "Master Escrow Account").

2. All Deposits will be placed initially in a non-interest bearing checking portion of the Master Escrow Account. At such time as 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, 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 savings 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.

3. Philip Brody, Esq. and Daniel Schwartzman, Esq. are the sole signatories on the Master Escrow Account.

4. The Master Escrow Account is not an IOLA account established pursuant to Judiciary Law Section 497.

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 Purchaser defaults.

B. DEPOSITS INTO THE ESCROW ACCOUNT.

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 payer, 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 "Philip Brody, Esq., 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. Within ten (10) business days after tender of the Deposit submitted with the purchase 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.

C. RELEASE OF FUNDS.

1. Consummation of the Offering Plan does not relieve SPONSOR of its fiduciary obligations pursuant to GBL Section 352-h.

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 (d) until released pursuant to the regulations of the Attorney General pertaining to release of escrowed funds.

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.

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.

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.

D. RECORDKEEPING.

1. ESCROW AGENT shall maintain all records concerning the Master Escrow Account for seven years after release of the funds.

2. 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.

E. GENERAL OBLIGATIONS OF ESCROW AGENT.

1. ESCROW AGENT shall maintain the Master Escrow Account under its direct supervision and control.

2. A fiduciary relationship shall exist between ESCROW AGENT and Purchaser, and ESCROW AGENT acknowledges its fiduciary obligations.

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.

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. 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.

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.

F. RESPONSIBILITIES OF SPONSOR.

1. SPONSOR agrees that SPONSOR and its agents, including any selling agents, shall deliver all Deposits received by them prior to closing to the 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.

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.

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.

G. TERMINATION OF AGREEMENT.

1. This Agreement shall remain in full force and 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.

2. Upon termination of the duties of ESCROW AGENT as described in paragraph G.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.

H. SUCCESSORS AND ASSIGNS.

This Agreement shall be binding upon SPONSOR and ESCROW AGENT and their respective successors and assigns.

I. GOVERNING LAW.

This Agreement shall be construed in accordance with and governed by the laws of the State of New York.

J. 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.

K. 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.

L. 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.

M. ENTIRE AGREEMENT.

This Agreement, read together with GBL Section 352-e(2-b) and the Attorney General's regulations, constitutes the entire agreement between the parties with respect to the subject matter hereof.

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

ESCROW AGENT:

Philip S. Brody, Esq.

SPONSOR:

SAGAMORE 54TH ST. INVESTMENTS LLC

By: _____
Charles M. Dubroff, Managing Member

HF SPONSOR CORP.

By: _____
Charles M. Dubroff, President

APPLICATION TO THE ATTORNEY GENERAL FOR A DETERMINATION ON THE DISPOSITION OF DOWN PAYMENTS

(Send this application to the reviewing attorney assigned to the subject plan.)

Re: 421 West 54th Street, New York, New York
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 down payment [ ]
forfeiture of down payment. [ ]
other [ ] _____

5. The project is:

[ ] newly constructed or rehabilitated.
[ ] vacant (as is).

6. The project is structured as: [ ] a cooperative.
[ ] a condominium.
[ ] a homeowners association.
[ ] a time share.
[ ] other:_____

7. Name and Address of Holder: _____

8. Name and Address of Escrow Agent: _____

9. If down payments 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 down payments 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:

_____

12. If down payments 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:

_____

13. Plan information:

(a) Date and filing of plan: _____

(b) plan
has been declared effective [ ] approximate date: _____
has not been declared effective [ ]

(c) if effective, the plan:
has closed or the first unit has closed [ ] approximate date_____
has not closed [ ]
don't know [ ]

(d) Down-payments are secured by:
Escrow Account [ ]
Bonds [ ]
Letter of Credit [ ]

14. Contract Information:

(a) Copy of contract and 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 down-payment(s): _____

(d) Total amount of down-payment(s): _____

(e) Name and addresses of subscribers or purchasers affected by this application:

_____

15. State the basis for your claim. Please be as specific as possible. You may add additional sheets. Attach copies of any relevant documents.

16. 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: _____

_____

_____

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POWER OF ATTORNEY

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FORM OF POWER OF ATTORNEY
THE HIT FACTORY® CONDOMINIUM

The undersigned, _____, the owner(s) of Unit No._____ in the Building known as and by the street address of 421-429 West 54th Street, in the Borough of Manhattan, City, County and State of New York, as designated and described in the Declaration establishing The Hit Factory® Condominium (the "Condominium") dated _____20__, recorded in the Office of the City Register, New York County, on _____ 20__, as CRFN _____ (the "Declaration"), and on the Floor Plans prepared by Arpad Baksa Architect, P.C., on file in the Real Property Assessment Department of the City of New York as Plan No. _____, do hereby irrevocably nominate, constitute and appoint the persons who from time to time shall constitute the Board of Managers of the Condominium and their successors in office, jointly, true and lawful attorneys in fact for the undersigned, coupled with an interest, with power of substitution: (1) to acquire in their own name, as members of the Board of Managers or in the name of their designee, corporate or otherwise, (a) on behalf of all owners of Units in said Condominium property, in accordance with their respective Common Interests and the undivided interest in the Common Elements appurtenant thereto which shall be the subject of a foreclosure or other judicial sale or pursuant to a right of first refusal or whose owner desires to abandon or surrender same in accordance with the By-Laws of the Condominium (the "By-Laws") or (b) on behalf of all owners of Units in said property, in accordance with their respective Common Interests and their undivided interest in the Common Elements (including Limited Common Elements) (i) whose owner desires to transfer or sell the same, together with the undivided interest in the Common Elements (including Limited Common Elements) appurtenant thereto, the interest of such Unit Owner in any other Units theretofore acquired by the Board of Managers, or its designee, on behalf of all Unit Owners, or in the proceeds of sale or lease thereof, if any, and the interest of such Unit Owner in all other assets of the Condominium (hereinafter collectively called the "Appurtenant Interests"), and (ii) to lease any Unit whose owner desires to rent the same, at such price or at such rental, as the case may be, and on such other terms and conditions as said attorney-in-fact shall deem proper; and (2) thereafter to convey, sell, lease, mortgage, vote or otherwise deal with any such Unit so acquired by them, or to sublease any such Unit so leased by them, on such terms and conditions as said attorney-in-fact may determine, granting to said attorney-in-fact the power to do all things in the said premises which the undersigned could do if the undersigned were personally present; and (3) to execute, acknowledge and deliver (a) any declaration or other instrument which, subject to the terms, conditions and limitations of the Declaration and the By-Laws of the Condominium, the Board of Managers deems necessary, appropriate, or is required to be delivered pursuant to the Declaration or By-Laws or 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 maintenance, demolition, construction, alteration, repair or restoration of the Common Elements (including the Residential Common Elements and Limited Common Elements) or (b) any consent, covenant, restriction, easement or declaration, or any amendment thereto, affecting the

Common Elements (including the Residential Common Elements) and the Limited Common Elements which the Board of Managers deems necessary or appropriate; and (4) to create any easements or otherwise effect the provisions of the Offering Plan for the Condominium; and (5) to act as an agent of each Unit Owner to complain or apply to the tax commission or board of assessment review of the assessing agency by filing a single complaint on behalf of all Unit Owners pursuant to sections five hundred twelve and five hundred twenty-six of the Real Property Tax Law as same may from time to time be amended (or any successor statute) and to commence and prosecute a special proceeding for the review of assessments of real property as an aggrieved person pursuant to section seven hundred four of the Real Property Tax Law as same may from time to time be amended (or any successor statute). The Board of Managers may retain legal counsel for the purpose of the proceedings or actions described in this paragraph on behalf of all Unit Owners for whom counsel is filing such complaint and charge all such Unit Owners a pro rata share of the expenses, disbursements and legal fees for which charges the Board of Managers shall have a lien pursuant to section three hundred thirty-nine of the Real Property Law.

The acts of a majority of such persons constituting the Board of Managers shall constitute the acts of said attorney-in-fact.

The foregoing provisions of this power of attorney shall not apply to any purchase, lease, or sale of any of the Units owed by the Declarant or its Designee and shall further not apply if they adversely affect the rights granted to the Declarant or its Designee, pursuant to the Declaration or By-Laws.

The undersigned does (do) hereby nominate, constitute and appoint the person(s) who from time to time shall be the member(s) of the Board of Managers, designated by the Declarant to execute, acknowledge and deliver on their behalf any declaration, instrument or document required to alter, change or amend the Declaration and By-Laws which is required to enable the Declarant or its Designee to effectuate any such alteration, change or amendment permitted to be made by the Declarant or its Designee pursuant to the Declaration and/or By-Laws.

This power of attorney is irrevocable and shall not be affected by the subsequent disability or incompetence of the undersigned.

All capitalized terms which are not separately defined herein shall have the meanings given to those terms in the Declaration or the By-Laws.

IN WITNESS WHEREOF, the undersigned has (have) executed this Power of Attorney
this_____ day of _____.

_____

_____

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

On the ___ day of _____ in the year _____ before me, the undersigned, a Notary Public in and said State, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

_____
Notary Public

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FORM OF UNIT DEED

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FORM OF UNIT DEED

THIS INDENTURE, made the_____ day of _____ 200__ between Sagamore 54th St. Investment LLC*, a Delaware Limited Liability Company, with an office at One Dock Street, Suite 408, Stamford, CT 06902("Grantor") and _____residing at _____, ("Grantee").

WITNESSETH:

That the Grantor, in consideration of Ten Dollars and other valuable consideration paid by the Grantee, does hereby grant and release unto the Grantee, the heirs, successors and assigns of the Grantee, forever:

The Unit known as Unit No.____(hereinafter called the "Unit") in the building known as The Hit Factory® Condominium and by the street address of 421-429 West 54th Street (the "Building"), in the Borough of Manhattan, City, County and State of New York, designated and described as Unit No.___ in the Declaration establishing The Hit Factory® Condominium, a Condominium (hereinafter called the "Property"), made by the Grantor under (Article 9-B of the Real Property Law of the State of New York (the "Condominium Act")), dated _____, 200_, recorded in the Office of the City Register, New York County, on the ____ day of _____ 200_ as CRFN _____ (hereinafter called the "Declaration"), and designated also as Block No. ____, Tax Lot(s) No. ____ on the floor plans (the "Floor Plans") of the Building, certified by Arpad Baksa Architect, P.C., filed in the Real Property Assessment Department of the City of New York on ____, 200_, as Condominium Plan No._____ and filed in said Register's Office on _____200_ .

The land on which the Building is located is described on Exhibit A attached hereto and made a part hereof.

All capitalized terms herein which are not separately defined herein shall have the meanings given to those terms in the Declaration or in the By-Laws of The Hit Factory® Condominium.

TOGETHER with an undivided ___ percent interest appurtenant to the Unit in the Common Elements (as such terms are defined in the Declaration).

TOGETHER with an easement for support and for the continuance of all encroachments by the Unit on any adjoining units or Common Elements or Limited Common Elements now existing as a result of the construction or renovation of the Building or which may come into existence hereafter as a result of settling or shifting of all or a portion of the Building, or as a result of repair or restoration of the Building or of such Unit or Common Elements or Limited Common Elements after damage or

* If the Unit to be conveyed is Commercial Unit #1 or a Residential Unit, insert "HF Sponsor Corp.".

destruction by fire or other casualty, or after a taking, in condemnation or eminent domain proceedings, or by reason of an alteration or repair to the Common Elements or Limited Common Elements made by or with the consent of the Board of Managers of the Condominium in accordance with the Declaration and the By-Laws, so that any such encroachments may remain so long as the Building shall stand;

TOGETHER with an easement in common with the owners of other Units to use, install, operate, maintain, alter, repair, rebuild, restore and replace any pipes, flues, wires, ducts, cables, conduits, public utility lines and other Common Elements located in any of the other Units or elsewhere on the Property, and serving the Unit;

TOGETHER with the appurtenances and all the estate and rights of the Grantor in and to the Unit;

TOGETHER with and SUBJECT to (i) all easements created in the Declaration and (ii) easements of necessity in favor of the Unit or in favor of other units, the Common Elements and Limited Common Elements, and (iii) a right of way through the Common Elements or Limited Common Elements to the public streets;

TOGETHER with the benefits, rights, privileges, easements and SUBJECT to the burdens, covenants, restrictions and easements set forth in the Declaration and By-Laws;

TOGETHER with the right to the use of the Limited Common Elements (including Special Limited Common Elements, if any) appurtenant to the Unit if any in accordance with the Declaration and By-Laws,' subject to the rights of other Unit Owners to use the Limited Common Elements as set forth in the Declaration and By-Laws;

SUBJECT to easements in favor of adjoining Units and in favor of the Common Elements and Limited Common Elements for support and the continuance of all encroachments of such adjoining Units or Common Elements or Limited Common Elements on the Unit now existing as a result of construction or renovation of the Building, or which may come into existence hereafter as a result of settling or shifting of all or a portion of the Building, or as a result of repair or restoration of all or a portion of the Building or of any adjoining Unit or of the Common Elements or Limited Common Elements after damage or destruction by fire or other casualty, or after a taking, in condemnation or eminent domain proceedings, or by reason of an alteration or repair to the Common Elements or Limited Common Elements made by or with the consent of the Board of Managers of the Condominium in accordance with the Declaration and By-Laws, so that any such encroachments may remain so long as the Building shall stand;

SUBJECT also to an easement in favor of the other units to use, install, operate, maintain, repair, alter, rebuild, restore and replace such other units and the pipes, wires, risers, ducts, conduits, cables, utility lines, flues and other Common Elements located in the Unit or elsewhere on the Property and serving such other units provided that access to any unit or the Common Elements in furtherance of such easement shall be exercised in

such manner as will not unreasonably interfere with the use thereof for residential or commercial purposes;

TOGETHER with and SUBJECT also to the terms, conditions, easements, covenants and provisions of the Declaration and of the By-Laws of the Condominium recorded simultaneously with and as part of the Declaration, as the same may be amended from time to time by instruments recorded in the Office of the City Register, New York County, which terms, conditions, easements, covenants and provisions, together with any amendments thereto, shall constitute covenants running with the land and shall bind any person having at any time any interest or estate in the Unit, as if such provisions were recited and stipulated at length herein;

SUBJECT also to any other declaration or instrument affecting the Property which Grantor has filed to comply with any law, ordinance, regulation, zoning resolution or requirement of any public agency or authority, applicable to construction, alteration, repair or restoration of the Building;

SUBJECT also to a right of access to the Common Elements, the Limited Common Elements, the Unit and other units by the Grantor or its designee, and its respective successors and assigns, their contractors, subcontractors, agents employees and tenants, for (i) the purposes of (a) construction, installation, maintenance, ingress to and egress from and the right to use (in common with all unit owners) pipes, flues, conduits, ducts, cables, wires, risers, storm drainage facilities, water, sewer and municipal and other utility systems and all fixtures and equipment serving any portion of the Property and (b) completion of the renovation of the Building in accordance with the plans and specifications therefor and to fulfill Grantor's obligations as set forth in the Offering Plan covering the Condominium, (ii) ingress to and egress from parts of the Property, and the use thereof in common with unit owners for all lawful purposes and (iii) the erection, maintenance, repair and replacement from time to time of one or more signs on the Property relating to the sale of units or leasing of space in any Unit;

SUBJECT also to existing utility easements and the right reserved in the Declaration to establish, grant and create additional utility easements, in favor of any utility company for construction, use, maintenance, repair, replacements and operation of all utility lines, including but not limited to water, gas, electric and telephone, sewers, wires, terminal or distribution boxes, mains, pipes, cables, poles, transformers, meters, conduits and other equipment and facilities in, under, over and across the Property or the Building (including, but not limited to any agreement with any cable franchise permitted by municipal regulation to locate and maintain television cable and equipment in the Common Elements or Limited Common Elements);

SUBJECT also to any and all other liens, covenants, encumbrances, or restrictions of record, if any, as of the date hereof provided same do not prevent the use of the Unit for the purposes provided herein or materially adversely affect its value; and

SUBJECT also to the additional encumbrances set forth in Exhibit B attached to and made a part hereof.

TO HAVE AND TO HOLD the same unto the Grantee, the heirs or successors and assigns of the Grantee, forever.

INSERT
AS TO RESIDENTIAL UNIT

The Unit shall be used as a residence (including permissible home occupations) as permitted by the Declaration, By-Laws and applicable law.

INSERT
AS TO COMMERCIAL UNIT

The Unit shall be used for commercial uses as permitted by the Declaration, Bylaws and applicable law.

The Grantor covenants that the Grantor has not done or suffered anything whereby the Unit has been encumbered in any way whatever, except as aforesaid. The Grantor, in compliance with Section 13 of the Lien Law, covenants that the Grantor will receive the consideration for this conveyance and will hold the right to receive such consideration as a trust fund for the purpose of paying the cost of the 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 purpose.

The Grantee accepts and ratifies the provisions of the Declaration and the By-Laws and the Rules and Regulations of the Condominium recorded simultaneously with and as part of the Declaration and agrees to comply with all the terms and provisions thereof, as the same may be amended from time to time by instruments recorded in the Office of the New York City Register, New York County.

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.

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

The term "Common Elements" as used herein shall also, to the extent applicable, include the Residential Common Elements.

IN WITNESSETH WHEREOF, the Grantor and the Grantee have duly executed this deed the day and year first above written.

Grantor: Sagamore 54th St. Investment LLC*

By:_____

Grantee:

_____

State of _____)
) ss.
County of _____)

On the ____ day of _____ in the year _____ before me, the undersigned, a Notary Public in and said State, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

_____
Notary Public

* If the Unit to be conveyed is a Residential Unit or Commercial Unit #1, insert instead "HF Sponsor Corp.".

EXHIBIT A

DESCRIPTION OF THE LAND

All that certain plot, piece or parcel of land, situate, lying and being in the Borough of Manhattan, City, County and State of New York, bounded and described as follows:

BEGINNING at a point on the northerly side of 54th Street, distant 300 feet westerly from the corner formed by the intersection of the westerly side of Ninth Avenue with the northerly side of 54th Street;

RUNNING THENCE northerly parallel with Ninth Avenue, 100 feet 5 inches to the center line of the block between 54th and 55th Street;

THENCE westerly along said center line of the block, 125 feet;

THENCE southerly again parallel with Ninth Avenue, 100 feet 5 inches to the northerly side of 54th Street; and

THENCE easterly along the northerly side of 54th Street, 125 feet to the point or place of BEGINNING.

EXHIBIT B

PERMITTED ENCUMBRANCE

1. State of facts shown on a survey made by Earl B. Lovell - S.P. Belcher, Inc., dated 11/1/96, as updated by visual examination made by Earl B. Lovell – S.P. Belcher, Inc., dated 12/26/04, and any changes therefrom a current, accurate survey or personal inspection of a Unit or the Property would show, provided that such changes do not render title unmarketable.

2. The terms, conditions, easements, covenants and provisions of the Declaration and By-Laws, the Rules and Regulations and the Floor Plans.

3. The agreements, covenants, easements, restrictions and other matters of record as pertain to the Unit or to the Property, provided same do not prevent the use of a Unit for its residential or commercial purpose or materially adversely affect its value for such purpose.

4. Zoning and other resolutions, regulations, laws and ordinances and any amendments thereto. provided that neither the Building nor the Unit nor its uses pursuant to this Plan would be prohibited thereby.

5. Easements in favor of the owners of other Units to use pipes, flues, wires, ducts, conduits, cables, utility lines and other Common Elements and Limited Common Elements, including those located in the Unit itself or elsewhere on the Property, serving such other Units, and easements of necessity in favor of the other Units and/or the Common Elements or Limited Common Elements.

6. Easements for the continuance of encroachments on Units and on the Common Elements or Limited Common Elements by other Units or portions of the Common Elements or Limited Common Elements then existing by reason of the renovation of the Building or thereafter occurring by reason of the settling or shifting of the Building, or by reason of repair and/or restoration by the Board of Managers of such other Units or Common Elements or Limited Common Elements after damage by fire or other casualty or after a taking in condemnation or eminent domain proceedings, or by reason of an alteration or repair to the Common Elements or Limited Common Elements made by the Board of Managers, or to any other Units so that any such encroachments may be made as long as the Building stands.

7. Franchise taxes and New York City General Corporation Taxes of any corporation in the chain of title, provided that Stewart Title is willing to insure that such taxes will not be collected out of the Unit.

8. The lien of any unpaid Common Charges and real estate taxes which shall be apportioned at the closing of title.

9. The lien of any unpaid assessment payable in installments 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 and from and after the Closing Date.

10. Sewer, water, electric, plumbing, heating, gas, telephone and other utility easements and consents, if any, then or thereafter recorded, including the right to maintain and operate lines, wires, cables, amplifiers, transformers, equipment, pipes, conduits, poles, meters and distribution boxes in, over, under and upon the Property and the Building (including but not limited to any agreement with any cable company permitted by municipal regulation to locate and maintain television lines and equipment in the Common Element or Limited Common Element.)

11. The lien of any mortgage loan obtained by the Purchaser.

12. As to a Residential Unit, any violation against the Property (other than a violation of record against the Unit) which is the obligation of a Board of Managers, or another Unit Owner to correct.

13. As to a Commercial Unit, any violation against the Unit and/or against the Property.

14. Easements in favor of the Board of Managers and the Sponsor and their respective successors, assigns, invitees, licensees, contractors, employees and tenants, on, in, over and across all parts of the Property for (i) construction, installation, maintenance, ingress to and egress from and the right to use in common with all other Unit Owners, pipes, flues, conduits, ducts, cables, wires, storm drainage facilities, water, sewer and other utility systems and all fixtures and equipment serving any portion of the Property and for the purpose of completion of the renovation of the Building in accordance with the Plans and Specifications; (ii) ingress to and egress from all parts of the Property and the use thereof in common with Unit Owners for all lawful purposes; and (iii) the erection, maintenance, repair and replacement from time to time of one or more signs in or on the Property, relating to the sale of Units and the leasing of space in any Unit.

15. Easements for ingress and egress and for construction, installation, operation and maintenance of municipal service facilities and utilities and communication conduits.

16. Rights of all other Unit Owners through the Common Elements and Limited Common Elements and in the event of emergency, or if required by law or necessity, the Unit to and from the public streets.

17. Encroachments of stoops, areas, cellar steps, trim coping, foundations, fences, cornices, and similar projections, if any, of the Common Elements or Limited Common Elements on over and under the Property or the streets or sidewalks abutting same and

rights of governmental authorities to require removal of projections and variations between retaining walls and record lines.

18. Powers of Attorney from the other Unit Owners to the Board of Managers.

19. Standard exceptions contained in the form of title insurance policy issued by First American.

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

21. Revocability of license for vault space, if any, under sidewalks and streets.

22. **Insert to Extent Applicable** - Leases or tenancies with occupants or tenants of the Residential Unit, as agreed upon by the Sponsor and the Purchaser and leases or tenancies with the tenants of a Commercial Unit; and

23. Any encumbrance as to which First American or other title company insuring Purchaser's title, would be willing, in a fee policy to insure (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.

24. The term "Common Elements" as used herein shall also include the Residential Common Elements to the extent applicable.

[INSERT: RESIDENTIAL OR COMMERICAL] CONDOMINIUM DEED

SAGAMORE 54TH ST. INVESTMENT LLC*, GRANTOR

TO

_____, GRANTEE

UNIT # __
THE HIT FACTORY® CONDOMINIUM

421-429 WEST 54TH STREET
NEW YORK, NEWYORK

NEW YORK COUNTY
SECTION ____
BLOCK _____
LOT _____

RECORD AND RETURN TO:

* Insert "HF Sponsor Corp." if the Unit to be Conveyed is Commercial Unit #1 or a Residential Unit.

DESCRIPTION OF THE PROPERTY AND BUILDING CONDITIONS

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ARPAD BAKSA

ARCHITECT, P.C.

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tel: 212.768.4191
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DESCRIPTION OF PROPERTY AND BUILDING CONDITION

PREPARED BY THE OFFICE OF

ARPAD BAKSA ARCHITECT, P.C.
(WITH THE AIDE OF CONSULTANTS BELOW)

ADDRESS:	The Hit Factory Condominium 421-429 West 54th Street New York, New York 10019
	Block: 1064 Lot: 16 Zoning: C6-2 Map: 8c
REQUESTING PARTY:	Sagamore 54th St. Investments LLC c/o Core Plus Properties, LLC One Dock Street Stamford, CT 06902
STRUCTURAL ENGINEER:	Chen Engineering Services, PC 28 Deepdale Drive Great Neck, NY 11020
MEP ENGINEER:	DNV Associates 1 Lesa Lane Hillsdale, NJ 07642
ELEVATOR ENGINEER:	D.T.M., Inc. 120-02 14th Road College Point, NY 11356

INTRODUCTION

This Report was prepared for the Sponsor for inclusion in an offering plan for conversion of the property to condominium units. The Report is based on (a) a visual inspection of the existing spaces and mechanical equipment which were open and accessible at the time of such inspection and a description of the proposed work to be performed as deemed necessary, but not, unless otherwise stated herein, any tests or penetration into existing walls, ceilings, floors, etc. or removal of any remaining structural or mechanical elements. It is understood that not all aspects of the physical condition of the Property can be ascertained from a visual inspection alone, and (b) information provided by the Sponsor and/or his representatives.

This Report fairly describes the condition of the Building and proposed improvements on the Property as of the date of the inspection with respect to those facts which could be ascertained from a visual inspection at that time, except as noted herein. Proposed work to be performed and described herein is accurate and descriptive as of the date of this Report. This Report provides a general description of the Property, interior spaces and mechanical equipment and a fair summary of their general condition existing and proposed, but is not intended to be a complete detailed list of every piece of equipment or of their condition. Emphasis is on their condition at the time of the inspection including deficiencies probably unknown to prospective purchasers, rather than description of material conditions which are not obvious.

The scope of this Report does not include estimates of costs of repairs which would be required to correct the defects brought to light by this Report. In order to obtain such estimates it would be necessary to engage an engineer and/or architect for preparation of detailed plans and specifications for each trade and to secure competitive bids from contractors in that trade.

The contents of this Report are correct to the best of my knowledge and belief. This Report and the conclusions stated herein are, however, limited to actual knowledge based upon visual inspection, undertaken with due diligence, of visible portions of the Property and information voluntarily supplied by the Sponsor and obtained from governmental Records. No representation is made, however, as to the truth, completeness or accuracy of this information.

This Report is not to be construed as a guarantee or warranty. It is not intended or prepared for the purpose of fixing a value for the condominium units or as to the advisability or inadvisability to purchase the condominium units being offered pursuant to the Offering Plan for the building.

DESCRIPTION OF PROPERTY AND BUILDING

421-429 West 54th Street
New York, New York

Date of Inspection: 18 May 2005
Date of Report: 20 June 2005
*Revised: 31 March 2006

(a) Location and Use of Property. *State whether this property and proposed use will comply with all zoning and use requirements at closing. Include in discussion*:

(1) Address: The Hit Factory Condominium
421-429 West 54th Street
New York, New York

(2) Block and lot number:
Block: #1064
Lot: #16
Tentative Tax Lots: 1101-1170

(3) Zoning: C6-2, Zoning district within The Special Clinton District, Preservation Area A

(4) Permissible use: Permissible use: Commercial, community facilities, limited retail and commercial uses, use group 1 through 12.

(5) Proposed use: Proposed use in cellar through 2nd floor is commercial (use group 6). 3rd through penthouse level is residential, use group 2. Proposed uses are permitted as of right. There is parking proposed in the cellar. The parking requires a Special Permit from the Department of City Planning. If the Special Permit is not granted, the Sponsor will reassign a use for the parking area in the cellar. In addition there are residential storage units in the cellar. There is a residential lobby at the 1st floor.

(b) Status of construction. *State*:

(*For existing buildings state*): The building is existing Construction.

(1) Year built: Approximately 1922
(2) Class of construction: I C
(3) Certificate of Occupancy, type and number: #16432 issued 05/22/1930. The existing Certificate of Occupancy will be amended to reflect the proposed uses listed above.
(4) Alteration permit numbers and description of work done: Alt 1: 104055442. Renovation

of an existing commercial building to Class A apartments. After all the work is completed an amended Certificate of Occupancy will be obtained. The plans for the work were approved on 13 June 2005.

(c) Site. *Discuss*:

(1) Size: The lot is approximately 12,500 square feet and the lot coverage is 12,500 square feet.

(2) Number of buildings and use: There is one (1) building used for commercial use.

(3) Streets owned or maintained by the project: See site plan for location. The streets are owned and maintained by the City of New York.

(i) Paving (*material and condition*): The street paving is asphalt and is in fair to good condition.

(ii) Curbing (*material and condition*): The existing curbing is steel in good condition.

(iii) Catch basins, drainage (*location and condition*): See site plan for location. The catch basins are provided by the City of New York, in good condition. No visible puddling occurs.

(iv) Street lighting (*material, type, location and condition*): See site plan for location. The street lamps are aluminum as provided by the City of New York, and they are in good condition.

(v) *State whether these items are in conformity with local fire district, town or municipal building codes*: All the items above are in conformity with local fire district, town and municipal building codes.

(4) Drives, sidewalks and ramps:

(i) Paving (*material and condition*): Existing concrete sidewalk is along 54th Street will be removed and a new sidewalk laid. The existing sidewalk is in fair condition.

(ii) Curbing (*material and condition*): See (3) (ii) above.

(iii) Catch Basins, drainage (*location and condition*): See (3) (iii) above.

(iv) Street lighting (*material, type, location and condition*): See (3) (iv) above.

(v) *State whether these items are in conformity with local fire district, town or*

municipal building codes: All the items above are in conformity with local fire district, town and municipal building codes. Currently the building is not ADA compliant. ADA compliance is going to be achieved by means of a ramp to the elevator. The elevator stops at the commercial level and all the floors, from the cellar to the roof.

*(d) Utilities. *See (d) of Addendum #2.*

(e) Sub-soil conditions. *Describe (including water conditions)*:

(1) *Whether uneven foundation movement or settling has occurred (cracking, mortar joint decay, etc.)*: The subsoil conditions of the Building have not been tested. However, the soil appears to be of sufficient capacity to support the Building. There are no signs of spalling, settlement, movement, cracking or mortar joint decay, bulges, leaning conditions, or other signs of distress at the foundation walls, cellar floor, and facade of the Building. It is concluded that the foundation is sound since it has been doing so for over seventy years.

(2) *Whether there is any evidence of moisture or seepage or ground water infiltration and, if any, indicate whether corrective action is needed*: No moisture or seepage was observed in the existing cellar above the existing level slab.

(3) *Whether there is any danger from flooding, either due to water table in area or overflow from other bodies of water. Note potential for mudslides or erosion and what preventive action is appropriate*: The Building is in a "built up" urban area. There is no mud slides, flooding or erosion danger present.

(f) Landscaping and enclosures. *Describe*:

(1) Grass cover (*type, location*): None
(2) Plantings (*type, location*): None
(3) Trees (*location*): None
(4) Fencing (*type, location*): None
(5) Gates (*type, location*): None
(6) Garden walls (*type, location*): None
(7) Retaining walls (*type, location*): None
(8) Display pools and fountains (*location, materials*): None

(g) Building size. *Specify*:

(1) *Total height (approximate total feet from ground level to highest part of roof)*: See

Schematic section for the total height of the building from the ground level to the main roof. The building does have to comply with Local Law 11.

(2) Crawl spaces (*floor to ceiling, height*): None

(3) ~~Number of Sub-cellars and cellars: No sub-cellar, a cellar.~~

(4) Number of floors (*actual including penthouses*): There are 6 floors, penthouse and a cellar. The penthouse floor will be created by subdividing the 6th floor into two connected floor.

(5) Equipment rooms (*location and use*): There are gas, electric, and elevator equipment rooms in the cellar. The boiler room is on the roof.

(6) Parapet (*height above roof*): The existing brick parapet height varies from approximately 9'-0" - 3'-6" high, in fair condition. The parapet is brick construction with purging on the inside. The parapets will be modified to be 3'-6" high all around the building. The purging will be removed.

(h) Structural system. *Describe materials used, include type of foundation(s) and method of installation. Specify*: The existing foundation wall is concrete. Footings could not be observed. The building is constructed of brick bearing walls with steel columns, beams and concrete slabs.

The building floor construction is concrete supported on steel beams. The steel beams are supported on the exterior east and west brick bearing walls and girders of the building. The steel girders span in the east-west direction and are supported on interior columns and brick pilasters of exterior wall. The interior columns are steel. The front facade (south wall) is windows with brick sills. The back facade (north wall) is brick with windows.

Foundations could not be observed and subsoil conditions at the building have not been tested. However, althought the building is approximately 80 years old, no sign of excessive differential settlements has been observed.

(1) Exterior of buildings:

(i) Walls: *List materials, type of construction, method of construction. For New York City buildings, if Local Law 11 applies, include the entire report of the results of the inspection. If Local Law 11 is inapplicable, so state. If such inspection is required, but not performed, specify as a violation. If insulated, describe material, type, size and insulating value where available*: The front facade has window frames supported by steel lintels encased in concrete. The

storefront is metal frames and glass infill. The facade is in good condition. The side walls are brick masonry bearing. The rear wall is brick with windows. The building has intermediate columns from the cellar to the 6th floor and penthouse. Window openings will be enlarged at certain locations. The spalling brick will be replaced and the entire building will be pointed and cleaned.

A Local Law 10 and/or 11 facade inspection report has never been filed at Department of Building. After the construction a Local Law 11 facade inspection will have to occur.

The new proposed penthouse is supported on steel columns and beams and girders. The new penthouse floor is concrete on metal decks.

(ii) Windows: *Specify type and materials in all part of the building including sills, screens, window guards, lintels, storm sash, hardware, single or double glazing and caulking. Indicate whether lot line windows exist and describe any potential future problems*:

Windows: First floor commercial storefront is stainless steel and glass. The upper floor windows are double hung aluminum windows. All the existing windows in the Residential and Commercial Units will be replaced with new aluminum windows as manufactured by Traco or equal, except for the windows for Commercial Unit #3 on the south and north sides. The windows will have a 5-year warranty. The windows will be double glazed, without screens. The residential sills are cast stone.

Lot Line Windows: Two new lot line windows will be installed on the east side of the Building and four on the west side of the Building. Lot line windows exist along both facades, at the 5th and 6th floors. They too will be replaced with new windows.

(iii) Landmark status: *State whether building has landmark status and discuss consequences*:

The building is not a landmark or in a landmark district.

(2) Parapets and copings: *State type of materials, how firmly secured in place and whether there is any indication of problems e.g., leakage, spalling, deterioration of mortar, cracking, etc.*: Existing brick parapet walls are being reconstructed to be 3'-6" high. The purging will be removed and new copings added. The parapets will be

repointed.

(3) Chimneys and caps: *Indicate number, location and material of each chimney for boilers, incinerators, compactors and fireplaces. If fireplaces are not usable for wood fires, this fact must be conspicuously disclosed*: There is one metal boiler flue which will be new. There will be eleven (11) new gas fireplaces and flues installed during the renovation in the 6th and penthouse floors and the C and D line.

(4) Balconies and terraces. *Describe*: New terraces are being built for the new penthouses. In addition there will be a common roof deck.

Penthouses:

(i) Deck finish (*material*): New concrete pavers
(ii) Balustrade (*type, material*): The existing parapet
(iii) Railings (*material*): N.A.
(iv) Copings (*material*): Cast stone
(v) Soffits (*material*): N.A.
(vi) Doors to balconies and terraces (*type, material*): Wood painted

Common Roof Deck:

(i) Deck finish (*material*): New concrete pavers
(ii) Balustrade (*type, material*): Steel painted
(iii) Railings (*material*): Steel painted
(iv) Copings (*material*): N.A.
(v) Soffits (*material*): N.A.
(vi) Doors to balconies and terraces (*type, material*): New hollow metal painted at the firestairs.

(5) Exterior Entrances. *Describe*:

(i) Exterior doors and frames (*material, type, lock*): The main building entrances, transom, doors and frames are stainless steel and glass. The two first floor commercial entrances will be stainless steel and glass. The separate entrance for Commercial Unit #3 will only be constructed if MTI Enterprises, Inc. timely exercises its right to purchase this Unit during its exclusive period. Electric door releases are located at the 54th Street residential entrance doors and are controlled from intercoms located in each unit. There are four (4) existing flag poles, two of which may be used by the Commercial Units.
(ii) Vestibule doors and frames (*material, type, lock*): None
(iii) Exterior stairs (*material, location*): N.A.
(iv) Railings (*material, location*): N.A.
(v) Mail boxes (*type, location*): Mail boxes are for the residential units only, located in the residential lobby of the building. Mail boxes are U.S. Government approved. Mail boxes are front loading, vertical type.

(vi) Lighting (*type, location*): There will be two (2) new incandescent mounted lights at each of the building entrances, residential and commercial.

(6) Service entrances. *Describe*: None

(i) Doors and frames (*material, type, lock*): N.A.

(ii) Gates (~~*material, type, lock*~~): N.A.

(iii) Exterior stairs (*material, location*): N.A.

(iv) Railings (*materials, location*): N.A.

(7) Roof and roof structures. *Describe*:

(i) Type roofs for all areas:

(a) Material: A new EPDM roof (rubber roof) over rigid insulation and protection board will be installed by the Sponsor, at the 2nd floor, PH terrace and upper roof. The roof will have a 10-years guarantee.

(b) Insulation (*size, type and insulating value if available*): 6" minimum, rigid with an R 19 value.

(c) Surface finish: N.A.

(d) Bond or guarantee: 10 years, which will be assignable to the condominium.

(e) Flashing materials including counter flashing: EPDM flashing at base of parapet walls comparable to roofing material.

(ii) Drains:

(a) Location, material and type: There are several roof drains located on 6th floor lower roof and on 2nd floor roof. The roof drains are of cast iron and are fit with strainers. Additional roof drains are installed to minimize ponding.

* (b) *See (h)(7)(ii) of Addendum #2.*

(iii) Skylights (*location, type, material*): There will be two (2) new aluminum skylights with wire glass panes on the penthouse roof at units 6C and D.

(iv) Bulkheads:

(a) Stairs (*material*): There is one new stair bulkhead built of steel studs covered with stucco. The bulkhead is for the new fire stairs. The convenience stairs (not a fire stair) connect the 6th floor to the penthouse level.

(b) Elevator (*material*): Two (2), built of steel stud covered with stucco.

(c) Other: None

(v) Metal work at roof levels:

(a) Exterior, metal stairs (*material*): None

(b) Vertical ~~ladders, including gooseneck (*material*): One~~ (1), from the common roof to the boiler room roof.

(c) Railings (*material*): There are new steel pipe rails around the common roof acting as a parapet. The handrails and the parapet heights meet minimum code requirements.

(d) Hatches to roof (*type, material*): One smoke hatch above the elevator.

(e) Other: None

(vi) Rooftop facilities (*describe in detail*): Common recreational area. The roof recreational area is covered with pavers.

(8) Fire escapes. *Describe at each floor and specify any unusual access situations*: None

(i) Location (*describe how attached and supported*): N.A.
(ii) Floors covered: N.A.
(iii) Drop ladder: N.A.
(iv) Type: N.A.
(v) Materials: N.A.

(9) Yard and courts. *Describe each yard of court including front, rear and interior areas, listing methods of access*: None, the building is fully built.

(i) Paving (*material*): N.A.
(ii) Drainage (*type and material*): N.A.
(iii) Railings (*material*): N.A.
(iv) Stairs (*material*): N.A.
(v) Fencing (*type and material*): N.A.
(vi) Walls (*type and material*): N.A.

(10) Interior stairs. *Describe*:

(i) Number of stairs of each type: There will be one scissor public fire stair on the east side of the building. The stairs will serve both the residential and commercial spaces. The stairs extend from the cellar floor to the main roof. They will be new concrete and steel pan stairs.

There are one (1) set of existing fire stairs from the cellar to the 2nd floor. The sponsor will repair the ballustrades, handrails, treads and risers and paint same. After the renovation the stairs will be in good condition. The stairs will be used by the commercial spaces.

(ii) Enclosure (~~*construction and interior finishes*~~): ~~The stair walls are gypsum board~~ and/or plaster.

(iii) Stair construction (*steel, concrete, wood*): All stairs are concrete and steel pan stairs.

(iv) Stringers (*material*): Steel

(v) Treads (*material*): Steel and concrete

(vi) Risers (*material*): Steel

(vii) Guard rails (*material*): Steel pipe rail

(viii) Balustrade (*material*): None

(11) Interior doors and frames. *Describe material, type and location for each, and state whether fireproof or exceeds fire/safety standards*:

(i) Unit entrance and interior doors and frames: Entrance doors and frames are hollow metal and 1 1/2 hr. Fire Proof Self Closing. Interior doors vary from solid core to hollow core wood doors and frames.

(ii) Corridor doors and frames: Hollow metal doors and frames.

(iii) Stair hall doors and frames: Hollow metal fireproof self closing 1 1/2hr. rated.

(iv) Roof doors, basement doors and frames: Roof and cellar doors are hollow metal 1 1/2 hr. Fire Proof Self Closing.

(12) Elevators. *Describe*: There will be four elevators in the Building. Three of the elevators will be new and installed by the Sponsor, the fourth elevator will be refurbished and brought to first class condition.

(i) Number of passenger and service elevators: Passenger elevators - Three (3) - Freight Lift - One (1).

<u>Passenger #1 - existing</u>: (for Residential Units)

(ii) *Manufacturer, age of each and capacity* (*in pounds and number of passengers*): Manufacturer: Hollister Whitney, Capacity 2500 lbs., 16 passengers

(iii) Type of operation for each elevator by elevator number or location in building (*for large numbers of elevators describe by class-passenger/freight*): Automatic passenger

(iv) *Automatic* (*type of controls*): Automatic
(v) Floors served: Cellar through roof
(vi) Type (*hydraulic, gearless*): Traction
(vii) Doors (*sliding, swinging, manual, automatic*): Automatic single side slide
(viii) Location of machine rooms: Roof
(ix) DC motor (*manufacturer*): Imperial
(x) AC motor-generator set (*manufacturer*): Mitsubishi
(xi) Other: None

Passenger #2 - new: (for Residential Units)

(ii) *Manufacturer, age of each and capacity* (*in pounds and number of passengers*): Manufacturer: Hollister Whitney, Capacity 2500 lbs., 16 passengers

(iii) Type of operation for each elevator by elevator number or location in building (*for large numbers of elevators describe by class-passenger/freight*): Automatic passenger
(iv) *Automatic* (*type of controls*): Automatic
(v) Floors served: Cellar through roof
(vi) Type (*hydraulic, gearless*): Traction
(vii) Doors (*sliding, swinging, manual, automatic*): Automatic center opening
(viii) Location of machine rooms: Roof
(ix) DC motor (*manufacturer*): N.A.
(x) AC motor-generator set (*manufacturer*): N.A.
(xi) Other: None

Passenger #3 - new: (for Commercial Unit #3) - This elevator will only be installed if MTI Enterprises, Inc. elects to timely purchase Commercial Unit #3 during its exclusive period.

(ii) *Manufacturer, age of each and capacity* (*in pounds and number of passengers*): Manufacturer: Amerivator Systems, Capacity 2500 lbs., 16 passengers
(iii) Type of operation for each elevator by elevator number or location in building (*for large numbers of elevators describe by class-passenger/freight*): Automatic passenger
(iv) *Automatic* (*type of controls*): Automatic

(v) Floors served: 1st and 2nd
(vi) Type (*hydraulic, gearless*): Hydraulic
(vii) Doors (*sliding, swinging, manual, automatic*): Front and rear - Automatic center opening
(viii) Location of machine rooms: 1st floor
(ix) ~~DC motor (*manufacturer*): N.A.~~
(x) AC motor-generator set (*manufacturer*): N.A.
(xi) Other: None

Freight Lift: New
(ii) *Manufacturer, age of each and capacity (in pounds and number of passengers)*: Manufacturer: Amerivator Systems - 8,000 lbs. - 1 car
(iii) Type of operation for each elevator by elevator number or location in building (*for large numbers of elevators describe by class-passenger/freight*): Automatic
(iv) *Automatic (type of controls)*: Automatic
(v) Floors served: Cellar and 1st
(vi) Type (*hydraulic, gearless*): Hydraulic
(vii) Doors (*sliding, swinging, manual, automatic*): Constant pressure automatic bi parting
(viii) Location of machine rooms: Cellar
(ix) DC motor (*manufacturer*): N.A.
(x) AC motor-generator set (*manufacturer*): N.A.
(xi) Other: None

Handicap Lift: New (for Commercial Unit #2)
(i) *Manufacturer:* Access Elevator
(ii) *Automatic (type of controls)*: Automatic
(iii) Floors served: Grade to 1st

(13) Elevator cabs, Passenger #1. *Describe*: New
(i) Kind (*manufacturer*): Manufactured by ECI/EDI Inc.
(ii) Floor (*material*): Fritz tile
(iii) Walls (*material*): Stainless steel
(iv) Ceiling (*material*): Stainless steel
(v) Lighting (*describe*): Fluorescent
(vi) Alarm, safety system: Alarm bell - hands free communications

Elevator cabs, Passenger #2. *Describe*: New
(i) Kind (*manufacturer*): Manufactured by ECI/EDI Inc.
(ii) Floor (*material*): Fritz tile
(iii) Walls (*material*): Stainless steel

(iv) Ceiling (*material*): Stainless steel
(v) Lighting (*describe*): Fluorescent
(vi) Alarm, safety system: Alarm bell - hands free communications

Elevator cabs, Passenger #3. *Describe*: New
(i) Kind (*manufacturer*): Manufactured by ECI/EDI Inc.
(ii) Floor (*material*): Fritz tile
(iii) Walls (*material*): Stainless steel
(iv) Ceiling (*material*): Stainless steel
(v) Lighting (*describe*): Fluorescent
(vi) Alarm, safety system: Alarm bell - hands free communications

Elevator cabs, Freight Lift. *Describe*: New
(i) Kind (*manufacturer*): Manufactured by ECI/EDI Inc.
(ii) Floor (*material*): Diamond plate
(iii) Walls (*material*): 14 Ga. solid hot rolled steel - air dry enamel finish
(iv) Ceiling (*material*): 14 Ga. solid hot rolled steel - air dry enamel finish
(v) Lighting (*describe*): Fluorescent
(vi) Alarm, safety system: Alarm bell - hands free communications

(i) Auxiliary Facilities:

(1) Laundry rooms. *Describe*: None
(i) Location and number of rooms: Each residential unit will be provided with individual laundry equipment.
(ii) Clothes washers, number and type (*e.g., heavy duty, coin operated, electric, gas*): Each residential unit will have a washer.
(iii) Clothes dryers (*number and type*): Each residential unit will have an electric clothes dryer.
* (iv) *See (i)(1)(iv) of Addendum #2.*
(v) Dryer ventilation (*method and final exhaust*): N.A.

(2) Refuse Disposal. *Describe, including*:
(i) Incinerator(s) (*number, location, capacity, type, manufacturer*): None

(ii) Compactor(s) (*number, location, capacity, type, manufacturer*): One (1) Wilkinson Hi Rise, LLC, model Blue Max located in the cellar.

(iii) Approvals by Authority Having Jurisdiction (*date of each approval*): N.A.

(iv) Initial storage location (*ultimate storage location*): On each floor

(v) Pick-up schedule (*whether public or private provider*): The pick-up is by the New York City Department of Sanitation on a regular basis. Refuse from commercial space will be removed by commercial haulers at the commercial unit owner's expense.

(j)-- Plumbing and drainage:

* (1) *See (j)(1) of Addendum #2.*

(2) Fire protection system. *Describe*:

(i) *Standpipes* (*material, size, location*): There is one (2) 6" standpipe riser with 2 ½" diameter fire hose outlets installed in stair A.

(ii) *Hose racks, hoses and nozzles* (*location*): There are two stations located in cellar, one by stair A, and the other one on the west side of the building. The hoses are 2 ½" diameter each.

* (iii) *See (j)(2)(iii) of Addendum #2.*

(iv) *Siamese connection* (*type, location*): There are two (2) Siamese connections, for standpipe and sprinkler systems located at the building façade, one by the main entrance, and the other at the left end of the Building.

(3) Water storage tank(s) and enclosures. *Describe*:

(i) *Number, type, location of each*: None

(ii) *Material* (*interior, exterior and roof of tank*): N.A.

(iii) *Access to tank* (*e.g., vertical gooseneck ladder*): N.A.

(iv) Capacity (*total gallons*): N.A.

(v) Capacity (*fire reserve*): N.A.

The building had a water tank that was removed during construction.

(4) *Water pressure and how maintained*: To maintain a required pressure at plumbing fixtures, a constant pressure booster system (three booster pumps and a storage tank) are installed and are located in the water service room in the cellar. Sprinkler and standpipe systems are connected to a fire pump that provides adequate pressure.

(5) Sanitary sewage system. *Describe, including*:

(i) *Sewage piping* (*materials*): Hub and spigot cast iron sanitary system inside the building is connected to building drain with connection to the house sewer to the street.

(ii) *Sewage pumps* (*if any*): None

(iii) *Sewage disposal* (*public/private; treatment; drainfield sewer*): City of New York.

(6) Permit(s) required. *List and include date(s) obtained*: N.A.

(7) *Storm drainage system. Describe system, adequacy, method of disposal and materials including*: There is an existing aluminum gutter installed around higher roof on the 6th floor roof. Rainwater is spilled over lower roof via outside leaders that are connected to this gutter system.

(i) Catch basins (*location*): None

(ii) Yard and roof drains (*location*): There are roof drains on 6th floor roof.

(iii) *Piping* (*materials*): There are cast iron non-hub type internal leaders. Drains are cast iron.

* (iv) *See (j)(7)(iv) of Addendum #2.*

(k) Heating. *Describe including space heating and domestic hot water heating*:

* (1) *See (k)(1) of Addendum #2.*

(2) *Number of boilers and description*: Two new gas fired boilers located in the penthouse mechanical room.

(3) *Manufacturer and age of boiler(s)* (*model, capacity; alternatively, give type, approximate age and approximate remaining useful life*): The new hot water boilers are manufactured by Raypak model no. H-1125. Each boiler's gross output shall be 922 MBH. The boiler shall meet the efficiency requirements of the latest edition of New York State Energy Conservation Code. Boilers will serve residential area only. Warranty for new equipment is one (1) year.

(4) *Manufacturer and age of burners* (*model; alternatively, give type and approximate remaining useful life*): The new burners are manufactured by Raypak model no. H9-1125. Each burner's gross output shall be 922 MBH.

* (5) *See (k)(5) of Addendum #2.*

* (6) *See (k)(6) of Addendum #2.*

(7) *Fuel* (*for oil give type and grade*): Boilers will utilize natural gas.

(8) *Location of oil tank, materials, enclosure*: N.A.

(9) *Capacity of oil tank*: N.A.

(10) *For gas (details on type and supply system)*: Natural gas shall be initially supplied by Consolidated Edison. The building is fitted with a 6" diameter gas supply line.

(l) Gas supply (*if not described above*). *Describe*:

(1) Type: Natural

* (2) *See (i)(2) of Addendum #2.*

(3) Piping: Standard weight black steel.

*(m) Air conditioning. *Describe cooling system's adequacy to maintain comfortable conditions under anticipated weather conditions, specifying internal temperature and base ambient temperature used in calculations. Describe*:

* (1) *See (m)(1) of Addendum #2.*

* (2) *See (m)(2) of Addendum #2.*

* (3) *See (m)(3) of Addendum #2.*

* (4) *See (m)(4) of Addendum #2.*

(n) Ventilation. *Describe system in kitchens, fireplaces and all windowless areas such as corridors, garages, laundries, baths, etc.*: The spaces that require mechanical ventilation in the units located on 3rd, 4th and 5th floors are the interior bathrooms and toilet rooms. These spaces shall be equipped with exhaust ductwork and grilles connected to roof mounted exhaust fans. There are no ventilation systems for kitchen hoods and dryers. Kitchen exhaust hoods and dryers are provided with recirculation systems. The spaces that require mechanical ventilation in the units located on 6th floor and penthouse floor are the interior bathrooms, toilet rooms and kitchens. These spaces shall be equipped with exhaust ductwork and grilles connected to roof mounted exhaust fans. There are no ventilation systems for dryers. Dryers are provided with recirculation systems. There are dedicated exhaust systems for commercial toilets and bathrooms.

*(o) Electrical system. *Specify*:

* (1) *See (o)(1) of Addendum #2.*

* (2) *See (o)(2) of Addendum #2.*

* (3) *See (o)(3) of Addendum #2.*

(4) Unit service (*ratings of fuses and circuit breakers*); adequacy of electrical system to handle modern usage and appliances such as air conditioners, dishwashers and dryers: See (2) above.

* (5) Adequacy:

(i) ~~*See (o)(5)(i) of Addendum #2.*~~

(ii) Lighting and fixtures:
Adequate power will be provided for standard lighting levels for Commercial Unit #1 and for Residential Units. Lighting fixtures in residential units will be purchased, circuited and installed by the Sponsor for hallways, bathrooms, and kitchen, and by unit owners for bedrooms and living rooms. There will be adequate lighting provided in the residential units for living purposes. In residential units recessed down lights and pendant fixtures provide light throughout the hallways, bathrooms, kitchen, bedrooms and living rooms. Lighting fixtures in Commercial Unit #1 will be purchased, circuited and installed by the Sponsor. For Commercial Unit #1 surface mounted flourescent fixtures will provide light throughout the area, some of them will be equipped with 90 minute emergency battery packs and will be in operation 24 hours a day.

(iii) Convenience outlets, appliance outlets: All units will be provided with convenience outlets throughout the units at approximately eight to twelve feet on center. In all kitchens there will be two wall-mounted appliances outlets located along cooking wall and two at each cooking island.

(p) Intercommunication and/or door signal systems, security closed circuit TV. *Specify mode of operation and condition. Describe television reception facilities (master antennae, cable TV, antennae by tenants)*:
The building will have provisions for installation of wiring for data, telephone, satellite and cable systems. A 4-4@ conduit riser for such wiring will be installed in the building in the telecommunication closet along with a dedicated distribution box for each system also located on each residential floor in a telecommunication closet. From the floor distribution box a conduit system will be provided to each residential unit on the floor. Each residential unit will have a telecommunication panel located in the utility room. Each residential unit will be provided with outlets, conduit and wiring for data, telephone, satellite and cable system that will be connected to the unit telecommunication panel. At this time it is expected that Verizon will provide the telephone service, Time Warner Cable Television of New York will provide the cable television service, and Atlas Installation will provide provisions for satellite television service. The portion of the residential building will be equipped with an

Audio/Video Intercom System. Each residential unit will have an intercom unit with a color video monitor, which will be wall mounted. The entrance to the residential lobby of the building will have a flush mounted intercom panel at the exterior and an additional intercom panel in the vestibule. Both will be fitted with a color camera. This system is guaranteed for one year. A closed circuit for afterhours video surveillance system will be provided with cameras located in the residential lobbies and entryways.

Apartment intruder detection- alarm

In each residential unit will be installed a basic stand-alone intruder detection system which will have the option to be monitored remotely. The basic system includes multi zone control panel, door and window transmitters, "pet immune" motion detector, sounder/ alarm horn, keypad, backup battery, security panel cabinet.

Building CCTV

CCTV system will provide video monitoring of entry doors, 1st floor lobby, elevator lobby and doors at 1st floor all residential floors and service entries, elevator interiors, egress vestibules, communications room. All cameras will be motion activated and connected to a digital video recorder, which may be monitored, by the concierge and/or a central monitoring agency.

Access System for Residential Units

Building entrance doors and elevator cabs will have both key access and proximity card/fob access control by adding proximity card readers providing interface with building access control system. The Access System is capable to operate as follows:

1. Doorman shift available/limited access to residential floors: Entrance door unlocked, elevator locked. Owners will have unrestricted access in the building lobby and limited access via elevator using key or proximity card/fob to the residential floors. Visitors are to be announced by the doorman and allowed access in the elevator. Owner has to activate the elevator to the apartment floor from the intercom (they can identify the visitor on the intercom□s color display).

2. Doorman shift available/unlimited access to residential floors: Entrance door unlocked, elevator unlocked. Owners will have unrestricted access to building lobby and to all residential floors. Visitors are to be announced by the doorman and will have unrestricted access to all residential floors.

3. Doorman shift unavailable/limited access: Entrance door locked, elevator locked. Owners will have access via key or proximity card/fob for both the entrance door and the elevator. Visitors will call from the building entrance door intercom panel and if identified and allowed access (door release button at the intercom panel in the apartment) will step in the lobby. Once in the elevator the owner will identify the visitor and activate elevator control. The visitor can now press the active floor button on the elevator control and proceed.

(q) Public area lighting. *Describe and state adequacy (entrances, halls and stairs, corridors, basements, courts and yards)*: Building lobby and floor corridors will be provided with recessed down lights with supplementary emergency down lights and will be in operation 24 hours a day. All stairs will have fluorescent wall mounted lights with 90 minute emergency battery packs and will be in operation 24 hours a day. Roof and common roof deck will be provided with exterior type lighting fixtures on photocell.

(r) Garages and parking areas. *Describe*:

(1) Location of garages (*description of facility*): If Special Permit is granted from the Department of City Planning, in cellar
(2) Location of parking areas (*number of spaces in each*): Ten (10)
(3) Surfaces (*materials used, lighting, fencing, etc.*): Concrete floor, concrete ceiling Commercial Unit #1 will have fluorescent ceiling mounted lights, some of them will be equipped with 90 minute emergency battery packs and will be in operation 24 hours a day.
(4) Parking (*attended or not attended*): Not attended
(5) Garage ventilation (*method and equipment*): Commercial Unit #1 is provided with exhaust system consisting of exhaust fans and associated ductwork. Exhaust fans are controlled by CO sensors.
(6) Garage fire protection (*method and equipment*): There is a dry sprinkler system for garage connected to the fire service for the entire building.
(7) Drainage: Floor drain, There are floor drains for entire area of the Garage connected to building drainage system.

(s) Swimming pool(s). *Describe in detail*:

(1) Type (*concrete, material composition*) and location on property: N.A.
(2) Size, including length, width, depth, and approximate number of bathers permitted at any time: N.A.
(3) Enclosure (*material including roof*): N.A.
(4) Pumping and filter system (*describe material*): N.A.
(5) Water heating equipment or usage of building's hot water (*feed or heat exchangers*): N.A.
(6) If on building roof, specify structural support system: N.A.

(t) Tennis courts, playgrounds and recreation facilities.

(1) Tennis courts. *Describe*:
  (i) Type (*clay, macadam, turf*): N.A.
  (ii) Number and size: N.A.
  (iii)Lighting (*number and type*): N.A.
  (iv) Fencing or enclosure (*including distance between fence or enclosure and all sides of court*): N.A.

(2) Playgrounds. *Describe location and size(s) of playground(s), fencing (if any), equipment types and sand bed or safety padding*: None

(3) Other recreation facilities. *Describe any beach or lake front, boating facilities, golf course(s), handball, basketball or other game courts*: None

(u) Permits and certificates. *List all applicable permits which must be obtained and inspections which are to be done. List type of inspection, authority inspecting and duration of approval once obtained. Include all compactors, incinerators, boilers, oil storage, tanks, elevators, etc. In New York City include Department of Air Resources, Elevator Safety, Boiler Safety, Fire Department and Buildings Department permits*:

(1) Department of Air Resources: New boilers will be installed and filed with the Department of Buildings. Yearly permit renewal is required.
(2) Elevator Safety: New elevators will be installed, see above. Annual inspections and 5-year tests will have to occur. Since the existing elevator's systems are being totally renewed the elevator will be treated as a new elevator.
(3) Boiler Safety: New boiler. Annual inspections will have to occur.
(4) Fire Department: Sprinkler alarm - filed and approved. A new sprinkler alarm will be installed, filed, permitted and signed off. Fire protection plan will be filed and approved.
(5) Buildings Department: Alteration Type 1 was filed for a new Certificate of Occupancy which included architectural work. Drawings will be approved. The parking garage is subject to issuance of a Special Permit by City Planning. Sign off will have to be obtained. Local Law 11 facade inspections, cycle 6 will be filed in 2005.
(6) Permits: Construction, plumbing, fire protection, electrical, mechanical, structural, elevator, boiler, City Planning, DOT.
(7) Inspections: Construction, plumbing, fire protection, electrical, elevator, and boiler prior to obtaining a new C of O.

(v) Violations. *List all violations outstanding as of the date of this report and the agency imposing the violation, the condition involved, the date violation issued, and work required by violation notice to cure. If no violations are outstanding, so state*: Violation print-out and certificates provided, as part of the overall construction all violations will be removed prior to issuance of a new Certificate of Occupancy.

(w) Unit Information. *Specify the number of units inspected. Specify the unit designations for each typical unit or line of units, including the number and type of rooms. Give criteria for calculations of the number of rooms. For lofts give useable residential space in square feet. Describe (include foyers, living rooms, dining areas, kitchen, bedrooms, bathrooms, etc.)*: All units and commercial spaces were inspected. Square footages for usable square feet are provided on drawings.

Unit No.	Type	Rooms	Description
Cellar	Comm #1 & #2	NA	Comm/parking (if special use permit is granted)/utilities/storage units

1st fl	Comm #2	NA	Comm/residential lobby/ fitness room
2nd fl	Comm #3	NA	Comm
3A	ResidentialNA		1 bedroom, 1 ½ baths, kitchen, livingroom, home office
3B	ResidentialNA		1 bedroom, 2 baths, kitchen, livingroom, home office
3C	ResidentialNA		2 bedrooms, 2 ½ baths, kitchen, livingroom, home office
3D	ResidentialNA		2 bedrooms, 3 baths, kitchen, livingroom, home office
3E	ResidentialNA		1 bedroom, 2 baths, kitchen, livingroom, home office
3F	ResidentialNA		1 bedroom, 2 baths, kitchen, livingroom, home office
3G	ResidentialNA		2 bedrooms, 2 ½ baths, kitchen, livingroom
4A	ResidentialNA		1 bedroom, 1 ½ baths, kitchen, livingroom, home office
4B	ResidentialNA		1 bedroom, 2 baths, kitchen, livingroom, home office
4C	ResidentialNA		2 bedrooms, 2 ½ baths, kitchen, livingroom, home office
4D	ResidentialNA		2 bedrooms, 3 baths, kitchen, livingroom, home office
4E	ResidentialNA		1 bedroom, 2 baths, kitchen, livingroom, home office
4F	ResidentialNA		1 bedroom, 2 baths, kitchen, livingroom, home office
4G	ResidentialNA		2 bedrooms, 2 ½ baths, kitchen, livingroom
5A	ResidentialNA		1 bedroom, 1 ½ baths, kitchen, livingroom, home office
5B	ResidentialNA		1 bedroom, 2 baths, kitc hen, livingroom, home office
5C	ResidentialNA		2 bedrooms, 2 ½ baths, kitchen, livingroom, home office
5D	ResidentialNA		2 bedrooms, 3 baths, kitchen, livingroom, home office
5E	ResidentialNA		1 bedroom, 2 baths, kitchen, livingroom, home office
5F	ResidentialNA		1 bedroom, 2 baths, kitchen, livingroom, home office
5G	ResidentialNA		2 bedrooms, 2 ½ baths, kitchen, living room
PHA	Res PH (duplex)	NA	3 bedrooms, 2 ½ baths, kitchen, livingroom
PHB	Res PH (duplex)	NA	2 bedrooms, 2 ½ baths, kitchen, livingroom
PHC	Res PH (duplex)	NA	3 bedrooms, 3 ½ baths, kitchen, livingroom, study
PHD	Res PH (duplex)	NA	3 bedrooms, 3 ½ baths, kitchen, livingroom, study

PHE	Res PH (duplex)	NA	2 bedrooms, 2 ½ baths, kitchen, livingroom
PHF	Res PH (duplex)	NA	3 bedrooms, 2 ½ baths, kitchen, livingroom

(1) *Type and grade of finish material used in each type of unit and the number of coverings given. Include paint, wall and floor coverings, as well as specifying the type of flooring, walls and ceiling used*: Floors in apartments are strip 3" T&G oak. C.T. tile in baths. There is paint on room walls, ceilings and bases. Room walls and ceilings are type "X" gypsum board or gypsum plaster; bath walls and ceilings are either water resistant type "X" gypsum board and wonderboard around tubs/showers and plaster. Wall bases are wood.

Commercial #1: Walls, floors and ceilings are painted concrete.

Commercial #2 Cellar: Gypsum wallboard walls, painted concrete floors and ceiling.

Commercial #2 1st Floor: Floors combination of carpet, wood and stone. Walls are paneled with fabric wood and gypsum. Ceilings are acoustic tile and painted concrete. All in good condition.

Commercial #3: Floors are stone and carpet. Walls are painted gypsum board, ceilings are acoustic tile and painted concrete, all in good condition.

*(2) Describe presence, type and condition of all bathroom fixtures:

* (i) *Section (H)(2) "Penthouse appliance, bath fixtures, kitchen counters/cabinets" of Addendum #1 replaces and supersedes this section of the report.*

*(3) Describe presence, type and condition of kitchen and laundry equipment:

* (i) *Section (H)(3) "Penthouse appliance, bath fixtures, kitchen counters/cabinets" of Addendum #1 replaces and supersedes this section of the report.*

(ii) *If any equipment or fixtures described are not included in the offering price, or the offering price is conditioned on the equipment and fixtures selected, such fact must be conspicuously noted in the body of the plan.*

In each kitchen or kitchenette: Floors 2 through PH - Kitchen cabinets are made of wood, painted. Counters are stone, Stone Source, Inca Gray, 1 1/4" slab, honed. Backsplash are Stone Source, Inca Gray, 1/4" slab, honed. Kitchens and cabinets are new as provided by the sponsor.

Laundry Equipment: Laundry equipment is provided in all units.
Washer: Bosch, #WFL2060UC, size 24", white, stackable
Dryer: Bosch, #WTL5410UC, size 24", white, ventless
Stack Kit: Bosch, #WT21180, white

*(x) Finish schedule of spaces other than units. The following is a form of schedule to be given for each floor. (*Include all common rooms and spaces including but not limited to: Sub-sub*

cellar, sub-cellar, basement, cellar, first floor, penthouse floor, public and service halls, corridors, lobbies):

* (1) *Section (H) "Condition of Finishes" of Addendum #1 replaces and supersedes this section of the report.*

(y) Safety and warning devices. *Describe any fire or smoke safety devices installed in units and common areas. State what devices are required by law, and whether any required devices have not been installed*: Smoke detectors are located at sleeping areas, elevator machine rooms, and mechanical rooms. Smoke detectors are located in all residential units and the elevator shaft. All required devices will be installed.

Apartment Smoke and Carbon Monoxide Detection System: Each apartment will contain a combination unit smoke and carbon monoxide detector located in the vicinity of the bedrooms. The detector is wired to a 120-volt local power supply and is self-contained with its own sounding device. Common area fire detection system: A sprinkler alarm system will be provided to monitor water flow and tamper switches, smoke detectors serving mechanical rooms, electrical rooms and elevator shafts.

(z) Additional information required. *Include the following in the Description of Property and Building Condition section of the plan*:

(1) *A site plan showing landscape features, roads, the outside dimensions of the building(s) and designated common areas, including recreation and refuse disposal areas, and all privately owned access roads. The site plan may be omitted if the building covers the entire lot*): See SK-1.

(2) *An area map showing the location of the condominium with respect to its surroundings, if the condominium is not located in a highly urban area*): The building is located in a highly urban area.

(3) *Floor Plans for each unit drawn to scale and showing room dimensions*: See plans enclosed.

(4) Floor to ceiling heights of units: See building section.

(5) Approximate total area of each unit: Approximate total areas are located on each floor plan.

(6) A master floor plan showing unit boundaries and the relationship of units to each other. *The master floor plan may be omitted if the site plan clearly shows unit boundaries and appropriate unit designations*: Full floors illustrating unit boundaries are enclosed.

(aa) *In the event that certain conditions in the building(s) cannot be adequately evaluated by a visual examination, the Department of Law may, in its discretion, direct that an independent engineer or testing laboratory be retained to perform such tests or monitoring as may be*

necessary in order to make adequate disclosure. Conditions which may require additional testing or monitoring include, but are not limited to: settlement, masonry cracks, rusting of structural steel, adequacy of concrete cover, firestopping, etc. Test results must be reported in the offering plan or in an amendment thereto.

(ab) Further development: *If the sponsor intends to add additional units to the building, either above the existing roof, outside the existing building development, or by altering space within the building, it must make disclosure about the new units to conform to 13 NYCRR Section 20.7. In addition*:

(1) *If the additional units are to be added, sponsor must submit plans and specifications approved by all necessary local governmental agencies before the offering plan may be accepted for filing.* A new penthouse is being proposed. Plans have been submitted to the Department of Buildings for approval.

(2) *If the additional units will be on top of an existing structure, state*:

(i) *Whether the existing structure has sufficient capacity to support the additional load, and, if not, what steps are being taken to support the increased load.* Additional structural work is proposed for the new penthouse. Structural drawings have been submitted to the Department of Buildings.

(ii) What the existing and resulting building height will be: 97'-1 ½"

(3) Describe the components which will be removed, relocated, or extended, e.g., parapet, bulkheads, roof, tanks, elevators, service rooms, landscaping, etc.: See above in report.

(4) *Describe the effect the additional structure will have on existing systems and state the adequacy of all existing systems which will be affected by the addition (including heat and hot water, water pressure, sewage, elevators, electricity, air conditioning, parking and sprinklers)*: All systems are new.

(5) *Include a list of facilities that will be shared by the existing and new structures (e.g., laundry room, intercom, garage, etc.)*: Shared facilities - intercom, stairs, elevator.

(6) State the effect that the renovation or construction will have on tenants in occupancy. *Specifically*:

(i) *State the manner in which construction debris will be handled and its effect on common areas used by tenants*: Mini-containers, no effect on common areas.

(ii) *Schedule for renovation and construction work*: Monday - Friday, 8:00 am to 5:00 pm except holidays.

(iii) *Describe any measures that will be taken to protect the security of the building during the construction or renovation process. Include a statement of the manner in which tenants and construction workers will gain access to the*

building: Construction workers have access through front entrance with keys, controlled by construction super.

(iv) *State whether there will be any interruption of services during construction or renovation and, if so, provide details. This includes water, electricity, elevator service, and laundry rooms*: Minimum interruption of electric and water service for "hook ups" to new services.

(v) *State whether new piping will be added to existing piping and whether such work may cause breaks in existing piping. If so, state whether precautions will be taken to minimize damage and state who will be responsible for any such damage*: Maximum precautions will be taken to prevent any damages. Subcontractors responsible for damages.

(vi) *State whether the sponsor and/or contractors will have liability insurance in effect during construction*: The Sponsor and contractor will maintain insurance during construction.

(ac) Asbestos. *State whether Asbestos Containing Material (ACM) is present in insulating or fireproofing material anywhere in the building(s). Sponsor shall perform such tests as are necessary to make such determination. In the event that ACM is present, sponsor shall have a person who is qualified to render an opinion on asbestos prepare a report on the asbestos in the building(s) (the "asbestos report"). Such asbestos report shall contain at least the following information*: Asbestos and Lead Paint Report enclosed.

(1) The qualifications of the person preparing the report.

(2) *A detailed inventory of the asbestos in each apartment and in all other areas of the property, including the location, amount of ACM, type and concentration of asbestos in ACM, and condition. At least ten (10) percent of all apartments must be inspected in an initial inspection. If ACM is found in any of these apartments, a second inspection, with notice to tenants and at least partially during non-business hours, must be performed in all remaining accessible apartments. List apartments inspected.*

(3) *Recommendations for handling each and every item of the asbestos inventory, i.e. removal, enclosure, encapsulation, or leaving undisturbed*: None

(4) *Notwithstanding the filing of ACP-5 or ACP-7 reports which the Sponsor may file, the Sponsor makes no representation that any Units or common areas are free of asbestos or asbestos carrying materials. If asbestos is present in the building, the Board of Directors would need to institute an operations and maintenance (o&m) program as outlined in the Asbestos Report included in the Offering Plan.*

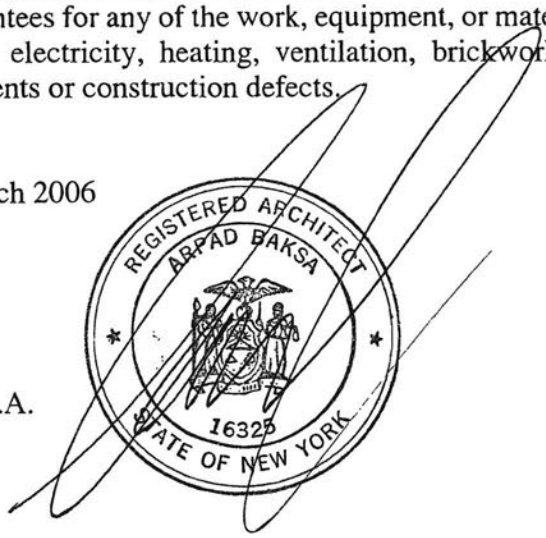
(ad) Lead-based paint: Based on the age of the Buildings, lead-based paint would have been used in the painting of some surfaces of the original Buildings. The Sponsor does not intend to remove any lead-based paint that may be in the Buildings, except to the extent required by law. In the future

if the walls and ceilings of the Residential Units are demolished or altered, the Owner of such Apartment would have to test for the presence of lead based paint, and (if present) encapsulate or remove the material under applicable law.

(ae) Waivers: The Sponsor has not undertaken to correct or repair any existing conditions noted in this report, unless otherwise expressly provided.

(af) No Warranties: Except as otherwise stated herein and in the plan, there will be no warranties or guarantees for any of the work, equipment, or materials in the Building. This exclusion includes electricity, heating, ventilation, brickwork, structural systems, or any other components or construction defects.

20 June, 2005
Revised 31 March 2006



Arpad Baksa, R.A.

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FIRST ADDENDUM TO THE DESCRIPTION OF PROPERTY AND BUILDING CONDITION

PREPARED BY THE OFFICE OF

ARPAD BAKSA ARCHITECT, P.C.
(WITH THE AIDE OF CONSULTANTS BELOW)

ADDRESS:	The Hit Factory Condominium 421-429 West 54th Street New York, New York 10019
	Block: 1064 Lot: 16 Zoning: C6-2 Map: 8c
REQUESTING PARTY:	Sagamore 54th St. Investments LLC c/o Core Plus Properties, LLC One Dock Street Stamford, CT 06902
STRUCTURAL ENGINEER:	Chen Engineering Services, PC 28 Deepdale Drive Great Neck, NY 11020
MEP ENGINEER:	DNV Associates 1 Lesa Lane Hillsdale, NJ 07642
ELEVATOR ENGINEER:	D.T.M., Inc. 120-02 14th Road College Point, NY 11356

FIRST ADDENDUM

I. Describe the condition of the following items:

C. Roof:

- materials of roof insulation: Description of roof is as follows:

(7) Roof and roof structures. *Describe*:
- (i) Type roofs for all areas:
  - (a) Material: A new EPDM roof (rubber roof) over rigid insulation and protection board will be installed by the Sponsor, at the 2nd floor, PH terrace and upper roof. The roof will have a 10-years guarantee.
  - (b) Insulation (*size, type and insulating value if available*): 6" minimum, rigid with an R 19 value.
  - (c) Surface finish: N.A.
  - (d) Bond or guarantee: 10 years, which will be assignable to the condominium.
  - (e) Flashing materials including counter flashing: EPDM flashing at base of parapet walls comparable to roofing material.

(Section (h)(7) of "Description of Property and Building Condition" (DPBC) section of report)

D. Plumbing and drainage:

- materials of water pipes and sprinkler pipes: Domestic water piping shall be copper. Sprinkler piping shall be steel.

- overall condition: Plumbing and drainage is as follows:

(j) Plumbing and drainage:

(1) *See (j)(1) of Addendum #2.*

(2) Fire protection system. *Describe*:
- (i) *Standpipes* (*material, size, location*): There is one (2) 6" standpipe riser with 2 ½" diameter fire hose outlets installed in stair A.
- (ii) *Hose racks, hoses and nozzles* (*location*): There are two stations located in cellar, one by stair A, and the other one on the west side of the building. The hoses are 2 ½" diameter each.

(iii) *See (j)(2)(iii) of Addendum #2.*

(iv) *Siamese connection* (*type, location*): There are two (2) Siamese connections, for standpipe and sprinkler systems located at the building façade, one by the main entrance, and the other at the left end of the Building.

(3) Water storage tank(s) and enclosures. *Describe*:

(i) *Number, type, location of each*: None

(ii) *Material* (*interior, exterior and roof of tank*): N.A.

(iii) *Access to tank* (*e.g., vertical gooseneck ladder*): N.A.

(iv) Capacity (*total gallons*): N.A.

(v) Capacity (*fire reserve*): N.A.

The building had a water tank that was removed during construction.

(4) *Water pressure and how maintained*: To maintain a required pressure at plumbing fixtures, a constant pressure booster system (three booster pumps and a storage tank) are installed and are located in the water service room in the cellar. Sprinkler and standpipe systems are connected to a fire pump that provides adequate pressure.

(5) Sanitary sewage system. *Describe, including*:

(i) *Sewage piping* (*materials*): Hub and spigot cast iron sanitary system inside the building is connected to building drain with connection to the house sewer to the street.

(ii) *Sewage pumps* (*if any*): None

(iii) *Sewage disposal* (*public/private; treatment; drainfield sewer*): City of New York.

(6) Permit(s) required. *List and include date(s) obtained*: N.A.

(7) *Storm drainage system. Describe system, adequacy, method of disposal and materials including*: There is an existing aluminum gutter installed around higher roof on the 6th floor roof. Rainwater is spilled over lower roof via outside leaders that are connected to this gutter system.

(i) Catch basins (*location*): None

(ii) Yard and roof drains (*location*): There are roof drains on 6th floor roof.

(iii) *Piping* (*materials*): There are cast iron non-hub type internal leaders. Drains are cast iron.

(iv) *See (j)(7)(iv) of Addendum #2.*

The piping that will service the residential units will be new. Existing services are to remain in the existing commercial units from the cellar through 2nd floor.

(Section (j)~~(1)~~ of DPBC ~~and Addendum~~ #2)

- **are leaks frequent**? There is no evidence of any leaks.

- **are there active leaks**? There is no evidence of any leaks.

- **hot water heaters**: Hot water heaters are Raythern, model #WH-514.

E. Electrical wiring:

- **describe penthouse electrical**: Electrical systems is as follow:

(o) Electrical system. Specify:

(1) *See (o)(1) of Addendum #2.*

(2) *See (o)(2) of Addendum #2.*

(3) *See (o)(3) of Addendum #2.*

(4) Unit service (ratings of fuses and circuit breakers); adequacy of electrical system to handle modern usage and appliances such as air conditioners, dishwashers and dryers: See (2) above.

(5) Adequacy:
(i) *See (o)(5)(i) of Addendum #2.*

- **note defects, if any**: There is no evidence of any defects. Electrical wiring will be new to the residential units.

- **adequacy for modern usage, including AC**: The electrical system is adequate for modern usage. Description of adequacy is as follows:

(5) Adequacy:
(i) *See (o)(5)(i) of Addendum #2.*

. eliminate discrepancy regarding light fixtures in bedrooms and living rooms: Description of lighting fixtures is as follows:

(ii) Lighting and fixtures:
Adequate power will be provided for standard lighting levels for ~~Commercial Unit #1 and for Residential Units. Lighting fixtures in~~ residential units will be purchased, circuited and installed by the Sponsor for hallways, bathrooms, and kitchen, and by unit owners for bedrooms and living rooms. There will be adequate lighting provided in the residential units for living purposes. In residential units recessed down lights and pendant fixtures provide light throughout the hallways, bathrooms, kitchen, bedrooms and living rooms. Lighting fixtures in Commercial Unit #1 will be purchased, circuited and installed by the Sponsor. For Commercial Unit #1 surface mounted flourescent fixtures will provide light throughout the area, some of them will be equipped with 90 minute emergency battery packs and will be in operation 24 hours a day.

(Section (o)(5)(ii) of DPBC)

F. Miscellaneous:

- describe storage units and whether are allocated or not: There are 27 storage units are located in the cellar. The storage units will have concrete block walls, concrete floor and concrete ceiling. Storage units will be accessed via hollow metal doors and hollow metal frames. Concrete walls will be painted. Storage units are allocated as follows:

Storage Unit	Residential Unit	Storage Unit	Residential Unit
S1	Unit 4G	S15	Unit PHD
S2	Unit 4F	S16	Unit 3C
S3	Unit PHA	S17	Unit 3E
S4	Unit 5C	S18	Unit 3F
S5	Unit PHE	S19	Unit 3G
S6	Unit PHE	S20	Unit 4A
S7	Unit PHB	S21	Unit PHC
S8	Unit 4D	S22	Unit 3B

S9	Unit 3D	S23	Unit 3A
S10	Unit 5G	S24	Unit 5D
S11	Unit 5F	S25	Unit 4B
S12	Unit 5E	S26	Unit 4C
S13	Unit 5B	S27	Unit 4E
S14	Unit 5A		

(See Cellar Plan and Cellar Unit designations as part of plans.)

- **describe freight elevator**: Freight elevator description is as follows:

Freight Lift: New

(ii) *Manufacturer, age of each and capacity (in pounds and number of passengers)*: Manufacturer: Amerivator Systems - 8,000 lbs. - 1 car

(iii) Type of operation for each elevator by elevator number or location in building (*for large numbers of elevators describe by class-passenger/freight*): Automatic

(iv) *Automatic (type of controls)*: Automatic

(v) Floors served: Cellar and 1st

(vi) Type (*hydraulic, gearless*): Hydraulic

(vii) Doors (*sliding, swinging, manual, automatic*): Constant pressure automatic bi parting

(viii) Location of machine rooms: Cellar

(ix) DC motor (*manufacturer*): N.A.

(x) AC motor-generator set (*manufacturer*): N.A.

(xi) Other: None

(Section (h)(12) of DPBC)

- **describe recreational facilities**: Open recreation space is provided at the upper roof. The open recreation space will have concrete pavers. The recreation space will be accessible to all residential tenants of the building.

G. Heating system:

- **describe penthouse heating, A/C and hot water system**: Penthouse heating is as follows:

(k) Heating. *Describe including space heating and domestic hot water heating*:

(1) *See (k)(1) of Addendum #2.*

Penthouse A/C is as follows:

(m) Air conditioning. *Describe cooling system's adequacy to maintain comfortable conditions under anticipated weather conditions, specifying internal temperature and base ambient temperature used in calculations. Describe*:

(1) *See (m)(1) of Addendum #2.*

(2) *See (m)(2) of Addendum #2.*

(3) *See (m)(3) of Addendum #2.*

(4) *See (m)(4) of Addendum #2.*

Penthouse hot water system is as follows:

(j) Plumbing and drainage:

(1) *See (j)(1) of Addendum #2.*

-. **condition of all aspects of heating system, including pump(s),valve(s), regulating devices(s), radiator(s), convertors, piping, etc.; note all defects**: Description of heating system is as follows:

(k) Heating. *Describe including space heating and domestic hot water heating*:

(1) *See (k)(1) of Addendum #2.*

(2) *Number of boilers and description*: Two new gas fired boilers located in the penthouse mechanical room.

(3) *Manufacturer and age of boiler(s) (model, capacity; alternatively, give type, approximate age and approximate remaining useful life)*: The new hot water boilers are manufactured by Raypak model no. H-1125. Each boiler's gross output shall be 922 MBH. The boiler shall meet the efficiency requirements of the latest edition of New York State Energy Conservation Code. Boilers will serve residential area only. Warranty for new equipment is one (1) year.

(4) *Manufacturer and age of burners (model; alternatively, give type and approximate remaining useful life)*: The new burners are manufactured by Raypak model no. H9-1125. Each burner's gross output shall be 922 MBH.

(5) *See (k)(5) of Addendum #2.*

(6) *See (k)(6) of Addendum #2.*

(7) *Fuel (for oil give type and grade)*: Boilers will utilize natural gas.

(8) *Location of oil tank, materials, enclosure*: N.A.

(9) *Capacity of oil tank*: N.A.

(10) *For gas (details on type and supply system)*: Natural gas shall be initially supplied by Consolidated Edison. The building is fitted with a 6" diameter gas supply line.

(Section (k) of DPBC and Addendum #2)

- **details of A/C units**: Details of A/C is as follows:

(m) Air conditioning. *Describe cooling system's adequacy to maintain comfortable conditions under anticipated weather conditions, specifying internal temperature and base ambient temperature used in calculations. Describe*:

(1) *See (m)(1) of Addendum #2.*

(2) *See (m)(2) of Addendum #2.*

(3) *See (m)(3) of Addendum #2.*

(4) *See (m)(4) of Addendum #2.*

(Section (m) of Addendum #2)

- **details of heating units of commercial unit #2 & 3 (condition)**: Description of commercial heating is as follows:

(k) Heating. *Describe including space heating and domestic hot water heating*:

(1) *See (k)(1) of Addendum #2.*

(2) *Number of boilers and description*: Two new gas fired boilers located in the penthouse mechanical room.

(3) *Manufacturer and age of boiler(s) (model, capacity; alternatively, give type, approximate age and approximate remaining useful life)*: The new hot water boilers are manufactured by Raypak model no. H-1125. Each boiler's gross output shall be 922 MBH. The boiler shall meet the efficiency requirements of the latest edition of New York State Energy Conservation Code. Boilers will serve residential area only. Warranty for new equipment is one (1) year.

(4) *Manufacturer and age of burners (model; alternatively, give type and approximate remaining useful life)*: The new burners are manufactured by Raypak model no. H9-1125. Each burner's gross output shall be 922 MBH.

(5) *See (k)(5) of Addendum #2.*

(6) See (k)(6) of Addendum #2.

(7) *Fuel (for oil give type and grade)*: Boilers will utilize natural gas.

(8) *Location of oil tank, materials, enclosure*: N.A.

(9) *Capacity of oil tank*: N.A.

(10) *For gas (details on type and supply system)*: Natural gas shall be initially supplied by Consolidated Edison. The building is fitted with a 6" diameter gas supply line.

(Section (k) of DPBC and Addendum #2)

H. Apartment interiors:

- penthouse appliances, bath fixtures, kitchen counters/cabinets are: Description of bathroom fixtures is as follows:

(2) Describe presence, type and condition of all bathroom fixtures:

Bath: W.C.: Kohler, San Raphael K3466, elongated, white
Lavatory Faucet: Waterwroks, PTLS04K, high spout lever handles, chrome
Pedestal Sink: Duravit, 030470, 27 ½", three hole, white
Tub: Kohler Dynametic, K515/K516, 5.5 tub, cast iron
Tub/Shower Diverter: Waterworks, PTSV9 GUDV26R, chrome, include rough

Pressure Balance: Waterworks, PTSV59C GUSV80R, chrome, includes rough
Tub Spout: Waterworks, PTTU82C, chrome
Shower Head: Waterworks, PTSH71, chrome, head/arm/flange
Recessed Medicine Cabinet: Robern, MT20D4FPN, 20" x 30", ~~frameless mirror~~
TP Holder: Waterworks, PTPH19C, chrome
Towel Bar: Waterworks, PTTB24C, 24", chrome

Master Bath: W.C.: Kohler, San Raphael K3466, elongated, white
Lavatory Sink: Kohler, Kathryn K-2297, 21" x 13", white vitreous china, undermount
Lavatory Faucet: Waterworks, PTLS03K, high spout cross handle, chrome
Tub: Kohler, K863-0 Tea for Two, 6'-0", white cast iron
Tub Faucet/Control: Waterworks, PTSV59C GUSV80R, chrome, includes pressure balance
Tub Spout: Waterworks, PTTU82C, chrome, wall mount
Shower Mixer: Waterworks, PTSV59C GUSV80R, chrome
Multi Port Diverter: Waterworks, Tbc GUSV23R, chrome
Shower Head: Waterworks, PTSH71C, chrome
Hand Shower: Waterworks, PTHS25C, chrome
Shower Door: Glass Crafterm framelss "C" handle, chrome
Recessed Medicine Cabinets: Robern, MP24D4FPN, 24" x 40", frameless mirror
TP Holder: Waterworks, PTPH19C, chrome
Towel Bar: Waterworks, PTTB24C, 24", chrome
Robe Hook: Waterworks, PTRH28C, chrome

Penthouse Units A, C, D & F:
Steam Unit: Mr. Steam
Shower Seat: Waterworks, WWMS41, 18 3/4" x 12 3/4", teak/chrome

Powder room: W.C.: Kohler, San Raphael K3466, elongated, white
Lavatory Faucet: Waterwroks, PTLS04K, high spout lever handles, chrome
Pedestal Sink: Duravit, 030470, 27 ½", three hole, white
Recessed Medicine Cabinet: Robern, MT20D4FPN, 20" x 30", frameless mirror
Towel Bar: Waterworks, PTTB18C, 18", chrome

In each bathroom, accessories included:

Towel bars
Toilet paper holder
Shower rod/Glass shower door
~~Medicine cabinet~~

(3) Describe presence, type and condition of kitchen and laundry equipment:

(i) *If data is substantially the same for all units, a single narrative may be substituted for this schedule*: Kitchen equipment provided for the units will be:

Kitchens 3-5 and PHB & PHE

(a) Refrigerator: Sub-Zero, #650 SS, size 36", stainless steel
(b) Dishwasher: Bosch, #SHV 46CO3, size 24", panel by cabinet manufacturer
(c) Microwave: GE, #JE1860SH, 23 5/8" width, stainless steel
(d) Stove-tops: Miele, #KM342, size 36", 5 burner-gas, stainless steel
(e) Stove Hoods: Max Fire, #VIP 120, size 45", stainless steel
(f) Wall Oven: Bosch, HBL43X, size 30", stainless steel
(g) Sink: Kohler, #K3355, 28 ½" x 17 7/8" x 9 ½" deep, undermount double bowl, stainless steel
(h) Faucet: D'Arredo chef 1 #Pr31.9901

Kitchens PHA, PHC, PHD & PHF

(a) Refrigerator: Sub-Zero, #650 SS, size 36", stainless steel
(b) Dishwasher: Bosch, #SHV 46CO3, size 24", panel by cabinet manufacturer
(c) Microwave: GE, #JE1860SH, 23 5/8" width, stainless steel
(d) Range: Viking, 48" VDSC, size 48", dual fuel, stainless steel
(e) Range Hood: Viking, VWH4848, size 48", stainless steel
(f) Wine Refrigerator:
PHA & PHF: Sub-Zero, #430, size 30", glass door
PHC & PHD: Sub-Zero, #424, size 24", glass door
(g) Sink: Kohler, #K3355, 28 ½" x 17 7/8" x 9 ½" deep, undermount double bowl, stainless steel
(h) Faucet: D'Arredo chef 1 #Pr31.9901

(Sections (w)(2) and (w)(3) of DPBC)

- **condition of finishes**: All finishes are new. Details of finishes is as follows:

Rooms	Floor	Walls	Ceiling
CELLAR			
Gas & Elec.	Conc	Conc block	Gypboard
Meter rooms	Conc	Conc block	Gypboard
Public halls	Wood	Plaster	Plaster
Public stairs	Conc	Plaster	Plaster
Commercial	Plywood	Brick	Gypboard
Res. storage	Conc	Gypboard	Gypboard
Utility rooms	Conc	Gypboard	Gypboard
Toilets	CT	CT	Acoustic tile
FIRST FLOOR			
Offices	Carpet	Gypboard	Acoustic Tile/Gypboard
Lobby/Mail rm.	Granite	Gypboard	Gypboard
SECOND FLOOR			
Offices	Carpet	Gypboard	Acoustic Tile/Gypboard
RESIDENTIAL FLOORS			
3A	Wood	Gyp bd/Brick	Gypboard
3B	Wood	Gyp bd/Brick	Gypboard
3C	Wood	Gyp bd/Brick	Gypboard
3D	Wood	Gyp bd/Brick	Gypboard
3E	Wood	Gyp bd/Brick	Gypboard
3F	Wood	Gyp bd/Brick	Gypboard
3G	Wood	Gyp bd/Brick	Gypboard
4A	Wood	Gyp bd/Brick	Gypboard
4B	Wood	Gyp bd/Brick	Gypboard
4C	Wood	Gyp bd/Brick	Gypboard
4D	Wood	Gyp bd/Brick	Gypboard
4E	Wood	Gyp bd/Brick	Gypboard
4F	Wood	Gyp bd/Brick	Gypboard
4G	Wood	Gyp bd/Brick	Gypboard
5A	Wood	Gyp bd/Brick	Gypboard
5B	Wood	Gyp bd/Brick	Gypboard
5C	Wood	Gyp bd/Brick	Gypboard
5D	Wood	Gyp bd/Brick	Gypboard
5E	Wood	Gyp bd/Brick	Gypboard
5F	Wood	Gyp bd/Brick	Gypboard
5G	Wood	Gyp bd/Brick	Gypboard

PHA	Wood	Gyp bd/Brick	Gypboard
PHB	Wood	Gyp bd/Brick	Gypboard
PHC	Wood	Gyp bd/Brick	Gypboard
PHD	Wood	Gyp bd/Brick	Gypboard
PHE	Wood	Gyp bd/Brick	Gypboard
~~PHF~~	~~Wood~~	~~Gyp bd/Brick~~	~~Gypboard~~
STAIR BULKHEAD			
Public stair	Wood	Gypboard	Gypboard

(SEction (x) of DPBC)

- **condition of appliances and fixtures**: In residential units, appliances and fixtures will be new.

- **condition of plumbing, provide details on leaks**: In residential units, all plumbing will be new. Existing plumbing to remain in commercial units. Plumbing in commercial units is in good condition. There is no evidence of leaks.

- **are there leaks through windows or walls/ceilings**: There is no evidence of leaks.

- **describe penthouse including construction, materials, finishes, etc.**: Penthouse structure is an existing stucco enclosure which extrudes from the main roof the building. Materials and finishes are as follows:

(1) *Type and grade of finish material used in each type of unit and the number of coverings given. Include paint, wall and floor coverings, as well as specifying the type of flooring, walls and ceiling used*: Floors in apartments are strip 3" T&G oak. C.T. tile in baths. There is paint on room walls, ceilings and bases. Room walls and ceilings are type "X" gypsum board or gypsum plaster; bath walls and ceilings are either water resistant type "X" gypsum board and wonderboard around tubs/showers and plaster. Wall bases are wood.

(Section (w)(1) of DPBC)

I. Other

- **describe wall insulation including materials and "R" value**: Exterior walls are insulated with 2" rigid insulation with an "R" value of 19.

- **condition of gas pipes**: All gas pipes will be new.

K. **Condition of common areas including cellar/basement**: Common areas will be finished as new. Description of finishes is as follows:

(x) Finish schedule of spaces other than units. The following is a form of schedule to be given for each floor. (*Include all common rooms and spaces including but not limited to: ~~Sub-sub cellar, sub-cellar, basement, cellar, first floor, penthouse floor, public and~~ service halls, corridors, lobbies*):

Rooms	Floor	Walls	Ceiling
CELLAR			
Gas & Elec.	Conc	Conc block	Gypboard
Meter rooms	Conc	Conc block	Gypboard
Public halls	Wood	Plaster	Plaster
Public stairs	Conc	Plaster	Plaster
Commercial	Plywood	Brick	Gypboard
Res. storage	Conc	Gypboard	Gypboard
Utility rooms	Conc	Gypboard	Gypboard
Toilets	CT	CT	Acoustic tile
FIRST FLOOR			
Offices	Carpet	Gypboard	Acoustic tile/Gypboard
Lobby/Mail rm.	Granite	Gypboard	Gypboard

(Section (x) of DPBC)

B. **condition of windows**: All windows will be new. Window description is as follows:

(ii) Windows: *Specify type and materials in all part of the building including sills, screens, window guards, lintels, storm sash, hardware, single or double glazing and caulking. Indicate whether lot line windows exist and describe any potential future problems*:

Windows: First floor commercial storefront is stainless steel and glass. The upper floor windows are double hung aluminum windows. All the existing windows in the Residential and Commercial Units will be replaced with new aluminum windows as manufactured by Traco or equal, except for the windows for Commercial Unit #3 on the south and north sides. The windows will have a 5-year warranty. The windows will be double glazed, without screens. The

residential sills are cast stone

II. Special Risks:

B. **condition of windows**: All windows will be new. Window description is as follows:

(ii) Windows: *Specify type and materials in all part of the building including sills, screens, window guards, lintels, storm sash, hardware, single or double glazing and caulking. Indicate whether lot line windows exist and describe any potential future problems*:

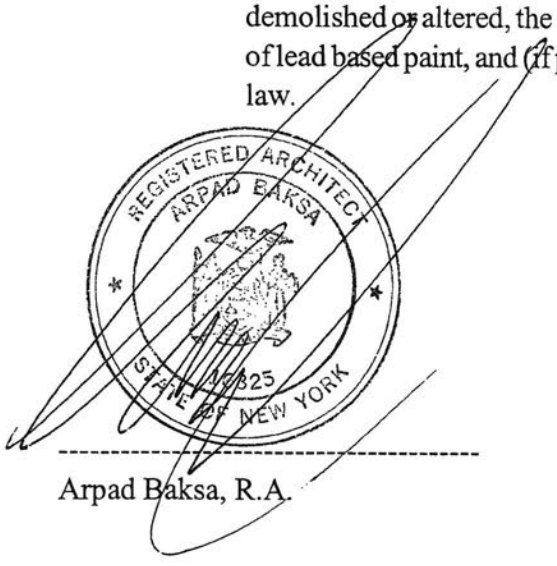
Lot Line Windows: Two new lot line windows will be installed on the east side of the Building and four on the west side of the Building. Lot line windows exist along both facades, at the 5th and 6th floors. They too will be replaced with new windows.

(Section (h)(1)(ii) of DPBC)

L. Other

- **lead based paint**: Lead based paint is as follows:

(ad) Lead-based paint: Based on the age of the Buildings, lead-based paint would have been used in the painting of some surfaces of the original Buildings. The Sponsor does not intend to remove any lead-based paint that may be in the Buildings, except to the extent required by law. In the future if the walls and ceilings of the Residential Units are demolished or altered, the Owner of such Apartment would have to test for the presence of lead based paint, and (if present) encapsulate or remove the material under applicable law.



Arpad Baksa, R.A.

SECOND ADDENDUM TO DESCRIPTION OF PROPERTY AND BUILDING CONDITION REPORT

PREPARED AND SUBMITTED BY THE OFFICE OF ARPAD BAKSA, ARCHITECTS, P.C

Paragraph (d) below is replacing same in description of property and building condition report prepared and submitted by the office of Arpad Baksa, Architects, P.C.

(d) Utilities. *Identify source or provider of each utility. Specifically identify which are public utilities or regulated companies and which are solely the obligation of the board of managers of the condominium. Indicate whether water, sewer (or septic tank), gas, electric and telephone are metered individually, collectively or by any other method of billing:* Electrical Service: the existing electric service is supplied by Consolidated Edison of New York. There are five (5)sets of 4-500Kcmil existing incoming service conductors from the utility company to the service end box in the cellar. Electric meters: Dedicated electric meters shall be provided as follows:

Residential Units:

Each residential unit will have its own electric meter and service breaker located in the cellar in a dedicated meter room. Each unit will have a dedicated circuit breaker panel. Units located on 3rd, 4th and 5th floors and 6B, and 6E units will have circuit breaker panels rated at 120/208volt, single phase, 3 wire; units 6A, 6C, 6D and 6F will have circuit breaker panels rated at 120/208volt, 3 phase 4 wire. The unit panel will serve all lighting and receptacles in the unit, all appliances, and heat pumps units.

Commercial Unit No 1 (Cellar)

Commercial Unit #1 will be served via a dedicated electric meter located in the electric service room in the cellar.

Commercial Unit No 2 (partial Cellar and partial 1st floor)

Gibson area will be served via a dedicated electric meter located in the cellar in the electric service room.

Commercial Unit No 3 (2nd floor)

MTI is presently served from an existing dedicated electric meter located in the cellar in the electric service room.

House loads

House panel will have its own electric meter located in the electric service room in the cellar.

Water service: Water service shall be supplied by the City of New York and shall be collectively metered and apportioned to each unit as described in the offering plan.

The water piping serving the Residential units will be provided with a sub-meter. Residential unit owners will pay the water consumption as a Residential Common Expense. The balance of water consumption between the house meter

** Any reference to the 6th floor unit shall mean a ph unit which includes the penthouse level.

and the Residential sub-meter will be a Common Expense. The building is fitted with a 4" diameter water supply line for domestic use and a 6" diameter water supply for fire standpipe and sprinkler system.

Sewage disposal: Sewage disposal will be by means of the sewer system of the City of New York. Department of the Environmental Protection (DEP) of the City of New York shall provide the sewer system and service. A new 10" diameter combined sewer/drainage connection is provided for the new building.

Telephone: Telephone service to the Building shall be provided by (Verizon and/or other providers). Building will be wired for telephone service. It will be the purchaser's obligation to purchase telephones and output devices and arrange and pay for those services for their unit.

TV and Internet connection: Each Residential Unit will be wired between unit distribution panel and outlets for cable television and satellite television, as well as for internet connection. Building will be provided with empty conduits for satellite, television cable and internet connection between communication rooms and distribution panels in the Residential Units. It will be the purchaser's obligation to purchase high-speed internet, cable and satellite television services and arrange and pay for those services for their Unit.

Paragraphs (7),(ii),(a) and (b) below are replacing paragraphs (h),(7),(ii),(a) and (b) in description of property and building condition report prepared and submitted by the office of Arpad Baksa, Architects, P.C.

(7) Roof and roof structures. *Describe*:

(ii) Drains:

(a) Location, material and type: There are several new roof drains located on 6th floor roof and existing roof drains located on 2nd floor lower roof. The roof drains are of cast iron and are fit with strainers. Roof drains are installed to minimize ponding.

(b) Gutters and leaders (*type, material*): None.

Paragraph (i),(1),(iv) below is replacing paragraph (i),(1),(iv) in description of property and building condition report prepared and submitted by the office of Arpad Baksa, Architects, P.C.

(i) Auxiliary Facilities:

(1) Laundry rooms. *Describe*: None

(iv) Room ventilation (*method and final exhaust*): None.

Paragraph (j),(1) below is replacing paragraph (j),(1) in description of property and building condition report prepared and submitted by the office of Arpad Baksa, Architects, P.C.

(j) Plumbing and drainage:

(1) *Water supply. Describe system, pumps, storage and location*: The Building is provided by DEP with a new 4" water service connected to the city water main located on 54th street. The 4" pipe common water service is centrally metered prior to distribution to the domestic water systems. A back flow prevention device located in the same room provides isolation between water service and building. From the backflow preventer water is pumped to the Building via a new domestic booster unit rated at 150 GPM and 185 TDH manufactured by Canariis Corporation. The domestic booster unit is provided with three (3) pumps and one (1) storage tank model FXA 800 with capacity 211 gallons, located in the cellar in the water service room. Domestic hot water system: There are two new (2) new gas fired domestic hot water heaters and one new (1) 1,000 Gallons storage tank. Domestic hot water heaters are model WH-514 with recovery capacity of 504 GPH at 90 deg. F temperature difference. The domestic hot water heaters are manufactured by Raytherm. The domestic hot water storage tank is model # 18 and is manufactured by Raypak. The domestic hot water heaters are located in a penthouse mechanical equipment room. The two (2) new gas fired domestic hot water heaters have one (1) year warranty and are dedicated for residential units only. The commercial units #s 2 and 3 are provided with existing electric water heaters located within the space. Electric water heaters are at the end of their useful life and they should be replaced in the near future. There is no evidence of any water leak.

Paragraph (2),(iii) below is replacing paragraph (j),(2),(iii) in description of property and building condition report prepared and submitted by the office of Arpad Baksa, Architects, P.C.

(2) Fire protection system. *Describe*:

(iii) *Sprinkler heads* (*type system, location*): The Building has the cellar, 1st floor residential lobby, 3rd, 4th, 5th, 6th and penthouse floors provided with an automatic wet sprinkler system. There are sprinkler systems for residential area, cellar and Commercial Unit #1. A back flow prevention device located in the water service room in the cellar provides isolation between water service and the Building. Fire service is provided from the dedicated 6" water service.

Paragraph (7),(iv) below is replacing paragraph (j),(7),(iv) in description of property and building condition report prepared and submitted by the office of Arpad Baksa, Architects, P.C.

(7) *Storm drainage system. Describe system, adequacy, method of disposal and materials including*: There is an existing aluminum gutter installed around higher roof on the 6th floor roof. Rainwater is spilled over lower roof via outside leaders that are connected to this gutter system.

(iv) *Eject or sump pumps (describe in detail and describe conditions requiring pumps)*: There are new sump pumps in the cellar for elevator pits.

Paragraph (k),(1) below is replacing paragraph (k),(1) in description of property and building condition report prepared and submitted by the office of Arpad Baksa, Architects, **P.C.**

(k) Heating. *Describe including space heating and domestic hot water heating*:

(1)*Heating and distribution of domestic hot water and whether capable of providing peak required services. Describe heating system's ability to maintain legally required conditions under anticipated weather conditions, specifying internal temperature and ambient temperature used in calculations*: Heating of the residential units will be provided by two new gas fired hot water boilers model H1125 with output capacity of 922 MBH/each manufactured by Raypak located in the penthouse mechanical room. Heating will be provided by new water source heat pump units. The heat pump units are either console type model WWDA manufactured by McQuay or vertical type model WFDL manufactured by McQuay. The vertical type heat pump units are provided with supply ductwork to one or multiple supply outlets. Conditioned air is returned to vertical heat pump units via louvered doors of the heat pump unit enclosure. The heat pump units are of different capacities to accommodate required cooling/heating load for each room. There shall be at least one heat pump unit for each room for the residential portion of the building and the room shall be heated by that unit(s). Dedicated thermostats shall control the heat pump units. The heat pump units are provided with access panels for routine maintenance. Heat pump unit are piped thru the condenser water system that recirculates a 30% propylene glycol solution thru the heat pump units and the outdoor mounted cooling towers. The heating system is adequate and maintains comfortable conditions under anticipated weather conditions. The internal temperature and base is calculated at 68 degrees F. Commercial Units # 2 and # 3 are provided with existing rooftop HVAC equipment with associated ductwork distribution that provides heating and cooling. Commercial Unit # 1 contains a gas fired space heater to provide heat for such unit.

Paragraph (k),(5) below is replacing paragraph (k),(5) in description of property and building condition report prepared and submitted by the

office of Arpad Baksa, Architects, **P.C.**

(5) *Type of controls*: Direct digital controls for boilers, pumps, heat exchangers and cooling towers.

Paragraph (k),(6) is replacing paragraph (k),(6) in description of property and building condition report prepared and submitted by the office of Arpad Baksa, Architects, **P.C.**

(6) *Radiators, piping, insulation, valves, pumps*: There are no radiators in the residential units. Heating will be provided by new water source heat pump units. The heat pump units are either console type model WWDA manufactured by McQuay or vertical type model WFDL manufactured by McQuay. The vertical type heat pump units are provided with supply ductwork to one or multiple supply outlets. Conditioned air is returned to vertical heat pump units via louvered doors of the heat pump unit enclosure. The heat pump units are of different capacities to accommodate required cooling/heating load for each room. There shall be at least one heat pump unit for each room for the residential portion of the building and the room shall be heated by that unit(s). Dedicated thermostats shall control the heat pump units. The heat pump units are provided with access panels for routine maintenance. Heat pump unit are piped thru the condenser water system that recirculates a 30% propylene glycol solution thru the heat pump units and the outdoor mounted cooling towers. The entrance lobby and fitness room to the residential portion of the building shall be heated by three (3) console type heat pump units model WWDA manufactured by McQuay. Commercial Units #2 and #3 are provided with existing rooftop HVAC equipment with associated ductwork distribution that provides heating and cooling.

Paragraph (l),(2) below is replacing paragraph (l),(2) in description of property and building condition report prepared and submitted by the office of Arpad Baksa, Architects, **P.C.**

(l) Gas supply (*if not described above*). *Describe*:

(2) Meters: There are four (4) gas meters installed in the building as follows: The first meter provides metering of natural gas used for cooking in the Residential units. Residential unit owners will pay the gas consumption as a Residential Common Expense. The second meter provides metering of natural gas used for heating and domestic hot water of the Residential units. Residential unit owners will pay the gas consumption as a Residential Common Expense.

The third meter provides metering of natural gas used for roof top HVAC equipment for Commercial Units # 2 and # 3. Commercial Unit owners will share the cost for such gas consumption in proportion to their respective interests in the aggregate interests in the Common Element for both units. There is a fourth gas meter to measure gas consumption for the gas fired_heater for Commercial Unit # 1.

Paragraphs (m),(1),(2),(3) and (4) below are replacing paragraphs (m),(1),(2),(3) and (4) in description of property and building condition report prepared and submitted by the office of Arpad Baksa, Architects, P.C.

(m) Air conditioning. *Describe cooling system's adequacy to maintain comfortable conditions under anticipated weather conditions, specifying internal temperature and base ambient temperature used in calculations. Describe*:

(1) *Type of System*: Water source heat pump units.

(2) *Central system* (*give manufacturer, model and capacity*): All residential units shall be provided with new dedicated air conditioning systems. The air conditioning systems for residential units located on 3rd, 4th, 5th and 6th floors will consist of one or multiple indoor water source heat pump units located within the residential units. The heat pump units are either console type model WWDA manufactured by McQuay or vertical type model WFDL manufactured by McQuay. The vertical type heat pump units are provided with supply ductwork to one or multiple supply outlets. Conditioned air is returned to vertical heat pump units via louvered doors of the heat pump unit enclosure. The heat pump units are of different capacities to accommodate required cooling/heating load for each room. There shall be_at least one heat pump unit for each room for the residential portion of the building and the room shall be heated by that unit(s). Dedicated thermostats shall control the heat pump units. The heat pump units are provided with access panels for routine maintenance. Heat pump unit are piped thru the condenser water system that recirculates a 30% propylene glycol solution thru the heat pump units and the outdoor mounted cooling towers. The ground floor residential lobby and fitness room is served by its own dedicated air conditioning system, which provides cooling to this space. The air conditioning unit for ground floor lobby and fitness room will be a new water source heat pump unit model WFDL manufactured by McQuay shall be located in the cellar. In addition, air conditioning is supplied to the residential corridors via one new make-up air unit model RDDA-126-300 manufactured by Reznor. The makeup air unit provides 12.**5** tons of cooling and 240,000 BTUH of heating. The make-up air unit is provided with ductwork distribution for each floor. The make-up air unit for residential corridors will be located on roof. Warranty for all new equipment is one (1) year.

(3) *Cooling towers, condensers* (*roof top, self-contained units, including*

number, location and description): Residential units located on 3rd, 4th, 5th and 6th floors will be provided with two (2) new cooling towers model VFL-048-31M manufactured by Baltimore Air Coil. Each cooling tower is capable of cooling 191 GPM from 103 deg. F to 90 deg. F at 95 deg. F dry bulb temperature and 78 deg. F wet bulb temperature. The cooling towers are part of the condenser water system that recirculates a 30% propylene glycol solution thru the heat pump units and the outdoor mounted cooling towers. In addition to the cooling towers there is a new make-up air unit mounted on boiler room roof model RDDA-126-300 manufactured by Reznor. The make-up air unit provides 12.5 tons of cooling and 240,000 BTUH of heating. The air conditioning units for the residential corridors will be located on the roof. Commercial Units # 2 and # 3 each have their own existing roof mounted HVAC equipment to provide air conditioning for such units. There is no air conditioning system in Commercial Unit # 1.

(4) *Individual units covered by the offer* (*window/sleeve - specify number, capacity, amperage and efficiency*): All residential units shall be provided with new dedicated air conditioning systems. The air conditioning systems for residential units located on 3rd, 4th, 5th and 6th floors will consist of one or multiple indoor water source heat pump units located within the residential units. The heat pump units are either console type model WWDA manufactured by McQuay or vertical type model WFDL manufactured by McQuay. The vertical type heat pump units are provided with supply ductwork to one or multiple supply_outlets. Conditioned air is returned to vertical heat pump units via louvered doors of the heat pump unit enclosure. The heat pump units are of different capacities to accommodate required cooling/heating load for each room. There shall be at least one heat pump unit for each room for the residential portion of the building and the room shall be heated by that unit(s). Dedicated thermostats shall control the heat pump units. The heat pump units are provided with access panels for routine maintenance. Heat pump unit are piped thru the condenser water system that recirculates a 30% propylene glycol solution thru the heat pump units and the outdoor mounted cooling towers. The Sponsor reserves the right to provide more or less heat pump units which may be made by different manufacturers and which are equal to or better than those listed. The ground floor residential lobby and fitness room is served by its own dedicated air conditioning system, which provides cooling to this space. The air conditioning unit for ground floor lobby and fitness room will be a new water source heat pump unit model WFDL manufactured by McQuay shall be located in the cellar. Sponsor reserves the right to provide more or less air conditioning units or heating units which may be made by different manufacturers and which are equal to or better than those listed above.

Paragraph (o),(1) below is replacing paragraph (o),(1) in description of property and building condition report prepared and submitted by the office of Arpad Baksa, Architects, P.C.

(o) Electrical system. *Specify*:

(1) Service from main service switchgear (*amperes, voltage, phases, wire, protective equipment*):There is no main switchgear in this Building. From Con Edison service end box the service conductors are routed to six (6) service switches.

***Residential Units*: Service switch #3, 1600Amp serves a 2000Amp distribution panelboard. This distribution panel board contains three (3) 400Amp distribution switches and one (1) 600Amp distribution switch. Each switch serves a meter board. The feeders sizes are 4- 600Kcmil,1#3ground in 4" conduit and 2 sets of 4-350Kcmil,1#1ground in 3" conduit for 400Amp and 600Amp switches respectively. The feeder from each meter board assembly service breaker to each breaker panel for the units located on 3rd , 4th, and 5th floors and 6A and 6E units will be 3#1/0,1#6G-2"conduit; units 6A and 6F feeder will be 4#1/0,1#6G-2" conduit, units 6C and 6D feeder will be 4#2/0,1#6G-2" conduit. Each unit will have a dedicated circuit breaker panel. The panel will be rated for 120/208volt, single phase, 3 wire for units located on 3rd , 4th and 5th floors and for 6B and 6E units. Units 6A, 6C, 6D and 6F will be served by 208/120 volt, 3 phase, 4 wire rated panels.**

This panel will serve all lighting and receptacle circuits in the unit, all appliances, and the heat pumps units.

Commercial Unit No 1 (Cellar)

The Garage will be served via a service switch SS#6 rated 100 Amp with dedicated meter.

Commercial Unit No 2 (partial Cellar and partial 1st floor)

Gibson will be served via service switch SS#5 and rated 800 Amp with dedicated meter.

Commercial Unit No 3 (2nd floor)

MTI is presently served from an existing dedicated 600 amp service switch, SS#1 with dedicated meter located in the cellar in the electric service room. Service switch SS#2 it is used for *House loads;* the switch is existing and serves existing 2000 Amp Distribution Board that is in fair condition. This board will be used to serve house power and lighting panels and elevators, house mechanical equipment and elevators. Service switch #4 will be new and will be used for fire pump.

Paragraph (2) below is replacing paragraph (o),(2) in description of property and building condition report prepared and submitted by the office of Arpad Baksa, Architects, P.C.

(2) *Service to individual units* (*risers, etc.*): Service to individual units are as follows:

Residential units located on 3rd, 4th, and 5th floors and units 6B and 6E will be supplied with 3#1/0&1#6G-2" conduit. Residential units 6A, and 6F will be supplied with 4#1/0&1#6G-2" conduit; units 6C, and 6D will be supplied with 4#2/0&1#6G-2" conduit.
Residential units panels 3A-5A, 3B-5B, 3E-5E, 3F-5F, 3G-5G will have 36 circuits. Residential units panels 3C-5C,3D-5D, 6B, 6E, 6F will have 42 circuits. Residential units 6A, 6C, 6D will have panels will have 42 circuits and dedicated power panels PP6A, PP6C and PP6D with 18 and 24 circuits respectively. The unit panels will have adequate spare capacity based on good engineering practice. The typical circuit breaker panel will be 208/120 volt, single or 3 phase, with 3 or 4 wire and it will be located in the utility room or unit corridor.

Paragraph (3) below is replacing paragraph (o),(3) in description of property and building condition report prepared and submitted by the office of Arpad Baksa, Architects, P.C.

(3)Compartment switch gear (*location and floor of sectional meter boards and trans formers supplying power to the meter boards*): Service switch #3, 1600Amp serves a 2000 Amp distribution panelboard. This distribution panel board contains three (3) 400 Amp distribution switches and one (1) 600Amp distribution switch. Each switch serves a meter board. The feeders sizes are 4-600Kcmil,1#3ground in 4" conduit and 2 sets of 4-350Kcmil,1#1ground in 3" conduit for 400Amp and 600Amp switches respectively. Unit service breaker are located in the cellar and the circuit breaker panel is located in each unit. Each unit will have its own electric meter located in the cellar in a dedicated room.
The electric service is rated at 4000 amp, 208/120 volt, 3 phase, 4 wire, 60 Hz. Based on Con Edison evaluation the existing service appears to have sufficient capacity for the new occupancy of the building. The service is brought to the cellar where all the distribution equipment is located in a dedicated electrical service room. From the service end box the cables are routed to service switches. There will be six (6) service switches:
Service switch #1 for Commercial Unit No 3 (MTI) existing, rated 600 amp and meter; Service Switch #2, the existing 2000 Amp service switch and meter, serves the existing 2000 Amp Distribution Board that will be reused to serve house power and lighting panels and elevators and meter; Service Switch #3, 1600 amp, is new, and is provided with a bus connection to a 2000 Amp tenant distribution switchboard. This distribution panel board contains three (3) 400Amp distribution switches and one (1) 600Amp distribution switch. Each switch serves a meter board. The feeders sizes are 4-600Kcmil,1#3ground in 4"conduit and 2 sets of 4-350Kcmil, 1#1ground in 3" conduit for 400Amp and 600Amp switches respectively. Service switch #4, 1200 amp is new and is used for fire pump; Service switch #5, rated 800 amp for Commercial Unit No 2 (Gibson) and meter, Service switch #6, rated 100 amp for Commercial Unit No 1 (Garage) meter.

Paragraph (5) below is replacing paragraph (o),(5) in description of property and building condition report prepared and submitted by the office of Arpad Baksa, Architects, P.C.

(5) **Adequacy:**

(i) ***Service - average number of circuits per apartment and capacity to handle modern appliances specifically air conditioners, dishwashe rs and electric dryers:***

T h e electrical system has bee n designed specifically for this building and its "use". Each residential unit will have a dedicated breaker panel rated for 225 amp, 208/120 volt, single or 3 phase, with 3 or 4 wire respectively. This panel will serve all lighting and receptacle circuits in the unit, all appliances, the heat pumps. Residential units 3A-5A, 3B-5B, 3C-5C, 3D-5D, 6B and 6E will be supplied with 2P-200/150 Amp service. Residential units 3E-5E, 3F-5F, 3G-5G will be supplied with 2P-200/125 Amp service. Residential units 6A and 6F will be supplied with 3P-200/150 Amp service. Residential units 6C, 6D will be supplied with 3P-200/175 Amp service. Residential units panels 3A-5A, 3B-5B, 3E-5E, 3F-5F, 3G-5G will have 36 circuits. Residential units panels 3C-5C,3D-5D, 6B, 6E, 6F will have 42 circuits. Residential units 6A, 6C, 6D will have panels will have 42 circuits and dedicated power panels PP6A, PP6C and PP6D with 18 and 24 circuits respectively. The unit panels will have adequate spare capacity based on good engineering practice. The typical circuit breaker panel will be 208/120 volt, single or 3 phase, with 3 or 4 wire and it will be located in the utility room or unit corridor.

DNV Associates
1 Lesa Lane, Hillsdale, NJ 07642
Mechanical and Electrical Design
tel: 201.664.1133 fax: 201.664.1030 dnva@dnva.net

Sagamore 54th St. Investments LLC
40 Core Plus Properties, LLC
One Rock Street
Stamford, CT 06902

March 26, 2006

Re: Hit Factory Condominium
421 West 54th Street
New York, NY 10019

Dear Mr. Brody:

Attached please find Projections of Individual Residential Unit Electric and Gas Charges for Residential and Commercial Units:

1. Estimated Annual Electricity Cost for Individual Residential Units (including heating and cooling), to be paid directly by the Residential Unit Owners:

Floors 3-5

Unit A	$3,382.12
Unit B	$3,373.76
Unit C	$3,444.83
Unit D	$3,680.50
Unit E	$3,297.61
Unit F	$3,304.38
Unit G	$3,250.24

Penthouse Units

Unit 6A	$4,141.91
Unit 6B	$3,859.86
Unit 6C	$4,253.59
Unit 6D	$4,107.89
Unit 6E	$3,695.80
Unit 6F	$3,991.40

2. Estimated Annual Electricity Cost for Commercial Units #1, #2 and #3 (including air conditioning for Commercial Units #2 and #3) to be paid directly by such Commercial Unit Owners:

Commercial Unit # 1	$11,113.00
Commercial Unit # 2	$28,866.00
Commercial Unit # 3	$29,375.00

3. Estimated Gas Charges for Commercial Units #1, #2 and #3 to be paid directly by such

Sagamore 54th St. Investments LLC
40 Core Plus Properties, LLC
One Rock Street
Stamford, CT 06902

Commercial Unit Owners:

Commercial Unit # 1	$8,252.00
Commercial Unit # 2	$16,270.00
Commercial Unit # 3	$17,122.00
Total	$33,392.00

In addition, please find four (4) spreadsheets:

- A. Estimated Energy (Electricity) Cost for Residential Units
- B. Estimated Energy (Electricity and Gas) Cost for Commercial Units
- C. Estimated Gas, Water and Sewer Costs for Residential Common Elements
- D. Estimated Electricity, Water and Sewer Costs for Common Elements

that indicate the breakdown of estimated energy (electricity and gas) water and sewer costs for Residential, Commercials Units, Residential Common Elements and Common Elements.

If you have any questions, please call us at 201-664-1133.

Very truly yours,

Valentin M. Antohi, PE
President

Cc: Scott Turkington
Richard Saunders
Arpad Baksa
File

The Hit Factory Condominium **3/26/2006**

A. ESTIMATED ENERGY COST (ELECTRICITY) FOR RESIDENTIAL UNITS

Electricity to be paid directly by individual Residential Unit Owners.

Apt. No:	Estimated Lighting & Power Energy Cost for Each Residential Unit Owner		Estimated Washer & Dryer Energy Cost for Each Residential Unit Owner		Estimated Heating and Cooling Energy Cost for Each Residential Unit Owner		Total Electricity Cost for Each Residential Unit Owner
	KWh	($)	KWh	($)	KWh	($)	($)
3A	13,866.67	$ 2,080.00	1,014.00	$ 152.10	7,666.83	$ 1,150.02	$ 3,382.12
4A	13,866.67	$ 2,080.00	1,014.00	$ 152.10	7,666.83	$ 1,150.02	$ 3,382.12
5A	13,866.67	$ 2,080.00	1,014.00	$ 152.10	7,666.83	$ 1,150.02	$ 3,382.12
3B	13,986.67	$ 2,098.00	1,014.00	$ 152.10	7,491.09	$ 1,123.66	$ 3,373.76
4B	13,986.67	$ 2,098.00	1,014.00	$ 152.10	7,491.09	$ 1,123.66	$ 3,373.76
5B	13,986.67	$ 2,098.00	1,014.00	$ 152.10	7,491.09	$ 1,123.66	$ 3,373.76
3C	14,306.67	$ 2,146.00	1,014.00	$ 152.10	7,644.86	$ 1,146.73	$ 3,444.83
4C	14,306.67	$ 2,146.00	1,014.00	$ 152.10	7,644.86	$ 1,146.73	$ 3,444.83
5C	14,306.67	$ 2,146.00	1,014.00	$ 152.10	7,644.86	$ 1,146.73	$ 3,444.83
3D	15,306.67	$ 2,296.00	1,014.00	$ 152.10	8,216.03	$ 1,232.40	$ 3,680.50
4D	15,306.67	$ 2,296.00	1,014.00	$ 152.10	8,216.03	$ 1,232.40	$ 3,680.50
5D	15,306.67	$ 2,296.00	1,014.00	$ 152.10	8,216.03	$ 1,232.40	$ 3,680.50
3E	14,160.00	$ 2,124.00	1,014.00	$ 152.10	6,810.08	$ 1,021.51	$ 3,297.61
4E	14,160.00	$ 2,124.00	1,014.00	$ 152.10	6,810.08	$ 1,021.51	$ 3,297.61
5E	14,160.00	$ 2,124.00	1,014.00	$ 152.10	6,810.08	$ 1,021.51	$ 3,297.61
3F	14,073.33	$ 2,111.00	1,014.00	$ 152.10	6,941.89	$ 1,041.28	$ 3,304.38
4F	14,073.33	$ 2,111.00	1,014.00	$ 152.10	6,941.89	$ 1,041.28	$ 3,304.38
5F	14,073.33	$ 2,111.00	1,014.00	$ 152.10	6,941.89	$ 1,041.28	$ 3,304.38
3G	13,053.33	$ 1,958.00	1,014.00	$ 152.10	7,600.93	$ 1,140.14	$ 3,250.24
4G	13,053.33	$ 1,958.00	1,014.00	$ 152.10	7,600.93	$ 1,140.14	$ 3,250.24
5G	13,053.33	$ 1,958.00	1,014.00	$ 152.10	7,600.93	$ 1,140.14	$ 3,250.24
6A	13,893.33	$ 2,084.00	2,340.00	$ 351.00	11,379.42	$ 1,706.91	$ 4,141.91
6B	13,133.33	$ 1,970.00	2,340.00	$ 351.00	10,259.06	$ 1,538.86	$ 3,859.86
6C	16,293.33	$ 2,444.00	1,014.00	$ 152.10	11,049.90	$ 1,657.49	$ 4,253.59
6D	16,266.67	$ 2,440.00	1,014.00	$ 152.10	10,105.28	$ 1,515.79	$ 4,107.89
6E	13,160.00	$ 1,974.00	2,340.00	$ 351.00	9,138.69	$ 1,370.80	$ 3,695.80
6F	13,746.67	$ 2,062.00	2,340.00	$ 351.00	10,522.67	$ 1,578.40	$ 3,991.40

The Hit Factory Condominiums **3/26/2006**

B. ESTIMATED ENERGY COST (ELECTRICITY AND GAS) FOR COMMERCIAL UNITS				
Electricity and gas to be paid directly by Commercial Unit Owners.				
Apt. No:	Estimated Heating and Domestic Hot Water Energy Cost (Gas)		Estimated Lighting and Power Cost (Electricity)	
	Therm	($)	KWh	($)
COMMERCIAL UNIT NO. 1				
	9,708.24	$ 8,252.00	74,086.67	$ 11,113.00
COMMERCIAL UNIT NO. 2				
	19,141.18	$ 16,270.00	192,440.00	$ 28,866.00
COMMERCIAL UNIT NO. 3				
	20,143.53	$ 17,122.00	195,833.33	$ 29,375.00

The Hit Factory Condominiums

3/26/2006

C - ESTIMATED ENERGY COST - RESIDENTIAL COMMON ELEMENTS

	Estimated Electricity Cost for All Residential Units as Residential Common Expense		Estimated Heating and Domestic Hot Water Energy (Gas) Cost for All Residential Units as Residential Common Expense		Estimated Water Cost for All Residential Units as Residential Common Expense		Estimated Sewer Cost for All Residential Units as Residential Common Expense		Estimated Gas Cost for Cooking for All Residential Units as Residential Common Expense	
	KWh	($)	Therm	($)	HCU.ft	($)	HCU.ft	($)	Therm	($)
Total	$ 150,949.87	$ 22,642.48	60,274.12	$ 51,233.00	2,107.96	$ 3,372.74	2,107.96	$ 5,362.65	6,750.00	$ 5,737.50

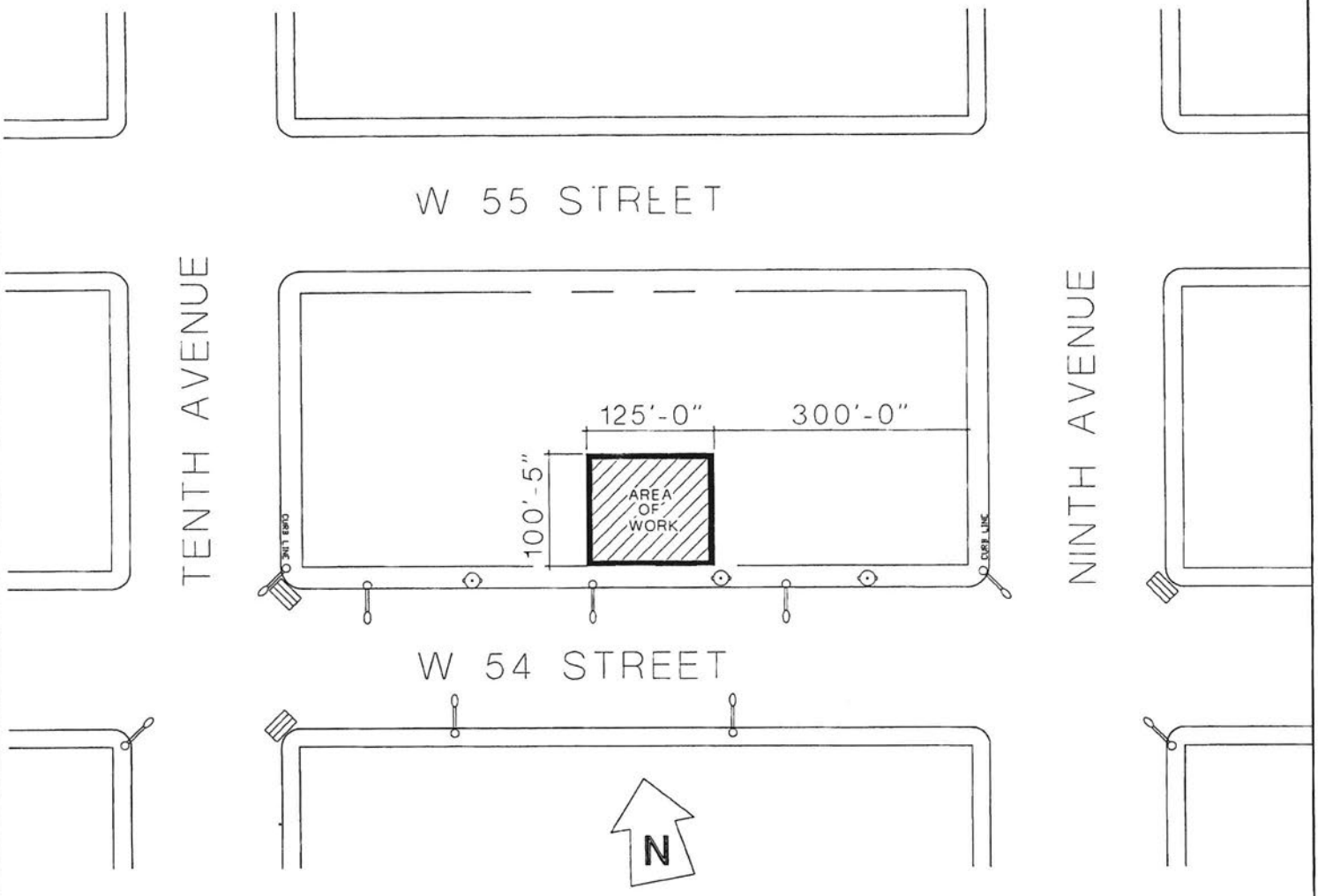
D. ESTIMATED ELECTRICITY, WATER AND SEWER COSTS FOR COMMON ELEMENTS

Electricity, Water and Sewer Costs to be paid by Residential and Commercial Unit owners as Common Expense

	Estimated Elevator Electricity Cost for All Unit Owners as Common Expense		Estimated Plumbing Equipment Electricity Cost for All Unit Owners as Common Expense		Estimated Water Cost for All Unit Owners as Common Expense		Estimated Sewer Cost for All Unit Owners as Common Expense	
	KWH	($)	KWH	($)	HCU.ft	($)	HCU.ft	($)
Total	51,100	$ 7,665.00	20,075.00	$ 1,779.38	1,455.27	$ 2,328.44	1,455.27	$ 3,702.21

FLOOR PLANS

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LEGEND

- CATCH BASIN
- STREET LIGHT
- HYDRANT
- SUBWAY GRATING
- SUBWAY STAIRS

REVISION DATE

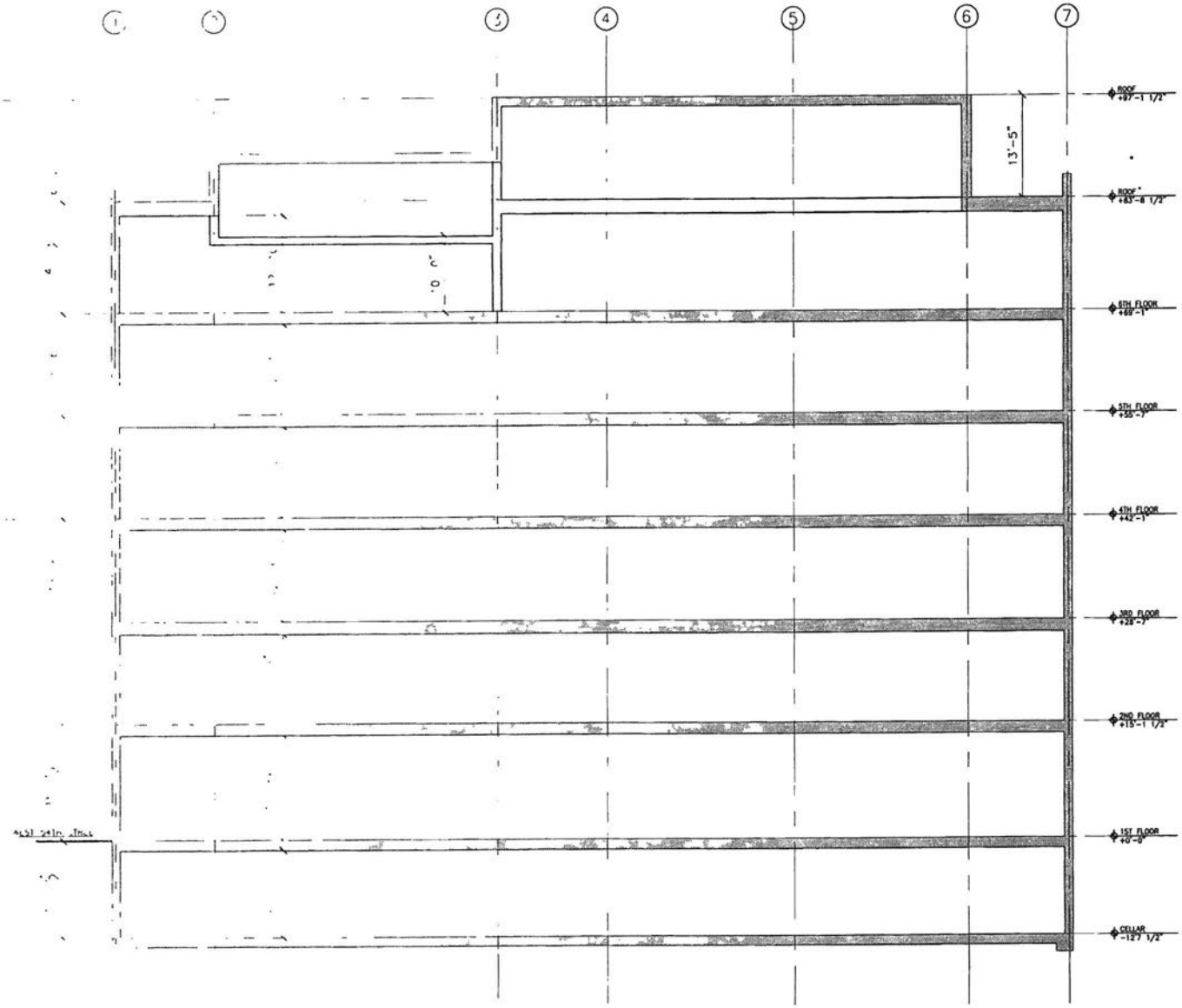
PROJECT 421 WEST 54 STREET NEW YORK, NY 10019	ARPAD BAKSA ARCHITECT, P.C. 99 Wall Street, Suite 1600 New York, NY 10005-4301 Tel. (212) 768-4191 Fax (212) 768-4473 e-mail:abaksa@arpad-baksa-architect.com	PROJECT # 1240 DATE 19 MAY 05 DRAWN BY JLH SCALE NTS
DRAWING TITLE SITE PLAN		SHEET NO SK-1

LEGEND

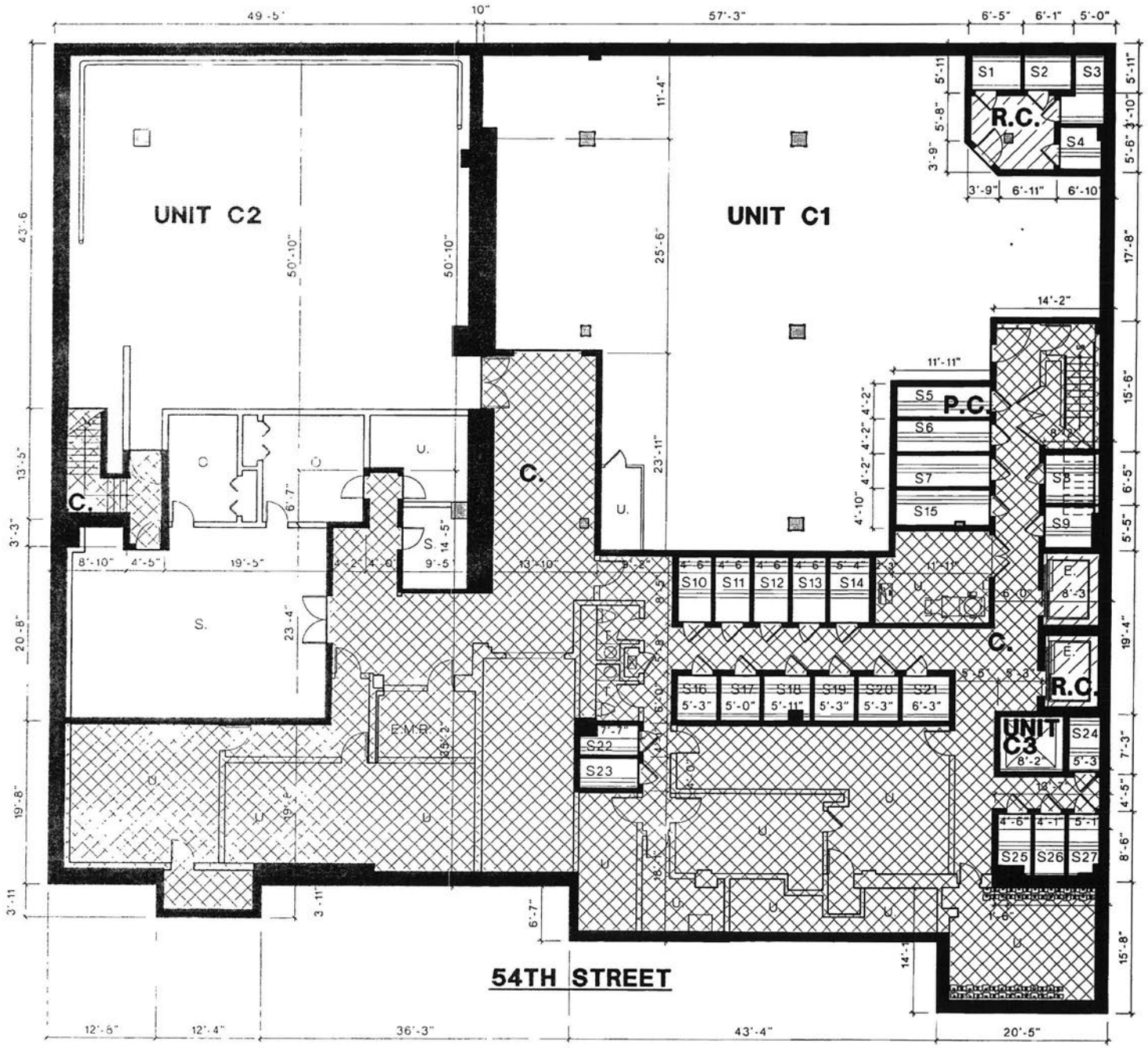
B	BATHROOM
B.R	BEDROOM
C	COMMON
CL	CLOSET
COM	COMMERCIAL
COR	CORRIDOR
D	DEN
D A	DINING AREA
E	ELEVATOR
E M.R	ELEVATOR MACHINE RM
E S	ELEVATOR SHAFT
F	FOYER
FP	FIREPLACE
F ST	FIRE STAIR
G	GARBAGE CHUTE
H	HALL
K	KITCHEN
L	LOBBY
L.C	LIMITED COMMON
L.R	LIVING ROOM
M.R	METER ROOM
O	OFFICE
P	WARMING PANTRY
PIT	ELEVATOR PIT
P R	POWDER ROOM
PU	PUMP ROOM
R	RAMP
S	STORAGE
S.L	SKYLIGHT
ST	STAIR
STU	COMMERCIAL STUDIO
T	TOILET
U	UTILITY ROOM
V	VESTIBULE
W/D	WASHER/DRYER

C.	COMMON ELEMENTS
U.B.	UNIT BOUNDARY
P.C.	RESIDENTIAL LIMITED COMMON ELEMENTS
C.C.	COMMERCIAL LIMITED COMMON ELEMENTS
R.C.	RESIDENTIAL COMMON ELEMENTS
	BEARING LOAD MASONRY WALL

(2)24 OCT 05
(1) 27 JUL 05
18 MAY 05



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CELLAR

UNIT C1 : COMMERCIAL
TAX LOT NO 1101
APPROX NET SF : 3,114 SF
APPROX GROSS SF : 3,319 SF

UNIT C2 : COMMERCIAL
(LOWER LEVEL)
TAX LOT NO 1102
APPROX NET SF : 3,215 SF
APPROX GROSS SF : 3,540 SF

UNIT C3 : COMMERCIAL
(ELEVATOR PIT)
TAX LOT NO 1103
APPROX NET SF : 49 SF
APPROX GROSS SF : 59 SF

STORAGE UNIT: RESIDENTIAL
STORAGE UNITS DESIGNATIONS AND SIZES ON FOLLOWING PAGE

RESIDENTIAL LIMITED COMMON ELEMENTS:
APPROX GROSS SF : 1,090 SF

RESIDENTIAL COMMON ELEMENTS:
APPROX GROSS SF : 250 SF

COMMON ELEMENTS:
APPROX GROSS SF : 4,826 SF

TOTAL GROSS AREA:
APPROX. TOTAL SF : 13,084 SF

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CELLAR
STORAGE UNITS

STORAGE UNIT 1 RESIDENTIAL
(PART OF UNIT 4G)
APPROX NET SF 23 SF
APPROX GROSS SF 40 SF

STORAGE UNIT 2 RESIDENTIAL
(PART OF UNIT 4F)
APPROX NET SF 24 SF
APPROX GROSS SF 40 SF

STORAGE UNIT 3 RESIDENTIAL
(PART OF UNIT PHA)
APPROX NET SF 35 SF
APPROX GROSS SF 58 SF

STORAGE UNIT 4 RESIDENTIAL
(PART OF UNIT 5C)
APPROX NET SF 24 SF
APPROX GROSS SF 38 SF

STORAGE UNIT 5 RESIDENTIAL
(PART OF UNIT PHE)
APPROX NET SF 41 SF
APPROX GROSS SF 50 SF

STORAGE UNIT 6 RESIDENTIAL
(PART OF UNIT PHF)
APPROX NET SF 43 SF
APPROX GROSS SF 56 SF

STORAGE UNIT 7 RESIDENTIAL
(PART OF UNIT PHB)
APPROX NET SF 43 SF
APPROX GROSS SF 50 SF

STORAGE UNIT 8 RESIDENTIAL
(PART OF UNIT 4D)
APPROX NET SF 35 SF
APPROX GROSS SF 52 SF

STORAGE UNIT 9 RESIDENTIAL
(PART OF UNIT 3D)
APPROX NET SF 28 SF
APPROX GROSS SF 44 SF

STORAGE UNITS

STORAGE UNIT 10 · RESIDENTIAL
(PART OF UNIT 5G)
APPROX NET SF 31 SF
APPROX GROSS SF 38 SF

STORAGE UNIT 11 : RESIDENTIAL
(PART OF UNIT 5F)
APPROX NET SF 32 SF
APPROX GROSS SF 38 SF

STORAGE UNIT 12 · RESIDENTIAL
(PART OF UNIT 5E)
APPROX NET SF 32 SF
APPROX GROSS SF 38 SF

STORAGE UNIT 13 · RESIDENTIAL
(PART OF UNIT 5B)
APPROX NET SF 32 SF
APPROX GROSS SF 38 SF

STORAGE UNIT 14 RESIDENTIAL
(PART OF UNIT 5A)
APPROX NET SF 37 SF
APPROX GROSS SF 45 SF

STORAGE UNIT 15 : RESIDENTIAL
(PART OF UNIT PHD)
APPROX NET SF 48 SF
APPROX GROSS SF 57 SF

STORAGE UNIT 16 · RESIDENTIAL
(PART OF UNIT 3C)
APPROX NET SF 26 SF
APPROX GROSS SF 32 SF

STORAGE UNIT 17 . RESIDENTIAL
(PART OF UNIT 3E)
APPROX NET SF 25 SF
APPROX GROSS SF 30 SF

STORAGE UNIT 18 : RESIDENTIAL
(PART OF UNIT 3F)
APPROX NET SF 28 SF
APPROX GROSS SF 36 SF

STORAGE UNITS

STORAGE UNIT 19 : RESIDENTIAL
(PART OF UNIT 3G)
APPROX NET SF 26 SF
APPROX GROSS SF. 32 SF

STORAGE UNIT 20 : RESIDENTIAL
(PART OF UNIT 4A)
APPROX NET SF 26 SF
APPROX GROSS SF 32 SF

STORAGE UNIT 21 : RESIDENTIAL
(PART OF UNIT PHC)
APPROX NET SF 31 SF
APPROX GROSS SF 38 SF

STORAGE UNIT 22 : RESIDENTIAL
(PART OF UNIT 3B)
APPROX NET SF 23 SF
APPROX GROSS SF 32 SF

STORAGE UNIT 23 : RESIDENTIAL
(PART OF UNIT 3A)
APPROX NET SF 25 SF
APPROX GROSS SF. 31 SF

STORAGE UNIT 24 : RESIDENTIAL
(PART OF UNIT 5D)
APPROX NET SF 25 SF
APPROX GROSS SF 38 SF

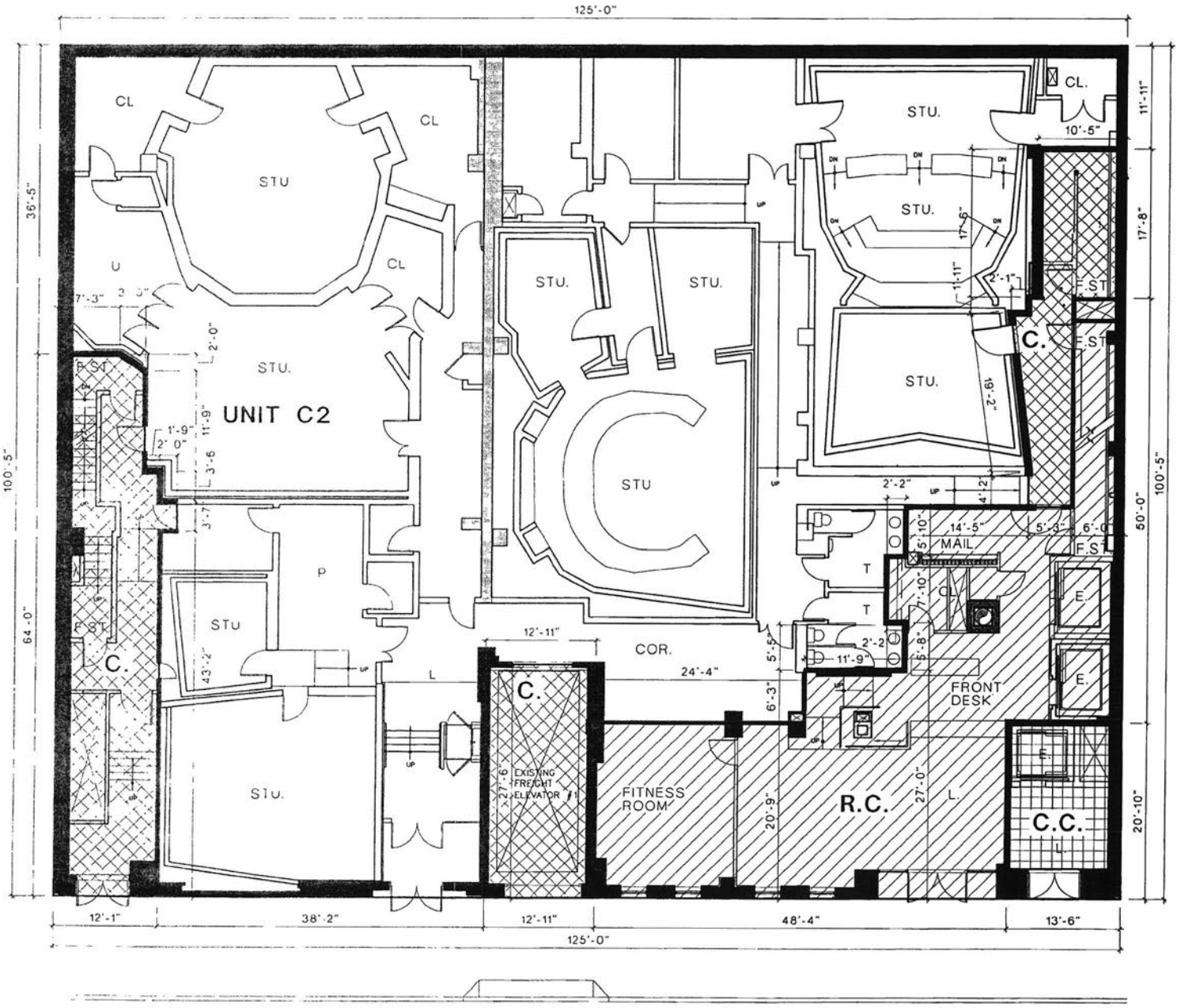
STORAGE UNIT 25 : RESIDENTIAL
(PART OF UNIT 4B)
APPROX NET SF 26 SF
APPROX GROSS SF 36 SF

STORAGE UNIT 26 : RESIDENTIAL
(PART OF UNIT 4C)
APPROX NET SF 28 SF
APPROX GROSS SF. 34 SF

STORAGE UNIT 27 : RESIDENTIAL
(PART OF UNIT 4E)
APPROX NET SF. 26 SF
APPROX GROSS SF. 43 SF

APPROX. TOTAL GROSS AREA OF ALL STORAGE UNITS:
APPROX TOTAL SF : 1,087 SF

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IST FLOOR

UNIT C2 : COMMERCIAL
TAX LOT NO 1102
(UPPER LEVEL)
APPROX NET SF : 8,425 SF
APPROX GROSS SF : 8,840 SF

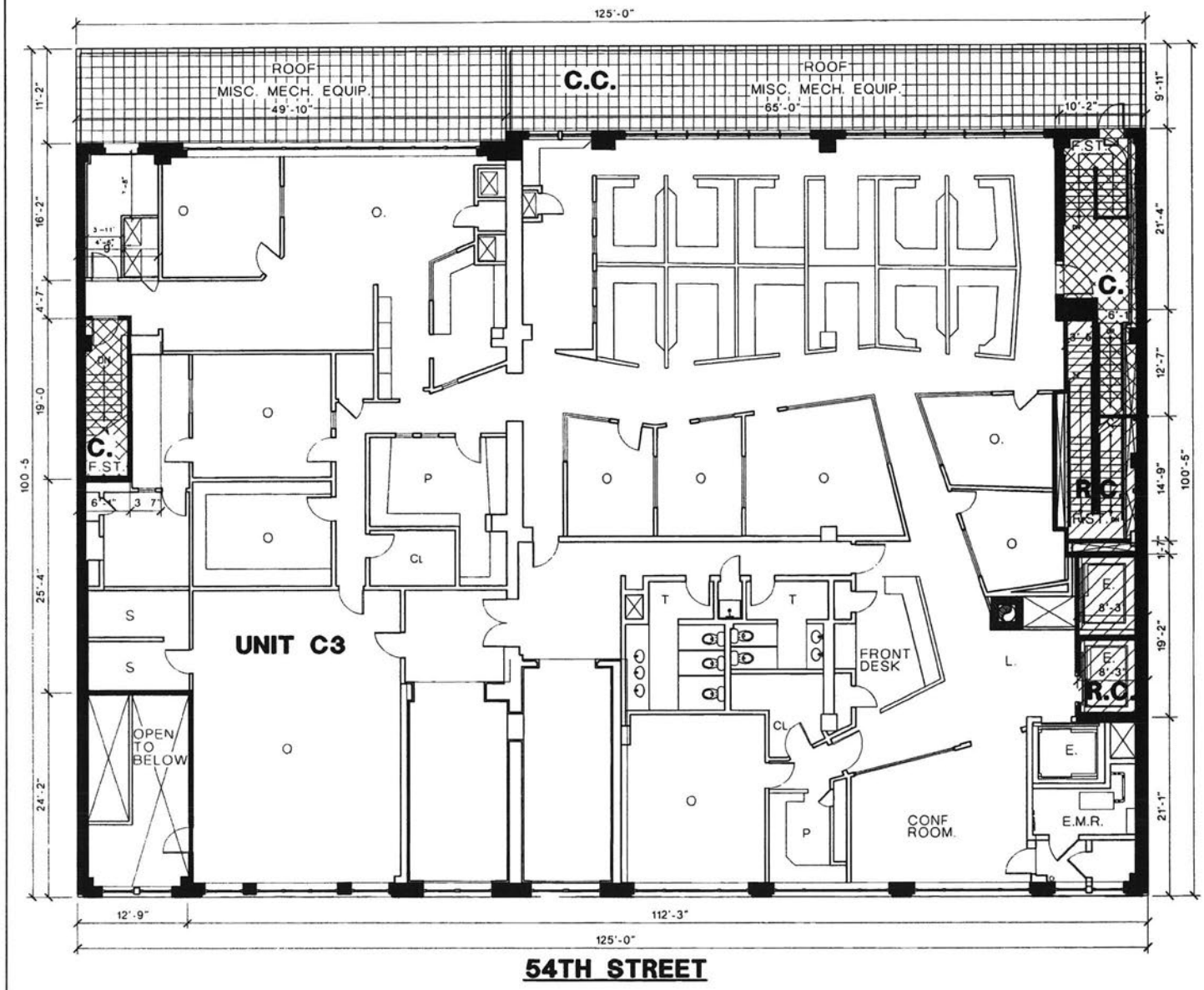
COMMERCIAL LIMITED COMMON ELEMENTS:
APPROX GROSS SF : 281 SF

RESIDENTIAL COMMON ELEMENTS:
APPROX GROSS SF : 1,897 SF

COMMON ELEMENTS:
APPROX GROSS SF : 1,443 SF

TOTAL GROSS AREA:
APPROX TOTAL SF : 12,461 SF

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54TH STREET

2ND FLOOR

UNIT C3 : COMMERCIAL
(UPPER LEVEL)
TAX LOT NO 1103
APPROX NET SF : 9,587 SF
APPROX GROSS SF : 10,213 SF

FLOOR AREA
OPEN TO BELOW
APPROX GROSS SF : 318 SF

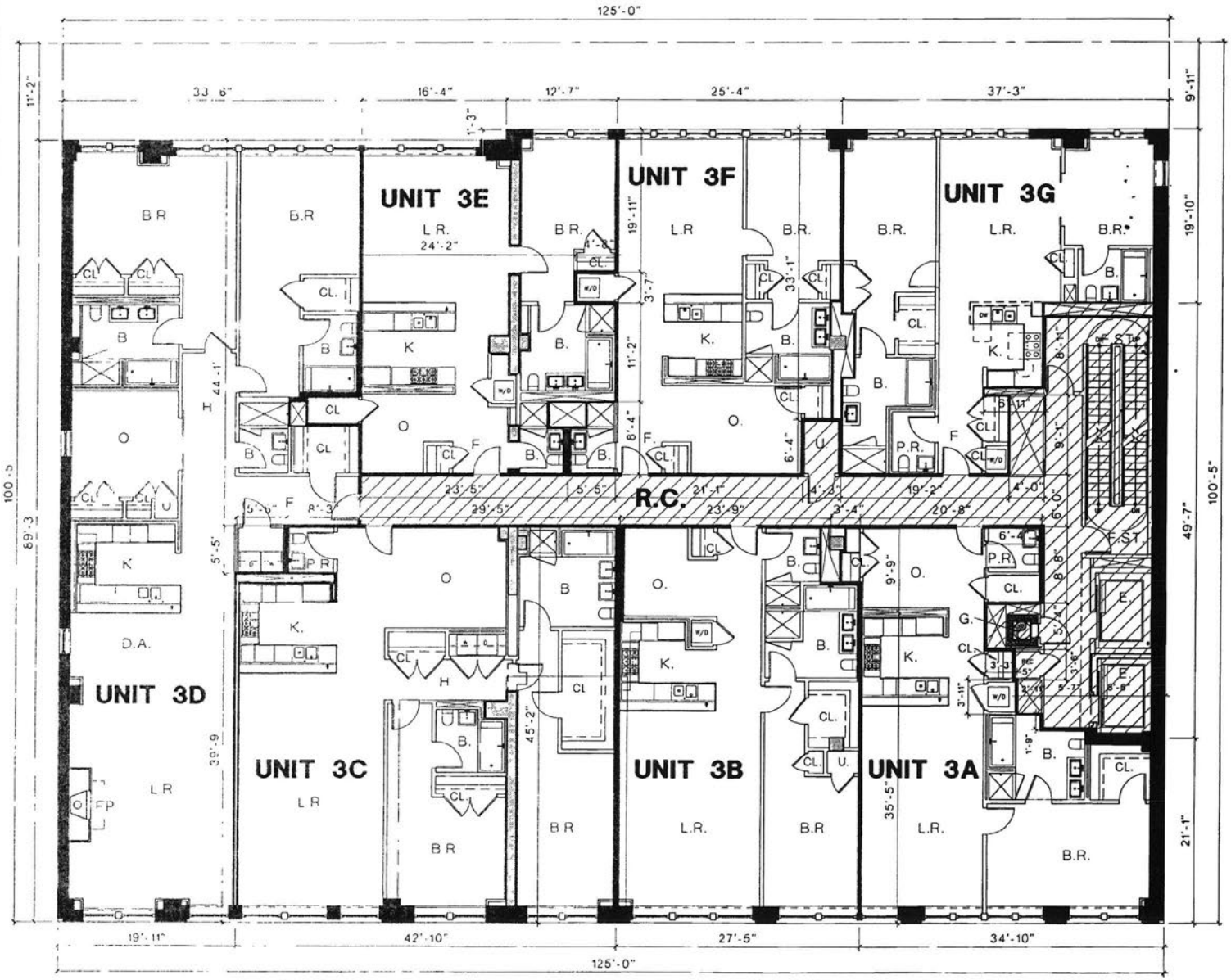
COMMERCIAL LIMITED COMMON ELEMENTS:
EXTERIOR:
APPROX GROSS SF : 1,301 SF

RESIDENTIAL COMMON ELEMENTS:
APPROX GROSS SF : 355 SF

COMMON ELEMENTS:
APPROX GROSS SF : 411 SF

TOTAL GROSS AREA:
APPROX TOTAL SF : 12,554 SF

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3RD FLOOR

UNIT 3A : RESIDENTIAL
TAX LOT NO 1104
APPROX NET SF = 1,065 SF
APPROX. GROSS SF = 1,210 SF

UNIT 3B : RESIDENTIAL
TAX LOT NO 1105
APPROX. NET SF = 1,123 SF
APPROX. GROSS SF = 1,206 SF

UNIT 3C : RESIDENTIAL
TAX LOT NO 1106
APPROX. NET SF = 1,714 SF
APPROX. GROSS SF = 1,912 SF

UNIT 3D : RESIDENTIAL
TAX LOT NO 1107
APPROX. NET SF = 2,146 SF
APPROX. GROSS SF = 2,378 SF

UNIT 3E : RESIDENTIAL
TAX LOT NO 1108
APPROX. NET SF = 950 SF
APPROX. GROSS SF = 1,124 SF

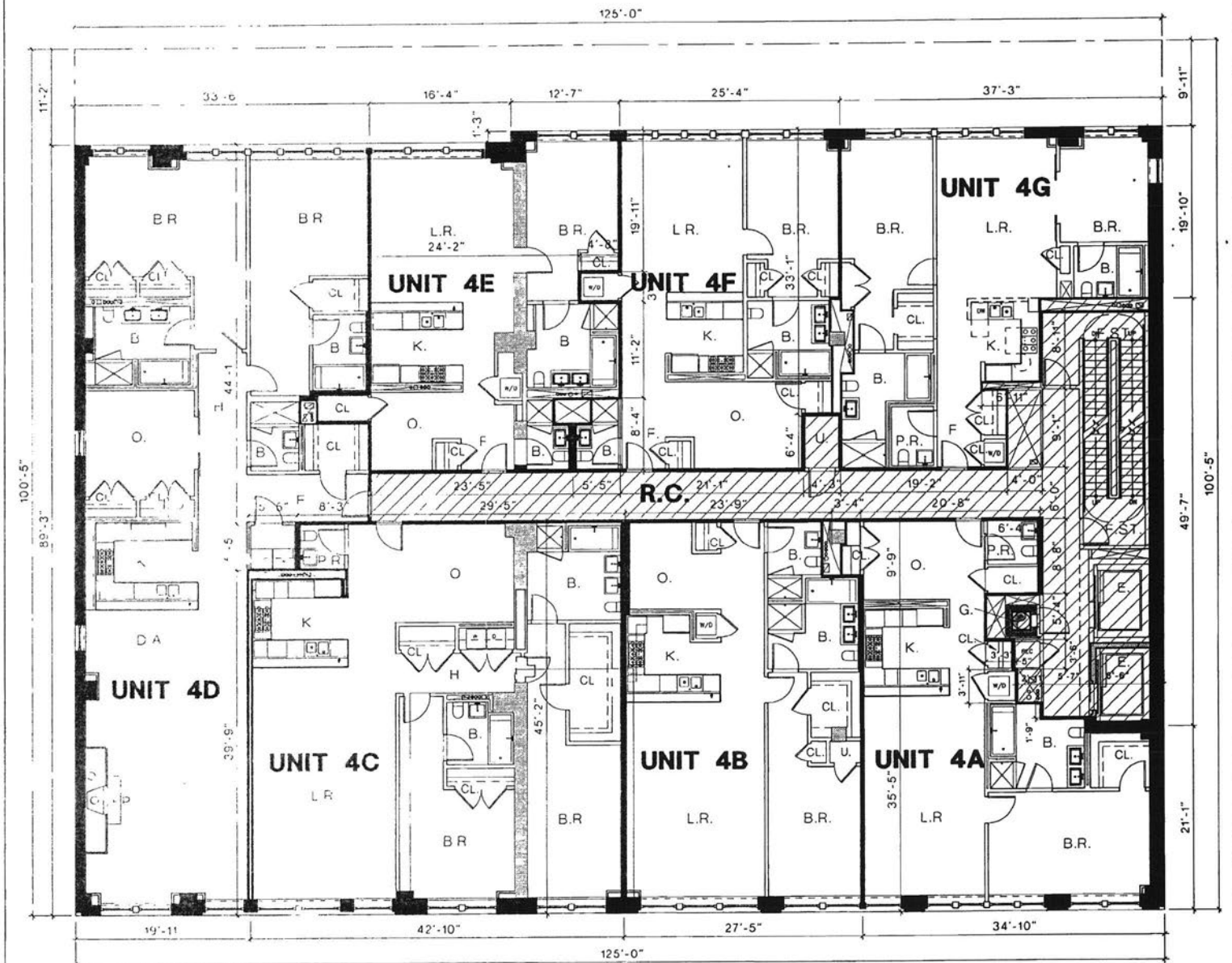
UNIT 3F : RESIDENTIAL
TAX LOT NO 1109
APPROX NET SF = 958 SF
APPROX. GROSS SF = 1,021 SF

UNIT 3G : RESIDENTIAL
TAX LOT NO 1110
APPROX NET SF = 1,042 SF
APPROX GROSS SF = 1,237 SF

RESIDENTIAL COMMON ELEMENTS:
APPROX. GROSS SF = 1,347 SF

TOTAL GROSS AREA:
APPROX. TOTAL SF = 11,435 SF

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54TH STREET

4TH FLOOR

UNIT 4A : RESIDENTIAL
TAX LOT NO 1111
APPROX NET SF : 1,065 SF
APPROX. GROSS SF : 1,210 SF

UNIT 4B : RESIDENTIAL
TAX LOT NO 1112
APPROX NET SF : 1,123 SF
APPROX. GROSS SF : 1,206 SF

UNIT 4C : RESIDENTIAL
TAX LOT NO 1113
APPROX. NET SF : 1,714 SF
APPROX GROSS SF : 1,912 SF

UNIT 4D : RESIDENTIAL
TAX LOT NO 1114
APPROX. NET SF : 2,146 SF
APPROX GROSS SF : 2,378 SF

UNIT 4E : RESIDENTIAL
TAX LOT NO 1115
APPROX. NET SF : 950 SF
APPROX. GROSS SF : 1,124 SF

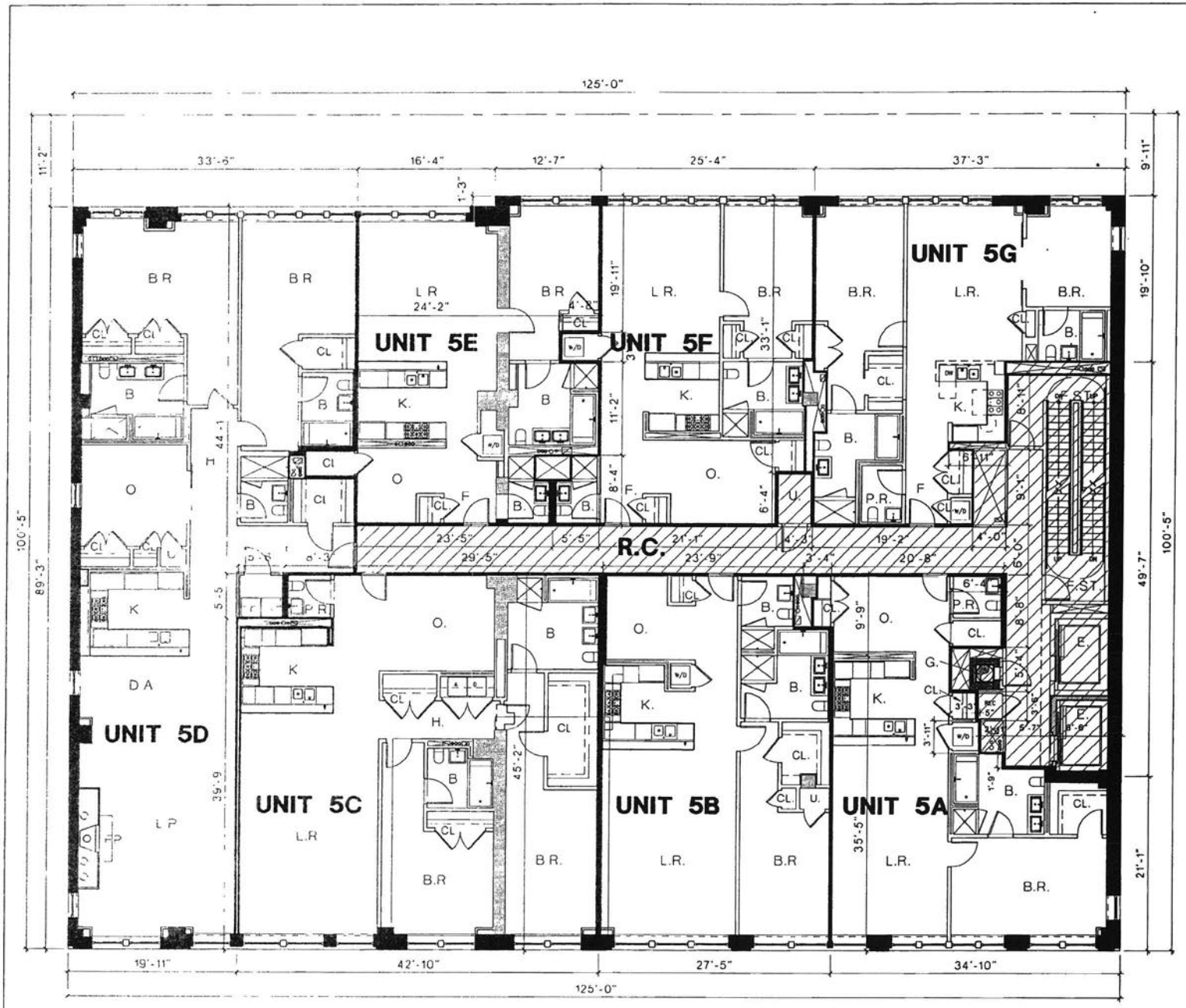
UNIT 4F : RESIDENTIAL
TAX LOT NO 1116
APPROX NET SF : 958 SF
APPROX GROSS SF : 1,021 SF

UNIT 4G : RESIDENTIAL
TAX LOT NO 1117
APPROX NET SF : 1,042 SF
APPROX GROSS SF : 1,237 SF

RESIDENTIAL COMMON ELEMENTS:
APPROX. GROSS SF : 1,237 SF

TOTAL GROSS AREA:
APPROX. TOTAL SF : 11,435 SF

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5TH FLOOR

UNIT 5A : RESIDENTIAL
TAX LOT NO 1118
APPROX. NET SF : 1,065 SF
APPROX. GROSS SF : 1,210 SF

UNIT 5B : RESIDENTIAL
TAX LOT NO. 1119
APPROX. NET SF : 1,123 SF
APPROX. GROSS SF : 1,206 SF

UNIT 5C : RESIDENTIAL
TAX LOT NO 1120
APPROX. NET SF : 1,714 SF
APPROX GROSS SF : 1,912 SF

UNIT 5D : RESIDENTIAL
TAX LOT NO 1121
APPROX. NET SF : 2,146 SF
APPROX GROSS SF : 2,378 SF

UNIT 5E : RESIDENTIAL
TAX LOT NO 1122
APPROX. NET SF : 950 SF
APPROX GROSS SF : 1,124 SF

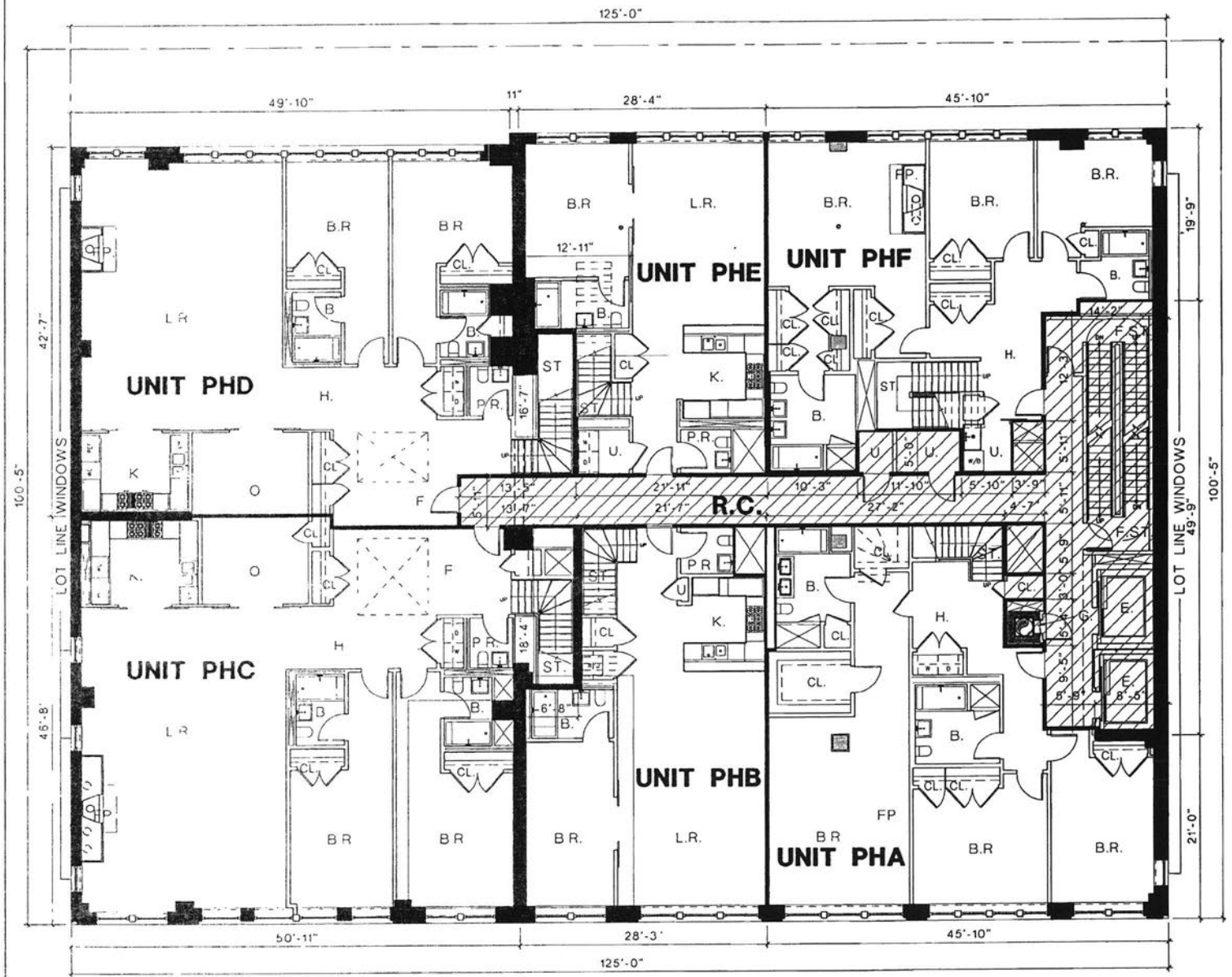
UNIT 5F : RESIDENTIAL
TAX LOT NO 1123
APPROX. NET SF : 958 SF
APPROX GROSS SF : 1,021 SF

UNIT 5G : RESIDENTIAL
TAX LOT NO 1124
APPROX NET SF : 1,042 SF
APPROX GROSS SF : 1,237 SF

RESIDENTIAL COMMON ELEMENTS:
APPROX. GROSS SF : 1,347 SF

TOTAL GROSS AREA:
APPROX. TOTAL SF : 11,435 SF

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54TH STREET

6TH FLOOR

UNIT PHA : RESIDENTIAL
LOWER LEVEL
TAX LOT NO 1125
APPROX NET SF : 1,524 SF
APPROX. GROSS SF : 1,689 SF

UNIT PHB : RESIDENTIAL
LOWER LEVEL
TAX LOT NO. 1126
APPROX NET SF : 1,038 SF
APPROX. GROSS SF : 1,205 SF

UNIT PHC : RESIDENTIAL
LOWER LEVEL
TAX LOT NO 1127
APPROX. NET SF : 2,229 SF
APPROX. GROSS SF : 2,464 SF

UNIT PHD : RESIDENTIAL
LOWER LEVEL
TAX LOT NO 1128
APPROX. NET SF : 2,026 SF
APPROX GROSS SF : 2,265 SF

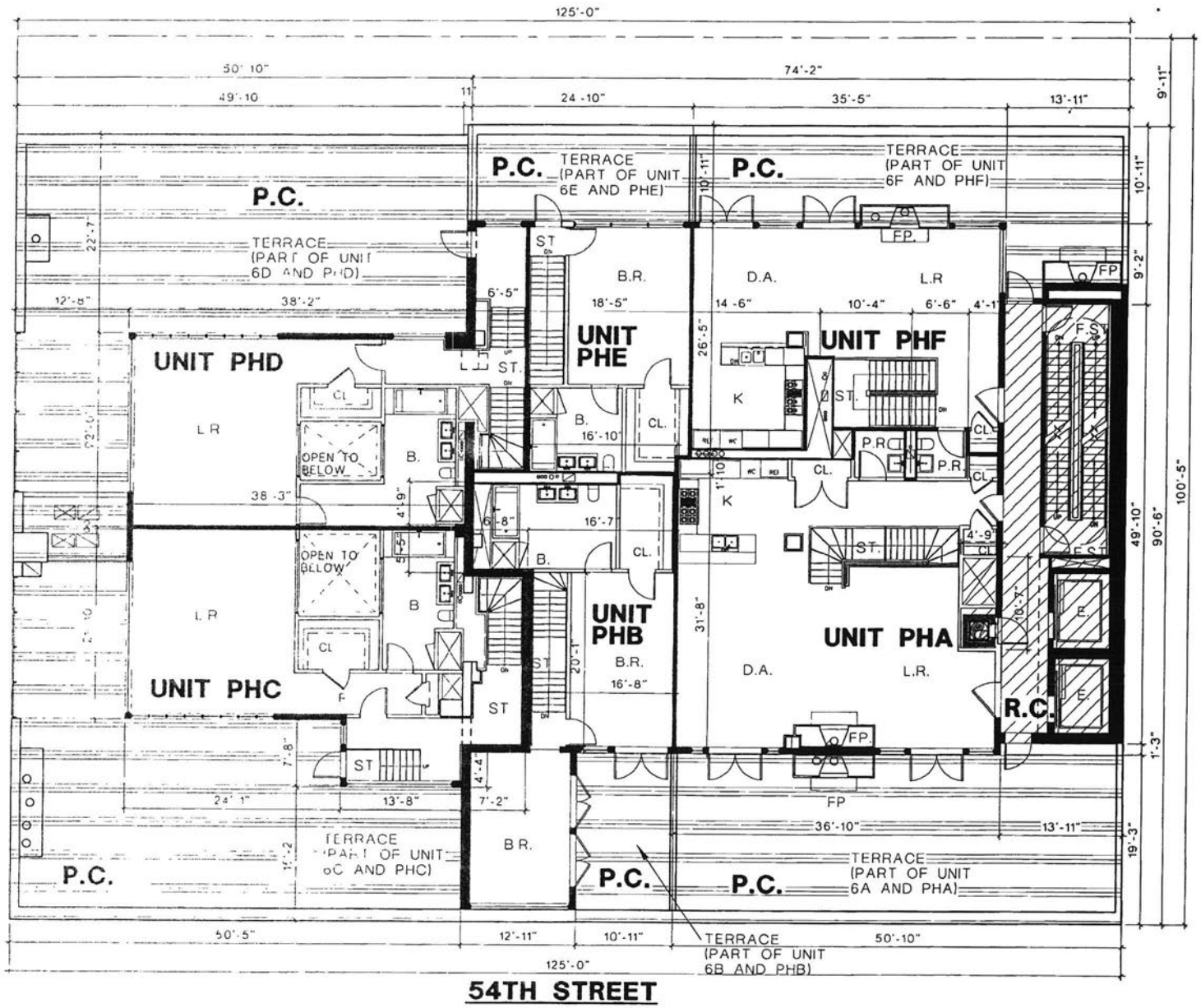
UNIT PHE : RESIDENTIAL
LOWER LEVEL
TAX LOT NO 1129
APPROX. NET SF : 934 SF
APPROX. GROSS SF : 1,012 SF

UNIT PHF : RESIDENTIAL
LOWER LEVEL
TAX LOT NO 1130
APPROX. NET SF : 1,333 SF
APPROX GROSS SF : 1,452 SF

RESIDENTIAL COMMON ELEMENTS:
APPROX. GROSS SF : 1,197 SF

TOTAL GROSS AREA:
APPROX. TOTAL SF : 11,284 SF

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PENTHOUSE

UNIT PHA . RESIDENTIAL
UPPER LEVEL
TAX LOT NO. 1125
APPROX NET SF : 1,130 SF
APPROX. GROSS SF : 1,200 SF
TERRACE (RESIDENTIAL LIMITED (COMMON ELEMENT)
APPROX GROSS SF : 994 SF

UNIT PHB RESIDENTIAL
UPPER LEVEL
TAX LOT NO. 1126
APPROX. NET SF : 736 SF
APPROX GROSS SF : 823 SF
TERRACE (RESIDENTIAL LIMITED (COMMON ELEMENT)
APPROX GROSS SF : 210 SF

UNIT PHC RESIDENTIAL
UPPER LEVEL
TAX LOT NO 1127
APPROX NET SF : 993 SF
APPROX GROSS SF : 1,076 SF
TERRACE (RESIDENTIAL LIMITED (COMMON ELEMENT)
APPROX GROSS SF : 1,322 SF

UNIT PHD RESIDENTIAL
UPPER LEVEL
TAX LOT NO 1128
APPROX NET SF : 927 SF
APPROX. GROSS SF : 1,035 SF
TERRACE (RESIDENTIAL LIMITED (COMMON ELEMENT)
APPROX GROSS SF : 1,428 SF

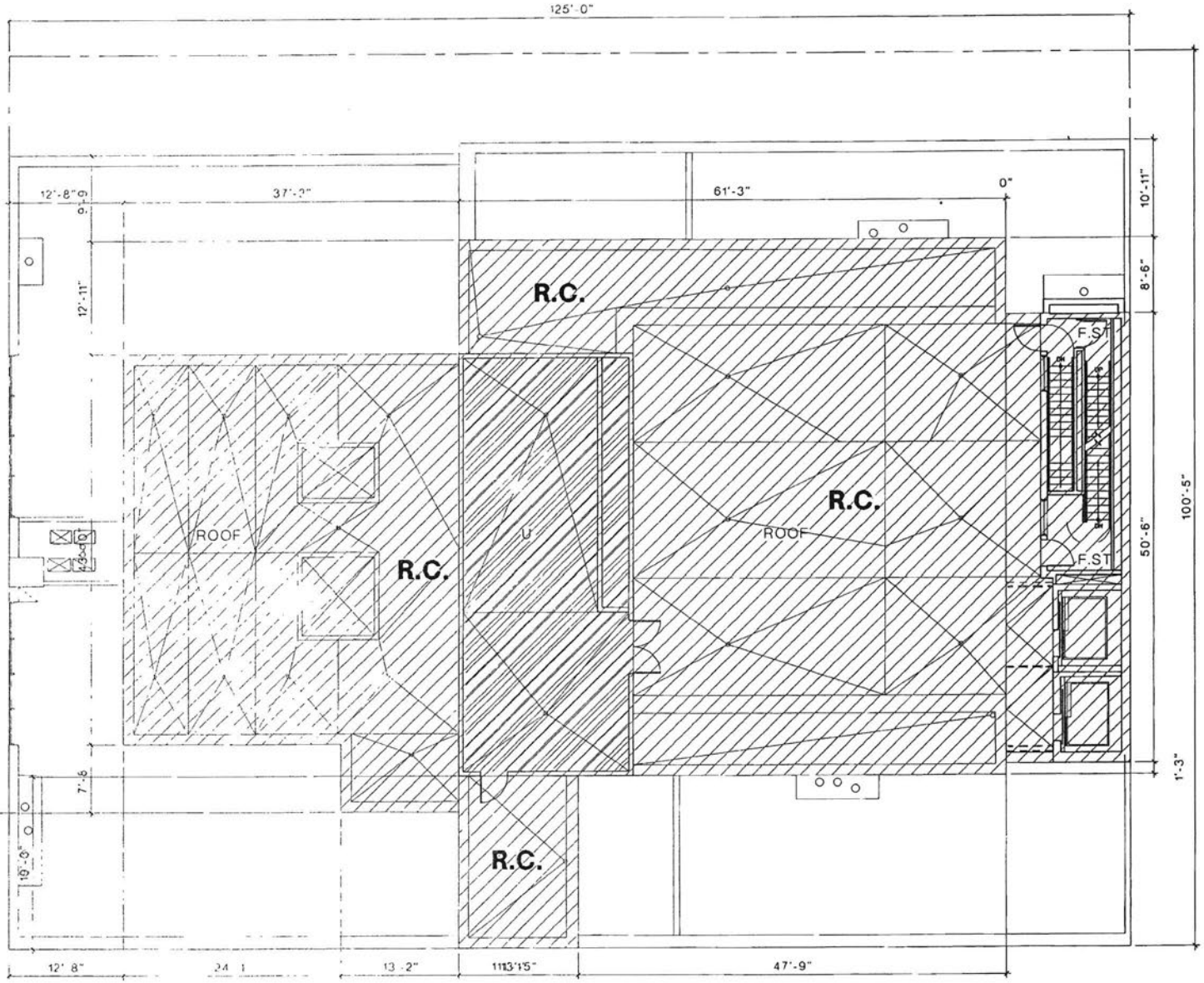
UNIT PHE . RESIDENTIAL
UPPER LEVEL
TAX LOT NO 1129
APPROX NET SF : 495 SF
APPROX. GROSS SF : 530 SF
TERRACE (RESIDENTIAL LIMITED (COMMON ELEMENT)
APPROX GROSS SF : 272 SF

UNIT PHF . RESIDENTIAL
UPPER LEVEL
TAX LOT NO 1130
APPROX. NET SF : 866 SF
APPROX GROSS SF : 932 SF
TERRACE (RESIDENTIAL LIMITED (COMMON ELEMENT)
APPROX. GROSS SF : 680 SF

RESIDENTIAL COMMON ELEMENTS:
APPROX. GROSS SF : 666 SF

TOTAL GROSS AREA:
APPROX TOTAL SF : 11,168 SF

ARPAD BAKSA ARCHITECT, P.C.
99 Wall Street, Suite 1600
New York, New York 10005-4301
Tel (212) 768.4191 Fax (212) 768 4473
e-mail.
abaksa@arpad-baksa-architect com



54TH STREET

ROOF

TOTAL GROSS AREA:
APPROX. TOTAL SF : 6,386 SF

ARPAD BAKSA ARCHITECT, P.C.
99 Wall Street, Suite 1600
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ASBESTOS REPORT

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ASBESTOS REPORT

April 24, 2005
ACS Job No. HF127AB

CLIENT: Sagamore 54th Street Investments
Mr. Frank Gallo
1 Dock Street
Stamford, CT 06902

PREMISES: 421 West 54th Street
New York, New York

INTRODUCTION

An Asbestos Containing Material Survey was completed at the request of the owner or other responsible party as the basis for compliance with the requirements of the New York City Department of Environmental Protection Rules & Regulations, Title 15, regarding the filing of building plans for demolition, renovation, alteration or modification. Pursuant to said law, the presence of all visible Asbestos Containing Materials {ACM} which will or may reasonably be affected by said work must be cataloged along with a recommendation for an abatement plan for any such ACM which will be so affected.

The scope of the inspection and the documents produced will commensurate with the representation of the work planned for the premises and will be limited only to the specific scope of work as described to us by the architect, owner or other responsible party. The inspection and the documents produced will be adequate for compliance with the filing requirement of the law, so long as the work is not changed or extended in any way.

ACS Environmental Services, Inc., shall have no liability arising from any deviation from the planned scope of work or any other damage, whether consequential, compensatory, punitive, or special, arising out of, incidental to, or as a result of, this survey and report and shall be limited solely to the cost of this inspection report.

SCOPE OF WORK

The planned scope of work as described to us by the architect is for interior demolition work throughout the building. No change to use, egress or occupancy.

ACS ENVIRONMENTAL SERVICES, INC.
2081 Homecrest Avenue
Suite 2B
Brooklyn, N.Y. 11229
(718) 339-1984
FAX: (718) 998-6373

ASBESTOS SURVEY REPORT
421 West 54th Street, New York, NY

SURVEY METHODS

The inspection/survey report is based on the following:

1. A visual inspection of all accessible areas involved in the planned scope of work.
2. Bulk sampling of suspected ACM and laboratory analysis by Polarized Light Microscopy and/or by Transmission Electron Microscopy (TEM).
3. Information provided by the owner or other responsible party.
4. Federal, State and Local guidelines on ACM in buildings.

SUMMARY OF BULK SAMPLES COLLECTED

During the inspection a total of one hundred twenty three (123) bulk samples of suspected asbestos containing building materials were collected. Bulk samples were collected from various building materials that were suspected of containing asbestos. The samples were analyzed by both Polarized Light Microscopy (PLM) following the EPA-600/M4-82-020/NYS-DOH 198.1 method and by Transmission Electron Microscopy (TEM) following the NYS-DOH 198.4 method.

All friable samples were analyzed by Polarized Light Microscopy following the EPA-600/M4-82-020/NYS-DOH 198.1 method. The New York State Department of Health has issued the following requirements "Polarized Light Microscopy is not consistently reliable in detecting asbestos in non-friable materials (i.e. floor tiles, roofing materials). Before these materials can be considered or treated as non-asbestos-containing, confirmation must be made by quantitative Transmission Electron Microscopy (TEM)". All non-friable samples were analyzed by Transmission Electron Microscopy (TEM) following the NYS-DOH 198.4.

Asbestos Containing Materials (ACM) are classified as friable and non-friable materials. Friable materials are materials that can be crushed by hand pressure and release airborne fibers, such as thermal system insulation (pipe/boiler insulation) and sprayed-on fire-proofing. Non-friable materials are materials that need mechanical equipment to be crushed such as floor coverings, roofing materials and transite materials and do not release airborne fibers unless these materials are sanded, scrapped or sand blasted, which increase the potential for fiber release.

Building products that contain ***more*** than 1% asbestos by weight are considered asbestos containing materials (ACM). Products that contain ***less*** than 1% asbestos are considered non-asbestos. Suspected asbestos containing materials that were not sampled were assumed to contain asbestos. See Appendix #1 for laboratory analytical reports, which indicates the materials sampled and the location of the samples.

ACM INVENTORY

Location Of ACM	Approximate Quantities	Material Description
Roof	2,800 sq.ft.	Built-Up Asphalt Roofing Materials
	1,000 sq.ft.	Flashing Materials
	1,000 sq.ft.	Waterproofing Materials

NOTE:

1). Please be aware that there may be ACM behind, in and/or above finished surfaces. In the event that ACM is discovered during the renovation work behind finished surfaces that were not visible or accessible at the time of this inspection, work in that area must cease and be closed off to all personnel. ACS Environmental Services, Inc. must be notified immediately. The contractor must coordinate with the investigator to identify the potential asbestos hazard and recommend the appropriate actions to be taken.

2). The asbestos inspection conducted at the subject project site consisted of a visual assessment and bulk sampling of building materials to locate and identify any visible asbestos containing materials in only those specific project areas. No core drilling, probe penetrations or exploratory demolition was conducted to expose any non-specific ACM encapsulated by or otherwise enclosed within constructed building materials.

GENERAL CONCLUSION AND RECOMMENDATIONS

It is our opinion, that pursuant to the provisions of NYC DEP Rules & Regulations - Title 15 (15RCNY), NYS Industrial Code Rule 56 and after appropriate observation and bulk sample analysis of suspected asbestos containing building materials, that the proposed renovation project can be filed under an ACP 5 Form, so long as the planned work is not changed or extended in any way.

According to 15RCNY, if a renovation project will disturb less than 10 sq. ft. or less than 25 lin. ft. of friable asbestos containing materials, and/or any amount of non-friable asbestos containing materials, the project may still be *classified* as NOT AN ASBESTOS PROJECT and an ACP 5 Form may still be filed. However, the non-friable asbestos containing materials that will be impacted by the planned work still must be removed according to all federal, state and local laws governing asbestos abatement, prior to commencement of the renovation project.

Non-friable asbestos containing materials are located on the roof of the building and as understood will be impacted by the planned work. The ACM must be removed by a NYS licensed asbestos abatement contractor prior to the commencement of the demolition work on the roof. The removal must be performed in accordance with all federal, state and city rules and regulations governing asbestos.

ACS JOB NO. HF127AB

ASBESTOS SURVEY REPORT
421 West 54th Street, New York, NY

DISCLAIMER

This report is based solely upon a visual inspection and sampling of the premises at the time of the inspection and makes no determinations with respect to portions of the premises which were not inspected, tested or non-inclusive of the premises at the time of the inspection.

ACS Environmental Services, Inc., assumes no responsibility for any and all liabilities arising from any deviation, misrepresentation, or any unforeseen complications within this report and will only be limited solely to the contractual monetary amount for the generation of this report, whether verbal and/or written.

Any and all liability on the part of ACS Environmental Services, Inc., shall be limited solely to the monetary cost of this survey report. ACS Environmental Services, Inc., shall have no liability for any other damage, whether consequential, compensatory, punitive, or special, arising out of, incidental to, or as a result of, this survey and report. ACS Environmental Services, Inc., assumes no liability for the use of this survey or report by any person or entity including the customer for whom it has been prepared.

Reported by,
ACS ENVIRONMENTAL SERVICES, INC.

Louis Illiano
Senior Project Manager

Approved by:

John J. Japper, Jr. - CAI, AST, PM
NYC DEP Certified Asbestos Investigator, #93949
NYS DOL Certificate # AH-94-16656

APPENDIX 2

ACP 5 Form

FOR OFFICIAL USE ONLY

1. _____ NYC Buildings Dept. Application #

ACP 5 Fee $_____

NYC DEPARTMENT OF ENVIRONMENTAL PROTECTION
Asbestos Control Program
59-17 Junction Boulevard, 8th Floor, Corona, NY 11368-5107

www.nyc.gov/dep

ONLY TYPEWRITTEN FORMS WILL BE ACCEPTED

NOT AN ASBESTOS PROJECT

When submitting this form at the NYC Department of Buildings, the original form and three (3) copies with original signature and seal are required. Submittal at the NYCDEP requires one copy of the form with original signature and seal.

2. Facility Address 421 West 54th Street Borough Manhattan Zip 10019

AKA _____ 3. Block 1064 4. Lot 16

5. Building Owner Sagamore 54th Street Investments Tel. # (203) 324-1700

6. Address 1 Dock Street State CT Zip 06902

7. Contact Person Frank Gallo 8. Tel. # (203) 324-1700

9. Description of the Entire Scope of Work
The planned work as described to us by the architect is for interior demolition work throughout building. No change in use, egress or occupancy.

10. Est. Start Date _____ ☑ As soon as permit approved Est. Completion Date _____ of the Entire Scope of Work.

11. I, John J. Japper (Name of Certified Asbestos Investigator), have conducted an asbestos investigation on 3/7/05, 3/24/05, 4/7/05 (Date) in accordance with Sections 1-16 and 1-27 of the NYC DEP Asbestos Control Program Rules and declare that at said facility address, the

- ☐ a. premise to be demolished is free of any asbestos containing material (ACM).
- ☐ b. premise to be demolished contains 10 square feet or less or 25 linear feet or less of ACM.
- ☐ c. cumulative surfaces of structure(s) affected by the work are free of ACM.
- ☐ d. cumulative surfaces of structure(s) affected by the work contain 10 square feet or less or 25 linear feet or less of ACM
- ☑ e. normally non-friable ACM shall be disturbed/removed. Specify amount: 4,800 square feet
- ☐ f. ACM will not be disturbed during the scope of work. Specify amount of ACM present: _____ square feet _____ linear feet

All ACM specified in "b", "d", or "e" must be removed in accordance with the DEP Asbestos Rules or NYS DOL ICR56.*

12. **RESULTS OF BUILDING SURVEY AND HAZARD ASSESSMENT:**

FLOOR (including cellar and basement)	DESCRIBE SECTION OF FLOOR (e.g. entire, east wing, room 6, boiler room, lobby, etc.)	ALL MATERIALS ASSUMED TO CONTAIN ACM AND/OR SAMPLED	NUMBER OF SAMPLES ANALYZED	ASBESTOS PRESENT YES	ASBESTOS PRESENT NO	ASSUMED ACM
Base		Walls, Ceilings, Ceil. Tiles	41		✓	
thru	Entire	Spray-On Fireproof, Wall Insul	19		✓	
8th Fl		HVAC Duct, Pipe, Brick, Ceme	37		✓	
		Floor Tiles, Covebase Mastic	14		✓	
Roof	Entire	Roof/Flashing, Waterproofing	9	✓		
		Roofing Materials	3		✓	

13. Analytical Laboratory AmeriSci New York

14. ELAP # 11480 (NYS DOH CERTIFICATION) 15. Date(s) Samples Analyzed 4/18/05, 4/20/05, 4/21/05, 4/22/05

16. **I hereby declare the information provided herein is true and complete.**

[signature] (NYC DEP Certified Asbestos Investigator's Signature) 93949 (Certificate Number) 4/25/05 (Date) (718) 339-1984 (Daytime Telephone Number)

Any modification or deviation from information provided on this form must be reported immediately in writing directly to the NYCDEP. The requirements of the Asbestos Control Program Rules may not be lawfully avoided or lessened through the performance of work in incremental or piecemeal fashion.

* In-plant operations, as defined in §56-3.1 of ICR56, are not permitted in New York City.

SEAL OF THE NYC DEP CERTIFIED ASBESTOS INVESTIGATOR

CITY OF NEW YORK * JOHN JAPPER, JR. * CERTIFIED ASBESTOS INVESTIGATOR

ACP5 2/2001

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LOCAL LAW 11 REPORT

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ARPAD BAKSA

ARCHITECT, P.C.

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INSPECTION OF EXTERIOR WALL AND EXTERIOR APPURTENANCES (LL #11/98) 6th CYCLE

General

The following is a critical examination pursuant to Section 27-129 (Local Law 11) of the Administrative Code of the City of New York regarding periodic Inspection of Exterior Walls and Exterior Appurtenances. This report is being prepared for submission to the Commissioner of Buildings and the Owner documenting the conditions of the existing exterior walls and appurtenances and is solely being prepared for filing with conditions set forth in the Administrative Code Section 27-129 and does not warrant any past or any future methods, means and/or techniques used for construction.

Owner:	Sagamore 54th St. Investments, LLC c/o Core Plus Properties, LLC One Dock Street Stamford, CT 06902 Attention: Mr. Frank Gallo
Inspection Date:	15 August, 2005
Report Completed:	17 August, 2005

I. Building Description

Building Address:	421 West 54th Street, New York, NY 10019 a/k/a 421-429 West 54th Street
Block:	1064
Lot:	16
Number of stories:	7
Street Wall Height:	91'-9"±
Building Height:	97'-2"±
Frontage:	125'-0"
Plan Dimensions:	125'-0" x 100'-5"
Distance to nearest corner:	300'-0" to the northwest corner of 54th Street and 9th Avenue
Certificate of Occupancy:	107002
Usage Group:	Commercial (Use Group 6 and 9)

Year Constructed:	1922 under NB 462/22
Landmarks Status:	No
Type of Exterior Wall Construction (General):	Structural Steel and Brick; Stone facing at first floor.

54th Street (Street Facade-South)

1st floor:

Loading dock:	N.A.
Piers:	N.A.
Storefront:	Aluminium and Glass
Light fixtures:	(4) 2 at Commercial Entrance, 2 at former Commercial Entrance which is filled in with CMU
Windows:	4 single pane fixed aluminum windows
Mechanical Vents:	(2)1 adjacent to west egress exit, 1 above west egress exit

2nd thru 6th floors:

Facade:	The exterior of the building consists of brick in good condition
Sills:	Stone sills
Cornice:	2 Cornices: Stone at mid-cornice between 1st and 2nd floor in good condition, stone cornice above 6th floor.
Lintels:	Steel angles
Windows:	Aluminium Widnows of various types (double hung and fixed pane)
Mechanical Vents:	N.A.
Roof/Flashing:	A new roof will be installed with new flashing
Parapet:\	The parapet is made of brick with stone copings and is in good condition.

Distinct Exterior Construction:

1. Stone facing at 1st floor
2. 2 security cameras mounted in mid-cornice at east and west
3. 4 flagpoles mounted in mid-cornice above commercial entrance
4. 3 decorative terra cotta lintels at 6th floor

Side Facade-90'-6"± In (East) - (Building abuts adjacent property to the north up to the 2nd floor)

3rd thru 6th floors:

Facade:	Brick in good condition
Sills:	Stone
Cornice:	N.A.
Lintels:	Steel angles
Windows:	Aluminium double hung 1 over 1
Mechanical Vents:	N.A.
Roof/Flashing:	A new roof will be installed with new flashing
Parapet:	The parapet is made of brick with stone copings and is in good condition.

Distinct Exterior Construction:
1. N.A.

Side Facade-89'-3"± In (West) - (Building abuts adjacent property to the north up to the 4th floor)
4th thru 6th floors:

Facade:	Brick in good condition
Sills:	Stone
Cornice:	N.A.
Lintels:	Steel angles
Windows:	Aluminium double hung 1 over 1; Glass Block
Mechanical Vents:	N.A.
Roof/Flashing:	A new roof will be installed with new flashing
Parapet:	The parapet is made of brick with stone copings and is in good condition.

Distinct Exterior Construction:
1. N.A.

North Facade (Rear Facade - South)
2nd thru 6th Floors

Facade:	Brick
Sills:	N.A.
Cornice:	Terra cotta (at top of parapet)
Lintels:	N.A.
Windows:	Aluminum, double hung 1 over 1 with transoms
Mechanical Vents:	N.A.
Roof/Flashing:	A new roof will be installed with new flashing
Parapet:	The parapet is made of brick with stone copings and is in good condition.

Distinct Exterior Construction:
1. N.A.

II. <u>Exterior Appurtenances: Past Report</u>

N.A.

The 1st, 2nd, 3rd, 4th and 5th cycles of "Examination" are not on record at the Local Law 11 Division of the Department of Buildings.

There is no history of any settlements or repairs made to the exterior enclosures of the building. Revisions to the building exterior have been made. Thru-wall air conditioning units have been removed and closed with brick infill to match the existing brick of the building exterior. The infill is in good condition.

III. Inspection/Information Procedures

Examination occurred from the street, windows and setbacks employing direct observation and remote observation techniques (binoculars and photographic magnification and one scaffold drop). Description of the building, height of the building, number of floors, etc., were taken from various records at the NYC Department of Buildings and are not necessarily accurate beyond the minimal standards of accuracy required for this report. No warranty is made as to the accuracy of such information.

IV. Present Building Condition

General

The building is safe and in conformance with code requirements. A major renovation will be undertaken with extensive work on all facades. Through the course of renovation, after all major facade work is complete, the facade will be fully repaired.

V. History of Examinations

The 1st, 2nd, 3rd, 4th and 5th cycles of "Examination" are not on record at the Local Law 11 Division of the Department of Buildings.

VI. Maintenance Status

N.A.

VII. Observed Conditions Comparision

N.A.

VIII. Recommendations

It is recommended that each Spring, all the facade and appurtenances be checked for new cracks, deteriorating mortar joints or caulking. Any deterioration or defect of the building facade and appurtenances shall be brought to the attention of the architect.

IX. Architect's Status

The Architect has been retained only for the critical examination of the building walls and appurtenances thereof, preparation of and filing of this report. The accuracy of this report is limited to what can be reasonably expected utilizing photographs, telescopic and binocular

surveillance from the street or adjacent buildings.

The Architect's responsibility is limited solely to that of critical examination, preparation and filing of this report. Statement in this report are intended to extend the Architect□s service and liability beyond that required by Local Law 11/98. Nothing stated in this report shall be interpreted as a warranty of any kind by the Architect in connection with any methods, means or sequences of construction, repairs or maintenance work, past, present, or future involving the building, any parts thereof or any appurtenances thereto or shall be interpreted as implying that the Architect has given an opinion as to the suitability, adequacy of the original design of the building, any of its parts or appurtenances thereof or any alterations of the above.

This report shall not be interpreted as containing any statement as to the suitability for use of any facility, appurtenance, item or attachment intended to be used by any persons who may perform or intend to perform work, maintenance, inspection or any other services of the building or appurtenances thereof. Any persons using this report or its attachments in any manner will do so at their own risk.

Conditions noted in this report are of the date of inspection only. The condition of buildings of this type and size, can change over of time. The period required for change, varies according to the building and overall environmental conditions.

X. Owner's Responsibility

It is the Owners sole responsibility to correct any and all conditions noted in this report as "unsafe" or "hazardous" and to comply with the requirements of law. The Owner is also advised to inform the Building Department of the corrections made for such conditions. The Owner is strongly urged to prepare a maintenance program for the correction of all conditions noted as requiring "precautionary measures".

A copy of this report has been provided to the Owner. The Owner shall be deemed to have read the complete report and to have understood the contents stated therein.

The building owner and/or property manager shall keep records of all exterior wall repairs and any problems and remedies related to the building exterior. The Administrative Code of the City of New York requires the next critical examination of the building walls and appurtenances thereof must be undertaken at such a time as to have a report on such examination filed with the Building Department not later that five (5) years from the date of this report.

This report was prepared to the best of our knowledge and belief and it should not be construed by the owner as a relief from his responsibility of properly maintaining his building and from taking proper steps to remove any other potential hazard that might develop, be discovered or brought to his attention at a later date.

This report was prepared under the direction of Arpad Baksa, R.A.

XI. Attachments

TR-6
Report
Photographs

Submitted by:



Arpad Baksa, R.A. #16325

DECLARATION OF CONDOMINIUM

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DECLARATION OF CONDOMINIUM

OF

THE HIT FACTORY® CONDOMINIUM

AT

421-429 WEST 54TH STREET, NEW YORK, NEW YORK

DECLARATION

Establishing a Plan for Condominium Ownership of Premises located at 421-429 West 54th Street, County of New York, City and State of New York Pursuant to Article 9-B of the Real Property Law of the State of New York.

NAME: **THE HIT FACTORY® CONDOMINIUM**

DECLARANT: **Sagamore 54th St. Investments LLC**
c/o Philip Brody, Esq.
55 Fifth Avenue, 15th floor
New York, New York 10003

DATE OF DECLARATION: _____, 200__

The land affected by the within instrument lies in Block 1064 formerly Lot 16 and known as Lots 1104, 1105, 1106, 1107, 1108, 1109, 1110, 1111, 1112, 1113, 1114, 1115, 1116, 1117, 1118, 1119, 1120, 1121, 1122, 1123, 1124, 1125, 1126, 1127, 1128, 1129, and 1130 for the Residential Units, and Lots 1101, 1102 and 1103 for the Commercial Units on the Tax Map of the Borough of Manhattan, County of New York, City and State of New York.

Record and Return:

PHILIP S. BRODY, ESQ.
Attorney for Declarant
55 Fifth Avenue, 15th Floor
New York, New York 10003
(212) 206-6011

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Exhibits

A.	Description of the Land
B.	Description of the Units
C.	Definitions
D.	By-Laws

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DECLARATION
OF
THE HIT FACTORY® CONDOMINIUM

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

Sagamore 54th St. Investments LLC, a Delaware limited liability company, having an address at c/o Philip Brody, Esq., 55 Fifth Avenue, 15th floor, New York, New York 10003 (the "Declarant"), does hereby declare as follows:

ARTICLE 1

DEFINITIONS

All capitalized terms used in this Declaration (hereinafter referred to as the "Declaration") that are not otherwise defined in the Articles hereof will have the meanings set forth in Exhibit C annexed hereto, unless the context in which they are used will otherwise require.

ARTICLE 2

SUBMISSION OF THE PROPERTY

2.1 Declarant hereby submits the Land and the Building (each as hereinafter defined), all other improvements erected and to be erected thereon, all easements, rights and appurtenances belonging thereto and all other property, real, personal or mixed, intended for use in connection therewith (collectively, the "Property") to the provisions of Article 9-B of the Real Property Law of the State of New York (the "Condominium Act") and pursuant thereto does hereby establish a condominium to be known as "The Hit Factory® Condominium" (the "Condominium").

2.2 Attached to this Declaration and made a part hereof are the By-Laws of the Condominium which set forth detailed provisions governing the operation, use and occupancy of the Condominium (said By-Laws, as they may be amended from time to time, are hereinafter referred to as the "By-Laws"). All capitalized terms which are not separately defined herein or in the By-Laws shall have the meanings given to those terms in Exhibit C annexed hereto.

ARTICLE 3

THE LAND

Included in the Property described in Article 2 is all that certain tract, plot, piece and parcel of land (the "Land") situate, lying and being in the City, County and State of New York, commonly known as 421-429 West 54th Street, and more particularly described in Exhibit A annexed hereto and made a part hereof. The Land is owned by Declarant in fee simple absolute. The Land has an area of approximately 12,500 square feet.

ARTICLE 4

THE PROPERTY

Included in the Property described in Article 2 is one (1) building (the "Building") consisting of thirty (30) Units (collectively, the "Units" and individually, a "Unit"). The owner of a Unit is herein called a "Unit Owner" and all the owners of the Units are herein collectively called the "Unit Owners."

ARTICLE 5

THE BUILDING

The Building's street address is 421-429 West 54th Street. The Building has one (1) separate first floor entryway from 54th Street to the Residential Units and three (3) separate entranceways to the Commercial Units on 54th Street. The Building consists of a sub-grade cellar level, and seven (7) floors above. The Duplex Penthouse Units are located on the sixth and seventh floors. The Building is constructed of brick bearing walls with steel columns, beams and concrete slabs.

ARTICLE 6

THE UNITS

6.1 Exhibit B annexed hereto and made a part hereof sets forth the following data with respect to each Unit necessary for the proper identification thereof: (i) its Unit designation; (ii) tax lot number; (iii) approximate location in the Building; (iv) approximate square foot area; (v) number of rooms; and (vi) the percentage interest in the Common Elements appurtenant to such Unit. The location of each Unit is shown on the floor plans of the Building (the "Floor Plans") certified by Arpad Baksa Architect, P.C., Architects and intended to be approved by the Real Property Assessment Bureau of the City of New York and filed in the Office of the Register of the City of New York, County of New York (the "City Register's Office") following the recording of this Declaration.

6.2 Each Unit includes, and each Unit Owner shall be responsible for, entrance doors to the Unit, any handicapped lift located within any Unit, the interior gypsum board walls and partitions, windows, non-structural flooring, floor coverings and plastered or gypsum board ceilings affixed, attached or appurtenant to such Unit, smoke and carbon monoxide detectors, all plumbing, sprinkler, gas, heating and air-conditioning fixtures, equipment and/or units as may be affixed, attached or appurtenant to such Unit and serving such Unit exclusively and all appliances located within a Unit, including but not limited to, refrigerators, dishwashers, washer-dryers, microwaves, stovetops, stove hoods, ovens and ranges. Plumbing, gas and heating and air-conditioning fixtures, equipment and/or units, as used in the preceding sentence shall include exposed gas, and water pipes from branch or fixture shut-off valves attached to fixtures, appliances and equipment and the fixtures, appliances and equipment to which they are attached,

and any special pipes or equipment which a Unit Owner may install within a wall or ceiling, or under the floor, but shall not include gas, electric, water, telecommunication or other pipes, conduits, cables, wiring or ductwork within the walls, ceilings or floors. Each Unit shall also include (i) all lighting and electrical fixtures and appliances within the Unit, and (ii) any special equipment, fixtures or Facilities (as hereinafter defined) affixed, attached or appurtenant to the Unit by a Unit Owner other than Declarant, to the extent located within a Unit from the electrical and/or telecommunication panels serving or benefiting only that Unit. Notwithstanding anything contained in this Article 6 to the contrary, each Unit Owner will have the right, exercisable at any time, to install, at such Unit Owner's sole cost and expense, decorations, fixtures and coverings (including, without limitation, painting, finishing, wall to wall carpeting, pictures, mirrors, shelving and lighting fixtures) on the surfaces of the walls, ceilings and floors that face the interior of such Unit Owner's Unit and to a depth of one inch behind such surfaces for the purposes of installing nails, screws, bolts and the like, provided that no such installation shall impair the structural integrity and mechanical, plumbing and electrical systems of such Unit or of the Building.

6.3 As of the date of the filing of this Declaration with the City Register's Office, fee simple absolute title shall automatically vest in Declarant in all Units, individually and collectively, without the need to execute specific and particular deeds or indentures for each and every Unit.

ARTICLE 7

DIMENSIONS OF UNITS

Each Unit is measured horizontally from the exterior face of glass windows, brickwork, masonry or concealed concrete or structural members of the exterior walls of the Building, to the exterior face of glass windows, brickwork, masonry or concealed concrete or structural members of the exterior walls of the Building; or to the centerline of sheetrock or plaster partitions which separate the Unit from other Units; or to the centerline of sheetrock or plaster partitions which separate the Unit from corridors, common stairs, elevators or other rooms containing mechanical equipment and Common Elements. Each Unit consists of the area measured vertically from the top of the concrete floor to the underside of the concrete ceiling above. References to the interior face and exterior face are made from the perspective of someone standing within the Unit.

ARTICLE 8

COMMON ELEMENTS

8.1 The common elements of the Condominium (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 include, but are not limited to, those rooms, areas, corridors, spaces and other parts of the Building and all Facilities (defined below) therein for the common use of the Units and the Unit Owners or which are necessary or convenient for the existence, maintenance or safety of the Property. The Residential Common Elements consist of the Common Elements for the common use and/or benefit of all Residential Unit Owners. The

Limited Common Elements of the Condominium (the "Limited Common Elements") consist of those Common Elements that serve or benefit exclusively one or more but not all of the Units or the Unit Owners. The Residential Limited Common Elements consist of those portions of the Common Elements of the Condominium which serve or benefit exclusively a Residential Unit. The Commercial Limited Common Elements consist of those portions of the Common Elements of the Condominium which serve or benefit exclusively a Commercial Unit or a Commercial Unit Owner. The Common Elements are appurtenant to, serve and benefit each Unit to the extent of such Unit's percentage share of the Common Elements. The Common Elements are for the common use of all Unit Owners. The Residential Common Elements are appurtenant to, serve and benefit each Residential Unit to the extent of such Unit's pro rata share of the Residential Common Interests allocated to all Residential Units. The Residential Common Elements are for the common use of all Residential Unit Owners.

8.2 As used in this Declaration, the word "Facility" or "Facilities" includes, but is not limited to, the following items (grouped more or less functionally) which are set forth only for purposes of illustrating the broad scope of that term: system, equipment, apparatus, convertor, radiator, heater, hot water heater, heat exchanger, mechanism, device, machinery, motor, pump, control, tank or tank assembly, insulation, induction unit, condenser, compressor, fan, damper, blower, thermostat, thermometer, coil, vent, sensor, shut-off valve or other valve, panel, receptacle, outlet, relay, alarm, sprinkler head, electric distribution facility, wiring, wireway, switch, switchboard, circuit breaker panel, transformer, fitting, siamese connection, hose, plumbing fixture, lighting fixture, other fixture, bulb, sign, telephone, visual intercom monitor, meter, meter assembly, scaffolding, piping, line, duct, conduit, cable, riser, main shaft, pit, flue, lock or other hardware, rack, screen, strainer, trap, drain, catch basin, leader, filter, canopy, incinerator, closet, cabinet, door, railing, coping, step, furniture, mirror, furnishing, appurtenance, basket, mail box, carpeting, tile or other floor covering, drapery, shade or other window covering, wallpaper or other wall covering, tree, shrubbery, flower or other planting and horticulture tub or box.

8.3 The Common Elements will remain undivided and no Unit Owner or other person will bring or will have the right to bring any action for partition or division thereof except as may be specifically provided for herein and in the By-Laws.

8.4 The Common Elements consist of the following:

8.4.1 All land, foundations, columns, girders, beams and supports, including load bearing walls;

8.4.2 Steel frame, structural floor system and concrete;

8.4.3 The façade or exterior walls of the Building, including windows and exterior window frames within the Common Elements, except for the separate entrances, storefronts and entrance doors to Commercial Units #1, #2 and #3 and the Residential Lobby;

8.4.4 The roofs (including the roof set back over the first floor and the boiler room roof), exhaust fans (which service the Common Elements), air shafts, roofstair bulkhead, cornices, parapets, eaves, flashing, ladders, including gooseneck, from main roof to boiler room roof, but not

including the glass and frame for skylight over the Penthouse Units and the terraces for the Penthouse Units;

8.4.5 Railings or fencing on the roofs but not including any fencing or railings for the common roof deck which is part of the Residential Common Elements;

8.4.6 Sidewalk in front of the Building on 54th Street;

8.4.7 Leaders and roof drains;

8.4.8 Fire standpipe system, valves, fittings, siamese connections, risers, control valves, fire hoses and racks, alarm check valve assembly and all related piping;

8.4.9 Sprinkler system, including piping, fittings, valves, pumps, pump controls and sprinkler heads;

8.4.10 The freight elevator, including any shafts, pits, machine rooms, bulkheads and appurtenant facilities;

8.4.11 Fire stairs on the east side of the Building from the cellar to the 2nd floor;

8.4.12 Sump pump and fire pump room in the cellar and all portion of the cellar (including any separate rooms) used for water pumps, sprinkler equipment, telephone and/or telecommunication equipment, electrical service equipment, gas service equipment, freight elevator equipment, and miscellaneous other equipment;

8.4.13 Compactor in the cellar;

8.4.14 Telecommunication equipment, closets, distribution boxes, wiring and/or cables which service both the Residential and Commercial Units and/or the Common Elements;

8.4.15 All lighting in common areas in the cellar, stairways or on the exterior of the Building, except for the exterior lighting, if any, for the Commercial Units #2 and #3, the entrance to the Residential Lobby and the Residential corridors;

8.4.16 Building sewer piping, all fittings, waste and house trap;

8.4.17 Service entrance for the freight elevator on 54th Street;

8.4.18 All doors, door frames, including stair hall doors and frames and roof and cellar doors and frames and locks, except for the entrance doors for the Commercial and/or Residential Units, the Residential Lobby and fitness center;

8.4.19 Meters for the Common Elements, and the Residential Lobby and the fitness center;

8.4.20 Surveillance system and cameras;

8.4.21 All other tanks, pumps, motors, fans, control equipment and meters serving both the Residential and Commercial Units and/or Common Elements;

8.4.22 All other appurtenant installations, systems, equipment and facilities in or on the Building, including shafts, pipes, wire, plumbing, water, electrical, gas and/or telecommunication risers, ducts, vents, cables, conduits, meters and utility lines which service and benefit both the Residential and Commercial Units and/or the Common Elements;

8.4.23 All passages, corridors, hallways (other than the residential corridors providing access to the Residential Units), all mechanical space and all other rooms, areas and spaces which are not part of the Units, the Residential Common Elements or the Limited Common Elements; and

8.4.24 All other areas of the Property, air rights and all other parts of the Building and all apparatus, systems, equipment and installations in or on the Building or on the Property for the common use of the Units and Unit Owners or which are necessary or convenient to the existence, maintenance or safety of the Property.

8.5 The cost of the maintenance, repair and replacement of the Common Elements will be borne by all Unit Owners as a Common Expense of the Condominium in proportion to their respective interests in the Common Elements.

8.6 The Residential Common Elements consist of those portions of the Common Elements which service or benefit only the Residential Unit Owners, including without limitation the following:

8.6.1 The entrance to the Residential Lobby and windows and window frames, if any, within the Residential Common Elements;

8.6.2 The Residential Lobby;

8.6.3 The two passenger elevators servicing the Residential Units;

8.6.4 The Residential corridors or hallways;

8.6.5 Exterior doors and door frames to the Residential Lobby and the fitness center;

8.6.6 The common roof deck on the main roof and any fencing or railing separating the common roof deck from the rest of the roof area;

8.6.7. Fire stairs on the east side of the Building from the 2nd floor to the main roof and the convenience stairs that connect the 6th floor to the penthouse floor;

8.6.8. Trash chute(s), trash room and compactor in the cellar;

8.6.9 Fitness center and the condensing unit for the fitness room, which is mounted on the first floor roof;

8.6.10 Mail boxes in the Residential Lobby for the Residential Units;

8.6.11 The audio/video intercom system for the Residential Units;

8.6.12 Boilers and domestic hot water heaters in the penthouse mechanical equipment room and all related equipment, storage tank, valves, controls, fans and piping for the Residential Lobby, fitness room and residential corridors;

8.6.13 Heating equipment, valves, controls, fans and piping, including radiators, in the Residential Lobby, the fitness center and Residential corridors;

8.6.14 Roof mounted cooling towers on the main roof; heat pumps located in the cellar for the Residential Lobby and fitness room, the air-conditioning unit for the residential corridors or hallways located on the main roof and distribution duct work, pipes, valves and controls for such Residential Common Elements;

8.6.15 Exhaust duct work grills and fans for exhaust fans for kitchens and bathrooms for Residential Units and for the kitchens of the Duplex Penthouse Units;

8.6.16 Lighting in Residential Lobby, Residential corridors and exterior lighting for entrance to Residential Lobby;

8.6.17 Telecommunication equipment and related components, wiring and cable which service only the Residential Common Elements and/or the point of entry or distribution to the Residential Units; and

8.6.18 Submeter for water, gas meters for cooking and domestic hot water and electric meter service and breaker in the cellar for the Residential Units.

The cost of the maintenance, repair and replacement of the Residential Common Elements will be borne by all Residential Unit Owners in proportion to their respective Residential Common Interests.

8.7 The Commercial Limited Common Elements consist of the following:

Those portions of the Common Elements for the exclusive use of a Owner of a Commercial Unit, its tenants, subtenants, licensees, employees, guests, agents and invitees, which include:

8.7.1 The separate exterior entrance and storefront (if any) appurtenant to each Commercial Unit;

8.7.2 The HVAC equipment mounted on the second floor roof, which exclusively services Commercial Units #2 and #3;

8.7.3 The lobby and elevator for Commercial Unit #3, to the extent constructed for Commercial Unit #3, pursuant to the Offering Plan; the Owner of Commercial Unit #3 shall have complete control over the decoration, appearance and finishes for the elevator cab and lobby for such Limited Common Elements;

8.7.4 Exterior lighting for the entrance to a Commercial Unit;

8.7.5 Telecommunication equipment, wiring and cables which exclusively service a Commercial Unit;

8.7.6 Conduits and equipment (including electrical conduits and meters) exclusively servicing a Commercial Unit;

8.7.7 Gas meter for the HVAC equipment which is shared by Commercial Units #2 and #3 and the separate gas meter for Commercial Unit #1 in the cellar; and

8.7.8 The individual designated flag poles on the exterior of the Building, which are to be separately allocated by the Board of Managers for the exclusive use of Commercial Units #2 and #3.

The Owners of Commercial Units #2 and 3 shall each have the non-exclusive right to access, maintain, repair and/or replace their respective HVAC equipment mounted on the roof set back over the first floor. The Owner of Commercial Unit #3, at its sole cost and expense, shall have the right to move the HVAC equipment mounted on the roof set back over the first

floor (including the HVAC equipment servicing Commercial Unit #2) to another location on such roof set back over the first floor, provided any such relocation: (i) shall not affect the operation and/or efficiency of such HVAC equipment for Commercial Unit #2 and/or any other HVAC equipment also located on roof set back over the first floor; (ii) shall be undertaken on reasonable prior notice to the Owner of Commercial Unit #2 and in the off-season when such HVAC equipment is not being utilized; and (iii) shall be undertaken in compliance with all applicable laws and regulations. The Owner of Commercial Unit #2, as to the HVAC equipment serving Commercial Unit #2, shall also have the right to move their respective HVAC equipment mounted on the roof set back over the first floor to another location on such roof set back over the first floor, provided any such relocation shall not affect the operation and/or efficiency of any of the other HVAC equipment mounted on such roof set back over the first floor, such relocation shall not block the view from the windows overlooking the roof set back over the first floor in any further material respect unless otherwise consented to in advance in writing by the Owner of Commercial Unit #3, which consent shall not be unreasonably withheld or delayed and such relocation shall be undertaken in compliance with all applicable laws.

8.8 The Residential Limited Common Elements are for the exclusive use of a Residential Unit Owner, their guests, lessees, agents, invitees and residents of the Unit to which they are appurtenant and consist of the following:

8.8.1 The skylights over the Duplex Penthouse Units as designated in the Floor Plans; and

8.8.2 The terrace appurtenant to each of the Duplex Residential Units as designated in the Floor Plans; and

8.8.3 The Storage Units allocated to each Residential Unit, as designated in the Floor Plans.

8.9 In general, the cost of maintaining and repairing the Common Elements shall be treated as an expense of the Unit Owner or Unit Owners who have the exclusive use thereof or whom such Common Elements benefit. Accordingly, the cost of all painting, decorating, maintenance, repairs and replacements, whether structural or non-structural, ordinary or extraordinary to the: (i) Common Elements shall be undertaken by the Board of Managers and shall constitute a Common Expense, unless such work is necessitated by the negligence, misuse or neglect of a Unit Owner, in which event such expense will be charged to such Unit Owner; (ii) the cost of maintenance, repair and/or replacement of the Residential Common Elements shall be undertaken by the Board of Managers and shall be borne by all Residential Owners in proportion to their respective Residential Common Interests unless such work is necessitated by the negligence, misuse or neglect of a Unit Owner, in which event such expense will be charged to such Unit Owner; (iii) except as set forth below, the cost of maintaining and repairing Commercial Limited Common Elements appurtenant to a Commercial Unit shall be undertaken by such Commercial Unit Owner, at their sole cost and expense, and the cost of maintaining and repairing the Residential Limited Common Elements appurtenant to a Residential Unit shall be undertaken by such Residential Unit Owner, at their sole cost and expense, unless such work is necessitated by the negligence, misuse, or neglect of another Unit Owner or is due to the condition of or damage to or from the Common Elements, in which event the cost and expense of such repair shall be charged to such other Unit Owner or constitute a Common Expense. To the extent such work is necessitated by the negligence, misuse or neglect of more than one Unit

Owner, the cost of maintenance and repair shall be borne by such other Unit Owners in the proportion that their percentage interest in the Common Elements bears to aggregate percentage interest in the Common Elements of all Unit Owners responsible therefor.

8.10 Notwithstanding the above provisions, the Board of Managers, as a Residential Common Expense, shall be responsible for the repair and/or replacement of the terraces for the Duplex Penthouse Units, except each such Duplex Penthouse Unit Owner shall be responsible for the maintenance (to keep clean and remove debris) and the repair and/or replacement of any decking and/or other surface covering installed as to the terrace appurtenant to their respective Units as a Residential Limited Common Element. In addition, a Duplex Penthouse Unit Owner shall be responsible for the cost of any repair and/or replacement of the terrace appurtenant to their Unit if repair and/or replacement is required as a result of the negligence, misuse or neglect of any such Owner of a Duplex Penthouse Unit.

Notwithstanding the above provisions, the Board of Managers, as a Common Expense, shall be responsible for the repair and/or replacement of the roof set back over the first floor, except the Owners of each of Commercial Units #2 and/or #3 shall be responsible for the respective share of the cost of any repair and/or replacement of such roof to the extent that such repair and/or replacement is required as a result of the negligence, misuse or neglect of such Commercial Unit Owner or their respective tenants, employees and/or contractors. The Owners of Commercial Units #2 and #3 shall each have the right to install sound attenuation equipment, pads and/or fencing for their HVAC equipment mounted on the roof set back over the first floor, provided same complies with all applicable laws and the Owner of Commercial Unit #3 shall have the right with respect to HVAC equipment of Commercial Unit #2 that the Owner of Commercial Unit #3 may relocate.

8.11 Except for the glass and frame portion of the skylight appurtenant to a Duplex Penthouse Unit, the Board of Managers shall be responsible for the repair or replacements of the skylights for each of the Duplex Penthouse Units (as well as fixing of any leaks), so long as they are not due to a crack or other defects in the skylight itself or which are not caused by the acts or negligence of a Penthouse Unit Owner and the cost thereof will be charged to all Residential Unit Owners as a Residential Common Expense. Any repair or replacement to any such skylight required as a result of the act or negligence of the Penthouse Unit Owner shall be charged (or borne by) such Penthouse Unit Owner. The Residential Unit Owner of the Penthouse Unit shall also be responsible for the repair and/or replacement of the glass and frame portion of the skylight appurtenant to its Unit as a Residential Limited Common Element.

8.12 Each of the Unit Owners, at their sole cost and expense, shall be responsible for the maintenance, repair and/or replacement of the exterior doors and door frames, windows, window frames and storefronts for their respective Units. Except as to the Unsold Units owned by the Declarant and/or its Designee, no replacement, modification or alteration may be made to or of the windows, exterior doors and/or storefronts (other than to replace the glass for window or door panes) without the consent of the Board of Managers, which consent shall not be unreasonably withheld or delayed. At the option of the Board of Managers, the Board of Managers may undertake the maintenance, repairs and replacements of such exterior doors and door frames, windows, window frames and/or storefronts and the Unit Owners, for which same

was undertaken by the Board of Managers, shall pay for the cost of any such work. Any building-wide replacements and/or alterations of same undertaken by the Board of Managers shall be paid by the Unit Owners in proportion to their respective Common Interests to the extent completed for all of the Units or in proportion to their respective Residential Interests, to the extent completed for all of the Residential Units. In reference to any replacement or alteration of any exterior windows, doors and/or storefront for a Commercial Unit, the Owner of a Commercial Unit may elect to not complete same (unless required to be completed in order to comply with applicable laws and/or regulations or to cure any violations) or to complete such work as to their own Unit, subject to the reasonable approval of the Board of Managers, of the plans and specifications for any such replacements or alterations and/or the contractor utilized to complete such work, which approval shall not be unreasonably withheld or delayed. Except in connection with any building-wide alterations and/or replacements for all of the Units or for all of the Residential Units, any such repairs, alterations and/or replacements undertaken by the Board of Managers, as to any of the Unsold Units, shall be subject to the reasonable approval of the Declarant and/or its Designee. Any such payment due to the Board of Managers hereunder shall be paid within thirty (30) days after submission of a bill for same.

8.13 The maintenance or service contracts for the air-conditioning units for the Residential Units shall be a Residential Common Expense. Each of the Residential Unit Owners, at their sole cost and expense, shall be responsible for the repair (to the extent not covered under the maintenance and/or service contract for all of the air-conditioning units for the Residential Units) and/or the replacement of the respective air-conditioning units. At the option of the Board of Managers, the Board of Managers may undertake any such repairs and/or replacements, on behalf of a Residential Unit Owner and such Residential Unit Owner shall pay for the cost of any such repair or replacement completed by the Board of Managers. Furthermore, at the option of the Board of Managers, the Board of Managers may undertake all repairs and replacements for the residential air-conditioning units and charge the cost for such repair and/or replacement as a Residential Common Expense, which would be paid by all Residential Unit Owners in proportion to their respective Residential Common Interests. To the extent the Board of Managers elects to complete such repairs and replacements as a Residential Common Expense, the Board of Managers shall undertake such repairs and/or replacements on a non-discriminatory and uniform basis so that all repairs and replacements for the residential air-conditioning units servicing each of the Residential Units would be undertaken in the same manner. Notwithstanding the above provisions, if any repair and/or replacement is necessitated by the negligence, misuse and/or neglect of a Residential Unit Owner or its occupants, guests and/or invitees, then, despite any such policy of the Board of Managers to undertake such repairs or replacements as a Residential Common Expense, the individual Residential Unit Owner would be responsible to pay for any such cost or expense to the extent such repair or replacement is directly attributable to the negligence of a Residential Unit Owner or their occupants, guests or invitees.

8.14 The Owners of Commercial Units #2 and #3 shall each have a right to and shall be responsible for the maintenance, repair and/or replacement of the HVAC equipment on the first floor roof with associated ductwork distribution that provides heating and cooling for their respective Commercial Units.

8.15 Any such roof top air-conditioning equipment and/or HVAC equipment servicing the Residential and Commercial Units shall be maintained in compliance with all applicable laws and regulations, including, but not limited to, all noise quality standards of the City of New York.

8.16 Compliance with filing any and all reports and remedying all conditions required by said reports with respect to Local Law 11 of 1998 pertaining to exterior façade of the Building and the roof, cornice, eaves and parapets and Local Law 10 of 1981 pertaining to elevator hoistways shall be the responsibility of the Unit Owners and shall be considered a General Common Expense to be shared on a pro-rata basis by the Owners of the Units based on their respective Common Interests. Compliance with filing any and all reports and remedying all conditions required by said reports with respect to local law 11 of 1998 pertaining to any store front façade or entrance for a Commercial Unit shall be the responsibility of such Commercial Unit Owner.

8.17 The maintenance, repair and replacement of the sprinklers and sprinkler systems and pipes for the Residential Units and the Residential Common Elements shall be a Residential Common Expense. The maintenance, repair and/or replacement of the sprinklers, sprinkler systems and pipes for the Common Elements in the cellar shall be a Common Expense.

8.18 Notwithstanding anything to the contrary in this Article 8, if a Common Element, including the Residential Common Elements, benefits only certain Unit Owners (e.g., the Residential Units), then the Condominium's cost for operating expenses, alterations, additions, repairs, replacements and restoration thereto shall be borne solely by those Unit Owners who benefit from the Common Element in proportion that the Common Interest of each benefiting Owner bears to the Common Interests of all benefiting Unit Owners.

8.19 To the extent Commercial Unit #1 is converted into Parking Units, then the exterior door for Commercial Unit #1, providing access to the freight elevator or autolift, shall be included as part of the Common Elements.

ARTICLE 9

USE OF BUILDING AND UNITS

9.1 ***Residential Units.*** Each Residential Unit shall be used as a residence and any lawful home occupation consistent with applicable zoning and building ordinances, resolutions and codes, and the certificate of occupancy for the Property, subject to the provisions of this Declaration and the By-Laws. Notwithstanding the foregoing, while the Declarant or its Designee owns any Residential Unit, Declarant or its Designee shall have the right to use any such Unit for general and sales office purposes, as models, to use such Units and the Common Elements and Residential Common Elements for other purposes connected with the promotion, sales or leasing of Units, to erect and maintain signs at the Building in connection with the offering and sale by Declarant or its Designee of Units therein, to have Declarant's employees, contractors, representatives and sales agents present at the Building, to do all things necessary or appropriate including the use of the Common Elements and/or the Residential Common

Elements to sell or lease Units, to complete the renovation of the Building and to comply with Declarant's obligation under the Offering Plan.

9.2 The Commercial Units may be used for any legal use, provided such use is in conformity with applicable zoning laws and regulation and building codes. In addition, Commercial Unit #2 may be converted in whole or in part for residential use and Commercial Unit #3 may be converted for residential use, provided the entire Unit is converted for such residential use. A Commercial Unit may also not be used for any of the followings uses: (i) employment agency, (ii) drug or alcohol rehabilitation or treatment center, (iii) nightclub, (iv) bar and (v) restaurant. The following uses may only occur in the cellar and/or the first floor of a Commercial Unit: commercial, including, but not limited to, retail, office and storage as to the cellar. Commercial Unit #1 may be used as a parking garage if a special use permit for an accessory off-street parking facility in the Building is obtained from the City Planning Commission.

9.3 No Units may be used for massage parlors, adult only bookstores, peep shows, establishments offering topless or bottomless entertainments and/or any sex related activities, betting parlors, gambling casinos or gambling type establishments and/or any other use prohibited by laws or public authorities other than the uses permitted by a temporary or permanent certificate of occupancy for the Building.

9.4 If a special use permitted is granted by the New York City Planning Commission, Commercial Unit #1 may be used as an accessory off street parking facility for automobiles.

ARTICLE 10

CHANGES IN THE UNSOLD UNITS

Except to the extent prohibited by law, Declarant or its Designee shall have the right, without the vote or consent of the Condominium Board, other Unit Owners or the holder of any Mortgage, if any, to: (a) make alterations, additions or improvements to any Unsold Units; (b) change the use of Commercial Units #2 and/or #3 to residential, or to change the use of Commercial Unit #1 in the cellar to permit accessory off-street parking or to change layout of, or number of rooms of any Unsold Units from time to time; (c) change the size and/or number of Unsold Units, including the creation of duplex or triplex units, by subdividing one or more Unsold Units into two or more separate Units, combining separate Unsold Units (including those resulting from such subdivision or otherwise) into one or more Units, converting such portion of an Unsold Unit as designated by the Declarant or its Designee to a Common Element (including a Residential Common Element) or a Limited Common Element for such Unsold Units, altering the boundary walls between any Unsold Units, or otherwise, including incorporating Limited Common Elements, which exclusively benefit an Unsold Unit into such Unsold Unit; (d) designate or create a Limited Common Element, as part of a newly created Unsold Unit; and (e) if appropriate, reapportion among the Unsold Units affected by such change in size, use or number pursuant to the preceding clauses (b) and (c) their percentage interests in the Common Elements; provided, however, that (i) the percentage interest in the Common Elements of any other Units (other than Unsold Units) shall not be changed by reason thereof unless the Owners of such

Units shall consent thereto; (ii) Declarant shall comply with all laws, ordinances and regulations of all governmental authorities having jurisdiction; (iii) the Declarant shall undertake any such alterations, additions and/or improvements so as not to have a material adverse impact on the structural supports of the Building or its Building systems as provided to other Unit Owners at the time any such alterations, additions and/or improvements are completed; (iv) the Declarant shall undertake reasonable measures, to the extent practicable, to minimize disruption to the use and/or operation of the other Units and (v) the Declarant or its Designee (to extent applicable) hereby agrees to hold the Condominium Board and all other Unit Owners harmless from any liability arising therefrom. The provisions of this Article 10 may not be added to, amended, modified or deleted without the prior written consent of Declarant or its Designee. Notwithstanding the other provisions of this Article 10, no reapportionment of the interests in the Common Elements appurtenant to any Unit shall be made unless there is first delivered to the Condominium Board a written certification stating that the percentage interests of the respective Units in the Common Elements, immediately after such reapportionment, will be 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. The certification referred to in the preceding sentence shall be delivered (i) at Declarant's or its Designee's election, by Declarant or its Designee, the managing agent of the Condominium or any other person reasonably acceptable to the Condominium Board in the case of any Unsold Unit, and (ii) by either the managing agent of the Condominium, or any other person reasonably acceptable to the Condominium Board in the case of any other Unit.

ARTICLE 11

PERSON TO RECEIVE SERVICE

The President of the Condominium and the Secretary of State of the State of New York are hereby designated to receive service of process in any action which may be brought against the Condominium.

ARTICLE 12

DETERMINATION OF PERCENTAGE INTERESTS IN COMMON ELEMENTS

12.1 The percentage 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.

ARTICLE 13

ENCROACHMENTS

If (a) any portion of the Common Elements (including the Residential Common Elements) encroaches upon any Unit or upon any other Common Element (including the Residential Common Elements), (b) any Unit encroaches upon any other Unit or upon any portion of the Common Elements (including the Residential Common Elements) or (c) any such encroachments shall hereafter occur as a result of: (i) settling or shifting of the Building, (ii) any alteration, repair or restoration of the Common Elements (including Residential Common Elements) made by or with the consent (when required by the By-Laws) of the Condominium Board, or made by Declarant or its Designee, 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 (including Residential Common Elements) after damage by fire or other casualty or any taking by condemnation or eminent domain proceedings of all or any portion of any Unit or the Common Elements (including the Residential 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.

ARTICLE 14

ACCESS TO COMMON ELEMENTS

Each Unit Owner shall have an easement in common with all other Unit Owners to use all of the Common Elements and each Residential Unit Owner shall have an easement in common with all other Residential Unit Owners to use all of Residential Common Elements, as the case may be, located in the Building, including those located in any of the other Units or elsewhere on the Property which serve such Owner's Unit including an easement to connect to existing utilities and/or telecommunication equipment including, but not limited to utilities for water, gas, and electricity and telecommunication equipment for cable, telephone and internet services. Each Unit shall be subject to an easement in favor of all Unit Owners and each Residential Unit shall be subject to an easement in favor of all Residential Unit Owners to use all Common Elements and/or Residential Common Elements, as the case may be, located in such Unit or elsewhere on the Property which serve other Units. Each Unit which contains a Limited Common Element for their Unit shall have a non-exclusive easement to access such Limited Common Element to the extent it is located outside of their Unit. In addition, the Condominium Board or its agents or contractors, to the extent it is permitted to act by the By-Laws for such purposes, shall have a right of access to each Unit to inspect the same, to remove violations therefrom and to maintain, repair or replace the Common Elements and/or Residential Common Elements contained therein or elsewhere in the Property. All easements and rights of access described in this Article 14 shall be exercised in such a manner, to the extent practicable, as will not unreasonably interfere with the use of the Units for their permitted purposes. Such entries shall be permitted on not less than one business day 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).

ARTICLE 15

EASEMENTS AND NAME OF CONDOMINIUM

15.1 Except as set forth in this Declaration, each Unit Owner shall have, in common with all other Unit Owners, an easement for the use of the Common Elements (including the Residential Unit Owners as to the Residential Common Elements) and any Facilities located therein, including, but not limited to, such easement as shall be necessary to operate, maintain, repair, rebuild, restore and replace, and have access to, as necessary, such Owner's Unit.

15.2 Each Unit Owner shall have, in common with all other Unit Owners, an easement for ingress and egress through the Building, and for the use of any Common Element (including Residential Common Elements), to the extent necessitated by an emergency. In the case of an emergency or temporary shut down of any elevator servicing Commercial Unit #3, in order to undertake repairs or replacements, the Owner of Commercial Unit #3 or its tenants, subtenants, employees and invitees shall be entitled to use the residential passenger elevators in the Residential Lobby in order to obtain access to Commercial Unit #3.

15.3 The Condominium Board shall have and each Unit shall be subject to , an easement: (a) to install, utilize, operate, maintain, repair, alter, rebuild, restore and replace the Common Elements (including the Residential Common Elements) or Limited Common Elements located in, over, under, through or upon any Unit, or any other Common Elements (including Residential Common Elements) or elsewhere on the Property and (b) to maintain any encroachment on any Unit or Common Elements (including Residential Common Elements) resulting from the repair, alteration, rebuilding, restoration or replacement of the Units, the Common Elements (including Residential Common Elements) or the Limited Common Elements; provided that access to any Unit or the Common Elements (including Residential Common Elements) in furtherance of such easement shall be exercised in such a manner as will not unreasonably interfere, to the extent practicable, with the use of the Units for their permitted purposes. Such entry shall be permitted on not less than one business day's notice, except that no notice will be necessary in the case of an emergency.

15.4 If the Declarant or a Commercial Unit Owner in the case of the conversion of a Commercial Unit to one or more Residential Units is undertaking the repair, rerouting and/or replacement of any water supply lines, plumbing risers, electric risers, gas risers, plumbing traps, ventilating stacks, drainage lines, radiators, heating and air conditioning units, pipes, ducts and/or conduits and/or the installation of plumbing fixtures in a Unit owned by the Declarant or such Commercial Unit Owner (hereinafter any such work is referred to as "Plumbing, Electric and/or Ventilating Work" or "Work"), then the Declarant or such Commercial Unit Owner (as to the conversion of a Commercial Unit to one or more Residential Units) shall have an easement to make all necessary connections (including, but not limited to, connections to common risers and building systems and the penetration of a floor slab) and undertake such work in a Unit and/or Common Elements located above or below any such Unit in which such Plumbing, Electric and/or Ventilating Work is being completed by the Declarant or such Owner of a Commercial

Unit in order to complete such Plumbing, Electric and/or Ventilating Work for such Unit owned by the Declarant or such Commercial Unit Owner. Any such connections or work completed in a Unit which is not owned by the Declarant or such Commercial Unit Owner, in furtherance of such easement, shall be exercised in such a manner as will not unreasonably interfere, to the extent practicable, with use of any such Unit.

15.5 Each Unit shall have an easement of support and of necessity and shall be subject to an easement of support and necessity in favor of all other Units and the Common Elements (including Residential Common Elements).

15.6 Declarant or its Designee and its successors and assigns shall, to the extent permitted by law, have an easement to erect, maintain, repair and replace, from time to time, one or more signs on the Property for the purposes of advertising: (i) the sale or lease of any Unsold Unit, and (ii) the operation of any business of a tenant or occupant of any Unsold Units.

15.7 Declarant has an easement to use the sidewalks surrounding portions of the Building for purposes permitted by law.

15.8 Declarant or its Designee and the Condominium Board shall have the right to grant such additional electric, gas, water, telephone, internet, cable, television, steam, ventilation easements for utilities or services or otherwise to relocate any easements in any portion of the Property, as Declarant or its Designee, 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 to complete any improvements to the Building as described in the Plan or for the general health or welfare of the Owners, tenants and occupants of the appropriate Units, provided that such additional utilities, relocation or installation of existing utilities or other services 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 liens against any of the Units. Any company providing the utilities or services and its employees and agents shall have the right of access to any Unit or the Common Elements (including Residential Common Elements) in furtherance aforementioned easements in order to install, maintain, operate, repair, and replace such utilities and services, 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.

15.9 Each of the Owners of Commercial Unit #2 or #3 shall be entitled to use one flagpole on the exterior of the Building on 54th Street, as designated by the Board of Managers, to promote or provide signage for the Commercial Unit Owner's or their tenants' business operations at the Property. The Board of Managers shall designate the flagpole to be utilized by each such Commercial Unit. The Owner of each Commercial Unit shall be responsible to maintain, repair and/or replace any such flagpole utilized by such Commercial Unit Owner or their tenants. Owners of Commercial Units #2 and #3 and/ or their tenants shall also be entitled to erect, maintain, repair, and replace from to time, one sign (which is not an illuminated sign) either as part of their separate entrance to their Unit or appurtenant to any such separate entrance to promote the operation of any business of the Commercial Unit Owner or their tenants at the Property. In reference to any such exterior signs, flagpoles, or flags installed or maintained by Commercial Unit Owner #2 or #3, the design, size, location and materials utilized shall be

subject to the prior written approval by the Board of Managers, which approval shall not be unreasonably withheld or delayed. Such requirement for the Board of Managers' approval shall not apply to the Declarant or its Designee as to any signs, flagpole and/or flag installed or maintained for Commercial Units #2 or #3 to the extent owned by the Sponsor or its Designee. Any such erection, repair and/or replacement of a sign, flagpole, or flag shall be undertaken in compliance with all laws, orders, rules and regulations of the governmental authorities having jurisdiction thereof including zoning laws and building codes. The Owner of Commercial Units #2 and #3, or its tenants, shall obtain and pay for all permits and fees (including renewals of same) required for any such signs, flagpole and/or flag. Any damage to the exterior of the Building caused by the installation of any such signs, flagpole and/or flag shall be promptly repaired or restored by the Owners of Commercial Units #2 and/or #3 and/or its tenants or subtenants. To the extent the Board of Managers or its agents or contractors undertakes any repairs and/or improvements to the front façade of the Building, which necessitates the temporary removal of any such signs, flagpole and/or flag, then the Board of Managers or its agents or contractors, as a Common Expense, shall be responsible for the cost of such removal and installation of same.

15.10 If a special use permit is granted by the City Planning Commission for accessory off-street parking in the Building, the exhaust for the parking garage in Commercial Unit #1 or the parking units subdivided from Commercial Unit #1 may be vented through a shaft located in the Building.

15.11 The Condominium and the Building shall be designated and known as "The Hit Factory® Condominium." For so long as Declarant owns any Units in the Building, the Board of Managers may not change the name of the Condominium, without the approval of the Declarant.

15.12 Notwithstanding that the Unit Owners are responsible for the repair and/or replacement of the windows, in the event that the Board of Managers resolves, determines or decides to effectuate a building-wide window replacements or alterations, whereby all Unit windows are to be replaced or altered or all windows of the Residential Units are replaced or altered, the Board of Managers shall have the right and power to undertake such replacement or alterations with the costs therefor to be deemed Common Expenses to be paid by each Unit Owner according to such Unit Owner's respective percentage of the Common Interests, as to window replacements and/or alterations for all of the windows or a Residential Common Expense to be paid by each Residential Unit Owner, according to such Residential Unit Owner's respective percentage of the Residential Common Interests, as to window replacements or alterations for just the Residential Units. Notwithstanding the above provisions, unless required to comply with applicable laws or regulations and/or to cure a violation, the Owner of a Commercial Unit may elect not to have all or a part of their windows replaced as a part of a building wide replacement by the Board of Managers, or may elect to complete such window replaced on its own, subject to the reasonable approval of the Board of Managers.

ARTICLE 16

POWER OF ATTORNEY

16.1 Each Unit Owner shall grant to the persons who shall from time to time constitute the Condominium Board an irrevocable power of attorney, coupled with an interest (in such form and content as the Condominium Board shall determine) following due authorization (if required) from the Unit Owners (a) to acquire or lease any Unit, together with its Appurtenant Interests (as defined hereinafter), from the Owner who desires to sell, convey, transfer, assign, lease or surrender the same, or which becomes the subject of a foreclosure or other similar sale, on such terms and at such price or rental, as the case may be, as the attorneys-in-fact 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, or to sublease any Unit so leased, without the necessity of further authorization by the Unit Owners, on such terms as the attorneys-in-fact may determine, (b) 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 (c) to execute, acknowledge and deliver any declaration or other instrument affecting the Condominium which the Condominium Board deems necessary or appropriate to comply with any law, ordinance, regulation, zoning resolution or requirement of the Department of Buildings, the City Planning Commission, the Board of Standards and Appeals, or any other public authority, applicable to the maintenance, demolition, construction, alteration, repair or restoration of the Condominium or any consent, covenant, restriction, easement or declaration, or any amendment thereto, affecting the Condominium or the Common Elements (including Residential Common Elements) which the Condominium Board deems necessary or appropriate.

16.2 The foregoing provisions of this power of attorney shall not apply to any lease or sale of a Unit owned by a Owner of the Commercial Unit or its designee, and shall not be exercised in a manner which would materially adversely affect the rights of the Owner of a Commercial Unit granted hereby or in the By-Laws.

ARTICLE 17

ACQUISITION OF UNITS BY THE CONDOMINIUM BOARD

17.1 If (a) any Unit Owner surrenders such Unit Owner's Unit, together with (i) the undivided interest in the Common Elements and Limited Common Elements appurtenant thereto, (ii) the interest of such Unit Owner in any other Units theretofore acquired by the Condominium Board or its designee, corporate or otherwise, on behalf of all Unit Owners or the proceeds of the sale or lease thereof, if any, and (iii) the interest of such Unit Owner in any other assets of the Condominium (such interests in (i), (ii) and (iii) being hereinafter collectively called the "Appurtenant Interests"), pursuant to the provisions of Section 339-x of the Condominium Act, or (b) the Condominium Board purchases, pursuant to a right of first refusal, at a foreclosure or other similar sale, a Unit, together with the Appurtenant Interests, then, in any such event, title to any such Unit, together with the 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 interests in the Common Elements. The lease or sublease covering 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 interest in the Common Elements.

ARTICLE 18

COVENANTS RUNNING WITH THE LAND

18.1 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 such Unit 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 or any other third party. All present and future Owners, tenants, subtenants, licensees, and other occupants of Units shall be subject to 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 sublease 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, subtenant, 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.

18.2 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.

18.3 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 19

AMENDMENTS OF DECLARATION

19.1 Subject to the provisions contained herein or in the By-Laws with respect to amendments, modifications, additions or deletions affecting Declarant or Sponsor's Designee, any provision of this Declaration may be added to, amended, modified or deleted by the vote of at least 67% in number and in Common Interest of all Unit Owners taken in accordance with the provisions of the By-Laws. For so long as the Declarant or Sponsor's Designee owns title to one or more Units, the Declaration may not be amended in a manner which would materially adversely affect the rights of the Declarant and/or the Sponsor's Designee, unless the Declarant and/or the Sponsor's Designee gives written consent to any such amendment. The requirement for the written consent of the Declarant and/or Sponsor's Designee shall mean just the Declarant for so long as the Declarant owns title to one or more Units and shall mean the Sponsor's Designee (or the majority in interest of the Sponsor's Designee, based on their aggregate percentage interest of the Common Elements, if there is more than one Sponsor's Designee), for so long as the Sponsor's Designee owns one or more Units, if the Declarant no longer own any Units. Additionally, i) no such amendment to the Declaration shall materially adversely affect the lien of any Mortgage encumbering a Unit without the written consent of any such Mortgagee; ii) no such amendment to the Declaration may increase the percentage of Common Interests allocated to any Unit or Units without the consent of the Owner of any such Unit; iii) no such amendments to the Declaration shall increase the percentage of the Common Interest allocated to any Unit or Units without the written consent of the mortgagee of any such Unit or Units, if any. No such amendment, modification, addition or deletion shall be effective until recorded in the City Register's Office. Subject to the provisions contained herein or in the By-Laws with respect to amendments, modifications, additions or deletions affecting Declarant or Sponsor's Designee, any such amendment, modification, addition or deletion shall be executed by the Condominium Board as attorney-in-fact for the Unit Owners, coupled with an interest, which Condominium Board is hereby authorized by such Unit Owners so to act as their attorney-in-fact.

19.2 If the number of rooms in an Unsold Unit is changed, or the use, size and/or number of Unsold Units is changed (whether as a result of a subdivision or combination of Unsold Units or alteration of boundary walls between Unsold Units, or otherwise) and the appurtenant percentage interests of Units in the Common Elements are reapportioned as a result thereof, all in accordance with Article 10 hereof, then Declarant or its Designee causing such changes shall have the right to execute, or (upon its request) to require any other Unit Owner or

the Condominium Board to execute, and record in the City Register's Office and elsewhere, if required by law, an amendment to this Declaration (together with such other documents as Declarant or its Designee causing such changes deems appropriate to effectuate the same) reflecting such change in the number of rooms in an Unsold Unit or in the use, size and/or number of Unsold Units (whether as a result of said subdivision, combination, alteration or otherwise) and the reapportionment of the percentage interests of Units in the Common Elements resulting therefrom, all without the approval of the Condominium Board and/or the Unit Owners. In addition, if any Unit Owner, other than Declarant or its Designee, causing such changes is given the right by the Condominium Board to make the changes described in this Section 19.2 with respect to such Unit Owner's Unit or Units, then such Unit Owner shall have the right to require the Condominium Board to execute, and record in the City Register's Office and elsewhere, if required by law, any amendment to this Declaration and other documents which are necessary or appropriate (in the reasonable judgment of the Condominium Board) to reflect such changes made by the Unit Owner. Nothing contained in this Section shall be construed to mean that the Common Interest appurtenant to any Unit not subject to any change may be reapportioned without the written consent of the Owner of such Unit.

19.3 The provisions of Article 10, Sections 15.4, 15.6, 15.7, 15.8, 15.9, 15.10, 19.1 and 19.2 may not be modified, amended, added to or deleted, in whole or in part, without the consent of Declarant and/or Sponsor's Designee.

19.4 If (i) a Commercial Unit is converted to one or more Residential Units or is further subdivided or the size thereof is otherwise changed and/or the Common Interest appurtenant to such Commercial Unit is reapportioned among any newly created condominium units resulting from any subdivision of a Commercial Unit (or any combining of newly created Commercial Units), or (ii) a Commercial or Residential Limited Common Element is designated as part of a newly created Commercial or Residential Unit or part of a Commercial Unit is designated as a newly created Commercial or Residential Limited Common Element, all in accordance with Article 21 hereof, then such Commercial Unit Owner shall have the right to require, following written request, any other Unit Owner or the Condominium Board to execute, and record in the Office of the City Register, New York County, and elsewhere, if required by law, an amendment to this Declaration (together with such other documents as the Commercial Unit Owner deems appropriate to effectuate the same) reflecting (A) such change in the use or size of a Commercial Unit or the subdivision of a Commercial Unit into separate Commercial and/or Residential Units (or the subsequent combination of such newly created Commercial or Residential Units) and the reapportionment of the Common Interests among such newly created Commercial or Residential Units or (B) such designation of a Commercial or Residential Limited Common Element in a newly created Commercial or Residential Unit. In such event, the approval of at least 67% in number and in Common Interest of all Unit Owners shall be deemed granted (if required) in accordance with the procedure set forth herein and in the By-Laws for amending the Declaration by virtue of the power of attorney granted to the Condominium Board by each Unit Owner.

19.5 Amendments, modifications, additions or deletions of or to this Declaration, the By-Laws and the Rules and Regulations may be necessary, appropriate or desirable in connection with the operation of a Commercial Unit or the subdivision of a Commercial Unit

into additional separate Commercial or Residential Units and/or the offering for sale or lease of all or any portion of a Commercial Unit and it is contemplated that in connection therewith, such Commercial Unit Owner may cause this Declaration to be so amended, modified, added to or deleted from and that the resulting provisions thereof may be similar or dissimilar to those currently affecting the Residential Unit Owners.

19.6 The provisions of Sections 8.7, 8.10, 9.2, 15.4, 15.9, 15.10, 15.12, 19.4, 19.5 and Article 21 may not be modified, amended, added to or deleted, in whole or in part, without the consent of the affected Commercial Unit Owners.

ARTICLE 20

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 at least 80% in number and in Common Interest of all Unit Owners. No such vote shall be effective, however, (a) without the written consent of the holders of Mortgages encumbering the Units which constitute at least eighty (80%) percent of the Common Interests attributable to all Units which are encumbered with a Mortgage, and (b) without the written consent of Declarant, until such time as Declarant and its Designees have conveyed title to all Units, provided that in no event shall Declarant's consent be required more than five years after the date fee title to a Unit is first conveyed to a purchaser by Declarant or its Designees pursuant to an offering plan. In the event said withdrawal is authorized as aforesaid, 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 payments shall be made to a Unit Owner until there has first been paid from out of such Unit Owner's share of such net proceeds all liens on such Unit Owner's Unit (other than existing mortgages thereon, unless otherwise required, pursuant to the terms of the existing mortgages), in the order of priority of such liens.

ARTICLE 21

CHANGES BY A COMMERCIAL UNIT OWNER

21.1 Except to the extent prohibited by law and as stated below, the Owner of a Commercial Unit (or Units, if it be subdivided) shall have the right, without the consent of the Board of Managers, other Unit Owners, or the holders of mortgages on any other Units, to (i) make alterations, additions or improvements, interior and exterior, in, to and upon their respective Commercial Unit(s), change the use of, including but not limited to the conversion of Commercial Units #2 and/or #3 to one or more Residential Units, and/or the conversion of Commercial Unit #1 to Parking Units (ii) alter or improve any Limited Common Elements appurtenant only to its Commercial Unit(s), (iii) subdivide the Unit(s) and recombine Units resulting from such subdivision, and (iv) alter any boundary walls between one or more

subdivided Units, including but not limited to the conversion of a portion of a Commercial Unit into the Common Elements (including the Residential Common Elements) or incorporating a portion of a Commercial Unit into a new or existing Limited Common Element, provided, however, that in each instance such Commercial Unit Owner shall (i) comply, to the extent applicable, with all laws, ordinances and/or regulations of all governmental authorities having jurisdiction; (ii) undertake any such alterations, additions and/or improvements so as not to have a material adverse impact on the structural supports of the Building or its Building systems as provided to the other Unit Owners at the time any such alterations, improvements and/or additions are completed; (iii) undertake reasonable measures, to the extent practicable, to minimize disruption to the use and/or operation of the other Units; and (iv) agree to hold the Board of Managers and all other Units Owners harmless from any and all liabilities, losses, costs and expenses arising therefrom. The Owner of Commercial Unit #3, as a part of any such conversion of Commercial Unit #3 to one or more Residential Units, shall replace all of the windows for such Commercial Unit so they are consistent with the rest of the windows in the other Residential Units (to the extent not already replaced). To the extent converted to Residential Units, the entire premises comprising Commercial Unit #3 shall be converted to one or more Residential Units. To the extent the Owner of Commercial Unit #3 desires to convert such Unit to more than 8 Residential Units, such conversion shall be subject to the prior written approval of the Board of Managers, which approval shall not be unreasonably withheld or delayed.

21.2 If a Commercial Unit is converted to one (1) or more Residential Units, as permitted hereunder, then the Owner of any such Residential Unit, after the conversion of such Unit, shall have the same right to use all Building amenities and/or services like any other Residential Unit, including, but not limited to, the right to use the Residential Lobby, the fitness center, the elevators in the Residential Lobby and the garbage chutes for the Residential Units.

21.3 As a part of the conversion of all or a part of Commercial Unit #3 to one or more Residential Units, the Owner of such Unit, at its sole cost and expense, may eliminate and remove, as a part of such Unit, the separate entrance, lobby and elevator servicing such Unit, if previously constructed for such Unit. To the extent same is eliminated such entrance area where such elevator was located and/or lobby would become part of the Common Elements or Residential Common Elements. Except if Commercial Unit #3 is owned by the Sponsor or its Designee, the plans and specifications for any such removal of the entrance, lobby and/or elevator shall be subject to the approval of the Condominium Board, such approval to not be unreasonably withheld or delayed. In connection with any such conversion to one or more Residential Units, the residential passenger elevators shall provide access to any Residential Units on the 2nd floor. To the extent the Common Elements or the Residential Common Elements are revised as a result of the conversion of all or a part of Commercial Unit #3 to one or more Residential Units, the Declaration, including the Floor Plans, shall be revised to reflect any such change.

21.4 A Commercial Unit Owner shall obtain all necessary permits and sign offs required to complete any such alteration and improvements and shall agree to hold the Board of Managers and all other Units Owners harmless from any and all liabilities, losses, damages, costs and expenses arising therefrom. If a Commercial Unit is subdivided, recombined, or boundary

walls altered, the Commercial Unit Owners thereof shall have the right, without the consent of the Board of Managers, other Unit Owners, or the holders of mortgages on other Units, to apportion among the resulting Commercial and/or Residential Units their appurtenant interests in the Common Elements, provided there is a reasonable relationship for such apportionment in accordance with Real Property Law Section 339(i).

21.5 If any Commercial Unit is subdivided, (i) except as to newly created Residential Units, any dividing wall or walls shall be deemed Limited Common Elements for the exclusive use of the Unit Owners whose Units are separated by such walls and shall be maintained, repaired and replaced by the Owners of the subdivided Units at their sole cost and expense and as their joint and several obligation, and (ii) all drains, flues, vents, condensate and refrigerant lines and other mechanical fixtures and equipment (except fixtures and equipment installed by the Owner of a subdivided Unit or a tenant of such Owner) used in common by two or more Unit Owners shall be maintained, repaired and replaced by the Owners of such subdivided Units at their sole cost and expense and as their joint and several obligation.

21.6 In reference to any of the above changes made by an Owner of a Commercial Unit, as set forth in this Article 21, any such Commercial Unit Owner shall comply with all laws, ordinances and regulations of all governmental authorities having jurisdiction and shall agree to indemnify, defend, and hold the Condominium Board and all other Unit Owners harmless from any liability arising therefrom and shall establish, to the reasonable satisfaction of the Condominium Board, that said Unit Owner has procured adequate liability insurance for the work being performed. To the extent any such changes by a Commercial Unit Owner would increase the Common Interests of another Unit Owner, any such affected Unit Owner must consent to any such reapportion of the Common Interests among such Units.

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

CAPTIONS

The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of this Declaration or the intent of any provision hereof.

ARTICLE 24

CERTAIN REFERENCES

24.1 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.

24.2 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.

24.3 Unless otherwise stated, all references herein to Articles, Sections or other provisions are references to Articles, Sections or other provisions of this Declaration.

24.4 Any reference to the Commercial Unit or the Commercial Unit Owner shall mean the Commercial Units or Commercial Unit Owners, if to the extent applicable.

ARTICLE 25

SEVERABILITY

If any provision of this Declaration is invalid or unenforceable as against any person or under certain circumstances, the remainder of this Declaration and the applicability of such provision to other persons or circumstances shall not be affected thereby. Each provision of this Declaration shall, except as otherwise herein provided, be valid and enforced to the fullest extent permitted by law.

ARTICLE 26

COVENANT OF FURTHER ASSURANCES

26.1 Any party which is subject to the terms of this Declaration, whether such party is a Unit Owner, a lessee or sublessee of a Unit Owner, an occupant of a Unit, a member or officer of any Board or otherwise, shall, upon prior reasonable written request at the expense of any such other party requesting the same, execute, acknowledge and deliver to such other party such instruments, in addition to those specifically provided for herein, and take such other action as such other party may reasonably request to effectuate the provisions of this Declaration or of any transaction contemplated herein or to confirm or perfect any right to be created or transferred hereunder or pursuant to any such transaction.

26.2 If a Unit Owner or any other party which is subject to the terms of this Declaration fails, within 10 days after request therefor, to execute, acknowledge or deliver any instrument, or to take any action which the Unit Owner or party is required to execute, acknowledge and deliver or to take pursuant to this Declaration, then the Condominium Board is hereby authorized as attorney-in-fact for such Unit Owner or other party, coupled with an interest, to execute, acknowledge and deliver such instrument, or to take such action in the name

of such Unit Owner or other party and such document or action shall be binding on such Unit Owner or other party.

26.3 If a Unit Owner, the Condominium Board or any other party which is subject to the terms of this Declaration fails, within 10 days after request therefor, to execute, acknowledge or delivery any instrument, or to take any action which such Unit Owner, Condominium Board or party is required to execute, acknowledge and deliver pursuant to this Declaration at the request of the Declarant or its Designee, then the Declarant or its Designee, to the extent applicable, is hereby authorized irrevocably, as attorney-in-fact for such Unit Owner, Condominium Board or other party, coupled with an interest, to execute, acknowledge and deliver such instrument or to take such action in the name of such Unit Owner, Condominium Board or other party and such document or action shall be binding on such Unit Owner, Condominium Board or other party, as the case may be.

ARTICLE 27

SUCCESSORS AND ASSIGNS

Except as set forth herein or in the By-Laws to the contrary, the rights and/or obligations of Declarant or its Designee as set forth herein shall inure to the benefit of and be binding upon any successor or assign of Declarant or its Designee (not including Purchasers of Units pursuant to the Plan), or, with the consent of Declarant or its Designee, any transferee of some or all of the then Unsold Units then owned by Declarant or its Designee, as the case may be. Subject to the foregoing, Declarant or its Designee, as the case may be, shall have the right, at any time, in their sole discretion, to assign or otherwise transfer their respective interests herein, whether by sale, merger, consolidation, lease, assignment or otherwise.

ARTICLE 28

CONSENTS

Whenever the consent, approval, satisfaction or permission of Declarant or its designee is required under this Declaration or the By-Laws, such consent, approval, satisfaction or permission will not be required when Declarant or such Designee no longer owns any Unsold Units.

ARTICLE 29

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 Definitions annexed hereto as Exhibit C; (iv) the By-Laws annexed hereto as Exhibit D; and (v) the Floor Plans, are each incorporated herein by this reference and made a part of this Declaration as if set forth at length in the text hereof.

IN WITNESS WHEREOF, Declarant has caused this Declaration to be executed as of the _____day of _____200__.

Sagamore 54th St. Investments LLC

By: _____
Charles M. Dubroff,
Managing Member

ACKNOWLEDGMENT

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

On the __ day of _____in the year ____ before me, the undersigned, a Notary Public in and for said State, personally appeared Charles M. Dubroff, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

_____
Notary Public

EXHIBIT A

DESCRIPTION OF THE LAND

All that certain plot, piece or parcel of land, situate, lying and being in the Borough of Manhattan, City, County and State of New York, bounded and described as follows:

BEGINNING at a point on the northerly side of 54th Street, distant 300 feet westerly from the corner formed by the intersection of the westerly side of Ninth Avenue with the northerly side of 54th Street;

RUNNING THENCE northerly parallel with Ninth Avenue, 100 feet 5 inches to the center line of the block between 54th and 55th Street;

THENCE westerly along said center line of the block, 125 feet;

THENCE southerly again parallel with Ninth Avenue, 100 feet 5 inches to the northerly side of 54th Street; and

THENCE easterly along the northerly side of 54th Street, 125 feet to the point or place of BEGINNING.

EXHIBIT B

DESCRIPTION OF THE UNITS

EXHIBIT B

DESCRIPTION OF UNITS
THE HIT FACTORY CONDOMINIUM
421 WEST 54TH STREET, NEW YORK, NY

Unit	Number Tax Lot	Use Residential/ Commercial	Location in Portions of Building Facing Direction Set Forth Below	Approximate Gross Square Footage	Number of Bedrooms/Baths	Number of Rooms	Percentage of Interest In Building Common Elements	Common Elements To Which a Unit Has Immediate Access
C1		Commercial	North	3319	N/A	N/A	4.604	Public stair, public hallways, auto elevator, fire escape and portion of cellar
C2		Commercial	North and South	12380	N/A	N/A	17.173	Public stair, public hallways, fire escape and portion of cellar
C3		Commercial	North and South	10426	N/A	N/A	14.462	Public stair, public hallways and fire escape
3A		Residential	South	1210	1BR/1-1/2BTH	4	1.678	Public stair, public hallways, elevators, fire escape, lobby, roof and portion of cellar
3B		Residential	South	1206	1BR/2BTH	4	1.673	Public stair, public hallways, elevators, fire escape, lobby, roof and portion of cellar
3C		Residential	South	1912	2BR/2-1/2BTH	5	2.652	Public stair, public hallways, elevators, fire escape, lobby, roof and portion of cellar
3D		Residential	North and South	2378	2BR/3BTH	5	3.299	Public stair, public hallways, elevators, fire escape, lobby, roof and portion of cellar
3E		Residential	North	1124	1BR/2BTH	4	1.559	Public stair, public hallways, elevators, fire escape, lobby, roof and portion of cellar
3F		Residential	North	1021	1BR/2BTH	4	1.416	Public stair, public hallways, elevators, fire escape, lobby, roof and portion of cellar
3G		Residential	North	1237	2BR/2-1/2BTH	4	1.716	Public stair, public hallways, elevators, fire escape, lobby, roof and portion of cellar
4A		Residential	South	1210	1BR/1-1/2BTH	4	1.678	Public stair, public hallways, elevators, fire escape, lobby, roof and portion of cellar
4B		Residential	South	1206	1BR/2BTH	4	1.673	Public stair, public hallways, elevators, fire escape, lobby, roof and portion of cellar
4C		Residential	South	1912	2BR/2-1/2BTH	5	2.652	Public stair, public hallways, elevators, fire escape, lobby, roof and portion of cellar
4D		Residential	North and South	2378	2BR/3BTH	5	3.299	Public stair, public hallways, elevators, fire escape, lobby, roof and portion of cellar
4E		Residential	North	1124	1BR/2BTH	4	1.559	Public stair, public hallways, elevators, fire escape, lobby, roof and portion of cellar
4F		Residential	North	1021	1BR/2BTH	4	1.416	Public stair, public hallways, elevators, fire escape, lobby, roof and portion of cellar
4G		Residential	North	1237	2BR/2-1/2BTH	4	1.716	Public stair, public hallways, elevators, fire escape, lobby, roof and portion of cellar
5A		Residential	South	1210	1BR/1-1/2BTH	4	1.678	Public stair, public hallways, elevators, fire escape, lobby, roof and portion of cellar
5B		Residential	South	1206	1BR/2BTH	4	1.673	Public stair, public hallways, elevators, fire escape, lobby, roof and portion of cellar
5C		Residential	South	1912	2BR/2-1/2BTH	5	2.652	Public stair, public hallways, elevators, fire escape, lobby, roof and portion of cellar
5D		Residential	North and South	2378	2BR/3BTH	5	3.299	Public stair, public hallways, elevators, fire escape, lobby, roof and portion of cellar
5E		Residential	North	1124	1BR/2BTH	5	1.559	Public stair, public hallways, elevators, fire escape, lobby, roof and portion of cellar
5F		Residential	North	1021	1BR/2BTH	4	1.416	Public stair, public hallways, elevators, fire escape, lobby, roof and portion of cellar
5G		Residential	North	1237	2BR/2-1/2BTH	4	1.716	Public stair, public hallways, elevators, fire escape, lobby, roof and portion of cellar
PHA		Residential	South	2832	3BR/2-1/2BTH	5	3.928	Public stair, public hallways, elevators, fire escape, lobby, roof and portion of cellar
PHB		Residential	South	2045	2BR/2-1/2BTH	4	2.837	Public stair, public hallways, elevators, fire escape, lobby, roof and portion of cellar
PHC		Residential	South and West	3548	3BR/3-1/2BTH	6	4.922	Public stair, public hallways, elevators, fire escape, lobby, roof and portion of cellar
PHD		Residential	North and West	3291	3BR/3-1/2BTH	6	4.565	Public stair, public hallways, elevators, fire escape, lobby, roof and portion of cellar
PHE		Residential	North	1540	2BR/2-1/2BTH	4	2.136	Public stair, public hallways, elevators, fire escape, lobby, roof and portion of cellar
PHF		Residential	North and East	2445	3BR/2-1/2BTH	5	3.392	Public stair, public hallways, elevators, fire escape, lobby, roof and portion of cellar

EXHIBIT C

DEFINITIONS

For the convenience of presentation, definitions of certain of the terms used in the Declaration are set forth below:

"Affiliate"

A person that directly, or indirectly, through one or more intermediaries, controls or is controlled by, or is under common control with the person specified. As used in this definition "person" shall mean any individual, trust, estate, partnership, limited liability company, corporation or other business entity.

"Appurtenant Interest"

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 Board of Managers 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.

"Assessments"

The charges allocated and assessed by the Board of Managers 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).

"Board" or "Condominium Board" or "Board of Managers"

The Board of Managers of the Condominium.

"Building"

The structure located at 421-429 West 54th Street, New York, New York.

"Closing"

The time, place and procedure by which fee title to a Unit in question is conveyed to a Purchaser pursuant to a fully executed Purchase Agreement.

"Closing Date"

The date on which a Closing occurs.

"Commercial Common Interests"

That proportion that each Common Interest of each Commercial Unit bears to the Common Interests of all Commercial Units.

"Commercial Limited Common Elements"

Those portions of the Common Elements, if any, which serve or benefit one or more Commercial Unit Owner, the use of which is limited to one or more Commercial Unit Owners exclusively.

"Commercial Unit"

Each Unit designated as a Commercial Unit in the Declaration, together with said Unit's appurtenant undivided interest in the Common Elements. Commercial Units means collectively the Commercial Units.

"Commercial Unit Owner"

The Owner of a Commercial Unit. "Commercial Unit Owners" means collectively the Commercial Unit Owners.

"Common Charges"

Charges imposed by and payable to the Condominium Board against all Unit Owners in order to pay the Common Expenses. Each Unit's proportionate share of the Common Expenses in accordance with its Common Interest.

"Common Elements"

The Land and all parts of the Buildings, including its foundations, roofs, and support, other than Units and the Residential Common Elements. Common Elements are also sometime referred to as General Common Elements.

"Common Expenses"

Costs and expenses incurred or projected in connection with the repair, maintenance, replacement, restoration and operation of, and any alteration, addition or improvement to, the Common Elements.

"Common Interest"

The proportionate, undivided interest in fee simple absolute in the Common Elements appertaining to each Unit as expressed in the Declaration. The term "Common Interests" means the Common Interest of all Unit Owners.

"Condominium"

A form of ownership of real property in which individual Units as component parts of a whole are owned in fee simple with the right of exclusive use, by separate individuals or entities, which separate individuals and/or entities jointly own those parts of the whole designated as Common Elements. In the context of this Offering Plan. "Condominium" specifically refers to The Amos Street Condominium.

"Condominium Act"

Article 9-B of the Real Property Law of the State of New York, as the same may be amended from time to time.

"Condominium Documents"

The Declaration and all Schedules thereto, the By-Laws, the Rules and Regulations, the Floor Plans, form of Unit Deed and the form of Unit Owners Power of Attorney.

"Declarant"

Sagamore 54th St. Investments LLC, which executed the Declaration, and is the fee owner of the Property. Any reference in the Declaration and Bylaws to the Declarant shall also mean HF Sponsor Corp.

"Declarant-Designee" or "Declarant's Designee" or "Designee of the Declarant"

Any Person designated by the Declarant to hold title to any Unsold Units. The Declarant's statement in writing that a Person is a Declarant-Designee shall be conclusive evidence of such status so as to entitle such and all Persons to all the rights of a Declarant-Designee under this Offering Plan. The term "Declarant-Designee" or "Declarant's Designee" shall collectively mean each such Declarant-Designee, if there is more than one designated by the Declarant. HF Sponsor Corp. shall be deemed a Declarant-Designee.

"Declaration"

The instrument, as may be amended from time to time, by which the Property is submitted to the provisions of the New York State Condominium Act, consistent with the provisions of the New York Condominium Act and the By-Laws.

"Department of Law"

The New York State Department of Law

"Duplex Penthouse Units"

The duplex Residential Units located on the 6th and penthouse floors of the Building.

"Filing Date"

The date that the Plan is accepted for filing by the Department of Law.

"First Unit Closing" or "First Closing"

The first closing of title with a bona fide Purchaser of a Unit.

"Floor Plans"

The floor plans of the Units and the roofs and cellar of the Building certified by a registered architect or licensed professional engineer, and filed in the Register's Office simultaneously with the recording of the Declaration, together with any supplemental floor plans thereto.

"Land"

All that certain tract, plot, piece and parcel of land situate, lying and being in the City of New York, New York, County, State of New York, as more particularly described in Schedule A to the Declaration.

"Law"

The laws and ordinances of any or all of the Federal, New York State, New York City, and New York County governments, the rules, regulations, orders and directives of any or all departments, sub-divisions, bureaus, agencies, or offices thereof or of any other governmental, public, or quasi-public authorities having jurisdiction over the Property and/or the Condominium, and/or the direction of any public officer pursuant to law.

"Limited Common Elements"

Those Common Elements which serve or benefit exclusively one or more but not all the Units and/or the Unit Owners. Presently this term generally refers to and includes Commercial Limited Common Elements and the Residential Limited Common Elements.

"Majority" or "Majority of Unit Owners"

Majority of Unit Owners means either (i) more than fifty per cent in Common Interest in the aggregate, or (ii) more than fifty per cent in number of Units in the aggregate, or (iii) more than fifty per cent in the aggregate in both Common Interest and in number of Units, as may be specified herein or in the Declaration or the By-Laws with respect to any matter or matters. Any specified percentage of Unit Owners means (i) such percentage in Common Interest in the aggregate, or (ii) such percentage in number of Units in the aggregate, or (iii) such percentage in Common Interest and such percentage in number of Units, as may be specified herein or in the

Declaration or the By-Laws with respect to any matter or matters, provided however, that different percentages in interest and in number of Units may be so specified.

"Majority of the Commercial Unit Owners"

"Majority of the Commercial Unit Owners" shall mean more than 50% of the Common Interests allocated in the aggregate to the Commercial Unit Owners in the Declaration.

"Majority of the Residential Unit Owners"

Majority of the Residential Unit Owners means not more than 50% of the Residential Common Interests in the aggregate allocated to the Residential Units.

"Managing Agent"

A person employed by the Condominium Board pursuant to Article II, Section 3 of the By-Laws, who shall undertake to perform the duties and services that the Condominium Board shall direct and who shall have whatever powers the Condominium shall delegate, subject to the limitations contained in such Section of the By-Laws.

"MTI Elevator" or "Unit #3 Elevator"

The elevator which is a Limited Common Element for Commercial Unit #3 if MTI Enterprises, Inc. timely exercises its option to purchase Commercial Unit #3 under the Plan.

"Offering Plan " or "Plan"

The document filed with the New York State Department of Law which describes the condominium property and pursuant to which individual Units in the Condominium are offered for sale, as the same may be amended from time to time. Sometimes herein referred to as the "Plan"

"Operation of the Property"

The administration and operation of the Property and the maintenance, repair and replacement of, and the making of any additions and improvements to, the Common Elements.

"Parking Unit"

If a special use permit is granted by the New York City Planning Commission as to an accessory off-street parking facility for Commercial Unit #1, then each Unit (if any) designated as a Parking Unit in the Declaration together with such Unit's undivided interest in the Common Elements. "Parking Units" means collectively the Parking Units.

"Permitted Mortgage" or "Mortgage"

Refers to a mortgage placed on a Unit made by a bank, trust company, savings bank, private bank, insurance company, federal savings and loan association, credit union, pension fund or other lender regularly engaged in the business of making mortgage loans, the Sponsor, Sponsor's designee or the seller of a Unit.

"Permitted Mortgagee" or "Mortgagee"

Refers to the holder of a Permitted Mortgage or Mortgage.

"Person"

A natural person, corporation, partnership, association, trustee or other legal entity.

"Power of Attorney"

The document, signed by Unit Owners, which appoints: (i) the Board of Managers as attorney-in-fact to acquire, on behalf of all Unit Owners, any Unit the Unit Owner of which wishes to sell or abandon together with the Appurtenant Interests thereto and to deal with any such Units so acquired as they may determine; (ii) the Declarant, as attorney-in- fact, to amend the Declaration, the By-Laws, and the Rules and Regulations of the Condominium or any of said documents under certain conditions set forth in the Power of Attorney.

"Presentation Date"

The date on which this Offering Plan or an amendment thereto, as the case may be, is personally delivered or the fifth day after mailing to the tenants in occupancy of Units in the Building following acceptance of this Offering Plan or an amendment thereto for filing by the Department of Law.

"Property"

Means and includes the Land, the Building and all other improvements thereon, (i) owned in fee simple absolute, and all easements, rights and appurtenances belonging thereto, and all other Property, personal or mixed, intended for use in connection therewith, which have been or are intended to be submitted to the provisions of the New York State Condominium Act.

"Purchase Agreement" or "Contract of Sale"

The agreement to purchase a Unit pursuant to this Offering Plan.

"Purchaser"

Any Person who has entered into an agreement with or to purchase any Unit and is not in default thereunder.

"Recording officer" and "Recording" or "Recorded"

Shall have the meanings stated in section two hundred ninety of the New York State Real Property Law.

"Residential Common Elements"

Those portions of the Common Elements, which exclusively serve or benefit all of the Residential Units.

"Residential Common Expenses"

Costs and expenses incurred or projected in connection with the repair, maintenance, replacement, restoration and operation of and any alteration, addition or improvement to the Residential Common Elements.

"Residential Common Interests"

The proportion that each Common Interest of the Residential Unit Owner bears to the Common Interests of all Residential Units.

"Residential Limited Common Elements"

Those portions of the Common Elements, which exclusively serve or benefit a Residential Unit.

"Residential Lobby"

The residential lobby on the street of the Building on 54th Street for the use of Residential Unit Owners, their families, guests, tenants, employees and which provides access to the elevators and other areas servicing the Residential Units.

"Residential Unit"

Each Unit designated as a Residential Unit in the Declaration, together with such Unit's appurtenant undivided interest in the Common Elements. Residential Units mean collectively the Residential Units.

"Residential Unit Owner"

The Owner of a Residential Unit. Residential Unit Owners means collectively the Residential Unit Owners. The portion of a Commercial Unit that is converted to a residential use shall be deemed a Residential Unit after such conversion.

"Rules and Regulations"

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 the with the terms of the Condominium Act, the Declaration, or the By-Laws.

"Sponsor"

The promoter of the project and/or Offering Plan to convert a particular parcel of property to Condominium Ownership; Sagamore 54th St. Investments, LLC and HF Sponsor Corp. are both the Sponsor of the Offering Plan, and Sagamore 54th St. Investments, LLC is the entity which is the Declarant and fee owner of the Property.

"Sponsor Control Period"

The period of time in which the Sponsor will have control of the Board of Managers, which shall continue until the earlier to occur of: (i) any meeting of the Unit Owners at which the votes cast for the Sponsor's representative and board members appointed by the Sponsor do not result in Sponsor's representatives or appointed board members being elected or appointed as a majority of the members of the Board of Managers; or (ii) five (5) years after the First Unit Closing, or (iii) at such time as Sponsor owns Unsold Units which in the aggregate are allocated less than a 25% interest in the Common Elements. After the occurrence of the Sponsor Control period, the Sponsor's representatives or appointees for the Residential Members may nevertheless serve out the remainder of their term until the next annual election of new board members.

"Storage Units"

The twenty-seven (27) Storage Units in the cellar, which are Residential Limited Common Elements for each of the Residential Units. Such Storage Units are set forth in the cellar plan attached hereto. Such Storage Unit, allocated for each Residential Unit, shall not apply to any Commercial Unit which is subsequently converted to one or more Residential Units.

"Unit"

Any space in the Building designated as a Unit. A Residential Unit may only by used for residential purposes, or any lawful use appurtenant to such residential use, provided it complies with any government law and/or regulation, including zoning. A Commercial may be used for any lawful purpose, including commercial and/or retail use.

"Unit Owner"

The person or persons, or entity owning a Unit in fee simple absolute, and all such Units are collectively referred to as the "Units".

"Unit Deed"

The deed transferring title to a specified Unit from Sponsor to Purchaser in fee simple absolute.

"Unit Designation"

The number, letter or combination thereof or other official designations conforming to the tax lot number, if any, designating the unit in the Declaration and on the Floor Plans.

"Unsold Units"

Any Residential and/or Commercial Unit owned by Declarant, HF Sponsor Corp. or Declarant's Designee at the time in question.

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CONDOMINIUM BY-LAWS

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BYLAWS OF

THE HIT FACTORY® CONDOMINIUM

AT

421-429 WEST 54TH STREET, NEW YORK, NEW YORK

(Part 2 of the Declaration)

Record and Return:
Philip S. Brody, Esq.
55 Fifth Avenue, 15th floor
New York, New, York 10003-4398
Telephone: 212 206-6011
Facsimile: 212 727-0563

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BY-LAWS

of

THE HIT FACTORY® CONDOMINIUM

(421-429 West 54th Street, New York, New York)

ARTICLE I

Plan of Unit Ownership

Section 1. ***Purpose.*** The purpose of these By-Laws is to set forth the rules and procedures governing the operation and conduct of The Hit Factory® Condominium ("Condominium"). The Condominium comprises the land situated in the Borough of Manhattan, City, County and State of New York, more particularly described in Schedule A of the Declaration recorded in the Office of the City Register, New York County, simultaneously herewith, and the Building, constructed on said land (the land and Buildings hereinafter are collectively called the "Property"). The Property has been submitted pursuant to the provisions of Article 9-B of the Real Property Law of the State of New York (hereinafter referred to as the "Condominium Act") by the recording of the Declaration. All Units are hereinafter referred to as "Residential Unit(s)", "Commercial Unit(s)", or "Unit(s)". All other capitalized terms not defined in the By-Laws shall have the meaning as set forth in the Declaration. All capitalized terms used in these By-Laws that are defined in any of the Articles hereof shall have meanings ascribed to them in such Articles.

Section 2. ***Applicability of By-Laws.*** The provisions of these By-Laws are applicable to the Property of the Condominium and to the use and occupancy thereof. The term "Property" as used herein shall include the land, the Buildings and all other improvements thereon (including the Units and the Common Elements and Limited Common Elements), owned in fee simple and all easements, rights and appurtenances belonging thereto, and all other property, personal or otherwise intended for use in connection therewith, all of which are intended to be submitted to the provisions of the Condominium Act.

Section 3. ***Application.*** All present and future owners, mortgagees, lessees and occupants of Units and their employees, agents, tenants or licensees and any other persons who may use the facilities of the Property in any manner are subject to these By-Laws, the Declaration and the Rules and Regulations attached hereto as Exhibit A, each as may be amended from time to time.

The acceptance of a deed or conveyance or the succeeding to title to a Unit (by operation of law or otherwise) or the entering into of a lease or the act of occupancy or acceptance of surrender of a Unit shall constitute an agreement that these By-Laws, the Rules and Regulations

and the provisions of the Declaration, as they may be amended from time to time, are assumed, accepted, ratified, and will be complied with.

Section 4. ***Office***. The office of the Condominium and of the Board of Managers shall be located at the Property or at such other place within the Borough of Manhattan reasonably convenient thereto, as may be designated from time to time by the Board of Managers.

ARTICLE II

Board of Managers

Section 1. ***Number and Qualification.*** The affairs of the Condominium shall be governed by a Board of Managers. The Board of Managers shall initially consist of three (3) persons designated by Declarant until their successors shall have been elected by the Unit Owners, including Declarant or its Designee, at the first meeting of Unit Owners held pursuant to Section 1 of Article III of these By-Laws, at which meeting a new seven (7) member Board of Managers shall be installed in accordance with these By-Laws. Of these seven (7) members, five (5) shall be elected by the Unit Owners, including the Declarant or its Designee, (other than the Owners of Commercial Units #2 and #3) and shall be referred to herein as the "Residential Members," and two (2) shall be elected or appointed by the Owners of Commercial Units #2 and #3. The Owners of Commercial Units #2 and #3 shall each be entitled to elect or appoint one member of the Board of Managers. Such members shall be referred to as the "Commercial Members". The Owners of Commercial Units #2 and #3 shall not be entitled to vote in the election for the Residential Members of the Board of Managers. Such right of the Owners of Commercial Units #2 and #3 to each appoint or elect a separate Commercial Member of the Board of Managers shall only apply during such time that Commercial Unit #2 or #3 remains as a Commercial Unit in its entirety. To the extent any such Commercial Unit is entirely converted to one or more Residential Units, then the Owner(s) of such Unit(s) shall no longer have the separate right to elect or appoint a Commercial Member to the Board of Managers. In such case, the number of the Residential Members of the Board of Managers shall be correspondingly increased. If Commercial Unit #2 and/or #3 is converted to Residential Unit(s), then the Owners of such newly created Residential Unit(s) shall be entitled to vote for the Residential Members of the Board of Managers. Notwithstanding the foregoing, the Declarant or its Designee shall have the right to appoint certain members of the Board of Managers in accordance with the provisions of Section 4 of Article II of these By-Laws.

All members of the Board of Managers shall be a Unit Owner, the spouse of Unit Owner, a mortgagee of a Unit Owner (or a partner, member, stockholder, employee, officer, director or agent of a mortgagee of a Unit Owner), a partner or an employee of a partnership Unit Owner, the officer or director of a corporate general partner of a Unit Owner, a stockholder, officer, director or employee of a corporate Unit Owner, a member or director, officer or employee of a member of a Unit Owner which is a limited liability company, fiduciaries of officers or employees of a fiduciary Unit Owner, a trustee of a Unit which is owned by a trust, an officer, stockholder or employee of any Affiliate of a Unit Owner, an attorney, accountant or other professional engaged by a Unit Owner or by an affiliate of a Unit Owner, a principal, partner, member, director, officer stockholder or employee of the Managing Agent, or, in the case of the

Declarant, shall be the designees of the Declarant or in the case of a Commercial Member, shall be the designees of the Owners of Commercial Units #2 and #3.

No Unit Owner may be elected to serve on the Board of Managers if the Board of Managers 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 election. No Unit Owner may serve on the Board of Managers so long as such lien remains unpaid.

Except as provided above in the case of the conversion of Commercial Unit #2 and/or #3 into Residential Unit(s), the number of the Residential Members of the Board of Managers may not be changed without the consent of the Declarant or its Designee for so long as the Declarant or its Designee owns one Residential and/or Commercial Unit (other than a Parking Unit, if Commercial Unit #1 is converted to Parking Units).

Unless otherwise approved by the Majority of Commercial Unit Owners, the number of the members of the Board of Managers may not be increased unless the number of members elected or appointed by the Commercial Unit Owners shall equal approximately the same proportionate share as the number of Commercial Members currently bears to the total number of members of the Board of Managers.

Section 2. ***Powers and Duties***. (a) The Board of Managers shall have the powers and duties necessary for the administration of the affairs of the Condominium and may do all such acts and things except as by law or by the Declaration or by these By-Laws may not be delegated to the Board of Managers by the Unit Owners. Such powers and duties of the Board of Managers shall include, but shall not be limited to the following:

(i) Operation, care, upkeep and maintenance (including the removal of trash, debris, snow and ice) of the Common Elements (including the Residential Common Elements) (as such terms are defined in the Declaration);

(ii) Determination of the Common Expenses and Residential Common Expenses required for the affairs of the Condominium, including, without limitation, the operation and maintenance of the Common Elements and the Residential Common Elements;

(iii) Collection of the Common Charges from the Unit Owners, and to the extent the Units are not separately assessed for real estate taxes, to establish a method for allocating the tax imposed among all Units in a manner consistent with the method of allocation set forth in the Offering Plan, and billing and collecting the same;

(iv) Employment and dismissal of the personnel necessary for the maintenance and operation of the Common Elements, including the Residential Common Elements;

(v) Adoption and amendment of rules and regulations covering the details of the operation and use of the Common Elements (including the

Residential Common Elements) and Limited Common Elements, except that no rule or regulation may be adopted in connection with the use or operation of a Commercial Unit or the Commercial Limited Common Elements unless consented to in writing by the majority of the Commercial Unit Owners;

(vi) Opening and maintaining bank accounts on behalf of the Condominium and designating the signatories required therefor;

(vii) Purchasing or leasing or otherwise acquiring in the name of the Board of Managers, or its designee, corporate or otherwise, on behalf of all Unit Owners, Residential Units offered for sale or lease by their Owners to the Board of Managers, pursuant to the right of first refusal of the Board of Managers or otherwise;

(viii) Acquiring by surrender or by purchase, Units at foreclosure, through deed in lieu of foreclosure, or surrender or other judicial sales in the name of the Board of Managers, or its designee, corporate or otherwise, on behalf of all Unit Owners;

(ix) Acquiring in the name of the Board of Managers, or its designee, corporate or otherwise, on behalf of all Unit Owners, rights and interests in real and personal property for use in connection with the ownership and operation of the Property;

(x) Selling, leasing, subleasing Units leased by the Board of Managers, mortgaging, voting the votes appurtenant to (other than for the election of members of the Board of Managers), or otherwise dealing with Units acquired by the Board of Managers or its designee, corporate or otherwise, on behalf of all Unit Owners;

(xi) Organizing corporations to act as designees of the Board of Managers in acquiring title to or leasing Units or rights and interests in real and personal property for use in connection with the ownership and operation of the Common Elements (including Residential Common Elements) on behalf of all Unit Owners;

(xii) Leasing portions of the Common Elements (including the Residential Common Elements) and granting licenses for vending machines and other concessions;

(xiii) Obtaining insurance, pursuant to the provisions of Article V, Section 2 hereof,

(xiv) Making repairs, replacements, additions and/or improvements pertaining or relating to: i) the Common Elements (including the Residential Common Elements); ii) building wide systems that affect more than one Unit (including but not limited to heating, plumbing, electric, air conditioning, ventilating, telecommunication and other building systems); iii) building wide improvements even if such improvements are completed in or to the Units, including but not limited to the windows, doors

and fireplaces (if any) that are part of the Units: and iv) and/or restoration of the Common Elements (including the Residential Common Elements) and/or other building wide improvements after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceeding;

(xv) Borrowing money on behalf of the Condominium when required in connection with the operation, care, upkeep and maintenance of the Common Elements (including the Residential Common Elements), and/or in connection with undertaking the powers of the Board of Managers, as set forth in Section 2 (xiv) above, provided, however, that (A) the consent of the Majority of Unit Owners present in person and/or by proxy and voting at a meeting duly called and held for such purpose in accordance with the provisions of those Bylaws shall be required for the borrowing of any amount in excess of $100,000 (the "Threshold Amount") for the Common Elements and/or Residential Common Elements in any one calendar year (regardless of the loan outstanding from previous calendar years) and (B) no lien to secure repayment of any sum borrowed may be created on any Unit or its appurtenant interest in the Common Elements (including the Residential Common Elements) without the consent of the Unit Owner. Such Threshold Amount shall be increased 15% every 5 years after the First Closing. To the extent any such borrowing relates only to the Residential Common Elements, the Residential Unit Owners shall be responsible for all costs relating to any such borrowing (including debt service and the payoff of any such loan), which cost shall be paid by the Residential Unit Owners in proportion to their respective Residential Common Interests. Subject to the provisions of Section 339 of the Condominium Act (as such may be subsequently amended), the Board of Managers, on behalf of the Unit Owners, may (A) assign its rights in and to the receipt of future income and Common Charges, (B) create a security interest in, assign, pledge, mortgage or otherwise encumber funds or other real or personal property that it holds and (C) agree that, at the lender's direction, it will increase Common Charges to the extent necessary to pay any amount due under any of the provisions of the agreements under which any such debt was incurred. Any such assignment, given in connection with a debt incurred, may provide that, in the event of a default, the lender shall have the right of the Board of Managers to file liens, in the lender's name, on the Units for unpaid Common Charges and the right to foreclosure such liens. If any sum borrowed by the Board of Managers on behalf of the Condominium pursuant to the authority contained in this Paragraph (xv) is not repaid by the Board of Managers, a Unit Owner who pays to the creditor such proportion thereof as his or her interest in the Common Elements bears to the interests in the Common Elements of all the Unit Owners responsible for paying therefor shall be entitled to obtain from the creditors a release of any judgment or other lien which said creditor shall have filed or shall have the right to file against the Unit Owner's Unit;

(xvi) Levying fines against Unit Owners for violations of the rules and regulations governing the operation and use of the Property and levying late payment charges against Unit Owners for late payment of their Common Charges, including assessments or special assessment by the Board of Managers, except that as to violations of the Rules and Regulations, no fines shall be levied against the Declarant and/or its Designee and the Commercial Unit Owners;

(xvii) Adjusting and settling claims under insurance policies obtained pursuant to Article V. Section 2. and executing and delivering releases upon settlement of such claims on behalf of all Unit Owners or contesting, negotiating, or settling any action pertaining to any condemnation or eminent domain proceeding which is directed at taking any portion of the Common Elements or which concerns or affects the use of the Common Elements including the Residential Common Elements;

(xviii) Executing, acknowledging and delivering (i) any declaration or other instrument affecting the Property which the Board of Managers deems appropriate or necessary 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 maintenance, demolition, construction, alteration, repair or restoration of the Property, or (ii) any consent, covenant, restriction, easement or declaration affecting the Property which the Board of Managers deems necessary or appropriate;

(xix) Preparing, executing and recording, on behalf of all Unit Owners, as their attorney-in-fact, a restatement of the Declaration and/or these By-laws whenever the Board of Managers deems it advisable to consolidate and restate all amendments, modifications, additions and deletions theretofor made to the Declaration and/or these By-Laws;

(xx) Executing, acknowledging and delivering, any document or other instrument necessary to commence, pursue, compromise or settle certiorari proceedings to obtain reduced real estate tax assessments with respect to Units for the benefit and on behalf of each Unit Owner who has given appropriate written authorization, provided that each such Unit Owner indemnifies the Board of Managers from and against all claims, costs and expenses (including, without limitation, reasonable attorney's fees and disbursements) resulting, from such proceedings;

(xxi) Purchasing or leasing, in the name of the Board of Managers, space for the storage of personal property of Unit Owners, and in connection therewith the promulgation of conditions, rules and regulations for the operation and supervision thereof; and

(xxii) Imposition of move in fees and charges, and transfer fees in connection with the sale or lease of a Unit, provided that no such fees or charges or any other conditions of transfer or lease may be imposed upon the Declarant and/or its Designee and/or the Owner of a Commercial Unit.

(b) ***Limitations During Period of Declarant's Control.*** Notwithstanding anything to the contrary contained in these By-Laws, so long, as Declarant or its Designee shall continue to own Condominium Units (including the Commercial Units) equaling at least twenty five percent (25%) of the total Common Interests of the Condominium, but in no event later than five (5) years from the First Closing, the Board of Managers may not, without the prior written consent of Declarant or its Designee, (i) make any addition, alteration or improvement to the Common Elements and/or the Residential Common Elements or to any Unit, or (ii) assess any Common

Charges or special assessment for the creation of, addition to or replacement of all or a part of any reserve, contingency or surplus fund, except the Declarant hereby consents to replacements to the contingency fund provided in Schedule B of the Offering Plan to the extent that the aggregate of such fund does not exceed 5% of the budgeted annual expenses of the Condominium, or (iii) increase or decrease the number or change the kind of employees initially hired by the Condominium, or (iv) enter into any service or maintenance contract for work not covered in the initial projected budget for the Condominium or otherwise provide services in excess of those contemplated by such projected budget, except as required to affect normal annual increases in operating services, or (v) borrow money on behalf of the Condominium (except where necessary to perform work required by law to the extent existing reserves are insufficient) or (vi) amend the Declaration or By-Laws of the Condominium; provided, however, that Declarant's or its Designee's written consent is not necessary to perform any function or take any action described in items (i) through (vi) 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 Board of Managers to comply with laws, rules or regulations of any governmental authority having jurisdiction over the Condominium, to remedy any notice of violation, or to remedy any work order by the insurance carrier for the Property. While Declarant has voting control of the Board of Managers, the Declarant or its Designee will not reduce or eliminate the services to be provided to the Condominium as set forth in the Plan. Subject to the foregoing, Declarant or its Designee shall have the right to withhold its consent to any of the foregoing actions.

Section 3. ***Managing Agent and Managers.*** The Board of Managers may employ for the Condominium a managing agent and/or a manager at a compensation established by the Board of Managers, to perform such duties and services as the Board of Managers shall authorize, including, but not limited to the duties listed in subdivisions (i), (iii), (iv), (xii) and (xiv) of Section 2, paragraph (a) of this Article II. The Board of Managers may delegate to the manager or managing agent all of the powers granted to the Board of Managers by these By-Laws other than the powers set forth in subdivisions (ii), (v), (vi), (vii), (viii), (x), (xi), (xv) and (xvii) of Section 2, paragraph (a) of this Article II.

Section 4. ***Election and Term of Office.*** (a) The term of office of the three (3) members of the Board of Managers designated by the Declarant prior to the first annual meeting of Unit Owners shall expire when the seven (7) individuals to be elected at such meeting are so elected and qualified. Within approximately six months after the date of the First Closing the Board of Managers will call for the first annual meeting of Unit Owners for the purpose of electing a new Board of Managers. From after and after the first annual meeting of the Unit Owners, the term of office of the members of the Board of Managers shall be for a period of one year or until their successors are elected and qualified. Unless otherwise agreed upon by the Board of Managers, the Residential Members may serve successive one year terms without limitation as to the number of such successive one year terms. Each of the Owners of Commercial Units #2 and #3 shall be entitled to elect or appoint one of the Commercial members of the Board of Managers. The Commercial Members of the Board of Managers may also serve successive one year terms without limitation as to the number of such successive one (1) year terms. Notwithstanding the foregoing, each member of the Board of Managers shall hold office until his or her respective

successor shall have been elected by the Unit Owners or appointed by the Declarant or the Owners of Commercial Units #2 and #3, as the case may be.

(b) Notwithstanding, the foregoing, during the Sponsor Control Period (as defined below), the Declarant or its Designee shall be entitled to elect or appoint a majority of the Board Members, which Board Members so elected or appointed may be affiliated with the members, principals, agents and/or employees of or other nominees or appointees of the Declarant or its Designee (collectively, the "Declarant Appointees"). The Sponsor Control Period, during which the Declarant or its Designee shall be entitled to elect or appoint a majority of the Board of Managers who are Declarant Appointees, shall continue until the earlier to occur of: (i) any meeting of Unit Owners at which the votes cast for Declarant's representatives and board members appointed by the Declarant or its Designee do not result in Declarant's or its Designee's representatives or appointees being elected or appointed as the majority of the members of the Board of Managers; or (ii) five (5) years after the First Closing, or (iii) at such time as Declarant or its Designee owns less than 25% of the Unsold Units. After the Sponsor Control Period, the Declarant and its Designee will no longer be able to elect or appoint a majority of the Members of the Board of Managers who are Declarant Appointees. After the Sponsor Control Period, Declarant Appointees shall no longer constitute a majority of the Members of the Board of Managers (including the members appointed by the Owners of Commercial Units #2 and #3 if any of such Commercial Units are owned by the Declarant or its Designee). Any such relinquishment of the Declarant's or its Designee's ability to appoint a majority of the Board members should take into account whether or not the Declarant or its Designee appoints or elects (as the owner of Commercial Units #2 or #3) the Commercial Members of the Board representing such Commercial Unit Owners. Notwithstanding the above provisions so long as the Declarant or its Designee shall continue to own at least one (1) Residential or Commercial Unit (other than a Parking Unit, if Commercial Unit #1 is converted into Parking Units), the Declarant or its Designee shall have the right to appoint one Member of the Board of Managers. Such appointment made by Commercial Unit Owners #2 and #3 (to the extent owned by the Declarant or its Designee) shall be counted in determining the Declarant's and its Designee's control of the majority of the Board of Managers and the one remaining member of the Board of Managers that may be appointed by the Declarant or its Designee. After the Sponsor Control Period, the Declarant Appointees, who are Residential Members, may nevertheless serve out the remainder of their one-year term and shall relinquish their position at the end of such term and a successor shall be elected by the Unit Owners, including the Declarant or its Designee as to the Unit(s) owned thereby. Nothing contained herein shall be deemed to limit the right of the Owners of Commercial Units #2 and #3 to each appoint a Commercial Member to the Board of Managers or to limit the Right of the Declarant and its Designee to cast votes appurtenant to each Unit owned by the Declarant or its Designee for individuals nominated to the Board of Managers who are not Declarant Appointees, which individuals, if elected, shall not be deemed the nominees or appointees of the Declarant or its Designee and shall not be deemed to cause the Declarant or its Designee to control the Board of Managers after the Sponsor Control Period.

Section 5. ***Removal of Members of the Board of Managers.*** At any regular or special meeting of Unit Owners, any one or more of the Residential Members (other than a member designated by the Declarant or its Designee) may be removed with or without cause by a

majority of the Residential Unit Owners and a successor may then or thereafter be elected by the Residential Unit Owners to fill the vacancy thus created. Notwithstanding the foregoing: (i) a member of the Board of Managers designated by Declarant (or its Designee) may only be removed for cause by a majority vote of the Unit Owners at any regular or special meeting of the Unit Owners and only the Declarant shall have the right to designate his or her replacement. Also, the member of the Board of Managers appointed by the Owners of Commercial Unit #2 or #3 may also only be removed for cause by a majority vote of the Unit Owners at any or regular special meeting of the Unit Owners and only the Owners of such Commercial Units shall have the right to designate his or her replacement as to the Commercial Member to which each such Commercial Unit Owner is entitled to appoint or elect. Any member of the Board of Managers whose removal has been proposed shall be given an opportunity to be heard at the meeting. If a member of the Board of Managers no long qualifies as a member, pursuant to Section 1 of Article II, unless such member of the Board of Managers is a designee or appointee of the Declarant or the Owners of the Commercial Units #2 or #3, he or she shall be deemed to have resigned effective as of the date such member no longer satisfies the qualifications of Section 1 of Article II.

Section 6. ***Vacancies***. Vacancies in the Board of Managers, caused by any reason other than the removal of a member, shall be filled by vote of a majority of the remaining Board members at a special meeting held for that purpose promptly after the occurrence of any such vacancy, even though the members present at such meeting may constitute less than a quorum, and each person so elected shall be a member of the Board of Managers for the remainder of the term of the predecessor member and until a successor shall be elected at the next annual meeting of Unit Owners. Vacancies as to Board member(s) appointed by the Declarant shall be designated or appointed by the Declarant. Vacancies as to the Commercial Board Member shall be designated or appointed by Owners of Commercial Unit #2 and/or #3, as to the respective Commercial Member allocated for each such Commercial Unit.

Section 7. ***Organization Meeting***. The first meeting of the members of the Board of Managers following each annual meeting of the Unit Owners shall be held within approximately thirty (30) days thereafter at such time and place as shall be fixed by a majority of the members of the Board of Managers and no notice shall be necessary to the newly elected members of the Board of Managers in order legally to constitute such meeting, providing a majority of the whole Board of Managers shall be present thereat.

Section 8. ***Regular Meetings***. Regular meetings of the Board of Managers may be held at such time and place as shall be determined from time to time by a majority of the members of the Board, as the case may be. Notice of regular meetings of the Board of Managers shall be given to each member of the Board of Managers, by mail, personal or overnight delivery, fax or telegram, at least three (3) business days prior to the day named for such meeting.

Section 9. ***Special Meetings***. Special meetings of the Board of Managers may be called by the President upon three (3) business days' notice to each member of the Board of Managers, given by mail, personal or overnight delivery, telegram or by fax, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Managers shall be

called by the President or Secretary in like manner and on like notice on the written request of at least four (4) members of the Board of Managers.

Section 10. ***Waiver of Notice.*** Any member of the Board of Managers may at any time waive notice of any meeting of the Board of Managers in writing, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a member of the Board of Managers at any meeting of the Board of Managers shall constitute a waiver of notice by him or her of the time and place thereof. Any one or more members of the Board of Managers may participate in a meeting of the Board of Managers by means of a conference telephone or similar communications equipment allowing all persons participating in the meeting to hear each other at the same time. Participation by such means shall constitute presence in person at a meeting. If all the members of the Board of Managers are present at any meeting of the Board of Managers, as the case may be, no notice shall be required and any business may be transacted at such meeting.

Section 11. ***Quorums.*** (a) Except as otherwise required in these By-Laws, all determinations of the Board of Managers shall be made at a meeting of the Board of Managers at which a quorum is present. At all meetings of the Board of Managers, a majority of the members thereof, shall constitute a quorum for the transaction of business. The votes of a majority of the members present at a meeting at which a quorum is present shall constitute the decision of the Board of Managers. If at any meeting of the Board of Managers there shall be less than a quorum present a majority of those present may adjourn the meeting from time to time. At any such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice. Any action required or permitted to be taken by the Board of Managers thereof may be taken without a meeting if all members of the Board Managers consent in writing to the adoption of a resolution authorizing such action and the writing or writings are filed with the minutes of the proceedings of the Board of Managers.

Section 12. ***Fidelity Bonds.*** The Board of Managers shall obtain adequate fidelity bonds for all members of the Board of Managers, officers and employees of the Condominium and the managing agent handling or responsible for Condominium funds. The premiums on such bonds shall constitute a Common Expense.

Section 13. ***Compensation.*** No member of the Board of Managers shall receive any compensation from the Condominium for acting as such.

Section 14. ***Liability of the Board Members and Unit Owners.*** To the extent permitted by applicable law, no member of the Board of Managers shall have any personal liability with respect to any contract, act or omission of the Board of Managers or of any managing agent or manager in connection with the affairs or operation of the Condominium, any Common Element (including Residential Common Elements) or any Limited Common Element (except in their capacities as Unit Owners) and the liability of any Unit Owner with respect thereto shall be limited as hereinafter set forth. Every contract made by the Board of Managers or by any managing agent or manager thereof shall state that it is made by the Board of Managers, managing agent or manager only as agent for all Unit Owners, that the Board members or

managing agent or manager shall have no personal liability thereon (except in their capacities as Unit Owners) and shall also state the applicable limitations of liability of Unit Owners provided for in the next sentence. The liability of any Unit Owner with respect to any contract, act or omission with respect to the Condominium or any Limited Common Element shall be limited to such proportionate share of the total liability as the interest of such Unit Owner bears to the aggregate Common Interests of all Unit Owners, and unless expressly stated to the contrary in such contract (as determined by the relevant Board of Managers in its sole and absolute discretion), to the extent permitted by applicable law, shall be limited to such Unit Owner's interest in such Unit Owner's Unit and such Unit Owner's appurtenant Common Interest so that such Unit Owner shall have no personal liability for such contract, act or omission. Nothing in the preceding sentence shall limit a Unit Owner's liability for the payment of Common Charges and/or special assessments. Any such contract or agreement may also provide that it covers the assets, if any, of the Board of Managers on whose behalf the contract or agreement is made. Board members shall have no liability to Unit Owners except that a Board member shall be liable to the Unit Owners for the Board Member's 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 Board member against any liability or claim except those arising out of such member's own bad faith or willful misconduct. The Board of Managers may contract or effect any transaction with any Board member, any Unit Owner, the Declarant, Declarant's Designee or any Affiliate of any of them without, except in cases of bad faith or willful misconduct, incurring any liability for self-dealing.

Neither the Board of Managers nor any member thereof shall be liable for either (i) any failure or interruption of any utility or other service to be obtained by, or on behalf of, the Board of Managers or to be paid for as a Common Expense, except when any such failure or interruption is caused by the acts of bad faith or willful misconduct of the Board of Managers or any member thereof or (ii) any injury, loss or damage to any individual or property, occurring in or about either a Unit or any Common Element (including Residential Common Elements) or Limited Common Element.

Section 15. ***Executive Committee.*** The Board of Managers may, by resolution duly adopted, appoint an Executive Committee to consist of three (3) or more members of the Board of Managers, at least one of whom shall be designated by the Declarant or its Designee, so long as the Declarant or its Designee has the right to designate or appoint a Member to the Board of Managers. Such Executive Committee shall have and may exercise all the powers of the Board of Managers in the management of the business and affairs of the Condominium during the intervals between the meetings of the Board of Managers insofar as may be permitted by law, except that the Executive Committee shall not have the power (a) to determine the Common Charges and Common Expenses (including Residential Common Expenses), (b) to adopt or amend the rules and regulations covering the details of the operation and use of the Common Elements (including Residential Common Elements), or (c) to exercise any of the powers set forth in subdivisions (vii), (viii), (ix), (x), and (xv) of Section 2, paragraph (a) of this Article II.

Section 16. ***Other Committees.*** The Board of Managers may by resolution create such other committees as it shall deem appropriate and such committees shall have such powers and authority as the Board of Managers shall vest therein. Subjection to the provisions set forth

below, the members of such Committee shall appointed by the President of the Condominium. Any such Committee shall consist of a member appointed by Declarant or its Designee so long as Declarant or its Designee shall have the right to appoint a Member. The members of any such Committee need not be a member of the Board of Managers, but must be eligible to be elected to the Board of Managers pursuant to Section 1 of Article II. Unless the provisions of the Declaration or By-Laws expressly require otherwise, the decisions of any such Committee shall be based upon a vote by a majority of the Committee members. Any such Committee shall not have the power to do any act which the Executive Committee may not undertake under the above Section 15 of this Article II.

Section 17. ***Principal Office of the Board of Managers.*** The principal offices of the Board of Managers shall be located within the Property or at such other place in the Borough of Manhattan reasonably convenient thereto as may be designated from time to time by such Board of Managers.

Section 18. ***Status of the Board of Managers.*** In addition to the status conferred upon the Board of Managers under or pursuant to the provisions of the Condominium Act, the Board of Managers shall, to the extent permitted by applicable law, be deemed to constitute a separate association for all purposes under and pursuant to the provisions of the General Associations Law of the State of New York. In the event of the incorporation of the Board of Managers pursuant to the provisions of Section 19 of this Article II, the provisions of this Section 18 shall no longer be applicable to the Board of Managers.

Section 19. ***Incorporation of the Board of Managers.*** To the extent and in the manner provided in the Condominium Act, the Board of Managers may by action of the Board of Managers, as provided in this Article II, be incorporated under the applicable statutes of the State of New York. In the event that the Board of Managers so incorporates, it shall have, to the extent permitted by applicable law, the status conferred upon it under such statutes in addition to the status conferred upon such Board of Managers under or pursuant to the provisions of the Condominium Act. The certificate of incorporation and by-laws of any such resulting corporation shall conform as closely as practicable to the provisions of the Declaration and these By-Laws and provisions of the Declaration and these Bylaws shall control in the event of any inconsistency or conflict between the provisions hereof and the provisions of such certificate of incorporation and by-laws.

Section 20. ***Board of Managers as Agent of Unit Owners.*** In exercising their power and performing their duties under the Declaration and these By-Laws, the Board of Managers shall act in good faith as, and shall be, and shall be, the agent of the Unit Owners, subject to and in accordance with the provisions of the Declaration and these By-Laws.

Section 21. ***Approvals Required by the Commercial Unit Owners.*** All approvals required of the Commercial Unit Owners shall, to the extent required under the Declaration and/or Bylaws, be undertaken by the decision of the Majority of the Commercial Unit Owners.

ARTICLE III

Unit Owners

Section 1. ***Annual Meetings***. Within, approximately six months after the First Closing, the Declarant shall call the first meeting of Unit Owners which shall be for the sole purpose of electing the seven (7) members of the Board of Managers. Thereafter, annual meetings of Unit Owners shall be held within approximately thirty (30) days of each anniversary date of the last annual meeting. At such meeting, the Residential Members shall be elected by ballot of the Unit Owners (other than the Owners of Commercial Units #2 and/or #3), including Declarant or its designee, in accordance with the requirements of Section 4 of Article II of these By-Laws. After the first meeting, the Unit Owners may transact such other business at such meetings as may properly come before them.

Section 2. ***Place of Meetings***. Meetings of the Unit Owners, Residential Unit Owners, and the Commercial Unit Owners shall be held at the principal office of the Condominium or at such other suitable place convenient to the Unit Owners as may be designated by the Board of Managers.

Section 3. ***Special Meetings***. It shall be the duty of the President to call a special meeting of the Unit Owners if so directed by resolution of the Board of Managers or upon a petition signed and presented to the Secretary by not less than 25% in Common Interest, in the aggregate, of all Unit Owners with respect to calling a special meeting of all Unit Owners. The notice of any special meeting, shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

Section 4. ***Notice of Meetings***. It shall be the duty of the Secretary to mail a notice of each annual or special meeting of the Unit Owners at least ten (10) but not more than sixty (60) days prior to such meeting, stating the purpose thereof as well as the time and place where it is to be held, to each Unit Owner of record, at the Property or at such other address as such Unit Owner shall have designated by notice in writing, to the Secretary. If the purpose of any meeting shall be to act upon a proposed amendment to the Declaration or to these By-Laws, the notice of meeting shall be mailed at least thirty (30) days prior to such meeting and such notice shall be accompanied by the text of the proposal amendment. Notice of any such meeting relating to a proposed amendment to the Declaration or the Bylaws shall at the same time be mailed or delivered by messenger or hand delivery to the holders of any mortgages encumbering a Unit, whose name and address appear on the books and records of the Condominium. The mailing of a notice of meeting in the manner provided in this Section shall be considered service of notice.

Section 5. ***Adjournment of Meetings***. If any meeting of Unit Owners cannot be held because a quorum is not present, a majority in Common Interest of the Unit Owners who are present at such meeting, either in person or by proxy, may adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called.

Section 6. ***Order of Business***. The order of business at all meetings of the Unit Owners shall be as follows:

(a) Call to order.

(b) Roll call.

(c) Proof of notice of meeting.

(d) Reading of minutes of preceding meeting.

(e) Reports of officers.

(f) Report of Board of Managers.

(g) Reports of committees.

(h) Election of inspectors of election (when so required).

(i) Election of members of the Board of Managers (when so required).

0) Unfinished business.

(k) New business.

Section 7. ***Title to Units***. Title to Units may be taken in the name of an individual or in the names of two or more persons, as tenants-in-common or as joint tenants or as tenants by the entirety, or in the name of a corporation, partnership, limited liability company or in the name of a fiduciary or trust, estate, unincorporated association, syndicate, joint venture, government or any department or agency thereof, or any other entity permitted to own real property in the State of New York.

Section 8. ***Voting***. The owner or owners of each Unit (except the Board of Managers or its designee) or some person designated by such owner or owners to act as proxy on his, her or their behalf and who need not be an owner shall be entitled to cast the votes appurtenant to such Unit at all meetings of Unit Owners. The designation of any such proxy shall be made in writing to the Secretary, and shall be revocable at any time by written notice to the Secretary by the owner or owners so designating. Any or all of such owners may be present at any meeting of the Unit Owners and may vote or take any other action as a Unit Owner either in person or by proxy (those owning a Unit jointly or in common must act unanimously). Each Unit Owner (including the Declarant or its Designee, if the Declarant or its Designee shall then own one or more Units) shall be entitled to cast one vote at all meetings of the Unit Owners for each .0001 per cent of interest in the Common Elements appurtenant to his, her or their Unit. A fiduciary shall be the voting member with respect to any Unit owned in a fiduciary capacity. Any Unit or Units owned by the Board of Managers or its Designee shall not be entitled to vote. Notwithstanding the above provisions no Unit Owner may vote at any meeting of Unit Owners if the Board of Managers 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 reference to the election of

members of the Board of Managers, the Unit Owners shall be permitted to cumulate the votes attributable to the ownership of any one Unit in favor of any one or more members to be elected.

Section 9. ***Majority of Unit Owners.*** As used in these By-Laws (i) "Majority of Unit Owners" shall mean those Unit Owners having more than 50% of the total authorized votes of all Unit Owners, (ii) "Majority of Residential Unit Owners" shall mean those Residential Unit Owners having more than 50% of the total authorized votes of all Residential Unit Owners and (iii) the "Majority of the Commercial Unit Owners" shall mean those Commercial Unit Owners having more than 50% of the total authorized votes of all Commercial Unit Owners. In both cases, such majority, present in person or by proxy and voting at any meeting of the Unit Owners, Residential Unit Owners or Commercial Unit Owners, as the case may be, shall be determined in accordance with the provisions of Section 8 of this Article III.

Section 10. ***Quorum.*** Except as otherwise provided in these By-Laws, the presence in person or by proxy of Unit Owners having one-third of the total authorized votes of all Unit Owners shall constitute a quorum at all meetings of Unit Owners and the presence in person or by proxy of Residential Unit Owners having one-third of the total authorized votes of all Residential Unit Owners shall constitute a quorum at all meetings of Residential Unit Owners. In order to have a quorum for the Commercial Unit Owners, the presence in person or by proxy of both Commercial Unit Owners #2 and #3 shall constitute a quorum at all meetings of the Commercial Unit Owners.

Section 11. ***Majority Vote.*** Except where otherwise provided in the Declaration, these By-Laws or by applicable law, a higher percentage vote is required, (a) the vote of a majority of Unit Owners at a meeting at which a quorum shall be present shall be binding, upon all Unit Owners for all purposes, (b) the vote of a majority of Residential Unit Owners at a meeting at which a quorum shall be present shall be binding upon all Residential Unit Owners for all purposes and (c) the vote of a majority of the Commercial Unit Owners at a meeting at which a quorum shall be present shall be binding upon all Commercial Unit Owners for all purposes.

Section 12. ***Action Without Meeting.*** (a) Any action required or permitted to be taken by the Unit Owners may be taken without a meeting if the number of Unit Owners required by the Declaration, these By-Laws or applicable law consent in writing to the adoption of a resolution authorizing such action and the writing or writings are filed with the records of the Condominium.

ARTICLE IV
Officers

Section 1. ***Designation.*** The principal officers of the Condominium shall be the President, Vice President, Secretary, and Treasurer, all of whom shall be elected by the Board of Managers. The Secretary need not be a member of the Board of Managers. The Board of Managers may appoint or elect such other officers as in its judgment may be necessary.

Section 2. ***Election of Officers.*** The officers of the Condominium shall be elected annually by the majority vote of the Board of Managers at the organization meeting of each new

Board of Managers, as the case may be and shall hold office at the pleasure of the Board of Managers.

Section 3. ***Removal of Officers***. Upon the affirmative vote of a majority of the members of the Board of Managers, any officer may be removed, either with or without cause, and his successor may be elected at any regular meeting of the Board of Managers, or at any special meeting of the Board of Managers called for such purpose. Any officer whose removal has been proposed shall be given an opportunity to be heard at the meeting.

Section 4. ***President***. The President shall be the chief executive officer of the Condominium. He shall preside at all meetings of the Unit Owners, Board of Managers, and Residential Unit Owners. Subject to the provisions of these By-Laws, he shall have all of the general powers and duties which are incident to the office of president of a corporation organized under the Business Corporation Law of the State of New York, including but not limited to the power to appoint committees from among the Unit Owners from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Condominium.

Section 5. ***Vice President***. The Vice President shall take the place of the President and perform his or her duties whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board of Managers shall appoint some other member of the Board of Managers to act in the place of the President on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him by the Board of Managers or by the President.

Section 6. ***Secretary***. The Secretary shall keep the minutes of all meetings of the Unit Owners and of the Board of Managers; he shall have charge of such books and papers as the Board of Managers may direct; and he shall, in general, perform all the duties incident to the office of secretary of a corporation organized under the Business Corporation Law of the State of New York.

Section 7. ***Treasurer***. The Treasurer of the Condominium shall have the responsibility for Condominium funds and securities and shall be responsible for keeping full and accurate financial records and books of account showing all receipts and disbursements, and for the preparation of all required financial data. He shall be responsible for the deposit of all monies and other valuable effects in the name of the Board of Managers, or the managing agent, in such depositories as may from time to time be designated by the Board of Managers, and he or she shall perform, in general, all the duties incident to the office of treasurer of a corporation organized under the Business Corporation Law of the State of New York.

Section 8. ***Agreements, Contracts, Deeds, Checks, etc***. All agreements, contracts, deeds, leases, checks and other instruments of the Condominium shall be executed by such officers or other persons as may be designated by the Board of Managers. However, the Board of Managers can, by resolution, determine that an expenditure in excess of a specified amount by the Board of Managers must be countersigned by two members of the Board of Managers.

Section 9. ***Compensation of Officers.*** No officer shall receive compensation from the Condominium for acting as such. The provisions of this Section 9 of this Article IV shall not be amended so long as Declarant shall own at least one Unit (other than a Parking Unit if Commercial Unit #1 is converted to Parking Units).

ARTICLE V

Operation of the Property

Section 1. ***Determination of Common Expenses and Fixing of Common Charges.*** (a) Except as otherwise provided herein, the Board of Managers shall from time to time, and at least annually, prepare a budget for the Condominium, determine the amount of the Common Charges payable by the Unit Owners to meet the Common Expenses (including the Residential Common Expenses) of the Condominium. The Common Expenses shall include, among other things, the cost of all insurance premiums on all policies of insurance required to be or which have been obtained by the Board of Managers pursuant to the provisions of Section 2 of this Article V, and such other expense items as are designated in the budget set forth as Schedule B to the Offering Plan in the Condominium. The Common Expenses may also include such amounts as the Board of Managers may deem proper for the operation and maintenance of the Property, including, without limitation, an amount for working capital of the Condominium for a general operating reserve, for a reserve fund for replacement or capital improvements, and to make up any deficit in the Common Expenses for any prior year. The Residential Common Expenses shall include the cost and expenses incurred or projected in connection with the repair, maintenance, replacement, restoration and operation of and any alteration, addition or improvement to the Residential Common Elements. The Board of Managers may also, where necessary, impose an assessment or additional Common Charge in order to meet any unanticipated Common Expenses (including Residential Common Expenses). All such assessments or additional Common Charges shall be levied against all Unit Owners in proportion to their respective Common Interest. All such assessments or additional common charges for Residential Common Expenses shall be levied against all Residential Unit Owners in proportion to their respective Residential Common Interests. Assessments may be payable either in one lump sum or in installments, as the Board of Managers shall determine, provided, however, that the Board of Managers shall give each Unit Owner not less than 15 days written notice prior to the date upon which such assessment, or the first installment thereof, shall be due and payable, which notice shall set forth, in reasonable detail, the nature and purposes thereof. The Board of Managers shall have all rights and remedies for the collection of assessments as are provided herein for the collection of Common Charges, such assessments constituting a Common Charge.

(b) The Board of Managers shall advise all Unit Owners promptly, in writing, of the amount of Common Charges payable by each of them, respectively, as determined by the Board of Managers, as aforesaid, and shall furnish to all Unit Owners and their mortgagee, if so requested in writing to the Board of Managers, copies of each budget upon which such Common Charges are based. That portion of the Common Charges which is allocated by the Board of Managers to principal payments on indebtedness or for capital improvements shall be treated upon the books of the Condominium as capital contributions.

(c) The Declarant or its Designee shall be responsible for the Common Charges assessed against a Residential or Commercial Unit owned by it from the First Closing.

(d) A copy of proposed annual budget for the Common Charges shall be given to all Unit Owners within 10 days prior to the date set for adoption by the Board of Managers. During the Sponsor Control Period, it shall be the Declarant's obligation to deliver to all Unit Owners a proposed annual budget for the Common Charges, which shall be certified as to its adequacy by an expert experienced in the management of condominium, cooperative and/or rental properties.

(e) In addition to basing Common Charges on Common Interests and/or Residential Common Interests, the Board of Managers may also make allocations and assessments of Common Expenses and Residential Common Expenses in accordance with sub-metering, contract allocation and usages (both projected and actual) so long as such allocations are reasonable under the circumstance and are in accordance with applicable provisions of law. To the extent practicable, the Board of Managers shall allocate costs based upon metered or sub-metered usage. To the extent there is a dispute as to any such allocation, such dispute shall be settled by binding arbitration pursuant to the arbitration provisions contained in Article XI of these Bylaws.

Section 2. ***Insurance***. The Board of Managers shall be required to obtain and maintain, to the extent obtainable and to the extent determined by the Board of Managers to be appropriate or relevant, the following insurance: (1) all risk replacement cost fire insurance with extended coverage, vandalism and malicious mischief endorsements insuring the Buildings (including all structural elements of the Units and the fixtures installed therein by Declarant or by prior construction, partitions, floors and ceilings within the Units, but not including furniture, furnishings, appliances, or other personal property supplied or installed by Unit Owners or tenants of Unit Owners), together with all service machinery contained therein, and covering the interests of the Condominium, the Board of Managers, and all Unit Owners and their mortgagees as their interests may appear, in an amount equal to the full replacement value of the Buildings (exclusive of the cost of excavation and foundations), without deduction for depreciation; each of said policies shall contain a Condominium Property Endorsement and a New York standard mortgagee clause in favor of each mortgagee of a Unit which shall provide that the loss, if any, thereunder shall be payable to such mortgagee as its interest may appear, subject, however, to the loss payment provisions in favor of the Board of Managers; (2) rent insurance covering the Common Charges payable by the Unit Owners; (3) worker's compensation insurance for the Condominium's employee(s); (4) boiler and machinery insurance; (5) water damage legal liability insurance; (6) Officers' and Directors' Liability Insurance; (7) fidelity bond insurance covering the Managing Agent and all employees and members of the Board of Managers who handle Condominium funds; and (8) such other insurance as the Board of Managers may determine necessary or prudent. All policies of physical damage insurance shall provide that adjustment of loss shall be made by the Board of Managers, and that the total proceeds thereof, shall be payable to the Board of Managers. No portion of the insurance proceeds shall be applied to the payment of the mortgage indebtedness of any Unit Owner unless the Unit Owners determine not to repair, restore or rebuild the Building.

To extent permitted by the insurance carrier, all policies of physical damage insurance shall contain waivers of subrogation and waivers of any defense based on co-insurance or of invalidity arising from any acts of the insured or any Unit Owner, or of any reduction of pro-rata liability of the insured as a result of any insurance carried by Unit Owners and the individual Unit Owners as well as the Condominium shall be primary insured to the extent as their interest may appear. Duplicate originals of all policies of physical damage insurance and of all renewals thereof, together with proof of payment of premiums, shall be delivered to all mortgagees of Units at least ten (10) days prior to expiration of the then current policies if so requested in writing by them.

The Board of Managers shall also be required to obtain and maintain, to the extent obtainable, commercial general public liability and property damage insurance in such limits as the Board of Managers may from time to time determine, covering each member of the Board of Managers, the Managing Agent, and each Unit Owner. Such commercial general public liability and property damage coverage shall also cover cross liability claims of one insured against another.

The Board of Managers or the insurance carrier or agent for the Property shall give at least ten (10) days prior written notice to the Unit Owners and the holder, insurer or guarantor of any mortgage encumbering a Unit, whose name and address appears on the books and record of the Condominium of any lapse, cancellation or material reduction in coverage of any insurance policy or fidelity bond maintained by the Board of Managers.

Until the first meeting of the Board of Managers elected by the Unit Owners the Declarant shall cause the insurance coverage set forth in Schedule A in Part I of the Offering Plan to be maintained for the Property.

The Commercial Unit Owners shall obtain and keep in full force and effect during the period of their ownership of a Commercial Unit a policy of commercial general public liability and property damage insurance, with a broad form contractual liability endorsement, in which the Board of Managers, as agent for the Unit Owners, is named as an additional insured, and under which the insurer agrees to indemnify and hold the Board of Managers harmless from and against all costs, expenses and/or liabilities arising out of or based upon any and all claims, accidents, injuries and damages caused by a Commercial Unit Owner's conduct and/or use or misuse of their Commercial Unit and any Commercial Limited Common Elements appurtenant thereto. Such policy shall contain a provision that no act or omission of a Commercial Unit Owner shall affect or limit the obligation of the insurance company to pay the amount of any loss sustained and shall be non-cancelable with respect to the Board of Managers without thirty (30) days' prior written notice to the Board of Managers by certified mail, return receipt requested, which notice shall contain the policy number and the names of the insureds. A certificate thereof shall be delivered to the Board of Managers. Failure to deliver said certificate shall not absolve a Commercial Unit Owner of liability or render the Board of Managers liable. The minimum limits of liability shall be a combined single limit with respect to each occurrence in an amount of not less than $2,000,000 for injury or death and damage to property. All insurance required to be carried by a Commercial Unit Owner pursuant to the terms of the Declaration and/or By-Laws shall be affected under valid and enforceable policies issued by reputable and independent

insurers admitted and licensed to do business in the State of New York. To the extent any tenant of a Commercial Unit carries and maintains such coverage, a Commercial Unit Owner's responsibility hereunder shall be satisfied.

Unit Owners shall not be prohibited from carrying other insurance for their own benefit provided that all such policies shall contain waivers of subrogation and further provided that the liability of the carriers issuing insurance obtained by the Board of Managers shall not be affected or diminished by reason of any such additional insurance carried by any Unit Owner. Such policies shall be so endorsed as to state that they will in no way conflict with any insurance carried by the Board of Managers.

Any insurance maintained by the Board of Managers may provide for such deductible amounts as the Board of Managers determines.

The Board of Managers is not required to obtain or maintain any insurance with respect to any personal property contained in a Unit. A Residential Unit Owner shall, at the Unit Owner's own cost and expense, obtain and keep in full force and effect (a) commercial general public liability insurance against any and all claims for personal injury, death or property damage (including, but not limited to, loss due to water damage) occurring in, upon, or from the Unit or any Unit or any part thereof, with minimum combined single limits of liability of $1,000,000 for bodily injury or death arising out of any one occurrence including $1,000,000 for damage to property and (b) tenant's "all-risk" property insurance in respect of property damage occurring in, upon, or from the apartment or any part thereof (including, but not limited to appropriate coverage for additions, alterations improvements and betterments and loss due to water damage). The limits of liability set forth in (a) and (b) above may be increased by the Board of Managers from time to time. The insurance required above shall be written in form reasonably satisfactory to the Board of Managers by good and solvent insurance companies of recognized standing, admitted to do business in the State of New York. Upon ten (10) days' written notice from the Board of Managers or the Managing Agent, the Unit Owner shall deliver to the Board of Managers a duplicate original of the aforesaid policies, certificates evidencing such insurance or such other confirmation satisfactory to the Board of Managers. To the extent either party is insured for loss or damage to property, each party will look to their own insurance policies for recovery.

In the event that the damage resulting from a fire or other casualty loss shall (a) render one or more Units wholly or partially unusable for the purposes permitted herein and in the Declaration or (b) 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 abated 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 Board of Managers with respect to such Unit.

Section 3. ***Repair or Reconstruction After Fire or Other Casualty.*** Unless 75% or more of the Buildings are destroyed or substantially damaged and 75% of all Unit Owners do not duly and promptly resolve to proceed with the repair or restoration, in the event that the Buildings or any part thereof are damaged or destroyed by fire or other casualty, the Owner of the Commercial Unit with respect to any damage to or destruction of the Commercial Unit, including the Commercial Limited Common Elements, and the Board of Managers with respect to any damage to or destruction of the Common Elements (including the Residential Common Elements) shall arrange for the prompt repair and restoration thereof (including each damaged Unit, but excluding fixtures, furniture, furnishings or other personal property not constituting a part of such Unit). The Board of Managers shall disburse the proceeds of all insurance policies to contractors or suppliers engaged in such repair and restoration in appropriate progress payments.

If only the Commercial Units (including the Commercial Limited Common Elements) are destroyed or damaged by fire or other casualty and if the net 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 the affected Commercial Unit Owner(s) in proportion to their respective Commercial Common Interests. Similarly, if only the Residential Units (including the Residential Limited Common Elements) are 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 Residential Unit Owners in proportion to their respective Residential Common Interests. If said damage or destruction by fire or other casualty affects a Commercial Unit (including the Commercial Limited Common Elements), a Residential Unit (including the Residential Limited Common Elements) and the Common Elements (including the Residential Common Elements), or any combination thereof, then any deficit or surplus in insurance proceeds shall be borne or shared by all Unit Owners in proportion to their respective Common Interests in the proportion that the cost of repairing the damage or destruction to the Residential Units, (including the Residential Limited Common Elements), Commercial Units, (including the Commercial Limited Common Elements) and Common Elements bears to the total cost of repairing all damage or destruction. If said damage or destruction, however, affects only the Common Elements, then any deficit or surplus in insurance proceeds shall be borne or shared by all Unit Owners in proportion to their respective Common Interests. Notwithstanding anything in this Section 3 to the contrary, no payment of surplus insurance proceeds shall be made to a Unit Owner until there has first been paid out of his or her share of such funds such amounts as may be necessary to reduce or discharge unpaid liens on his or her Unit, other than existing mortgages thereon, unless otherwise required pursuant to the terms of the existing mortgages, in the order of priority of such liens.

If 75% or more of the Building are destroyed or substantially damaged 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 Buildings 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 his or her share of such funds, such amounts as may be necessary to discharge or reduce all unpaid liens on

his Unit (other than existing mortgages, unless otherwise required pursuant to the terms of the existing mortgages) in the order of the priority of such liens. As used in this Section 3, the words "promptly resolve" mean resolve as promptly as practical under the circumstances but in any event, not more than 120 days from the date of such damage or destruction.

Unless the Unit Owners have elected not to restore the Building, as provided above, damage or destruction to a Unit or a Limited Common Element as a result of fire or other casualty shall be promptly repaired and reconstructed by the Owner of the affected Unit(s) where such repair or reconstruction does not involve the Common Elements or the Residential Common Elements for which the repair or reconstruction is the obligation of the Board of Managers, as provided above. If a Unit Owner fails to repair or reconstruct such Unit Owner's Unit, the Board of Managers may cause the Unit to be repaired or reconstructed and the costs incurred in connection therewith shall be charged to the defaulting Unit Owner as a Special Assessment.

In the event that a material portion of the Common Elements (including but not limited to the Residential Common Elements and the Limited Common Elements) or individual Unit or Units are destroyed or damaged by a fire or other casualty, then the Board of Managers shall promptly notify in writing the following applicable holders of Unit mortgages, whose names and addresses appear on the books and records of the Condominium: i) the holders of all Unit mortgages encumbering the Unit or Units destroyed or damaged by any such fire or other casualty, in the case where the fire or casualty pertains only to a particular Unit or Units; or ii) the holders of all Unit mortgages, in the case of damage or destruction to a material portion of the Common Elements (including the Residential Common Elements) of the Building or damage or destruction which affects three or more individual Units. The damage or destruction of a "material portion of the Common Elements (including the Residential Common Elements) of the Building" shall mean such damage or destruction whereby the cost to restore or repair same is reasonably estimated to be $500,000 or greater. Such amount shall be increased 15% every five years from and after the beginning of the next calendar year following the First Closing.

Section 4. ***Payment of Common Charges.***

a) Each Unit Owner shall be obligated to pay the Common Charges allocated to their Unit pursuant to the provisions of Section 1 of this Article V at such time or times as the Board of Managers shall determine. Unless otherwise determined by the Board of Managers, Common Charges shall be payable monthly, in advance on the first day of each month.

b) No Unit Owner shall be liable for the payment of any part of the Common Charges, including assessments, assessed against his or her Unit subsequent to a sale or other conveyance by him (made in accordance with these By-Laws) of such Unit together with its appurtenant Common Interests. Any Unit Owner may, subject to the terms and conditions of these By-Laws and provided that (a) such Unit is free and clear of liens and encumbrances, other than mortgages which permits such transfer and to which the Board of Managers has agreed to take title subject to, and the statutory lien for unpaid Common Charges, convey such Unit, together with its appurtenant Common Interests, to the Board of Managers or its designees,

corporate or otherwise, and in such event (except as hereinafter set forth), be exempt from Common Charges, as the case may be, thereafter assessed.

c) A purchaser of a Unit shall be liable for the payment of Common Charges, including assessments, assessed and unpaid against such Unit prior to the acquisition by him or her of such Unit, except that a purchaser of a Unit (including a mortgagee) at a foreclosure sale of a first mortgage or a subordinate mortgage held by the New York Job Development Authority, the New York State Urban Development Corporation, the Division of Housing and Community Renewal, the Housing Trust Fund Corporation, the New York City Housing Development Corporation, or the New York City Department of Housing Preservation and Development shall not be liable for, and such Unit shall not be subject to a lien for the payment of Common Charges, including assessments and late charges, accrued and unpaid interest against such Unit prior to the acquisition by said purchaser of such Unit at such foreclosure sale.

d) Subject to the provisions of Section 339 of the Condominium Act and any subsequent amendments thereto, the Board of Managers, on behalf of all Unit Owners, shall have a lien on each Unit for unpaid Common Charges thereof (including assessments), together with interest and late charges thereon prior to all other liens except only: i) liens for taxes on a Unit in favor of any assessing unit, school district, special district, county or other taxing unit and ii) all sums unpaid on a first mortgage of record or a subordinate mortgage of record held by the New York Job Development Authority, the New York State Urban Development Corporation, the Division of Housing and Community Renewal, the Housing Trust Fund Corporation, the New York City Housing Development Corporation, or the New York City Department of Housing Preservation and Development.

e) Notwithstanding the above provisions, subject to the provisions of Section 339-Z of the Condominium Act, neither the seller nor the purchaser of a Unit 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 a written statement from the Board of Manager.

f) In the event that prior to the Units being separately assessed for real estate tax purposes, the amount of such real estate taxes owed by a Unit Owner shall be deemed to be Common Charges, and the Board of Managers shall have a lien (as provided in this Section 4) for any such accrued and unpaid amounts which are past due; provided, however, that the foregoing shall not require any Unit Owner who would otherwise be exempt from real estate taxes to make any payment in respect of real estate taxes.

Section 5. ***Collection of Common Charges and Assessments.*** The Board of Managers shall assess Common Charges against the Unit Owners from time to time and at least annually and shall take prompt action to collect any Common Charges due from any Unit Owner which remains unpaid for more than (30) days from the due date for payment thereof. The Board of Managers shall also take prompt action to collect any assessment due from any Unit Owner which remains unpaid for more than 30 days from the due date thereof. Common Charges shall be paid by the tenth day of the month in which they are due or they shall be deemed to be late.

Section 6. ***Default in Payment of Common Charges.***

a) In the event any Unit Owner fails to make payment of Common Charges or any assessment by the Board of Managers (when due), such Unit Owner shall be obligated to pay (a) a "late charge" equal to the four percent (4%) of such amounts which remain unpaid for more than ten days after the due date (although nothing herein shall be deemed to extend the period within which such amounts are to be paid), and (b) interest at the rate of 1.5% per month (but in no event in excess of the maximum rate permitted by law) on such unpaid amounts computed from and after the 10th day after the due date, together with all expenses, including, without limitation, attorneys' fees paid or incurred by the Board of Managers or by the Managing Agent in any action or proceeding brought to collect such unpaid Common Charges or assessments or in any action to foreclose the lien on such Unit(s) arising from said unpaid Common Charges or assessments as provided in Section 339-z of the Condominium Act, in the manner provided in Section 339-aa thereof or in any other manner permitted by law. All such "late charges", interest and expenses shall be added to and shall constitute Common Charges payable by such Unit Owner. The Board of Managers shall have the right and duty to attempt to recover such Common Charges or assessments, together with interest thereon, and the expenses of the proceeding, including reasonable attorneys' fees, in an action brought against such Unit Owner, or by foreclosure of the lien on such Unit granted by Section 339-z of the Condominium Act, in the manner provided in Section 339-aa thereof. A Unit Owner in default in the payment of Common Charges and/or assessments shall not be permitted to vote at any regular or special meeting of Unit Owners. Notwithstanding the foregoing, the Board of Managers may establish its own alternate fees for late payments, whether such fees are more or less than the charges set forth herein.

b) During the Sponsor Control Period, as to Common Charges which remain unpaid for more than 30 days after the due date, the Declarant will cause the Board of Managers to file a lien, as provided in Section R 20.3(w) 339-aa of the Real Property Law, on Unsold Units owned by the Declarant to which such Common Charges remain unpaid for more than 30 days after the due date.

Section 7. ***Foreclosure of Liens for Unpaid Common Charges.*** In any action brought by the Board of Managers to foreclose a lien on a Unit because of unpaid Common Charges, the Unit Owner shall be required to pay a reasonable rental for the use of his or her Unit and the plaintiff in such foreclosure action shall be entitled to the appointment of a receiver to collect the same. The Board of Managers, acting on behalf of all Unit Owners, shall have power to purchase such Unit at the foreclosure sale and to acquire, hold, lease, mortgage, vote the votes appurtenant to (other than for the election of members of the Board of Managers), convey or otherwise deal with the same. A suit to recover a money judgment for unpaid Common Charges shall be maintainable without foreclosing, or waiving the lien securing such charges. In the event the net proceeds received on such foreclosure sale (after deduction of all legal fees, advertising costs, brokerage commissions and other costs and expenses incurred in connection therewith) are insufficient to satisfy the defaulting Unit Owner's obligations, such Unit Owner shall remain liable for the deficit.

Section 8. ***Statement of Common Charges and Assessments.*** The Board of Managers (or a managing agent on its behalf) shall promptly provide any Unit Owner with a written statement of all unpaid Common Charges including assessments, due from such Unit Owner upon written request therefor.

Section 9. ***Abatement and Enjoinment of Violations by Unit Owners.*** The violation of any rule or regulation adopted by the Board of Managers, or the breach of any By-Law contained herein, or the breach of any provision of the Declaration, shall give the Board of Managers the right, in addition to any other rights set forth in these By-Laws (a) upon reasonable notice to the Unit Owner, to enter the Unit in which, or as to which, such violation or breach exists and to summarily abate and remove, at the expense of the defaulting Unit Owner, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provision hereof (provided, however, that no prior notice shall be required in the event that the Board of Managers shall determine that action is immediately necessary for the preservation or safety of the property or for the safety of the residents of the Condominium or other persons or required to avoid the suspension of any necessary service to the Condominium); or (b) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach; and (c) in any event charge the Unit Owner with the cost of the reasonable legal and other fees and costs incurred in enjoining, abating or remedying such violations.

Section 10. ***Maintenance and Repairs.***

(a) All maintenance of and repairs to any Unit, structural or non-structural, ordinary or extraordinary (other than maintenance of and repairs to any Common Elements (including the Residential Common Elements) contained therein and not necessitated by the negligence, misuse or neglect of the Owner of such Unit) shall be made by the Owner of such Unit. Each Unit Owner shall be responsible for all damages to any and all other Units and/or to the Common Elements (including the Residential Common Elements) that occur as a result of his or her failure to perform such maintenance and repairs.

(b) All painting, decorating, maintenance (including, the removal of trash, debris, snow and ice), repairs and replacements, whether structural or nonstructural, ordinary or extraordinary, to the Common Elements (including the Residential Common Elements), whether located inside or outside of the Units (unless necessitated by the negligence, misuse or neglect of a Unit Owner, in which case such expense shall be charged to such Unit Owner), shall be made by the Board of Managers and shall be charged to all the Unit Owners as a Common Expense, if concerning a Common Element or charged to all of the Residential Unit Owners as a Residential Common Expense, if concerning a Residential Common Element. Notwithstanding the foregoing, each Unit Owner, shall be responsible for cost of the repair and/or replacement of the exterior windows, window frames, doors and storefronts in their respective Units. Exterior doors for all Residential Units shall not be painted or decorated other than in accordance with the standards established by the Board of Managers. At the option of the Board of Managers, the Board of Managers may undertake, as needed the painting, repair and/or replacement of the exterior doors, windows, window frames and storefronts of a Unit and the cost thereof shall be paid by the applicable Unit Owner as an assessment or additional Common Charge.

(c) The interior and exterior glass surfaces of all exterior windows located in a Residential Unit shall not be colored or painted and no neon or colored lights may emanate from any Commercial and/or Residential Unit. The interior and exterior surfaces of all exterior windows located in a Residential and Commercial Unit are to be cleaned by the Unit Owner at the Unit Owner's expense. No Unit Owner or occupant shall clean or permit to be cleaned any window or require, permit or allow it to be cleaned, from the outside, in violation of Section 202 of the Labor Law of the State of New York, or any future law of like import, or (if applicable) in violation of the rules of the City of New York or any other governmental authority having jurisdiction over the Land or the Buildings. Each Unit Owner shall indemnify the Board of Managers and the other Unit Owners, and their respective agents and employees, for all losses, damages, or fines suffered by any of them as a result of a violation of the aforesaid laws, ordinances, regulations or rules. At the option of the Board of Managers the exterior surface of all exterior windows located in a Unit may be washed and cleaned by the Board of Managers and the cost thereof shall be charged to the Owners of the Residential Units in proportion to their respective Residential Common Interests if same applies to only the Residential Units or the cost thereof shall be charged to all of the Unit Owners in proportion to their respective Common Interests if same applies to all of the Units. Broken exterior windows in a Unit shall at the option of the Board of Managers either be replaced by the Unit Owners at their sole cost and expense or be replaced by the Board of Managers at the Unit Owner's sole cost and expense, unless the breakage, was caused by the Board of Managers or its agents, in which case replacement shall be by the Board of Managers at its sole cost and expense.

(d) It shall be the obligation of the Board of Managers to clean the sidewalks surrounding the Building and to remove snow therefrom. The cost of repairing and replacing the sidewalks shall be a Common Expense.

(e) (i) A Commercial Unit Owner, at its expense, shall keep their Commercial Unit in good order and repair, shall cause their Commercial Unit, its entranceways, and doors servicing their Commercial Unit, all glass surfaces appurtenant to their Commercial Unit to be cleaned at regular intervals. All cleaning services for a Commercial Unit shall be supplied and paid for by the Owner of the Commercial Unit.

(f) The Owner of a Commercial Unit shall be responsible for the repair and/or replacement its storefronts, including exterior doors and any lobby exclusively servicing their Commercial Unit, provided such repairs and/or replacement are not required due to the acts or omissions of the Board of Managers and/or its agents, contractors, Unit Owners, directors and/or invitees. The Owner of a Commercial Unit shall also replace and/or repair, at its sole cost and expense, any and all plate glass and other glass damaged or broken in or about their Commercial Unit, unless such damage was caused by the negligence or willful misconduct of the Board of Managers, its agents, employees, invitees and/or contractors. Any such repairs and/or replacements by the Owner of a Commercial Unit shall be completed in compliance with all applicable laws and regulations.

(g) Each of the Owners of Commercial Unit #2 or #3 shall be entitled to use one of the flagpoles on the exterior of the Building on 54th Street to promote or provide signage for the Commercial Unit Owner's or their tenants' business operations at the Property. The Board of

Managers shall designate the flagpole to be utilized by each such Commercial Unit. The Owner of each Commercial Unit shall be responsible to maintain, repair and/or replace any such flagpole utilized by such Commercial Unit Owner or their tenants. Owners of Commercial Units #2 and #3 and/ or their tenants shall also be entitled to erect, maintain, repair, and replace from to time, one sign (which is not an illuminated sign) either as part of their separate entrance to their Unit or appurtenant to any such separate entrance to promote the operation of any business of the Commercial Unit Owner or their tenants at the Property. In reference to any such exterior signs, flagpoles, or flags installed or maintained by Commercial Unit Owner #2 or #3, the design, size, location and materials utilized shall be subject to the prior written approval by the Board of Managers, which approval shall not be unreasonably withheld or delayed. Such requirement for the Board of Managers' approval shall not apply to the Declarant or its Designee as to any signs, flagpole and/or flag installed or maintained for Commercial Units #2 or #3 to the extent owned by the Sponsor or its Designee. Any such erection, repair and/or replacement of a sign, flagpole, or flag shall be undertaken in compliance with all laws, orders, rules and regulations of the governmental authorities having jurisdiction thereof including zoning laws and building codes. The Owner of Commercial Units #2 and #3, or its tenants, shall obtain and pay for all permits and fees (including renewals of same) required for any such signs, flagpole and/or flag. Any damage to the exterior of the Building caused by the installation of any such signs, flagpole and/or flag shall be promptly repaired or restored by the Owners of Commercial Units #2 and/or #3 and/or its tenants or subtenants. To the extent the Board of Managers or its agents or contractors undertakes any repairs and/or improvements to the front façade of the Building, which necessitates the temporary removal of any such signs, flagpole and/or flag, then the Board of Managers or its agents or contractors, as a Common Expense, shall be responsible for the cost of such removal and installation of same.

(h) The Owners of Commercial Unit #2 or #3 or their tenants shall be responsible, at their sole cost and expense, for trash removal for their respective Unit. Such trash shall be stored in their respective Commercial Units until it is picked up for removal. The Board of Managers or its agents shall not place any trash for pick up on the sidewalk right in front of the entranceways to a Commercial Unit.

(i) The Owner of Commercial Unit #3, its tenants and their respective employees and invitees (collectively the "Unit #3 Parties") shall not have any further rights to use the Residential Lobby or the elevators in the Residential Lobby, except as follows: (i) in the event the Owner of the Commercial Unit #3 purchases a Parking Unit in the cellar, if Commercial Unit #1 is converted to an off-street parking facility, the user of such Parking Unit, on behalf of the Owner of Commercial Unit #3, in order to access such Parking Unit, shall have the right to use the Residential Lobby to access Commercial Unit #3 from the stairs in the cellar which opens into the Residential Lobby and/or the southerly passenger elevator in the Residential Lobby if the user of such Parking Unit is handicapped or disabled; (ii) if (and for so long as) the Unit #3 Elevator is out of service, then the Unit #3 Parties may use the southerly passenger elevator in the Building (in common with the other tenants or occupants of the Building) to access Commercial Unit #3 (and in such event, the Unit #3 Parties shall use all reasonable efforts to promptly restore elevator service for the Unit #3 Elevator); and (iii) Unit #3 Parties may use the southerly elevator in the Building from time to time, upon reasonable prior notice and scheduling with the Board of Managers or the managing agent for the Building for the moving of furniture

and other personal property to and from Commercial Unit #3, if the Unit #3 Elevator is not of sufficient size to accomplish such task. The forgoing shall be subject to Board of Managers' reasonable security requirements applicable to all tenants and occupants in the Building.

(j) The Owner of Commercial Unit #3, at its sole cost and expense, shall have the right to move the HVAC equipment mounted on roof set back over the first floor (including the HVAC equipment serving Commercial Unit #2) to another location on the roof set back over the first floor, provided any such relocation: (i) shall not affect the operation and/or efficiency of such HVAC equipment for Commercial Unit #2 and/or any other HVAC equipment also located on the roof set back over the first floor; (ii) shall be undertaken on reasonable prior notice to the Owner of Commercial Unit #2 and in the off-season when such HVAC equipment is not being utilized; and (iii) shall be undertaken in compliance with all applicable laws and regulations. The Owner of Commercial Unit #2, as to the HVAC equipment serving Commercial Unit #2, shall also have the right to move their respective HVAC equipment mounted on the roof set back over the first floor to another location on such roof set back over the first floor, provided any such relocation shall not affect the operation and/or efficiency of any of the other HVAC equipment mounted on such roof set back over the first floor, such relocation shall not block the view from the windows overlooking the roof set back over the first floor in any further material respect unless otherwise consented to in advance in writing by the Owner of Commercial Unit #3, which consent shall not be unreasonably withheld or delayed and such relocation shall be undertaken in compliance with all applicable laws.

(k) Notwithstanding the above provisions, the Board of Managers, as a Common Expense, shall be responsible for the repair and/or replacement of the set back over the first floor, except the Owners of each of Commercial Units #2 and/or #3 shall be responsible for the respective share of the cost of any repair and/or replacement of such roof to the extent that such repair and/or replacement is required as a result of the negligence, misuse or neglect of such Commercial Unit Owner or their respective tenants, employees and/or contractors. The Owners of Commercial Units #2 and #3 shall each have the right to install sound attenuation equipment, pads and/or fencing for the HVAC equipment mounted on the roof set back over the first floor, provided same complies with all applicable laws and the Owner of Commercial Unit #3 shall have that right with respect to the HVAC equipment of Commercial Unit #2 that the Owner of Commercial Unit #3 may relocate.

(l) Notwithstanding the above provisions, if a Commercial Unit is converted to one (1) or more Residential Units, as permitted under the Declaration, then the Owner of any such Residential Unit, after the conversion of such Unit, shall have the same right to use all Building amenities and/or services, like any other Residential Unit, including, but not limited to, the right to use the Residential Lobby, the fitness center, the elevators in the Residential Lobby and the garbage chutes for the Residential Units.

Section 11. ***Violations of Maintenance Obligations.***

(a) In the event any Unit Owner, within a reasonable time after receipt of written notice from the Board of Managers, fails or neglects in any way to perform any obligations with respect to the maintenance, repair or replacement of their Unit as provided in the Declaration

and/or Bylaws or of any Limited Common Element for which such Unit Owner is responsible under the Declaration or these By-Laws, the Board of Managers may, but shall not be obligated to, perform or cause to be performed such painting, decorating, maintenance, repair or replacement unless such Unit Owner, within thirty (30) days after receiving notice of such default by the Board of Managers, cures such default or in the case of a default not reasonably susceptible to cure within such 30-day period, commences within such 30-day period and thereafter prosecutes to completion, with due diligence, the curing of such default. Notwithstanding the foregoing, any default which imminently threatens the safety or health of the occupants of the Building may be immediately cured by the Board of Managers, without notice or the expiration of the applicable cure periods. 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, together with interest thereon at the rate of 1.5% per month from the date on which the Board of Managers first incurs any cost or expense (but in no event in excess of the maximum rate permitted by law), shall be immediately payable by such Unit Owner to the Board of Managers and shall, for all purposes hereunder, constitute a Common Charges payable by such Unit Owner. If a Unit Owner disputes the amount of such payment and/or the liability of a Unit Owner to pay same, a Unit Owner may submit such dispute to bind arbitration, pursuant to Article XI, provided the Unit Owner first reimburses the Board of Managers for any costs and expenses incurred by the Board of Managers, together with any interest charges thereon.

Section 12. ***Use of Units***. In order to provide for congenial occupancy of the Property and for the protection of the values of the Units, the use of the Property shall be restricted to and shall be in accordance with the following provisions:

(a) Each Residential Unit shall be used as a residence and any lawful home occupation consistent with applicable zoning and building ordinances, resolutions and codes, and the certificate of occupancy for the Property, subject to the provisions of this Declaration and the By-Laws. Notwithstanding the foregoing, while the Declarant or its Designee owns any Residential Unit, Declarant or its Designee shall have the right to use any such Unit for general and sales office purposes, as models, to use such Units and the Common Elements and Residential Common Elements for other purposes connected with the promotion, sales or leasing of Units, to erect and maintain signs at the Building in connection with the offering and sale by Declarant or its Designee of Units therein, to have Declarant's employees, contractors, representatives and sales agents present at the Building, to do all things necessary or appropriate including the use of the Common Elements and/or the Residential Common Elements to sell or lease Units, to complete the renovation of the Building and to comply with Declarant's obligation under the Offering Plan;

(b) The Commercial Units may be used for any legal use, provided such use is in conformity with applicable zoning laws and regulation and building codes. A Commercial Unit may also not be used for any of the followings uses: (i) employment agency, (ii) drug or alcohol rehabilitation or treatment center, (iii) nightclub, (iv) bar and (v) restaurant. The cellar and/or the first floor of a Commercial Unit may only be used for the following: commercial purposes, including, but not limited to, retail, office and storage as to the cellar. Commercial Unit #1 may be used as a parking garage if a special use permit for an accessory off-street parking facility in

the Building is obtained from the City Planning Commission. Commercial Unit #2 may be converted in whole or in part for residential use and Commercial Unit #3 may be converted for residential use, provided the entire Unit is converted for such residential use;

(c) No Units may be used for massage parlors, adult only bookstores, peep shows, establishments offering topless or bottomless entertainments and/or any sex related activities, betting parlors, gambling casinos or gambling type establishments and/or any other use prohibited by laws or public authorities other than the uses permitted by a temporary or permanent certificate of occupancy for the Building;

(d) The Property shall only be used for its intended purposes as provided hereunder and in the Declaration. The use of the Residential Units of the Building as residences by Residential Unit Owners shall not be deemed to be objectionable by the Commercial Unit Owners or Board of Managers and any permitted use of a Commercial Unit, as set forth in Section 12(b) above, shall not be deemed to be objectionable by the Residential Unit Owners or the Board of Managers;

(e) The Common Elements (including Residential Common Elements and the Limited Common Elements) shall be used only for the furnishing of the services and facilities for which they are reasonably suited and which are incident to the use and occupancy of Units. In addition, no furniture, doormats, packages, or objects of any kind shall be placed in the entranceways, vestibules, public halls, public stairways or any other part of the Common Elements (including the Residential Common Elements) (except for those areas designated as storage areas, if any and the elevator lobby for Commercial Unit #3) without the prior written consent of the Board of Managers. The Residential entranceways, vestibules, public halls and public stairways shall be used only for normal passage through them;

(f) No nuisances shall be allowed on the Property nor shall any use or practice be allowed which unreasonably interferes with the peaceful possession or proper use of the Property by its residents and/or the commercial tenants and/or Owners;

(g) No improper or unlawful use shall be made of the Property or any part thereof, and all valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction thereof shall be observed. Violations of laws, orders, rules, regulations or requirements of any governmental agency having jurisdiction thereof relating to any portion of the Property, shall be complied with by and at the sole expense of the Unit Owners or the Board of Managers, whoever shall be responsible to maintain or repair, that portion of the Property to which such violations relate;

(h) No portion of any Residential Unit (other than the entire Residential Unit) may be rented and no transient tenants may be accommodated therein;

(i) The Commercial Unit Owners, at their sole expense, shall comply with all laws, orders and regulations of federal, state and municipal authorities and with any direction of any public officer or officers, pursuant to law, and all rules, orders, regulations or requirements of the New York Board of Fire Underwriters, or any other similar body which shall impose any

violation, order or duty upon the Condominium, its Board of Managers or the Commercial Unit Owners, with respect to their Commercial Units as a result of (i) any authorized or unauthorized use or occupation thereof by said Commercial Unit Owner or its tenants, or (ii) the conduct by the Commercial Unit Owner of its business in their Commercial Unit in a manner different from the lawful conduct of such business. A Commercial Unit Owner shall not do or permit to be done any act or thing in or upon their Commercial Unit or Common Elements (including Residential Common Elements) of the Condominium which will invalidate or be in conflict with any insurance policies covering the Condominium and fixtures and property therein, and shall not do, or permit anything, to be done in or upon their Commercial Unit, or bring or keep anything therein, except as now or hereafter permitted by the New York City Fire Department, New York Board of Fire Underwriters, New York Fire Insurance Rating Organization or other authority having jurisdiction;

(j) A Commercial Unit Owner shall not at any time use or occupy or suffer or permit anyone to use or occupy their Commercial Unit or do anything in their Commercial Unit or the Building, or suffer or permit anything to be done in their Commercial Unit or the Building, in violation of any temporary or permanent certificate of occupancy issued for its Unit and/or the Building, and in the event that any Department of the City or State of New York shall at any time contend and/or declare by notice, violation, order or in any other manner whatsoever that their Commercial Unit is being used for a purpose which is a violation of such certificate of occupancy, the Commercial Unit Owner shall, upon ten (10) days' written notice from the Board of Managers, immediately discontinue such use of their Commercial Unit unless such Commercial Unit Owner shall be contesting by bona-fide claim the propriety of such claim and no Unit Owner or member of the Board of Managers shall be subject to criminal prosecution as a result thereof and the Residential Unit Owners are not prohibited from using their Units as result thereof.

(k) Nothing shall be done in any Unit or in, on, or to the Common Elements (including the Residential Common Elements) that will impair the structural integrity of the Property or that 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 structural support of any Unit or the Common Elements (including the Residential Common Elements) be altered or removed, without the approval of the Board of Managers, which approval shall not unreasonably withheld or delayed, except as otherwise set forth in the Declaration and Bylaws.

(l) Notwithstanding the above provisions of this Section 12, the Declarant shall have the right to do all things necessary or appropriate, including the use of the Common Elements (including the Residential Common Elements and the Limited Common Elements), to sell, lease, manage or operate the Unsold Units, to complete any work or repairs to the Building expressly undertaken by Declarant and to comply with Declarant's obligations under the Offering Plan.

Section 13. ***Additions, Alterations or Improvements by Board of Managers.***

(a) Whenever in the judgment of the Board of Managers the Common Elements (including the Residential Common Elements), building systems affecting more than one Unit

and/or building wide improvements shall require additions, replacements, alterations or improvements, the Board of Managers may proceed with such additions, replacements, alterations or improvements and shall assess all Unit Owners for the cost thereof as a Common Expense to the extent it relates to the Common Element or shall assess all Residential Unit Owners for the cost thereof as a Residential Common Expense, to the extent it relates to the Residential Common Elements. Any such additions, alterations, replacements or improvements may be made by the Board of Managers, without approval of the Unit Owners, and the cost thereof (unless paid from the contingency or reserve fund) shall constitute part of the Common Expenses or Residential Common Expenses, as the case may be, payable by the Unit Owners or Residential Unit Owners, as the case may be, either through Common Charges, a special assessment and/or a loan to the Condominium.

Section 14. ***Additions, Alterations or Improvements by Unit Owners.***

(a) The Declarant and its Designee shall, as to the Unsold Units owned by the Declarant and/or its Designee, have the right at any time, except to the extent prohibited by law, before and/or after the filing of the Declaration, without prior notice and without consent of the Board of Managers and/or Unit Owners or any holder of any mortgage encumbering a Unit (except as may be required under the terms of any mortgage encumbering any Unsold Unit), (i) to change the use of Commercial Units #2 and/or #3 to Residential, or to change the use of Commercial Unit #1 in the cellar to permit off-street parking, (ii) to change the layout of, the number of rooms in the Unsold Units, (iii) to change the size and/or number of the Unsold Units by dividing one or more such Unsold Units into two or more separate Unsold Units or by combining separate Unsold Units (including those resulting from such subdivision or otherwise) into one or more Unsold Units, (iv) to alter or modify the boundary walls between one or more Unsold Units, to incorporate any Limited Common Elements for any Unsold Unit into an Unsold Unit or to convert part of an Unsold Unit or the Limited Common Elements for an Unsold Unit into the Common Elements (including the Residential Common Elements) or to convert part of an Unsold Unit into a Limited Common Element for an Unsold Unit, and (v) to reapportion the Common Interests, among such Unsold Units affected by any such change, provided, however, that in each instance the Declarant or its Designee shall comply with all laws, ordinances and regulations of all governmental authorities having jurisdiction and shall agree to hold the Board of Managers and all other Unit Owners harmless for any and all liabilities, losses, damages, costs and expenses arising therefrom.

(b) Except to the extent prohibited by law and as stated below, the Owner of a Commercial Unit (or Units, if it be subdivided) shall have the right, without the consent of the Board of Managers, other Unit Owners, or the holders of mortgages on any other Units, to (i) make alterations, additions or improvements, interior and exterior, in, to and upon their respective Commercial Unit(s), change the use of, including but not limited to the conversion of Commercial Units #2 and/or #3 to one or more Residential Units, and/or the conversion of Commercial Unit #1 to Parking Units (ii) alter or improve any Limited Common Elements appurtenant only to its Commercial Unit(s), (iii) subdivide the Unit(s) and recombine Units resulting from such subdivision, and (iv) alter any boundary walls between one or more subdivided Units, including but not limited to the conversion of a portion of a Commercial Unit into the Common Elements (including the Residential Common Elements) or incorporating a

portion of a Commercial Unit into a new or existing Limited Common Element, provided, however, that in each instance such Commercial Unit Owner shall (i) comply, to the extent applicable, with all laws, ordinances and/or regulations of all governmental authorities having jurisdiction; (ii) undertake any such alterations, additions and/or improvements so as not to have a material adverse impact on the structural supports of the Building or its Building systems as provided to the other Unit Owners at the time any such alterations, improvements and/or additions are completed; (iii) undertake reasonable measures, to the extent practicable, to minimize disruption to the use and/or operation of the other Units; and (iv) agree to hold the Board of Managers and all other Units Owners harmless from any and all liabilities, losses, costs and expenses arising therefrom. The Owner of Commercial Unit #3, as a part of any such conversion of Commercial Unit #3 to one or more Residential Units, shall replace all of the windows for such Unit so that they are consistent with the rest of the windows in the other Residential Units (to the extent not already replaced). To the extent converted to Residential Units, the entire premises comprising Commercial Unit #3 shall be converted to one or more Residential Units. To the extent the Owner of Commercial Unit #3 desires to convert such Unit to more than eight (8) Residential Units, such conversion shall be subject to the prior written approval of the Board of Managers, which approval shall not be unreasonably withheld or delayed.

(c) As part of the conversion of Commercial Unit #3 to one or more Residential Units, the Owner of such Unit, at its sole cost of expense, may eliminate and remove, as a part of such Unit, any separate entrance, lobby and elevator servicing such Unit. To the extent same is eliminated, such entrance, lobby and/or space where such elevator was located would become part of the Common Elements or Residential Common Elements. Except if Commercial Unit #3 is owned by the Declarant or its Designee, the plans and specifications for any such removal of the entrance lobby and/or elevator shall be subject to the approval of the Board of Managers, such approval to not be unreasonably withheld or delayed.

(d) A Commercial Unit Owner shall obtain all necessary permits and sign offs required to complete any such alteration and improvements and shall agree to hold the Board of Managers and all other Units Owners harmless from any and all liabilities, losses, damages, costs and expenses arising therefrom. If a Commercial Unit is subdivided, recombined, or boundary walls altered, the Commercial Unit Owners thereof shall have the right, without the consent of the Board of Managers, other Unit Owners, or the holders of mortgages on other Units, to apportion among the resulting Commercial and/or Residential Units their appurtenant interests in the Common Elements, provided there is a reasonable relationship for such apportionment in accordance with Real Property Law Section 339(i).

(e) No Residential Owner (except for Units owned by the Sponsor or its Designee) shall make any structural addition, alteration or improvement in or to his or her Residential Unit or to the Limited Common Elements appurtenant to such Unit, if any, or any structural or non-structural addition, alteration or improvement which affects the exterior of the Building, the Building systems or the value of other Units without the prior written consent of the Board of Managers, which consent shall not be unreasonably withheld or delayed. In addition, no Residential Unit Owner may make any improvements and/or alterations to the Building to which they have the exclusive right of access and use as a Residential Limited Common Elements

without the prior written approval of the Board of Managers, which approval shall not be unreasonably withheld or delayed. Any work to be undertaken on any terrace reserved for the exclusive use of the Owners of the Duplex Penthouse Units, as a Residential Limited Common Element shall require the prior approval of the Board of Managers, including but not limited to the installation of any replacement of any decking for any such terrace, which consent shall not be unreasonably withheld or delayed.

(f) To the extent the approval of the Board of Managers is required as to additions, alterations or improvements by a Unit Owner (including any Limited Common Elements, if any), the Board of Managers shall have the obligation to answer any written request by a Unit Owner for any approvals requested by such Unit Owner for any such proposed additions, alterations and/or improvements to their Unit and/or the Limited Common Elements appurtenant to their Unit within thirty (30) days after such request and the submission of all documents, plans and specifications as may be reasonably required by the Board of Managers (collectively the "Required Documents"), and failure to do so within the time stipulated shall constitute a consent by the Board of Managers to the proposed addition, alteration or improvement. If the Board of Managers fails to act on the application for approval within thirty (30) days after the request has been made and the submission of the Required Documents, the Board of Managers shall be deemed to have approved such application. If the Board of Managers denies such request by a Unit Owner for the proposed addition, alteration or improvement, then the Unit Owner may submit to binding arbitration the question of whether or not the Board of Managers was unreasonable in denying such request.

(g) Prior to and as a condition of granting consent to the making of any such alteration, repair, addition or improvement to a Unit or the Limited Common Elements appurtenant to such Unit, other than for an Unsold Unit, owned by the Sponsor or its Designee, the Board of Managers (or the Managing Agent on behalf of the Board of Managers) may exercise the right to reasonably approve the Unit Owner's contractors and suppliers, the plans and specifications for such work and, may require the Unit Owner to execute an agreement in the form required by the Board of Managers, setting forth the terms and conditions under which the proposed work shall be done, including, without limitation, the name and address of the contractor and the days and hours during which the work shall be done.

(h) Any such work shall be undertaken by a Unit Owner in compliance with all applicable laws, rules, regulations, codes and ordinances. The contractors performing such work shall maintain adequate liability, property damage and workmen's compensation insurance and a certificate confirming such insurance coverage shall be delivered to the Board of Managers prior to the commencement of such work. If requested by the Board of Managers or the Managing Agent, the Board of Managers shall be named as an additional insured on such contractor's liability and property damage insurance policy. Any alteration, additions improvements made by any Unit Owner shall be undertaken in such a manner so as to not materially delay or prevent or adversely affect, whether directly or indirectly, the issuance or re-issuance of a temporary or permanent certificate of occupancy for other Units or for the Building. A Unit Owner (other than the Declarant and its Designee) shall reimburse the Board of Managers for any out-of-pocket expenses incurred by the Board of Managers in connection with granting its consent to such work and in connection with any services provided for such alteration, addition or

improvements. Such expenses may include, but shall not be limited to, any reasonable fees of an attorney and/or fees of an architect or engineer consulted in connection with any request by a Unit Owner for approval of such work and fees of any construction coordinator retained by the Board of Managers. A Unit Owner making or causing to be made any such alteration, addition and/or improvement shall agree, and shall be deemed to have agreed, to hold the Board of Managers and all other Unit Owners harmless from and against any and all liabilities, losses, damages, costs and or expenses arising therefrom.

(i) The above provision of this Section 14, which required the consent of the Board of Managers, shall not apply to the Units owned by the Declarant or its Designee.

(j) The Board of Managers shall execute any application required to be filed by the Board of Managers with any department or governmental agency of the City or State of New York or to any governmental authority for a permit to make any addition, alteration or improvement in or to any Unit, provided that the Board of Managers does not incur any liability to any such Unit Owner or to any contractor, subcontractor, materialman, architect or engineer on account of such addition, alteration, or improvements, or to any person having any claim for injury or damage to property arising therefrom. The Board of Managers shall be responsible to cooperate and join in any permit, operating license, improvement and/or change of use or conversion applications (to the extent required by an governmental authority) for any governmental approvals required for the Commercial Unit to perform any alteration and/or improvement, to install or maintain any sign and/or flagpole, to obtain any change of use or conversion (including any new or amended certificate of occupancy) and/or to obtain and/or maintain any license to operate any lawful use for a Commercial Unit, including but not limited to applications submitted to the Department of Buildings, Landmarks Preservation Commission and Department of Consumer Affairs, provided that the Board of Managers shall not be required to incur any cost or expense (other than internal cost) in connection therewith. In the event the Board of Managers shall fail or refuse to join in any such application, the Board of Managers hereby irrevocably appoints the Owner of such Commercial Unit as its attorney-in-fact coupled with an interest to execute and deliver any such application on its behalf.

(k) To the extent any Unit Owner undertakes any work in their Unit which would result in a change in the Certificate of Occupancy for the Building or their Unit, then such work or change of use shall be undertaken in such a manner at their sole cost and expense so as to not delay or require additional work to be undertaken by the Sponsor as to the Sponsor's obligation to obtain a new Certificate of Occupancy for the Residential Unit being sold by the Sponsor and/or for the Building. Before any Unit Owner, other than the Sponsor or its Designee, undertakes any work to obtain an additional certificate of occupancy or to change the certificate of occupancy for the Building or their Unit, such work and any application to obtain an additional certificate of occupancy or to change the certificate of occupancy shall be subject to the prior approval of the Board of Managers, which approval shall not be unreasonably withheld or delayed.

(l) So long as the Sponsor shall be continuing to complete the renovation of the Building, which for purposes hereof shall mean that a permanent Certificate of Occupancy has not been issued, or the Sponsor is seeking to convert a Commercial Unit to Parking Units and/or

Residential Unit(s), the Board of Managers or any Unit Owner shall not without the Sponsor's prior written consent (except in the case of the conversion of Commercial Units #2 and #3 to Residential Unit(s), as permitted hereunder), permit any additions or alterations of a Unit which is of a nature that would require the filing of an application with the Buildings Department of the City of New York, including but not limited to any application to amend the Certificate of Occupancy of the Building. Any conversion of a Commercial Unit to Residential Unit(s) by the Owner of a Commercial Unit, which is not the Sponsor or its Designee, shall be undertaken in such a manner as to not interfere or impair the Sponsor's ability to complete the renovation of the Building and the Units and the issuance of a temporary or permanent Certificate of Occupancy for a Unit or the Property.

(m) The Declarant, its Designee and any subsequent owner of any Commercial Unit or Units shall have the right, without the consent of the Board of Managers, other Unit Owners', or the holders of Unit mortgages, to execute and record (or upon request, to require the Board of Managers to execute and record) an amendment to the Declaration in order to implement the provisions of subparagraphs (a), (b), (c) or (d) of this Section 14.

Section 15. ***Use of Common Elements and Facilities.***

(a) A Unit Owner shall not place or cause to be placed in the entranceways, vestibules, public halls, the Residential Lobby, stairways or other Common Elements (including the Residential Common Elements) or common facilities, other than the areas designated as storage areas, any furniture, packages or objects of any kind. The entranceways, vestibules, public halls and stairways shall only be used for normal transit.

(b) The Common Elements (including the Residential Common Elements) and facilities shall be used only for their intended purposes. Except for the Declarant and/or Designee in connection with the improvements to be made to the Building and the Units, as set forth in the Plan, no Unit Owner shall make any addition, alteration, improvement or change in or to any Common Element (including Residential Common Elements) without the prior written consent of the Board of Managers (and the holders of Unit mortgages of record, if required).

(c) So long as the Declarant or its Designee owns any Unit, the Declarant shall have the right to maintain general and sales offices on or about the Property, to have the Declarant's or its Designee's employees present on the Property, to use the Common Elements (including the Residential and Limited Common Elements) and to do all things necessary or appropriate to sell Units located at the Property, including but not limited to the right to erect and maintain signs on exterior portions of the Building and elsewhere on the Property, but the Declarant or its Designee shall be obligated to repair and maintain the portions of the Property used by the Declarant or its Designee for such purpose for so long as such use shall continue.

(d) The Owner or Owners of any two or more Units, which Units are the only Units serviced or benefited by any Common Elements (including the Residential Common Elements) or Limited Common Element adjacent or appurtenant to such Units (for example, the portion at the end of any hallway that is directly adjacent to any such Units located on the opposite sides of such hallway) will, with the consent of the Board of Managers (which consent shall not be

unreasonably withheld or delayed), have the right to use such Common Elements (including the Residential Common Elements) or Limited Common Elements exclusively, as if it were a part of such Units (including the right, in the example of a portion of a hallway, to enclose such portion) and no amendment to the Declaration or reallocation of Common Interests will be required by reason thereof. In such an event, however, such Owner or Owners shall, at his/her or their sole cost and expense, both: (i) operate, maintain and repair such Common Elements (including Residential Common Elements) or Limited Common Element for so long as it is used for their exclusive use and (ii) restore such Common Elements (including Residential Common Elements) or Limited Common Element to its original condition, reasonable wear and tear excepted, after such Owner or Owners ceases to exercise such exclusive right of use.

Section 16. ***Right of Access.***

(a) All Unit Owners shall grant access to his or her Unit to the Board of Managers or Managing Agent and/or other persons authorized by the Managing Agent and/or the Board of Managers for the purpose of: (i) making inspections; (ii) correcting any condition originating in a Unit which threatens another Unit or the Common Elements (including the Residential Common Elements and the Limited Common Elements); (iii) removing violations noted or issued by any governmental authority against, the Common Elements (including the Residential Common Elements) or Limited Common Elements or any other part of the Property; (iv) performing installations, alterations or repairs to the mechanical, ventilating, air conditioning, electrical or heating systems or other Common Elements (including the Residential Common Elements and the Limited Common Elements) in a Unit or elsewhere in the Building; v) reading, maintaining or replacing utility meters relating to the Common Elements (including the Residential Common Elements and the Limited Common Elements), to his or her Unit or any other Unit in the Building; and (vi) correcting any condition which violates the provision of any recorded mortgage covering any Unit, provided that the requests for entry are made in advance and that any such entry is at a time reasonably convenient to the Unit Owner. In case of an emergency, such right of entry shall be immediate, whether the Unit Owner is present at the time or not.

(b) The Unit Owner hereby grants a right of access to their Unit and the Board of Managers hereby grants a right of access to the Common Elements (including Residential Common Elements and the Limited Common Elements) to the Declarant, its Designee, contractors, subcontractors, agents, and employees, for completion of construction work, provided that access thereto shall be exercised upon reasonable hours in such a manner as will not unreasonably interfere with the use of the Units for their permitted purposes.

Section 17. ***Rules and Regulations.*** Annexed hereto as Schedule A are the initial rules and regulations concerning the use of the Units and the Common Elements (including Residential Common Elements and the Limited Common Elements). The Board of Managers may adopt and from time to time modify, amend or add to such Rules and Regulations, except that a Majority of the Unit Owners may overrule the Board of Managers with respect to any such adoption, modification amendment or addition to the Rules and Regulations. Notwithstanding the above provisions, as long as the Declarant or its Designee remain the Owner of one or more Units, the Rules and Regulations of the Condominium may not be amended or modified in any way so as to adversely affect the Declarant or its designee without the Declarant's prior written

consent. Additionally the Rules or Regulations of the Condominium may not be amended or modified in any way so as to adversely affect the Commercial Units without the prior written consent of the Majority of the Commercial Unit Owners. Copies of any modifications or amendments to the Rules and Regulations shall be delivered to the Unit Owners not less than ten (10) days prior to the time they become effective.

Section 18. ***Real Estate Taxes.***

(a) Until a Unit is separately assessed for real estate tax purposes, the Unit Owners shall pay to the Board of Managers their respective pro rata share of all real estate taxes with respect to the Property. A Unit Owner shall pay to the Board of Managers a monthly tax escrow based on the estimated real estate tax bill for the entire Property, the Unit Owner's percentage interest in the Common Elements (or a higher amount as reasonably estimated by the Board of Managers to reflect a possible increase in real estate taxes at the beginning of a new tax year). Such monthly tax escrows shall constitute additional Common Charges and shall be due and payable on the first day of each month along with the payment of Common Charges. Until the Units are separately assessed, the Board of Managers will pay from such escrowed funds all real estate taxes for Property when due and payable to the City of New York. At such time as a Unit is separately assessed and separately billed, the Unit Owner will pay such real estate taxes directly to the City of New York.

If the actual real estate taxes due for any period for which the Board of Managers collected escrows are higher than the amount collected and held in escrow, the Unit Owners shall promptly pay such deficiency to the Board of Managers within 10 days after written demand for payment. If any Unit Owner fails to pay his or her pro-rata share of such real estate taxes within 15 days after the due date for such payment, then the Unit Owner shall owe a late charge to the Board of Managers equal to 4% of such overdue amount. The Board of Managers shall have the same rights and remedies for the collection of monthly real estate tax escrows as provided in the Declaration and these Bylaws for the collection of Common Charges. If the actual taxes are lower than the amount collected and held in escrow by the Board of Managers, the Board of Managers will pay such tax bill and return to the Unit Owners their proportionate share of any excess without any interest thereon. If the Units are separately assessed, with payment to commence during a period for which the Board of Managers holds escrowed funds, the Board of Managers will return the funds to each Unit Owner without any interest thereon and the Unit Owner will pay their own real estate taxes to the City of New York.

In addition, once the Units are separately assessed and billed the Board of Managers shall calculate the amount of the real estate taxes that would have been due by a Unit Owner based on the actual assessment for their Unit established by the City of New York and the amount of real estate tax paid during such escrow period will be adjusted with each Unit Owner so that Unit Owners will be reimbursed by the Board of Managers for any overpayment of real estate taxes or shall pay to the Board of Managers any underpayment of the amount of such real estate taxes paid to the Board of Managers.

Notwithstanding the above provisions, during the period when the Unsold Units are not separately assessed, the Declarant or its Designee shall not be required to pay monthly escrows

to the Board of Managers for such real estate taxes due for the Unsold Units owned by the Declarant or its Designee. Instead the Declarant or its Designee shall pay to the Board of Managers the amount of such real estate taxes for the Unsold Units, based on its percentage interest in the Common Elements attributable to such Unsold Units no later than 10 days prior to the due date for the payment of such real estate taxes by the Board of Managers. There shall be a similar adjustment as to the Unsold Units owned by the Declarant or its Designee when the actual assessments are known for the Unsold Units as to any overpayment or underpayment of such real estate taxes.

(b) In the event of a proposed sale of any Unit, the Board of Managers, on request of the selling Unit Owner, shall execute and deliver to the purchaser of such Unit or to such purchaser's title company, a letter agreeing to pay all charges for water, sewer rents and real estate taxes (so long as the Board of Managers is still collecting and paying such charges affecting such Owner's Unit to the date of the closing of title to such Unit, promptly after such charges have been billed).

(c) All taxes and charges for street vaults, if any, shall be paid by the Board of Managers as a Common Expense.

Section 19. ***Utilities***. The Board of Managers, as a Common Expense of the Condominium, shall be responsible for the repairs and replacements to any utility lines servicing the Buildings.

Section 20. ***Gas***. Gas for cooking will be supplied to the Residential Units through one meter for all of the Residential Units and the cost for such gas for cooking will be a Residential Common Expense to be paid by all Residential Unit Owners in proportion to their respective Residential Common Interests. Gas for heating and domestic hot water will be supplied to the Residential Units through one meter for all of the Residential Units and the cost for such gas for heating and domestic hot water will be a Residential Common Expense to be paid by all Residential Unit Owners in proportion to their respective Residential Common Interests. There will be a dedicated gas meter for Commercial Unit #1 for the gas for the space heaters servicing Commercial Unit #1. The Owner of Commercial Unit #1 will directly pay the cost for its gas usage to Consolidated Edison Company ("Con Edison"). There will be one gas meter for the rooftop HVAC equipment servicing both Commercial Units #2 and #3. The cost for such gas usage shall be shared by such Commercial Unit Owners based on the proportion that the percentage interest in the Common Elements for each such Commercial Unit bears to the aggregate percentage interest in the Common Elements for both of such Commercial Units. The Owners of Commercial Unit #2 and/or #3 shall each be responsible to pay their respective shares of such gas cost directly to Con Edison. The Owners of Commercial Units #2 and/or #3 each have the right, at their sole cost and expense, to install a separate gas meter and to modify gas piping distribution to measure their own gas consumption. In such case, the Owner of such Commercial Unit shall directly pay for its gas consumption as measured by their separate gas meter.

Section 21. ***Electricity.*** Electric Consumption for each Residential Unit will be supplied by Con Edison. Electric consumption for each Residential Unit will be measured by a separate meter for each Unit. Each Residential Owner will directly pay Con Ed for the cost of electricity consumed in their Unit, as measured by their specific electric meter. There will be a separate electric meters to measure electric consumption for the Commercial Units. The Commercial Unit Owners will also pay directly to Con Ed the cost of electricity consumed in their Commercial Unit. Electric consumption to be paid by each Unit Owner shall include electricity used for lighting and the operation of appliances, any heat pumps servicing each such Residential Unit, any HVAC equipment servicing Commercial Units #2 and #3, the electric hot water heaters servicing Commercial Units #2 and #3 and the space heatings servicing Commercial Unit #1. To the extent there is electricity servicing the Common Elements, including the electricity for the Residential Lobby and fitness room, such electricity servicing the Common Elements, the Residential Lobby and the fitness room shall be included as part of the Common Expenses. To the extent there is electricity servicing a Limited Common Element, the Units, which have exclusive use of such Limited Common Elements, shall pay directly to Con Ed the cost of electricity consumed in any such Limited Common Element.

Section 22. ***Removal of Garbage and Refuse.*** Garbage and refuse removal from the Residential Units shall be conducted in accordance with such rules as the Board of Managers shall enact and the cost of such removal, if any, shall be a Common Expense of all Residential Unit Owners. A Commercial Unit Owner or its tenants shall arrange for such service directly and at its own cost and expense. The Board of Managers or its agents shall only put out trash or garbage on the sidewalk for pick up on collection days. The Board of Managers or its agents shall not place any trash for pick up on the sidewalk right in front of the entranceways or steps to the Commercial Unit.

Section 23. ***Lavatories.*** The Owner of Commercial Unit #2 and their tenants and subtenants and their respective employees suppliers, contractors and invitees shall be entitled, under a revocable license, to use any lavatories in the cellar that are located outside of the Commercial Units, without hindrance. The Board of Managers may at any time revoke such license to use such lavatories in the cellar.

Section 24. ***Heat, Water and Access to Utilities.***

(a) Heat shall be provided to the Common Elements as a Common Expense. Heat will be provided to Residential Units as a Residential Common Expense and the cost thereof will be shared by all of the Residential Unit Owners in proportion to their respective Residential Common Interests. Heat for Commercial Unit #1 will be provided by space heaters within such Unit and the cost thereof will be paid by the Owner of Commercial Unit #1. Heat for Commercial Units #2 and #3 will be provided by separate rooftop HVAC equipment and the cost thereof will be paid by the Owners of Commercial Units #2 and #3 respectively.

(b) There will be one water submeter for domestic water consumption servicing all of the Residential Units. The Residential Unit Owners will pay for their water consumption, based on such submeter, as a Residential Common Expense in proportion to their respective Residential Common Interests. The balance of such

water charges for the Building will be paid as a Common Expense after deduction of such payment to be made as a Residential Common Expense. To the extent water usage by any Commercial Unit Owner, its tenants, subtenants and/or their respective employees, invitees and/or guests exceeds ordinary lavatory and drinking purposes, then the Board of Managers reserves the right to require that their water usage be metered or submetered and the cost thereof will be paid by the Owner of such Commercial Unit. To the extent installed, the Owner of the applicable Commercial Unit shall pay for the cost to install any such meter or submeter. Any cost to read any such water submeter and to calculate the corresponding water charges shall be included as part of the Residential Common Expenses as to the residential water submeter and/or shall be paid by the applicable Commercial Unit Owner, if there is a separate submeter to measure the water consumption for their Commercial Unit.

(c) The Board of Managers shall provide access to the utility companies, the Owners of the Units and their tenants, subtenants, agents and/or contractors to service and/or read any meters or submeters for any Units, which are located outside of a Unit, in the cellar.

Section 25. ***Review of Real Estate Tax Assessments.*** Subject to the provisions of Article 12 of the Declaration, it shall be the responsibility of the individual Unit Owners, at their sole cost and expense to review the real estate tax assessments of their Units and if they so desire, to take any steps necessary to review and/or challenge such assessments. Notwithstanding the foregoing if proceedings are pending for the reduction of real estate taxes on the land and Building for the tax year in which the closing of the first Unit occurs, the Condominium will continue such proceedings with the attorney previously employed by the Declarant. The Declarant shall have the sole right to negotiate and settle all claims in connection with such proceedings. The cost of such proceedings, including legal fees, and (in the event taxes are reduced) any refund shall be apportioned between the Declarant and the respective Unit Owners according to their respective periods of ownership during such tax year. Any refund covering a period prior to the closing of the First Unit Closing and all expenses incurred in connection with obtaining such refund shall belong to and be incurred by the Declarant alone.

ARTICLE VI

Mortgages

Section 1. ***Notice to Board of Managers.*** A Unit Owner who mortgages his or her Unit shall notify the Board of Managers of the name and address of his or her mortgagee and shall file a conformed copy of the note and mortgage with the Board of Managers. A Unit Owner who satisfies a mortgage covering his or her Unit, shall so notify the Board of Managers and shall file a confirmed copy of the satisfaction of the mortgage with the Board of Managers. The Board of Managers shall maintain such information in a book entitled "Mortgages of Units".

Section 2. ***Notice of Unpaid Common Charges or Other Default.*** The Board of Managers, whenever so requested in writing by a mortgagee of a Unit, shall promptly report any

then unpaid Common Charges due, or other default, by the Owner of such Unit under the provisions of the Declaration, these By-laws and/or the Rules and Regulations, to which the Board of Managers has knowledge of such default.

Section 3. ***Notice of Default.*** Whenever, the Board of Managers, shall give notice to a Unit Owner of a default in paying Common Charges or other default it shall simultaneously send a copy of such notice to each holder of a mortgage covering such Unit whose name and address has theretofore been furnished to the Board of Managers, provided the mortgagee has requested of the Board of Managers in writing, that it be notified of such default(s). In addition, provided the mortgagee has so requested of the Board of Managers in writing, the Board of Managers shall give subsequent notification in writing to said mortgagee if sixty days have elapsed and the Unit Owner has failed to cure a default, notice of which default was previously given to the Unit Owner and the mortgagee.

Section 4. ***Performance by Mortgagees***. The Board of Managers shall accept by any mortgagee of a Unit Owner, payment of any sum or performance of any act required to be paid or performed by such Unit Owner pursuant to the provisions of the Declaration, these By-laws or the Rules and Regulations with the same force and effect as through paid or performed by such Unit Owner.

Section 5. ***Recorded Mortgages.*** The rights of mortgagees under the Declaration and By-Laws shall apply only to a mortgage which has been recorded in the Office of the City Register of New York County.

Section 6. ***Examination of books***. Each Unit Owner and each mortgagee of a Unit Owner shall be permitted to examine the books of account and other records of the Condominium at reasonable times, on business days.

ARTICLE VII
[intentionally omitted]

ARTICLE VIII

Sales, Leases and Mortgages of Units

Section 1. ***Selling and Leasing.***

(a) The sale or lease of any Unsold Unit (both Residential and Commercial Units) by the Declarant or its Designee is not subject to a right of first refusal by the Board of Managers. The sale or lease of a Commercial Unit is also not subject to the right of first refusal by the Board of Managers and is not otherwise subject to the approval of the Board of Managers.

(b) The sale of a Residential Unit, except as indicated below, shall be subject to the Board of Manager's right of first refusal to purchase such Residential Unit as set forth below.

(c) No Residential Unit Owner may sell their Unit or any interest therein except by complying with the following provisions:

(d) (i) Any Residential Unit Owner who receives a bona fide offer (hereinafter such offer to purchase a Residential Unit is called "Outside Offer", the party making any such Outside Offer is called the "Outside Offeror" and the Residential Unit Owner to whom the Outside Offer is made is called an "Offeree Unit Owner") for the sale of their Residential Unit, which he or she intends to accept, shall give written notice to the Board of Managers of such Outside Offer. Said notice shall include the name and address of the proposed purchaser, the terms of the proposed transaction (including, but not limited to, the intended closing date, the contract deposit and the terms of any financing contingency, assumption of any existing loan or purchase money financing) and such other information as the Board of Managers may reasonably require. The giving of such notice to the Board of Managers shall constitute an offer to sell such Residential Unit to the Board of Managers, or its designee, corporate or otherwise, on behalf of all of the Unit Owners on the same terms and conditions as contained in such Outside Offer. The Offeree Unit Owner shall submit in writing such further information with respect thereto as the Board of Managers may request. No later than twenty (20) days after receipt of such notice, together with such information as may have been reasonably requested by the Board of Managers, the Board of Managers, may elect, by sending written notice to Offeree Unit Owner before the expiration of said twenty (20) day period to purchase such Residential Unit, (or to cause the same to be purchased by its designee, corporate or otherwise) on behalf of all Unit Owners, on the same terms and conditions as contained in the Outside Offer and as stated in the notice from the Offeree Unit Owner. In the event the Board of Managers shall elect to purchase such Residential Unit or to cause the same to be purchased by its designee, corporate or otherwise, title shall close at the office of the attorneys for the Condominium in accordance with the terms of the Outside Offer, but in no event less than forty-five (45) days after the giving of notice by the Board of Managers of its election to accept such offer. If pursuant to the Outside Offer, the Outside Offeror was to assume or take title to the Residential Unit subject to Offeree Unit Owner's existing mortgage or mortgages, the Board of Managers may purchase the Residential Unit subject to the existing mortgage or mortgages. At the closing, the Unit Owner shall convey the Residential Unit to the Board of Manager or to its designee, corporate or otherwise, on behalf of all of the Unit Owners, by deed in the form required by Section 339-o of the Condominium Act, and shall pay all New York City and State transfer taxes arising out of such sale. Real estate taxes, mortgage interest (if applicable) and Common Charges shall be apportioned between the Offeree Unit Owner and the Board of Managers, or its designee, as of the closing date.

(ii) In the event the Board of Managers or its designee fails to notify the Offeree Unit Owner of its decision to accept such offer within twenty (20) days after the receipt of notice as aforesaid or notify the Offeree Unit Owner within said period of its decision not accept such offer, the Offeree Unit Owner shall be free to contract to sell such Unit, within sixty (60) days after the expiration of the twenty (20) day period, in which the Board of Managers or its designee might have accepted such offer, to the Outside Offeror, on the same terms and conditions set forth in the Outside Offer. Any such deed to any Outside Offeror shall provide that acceptance thereof by the grantee shall constitute an assumption of the provisions of the Declaration, the By-Laws and the Rules and Regulations, as the same may be amended from

time to time. In the event the Offeree Unit Owner shall not, within such (60) sixty day period, contract to sell such Residential Unit to the Outside Offeror on the same terms and conditions contained in the Outside Offer, or the Unit Owner shall so contract to sell within such (60) sixty day period, but such sale shall not be consummated pursuant to the terms of such contract, then should such Offeree Unit Owner thereafter elect to sell such Residential Unit, to the same or another Outside Offeror on the same or other terms and conditions, the Offeree Unit Owner shall be required to again comply with the above the terms and provisions of this right of first refusal.

(iii) Notwithstanding the foregoing, the Board of Managers, in its discretion, may waive the Offeree Unit Owner's obligation to comply with the 60 day period described herein as to the sale of their Residential Unit or may extend such period, provided that such waiver or extension shall only be effective if in writing.

(iv) The costs and expenses relating to the purchase of any such Residential Unit by the Board of Managers or its designees pursuant to the above right of first refusal, shall be borne by all of the Residential Unit Owners in proportion to their respective Residential Common Interests. Such costs or expenses, if applicable, are not included in the first year's operating budget for the Condominium and this may necessitate either an increase in Common Charges or a special assessment. All income derived from the purchase of any such Residential Unit by the Board of Managers or its designee, pursuant to the above right of first refusal, shall be for the benefit of all of the Residential Unit Owners.

(v) The above restrictions on sale of Residential Units shall not apply with respect to the sale or conveyance of a Unit as to any of the following matters: i) the sale or conveyance of a Commercial Unit, including but not limited to the subdivision of a Commercial Unit and/or the conversion of a Commercial Unit to a Residential Unit, ii) the sale or conveyance of any Unit owned by the Sponsor or its Designee, iii) the sale or conveyance of a Residential Unit, by a Unit Owner to his or her spouse, children, grandchildren, parents, siblings (hereinafter such relatives of a Unit Owner are individually referred to as an "immediate family member" or collectively as "immediate family members") or any one or more of them or to a trust for the benefit of one or more immediate family members iv) the sale or conveyance of a Residential Unit by a Unit Owner to an entity in which the transferring Unit Owner or immediate family member of the transferring Unit owner owns more than *50%* of the economic interest or voting control of such entity, v) the sale or conveyance of a Residential Unit, which is owned by a tenancy-in-common, to one or more of the other tenant-in-common owners, vi) the acquisition or transfer of a Residential Unit to the holder of a mortgage, or its designee or assigns, who acquired title to a Residential Unit by foreclosure or deed in lieu of foreclosure, and vii) the sale of a Residential Unit by a mortgagee or an entity owned or controlled by such mortgagee, who acquired title to the Residential Unit by foreclosure or deed in lieu of foreclosure. However, the above restrictions on the sale of Residential Units shall apply with respect to the sale of a Residential Unit by any third party purchaser, which is not owned or controlled by a mortgagee, that previously purchased a Residential Unit as part of a foreclosure or deed in lieu of foreclosure.

(vi) The Board of Managers shall not exercise any option hereinabove set forth to purchase any Residential Unit without the prior approval of a Majority in Interest of the Unit

Owners present or in person or by proxy and voting at a meeting at which a quorum is present of the Unit Owners. In any vote of the Unit Owners, the Offeree Unit Owner shall have the right to vote in any vote conducted for the purpose of determining whether the Board of Managers shall exercise its right of first refusal to purchase the Unit of the Offeree Unit Owner. If the Board of Managers does not have sufficient funds on hand for the purchase of a Residential Unit which has been approved by a majority of the Unit Owners, the Board of Managers may either borrow such funds or may assess the Unit Owners therefor in proportion to their respective Common Interests. The costs and expenses relating to the purchase of any such Residential Unit, pursuant to such right of first refusal, shall be borne by all of the Unit Owners. All income derived from the purchase of any such Residential Unit pursuant to such right of refusal shall be for the benefit of all of the Unit Owners.

(e) Each Unit Owner may lease their Unit without the approval of the Board of Managers, except the term of any lease for a Residential Unit shall not be less than one (1) year. Each Residential Unit Owner's right to sell or lease their Unit will be subject to their being current in the payment of Common Charges and assessments, if any, theretofore assessed by the Board of Managers.

(f) Any deed for a Unit shall be deemed to provide that the acceptance thereof by the grantee shall constitute an assumption of the provisions of the Declaration, these By-Laws and the Rules and Regulations, as the same may be amended from time to time.

(g) Any lease executed in connection with a Residential Unit shall be consistent with the Declaration and these By-Laws and shall provide that the tenant shall not violate the rules and regulations for the Buildings as promulgated by the Board of Managers, and that the Board of Managers, if permitted by applicable law, shall have power to terminate such lease and/or to bring summary proceedings to evict the residential tenant in the name of the landlord thereunder, in the event of (i) a default by the tenant in the performance of its obligations under such lease, or (ii) a foreclosure of the lien granted by Section 339-z of the Real Property Law of the State of New York.

Section 2. ***Consent of Unit Owners to Purchase or Lease of Residential Units By Board of Managers.*** The Board of Managers shall not purchase or lease any Unit without the prior approval of a Majority of the Unit Owners. The Offeree Unit Owner shall have the right to vote in any vote conducted for purpose of determining whether the Board of Managers shall purchase or lease a Unit.

Section 3. ***No Severance of Ownership.*** No Unit Owner shall execute any deed, mortgage or other instrument conveying or mortgaging title to his or her Unit without including therein the Appurtenant Interests, it being the intention hereof to prevent any severance of such combined ownership. Any such deed, mortgage or other instrument purporting to affect one or more of such interests, without including, all such interests, shall be deemed and taken to include the interest or interests so omitted, even though the latter shall not be expressly mentioned or described therein. No part of the Appurtenant Interests of any Unit may be sold, transferred or otherwise disposed of, except as part of a sale, transfer or other disposition of the Unit to which

such interests are appurtenant, or as part of a sale, transfer or other disposition of such part of the Appurtenant Interests of all Units.

Section 4. ***Gifts and Devises, etc.*** Any Unit Owner shall be free to convey or transfer his or her Unit and Appurtenant Interests by gift, or to devise his or her Unit and Appurtenant Interests by will, or to pass the same by intestacy, without restriction, provided however that each succeeding Residential Unit Owner shall be subject to the provisions of this Article VIII.

Section 5. ***Payment of Assessments.*** No Unit Owner shall be permitted to convey, mortgage, pledge, hypothecate, sell or lease his or her Unit unless and until he or she shall have paid in full to the Board of Managers all unpaid Common Charges and assessments theretofore assessed by the Board of Managers against his or her Unit and until he or she shall have satisfied all unpaid liens against such Unit, except as otherwise permitted by any mortgagee for such Unit.

Section 6. ***Unauthorized Sales or Leases of Residential Units.*** Any purported sale or lease of a Unit consummated in violation of Section 1 of this Article VIII shall be voidable at the election of the Board of Managers, if the Board of Managers shall so elect, and the Unit Owner shall be deemed to have authorized and empowered the Board of Managers to institute legal proceedings to eject the purported purchaser (in case of an unauthorized sale) or to evict the purported tenant (in case of an unauthorized leasing), in the name of the said Unit Owner as the owner or landlord, as the case may be. Said Unit Owner shall reimburse the Board of Managers for all expenses (including reasonable attorneys' fees and disbursements) incurred in connection with such proceedings.

Section 7. ***Charges Imposed on Sale or Lease of Units.*** If permitted by law, the Board of Managers shall be entitled to fix by resolution and collect, before any sale or lease of a Residential Unit is consummated, a reasonable charge to cover its expenses, and any fees due the Managing Agent or any attorney retained by the Board of the Managers, in connection with the sale or lease. If such charge is adopted, it shall be added to, and constitute a portion of, Common Charges payable by the selling or leasing Unit Owner. The aforementioned charge shall not apply to the lease of a Unit to Declarant or its Designee, to the sale or lease of Unsold Units by Declarant or its Designee, the sale or lease of a Commercial Unit, or to the sale or lease of Unsold Units by a Mortgagee of Declarant or the Owner of a Commercial Unit that acquires title to a Commercial Unit.

Section 8. ***Notices Concerning Residential Unit Occupancy.*** Within five (5) days following acquisition of a Residential Unit or the commencement of a lease relating thereto, the new Residential Unit Owner or lessor, as the case may be, shall notify the Managing Agent of the Unit involved, the name of the purchaser or lessee and the names of the individuals, who will be using or occupying the Residential Unit. The individuals so designated may be changed by the purchaser or lessor, from time to time, by further notice to the Managing Agent. Notwithstanding the foregoing, the notification provisions of this Section 9 shall not be applicable with respect to leases entered into by the Declarant or Sponsor's Designee or to leases entered into by the Owner of a Commercial Unit.

Section 9. ***Mortgage of Units.*** Subject to Article VI (Mortgages), each Unit Owner shall have the right to mortgage his or her Unit without restriction, provided that, with respect to any mortgage covering a Unit, the Unit Owner making such mortgage shall notify in writing the Board of Managers of the making of such mortgage.

Section 10. ***Recognition Agreement.*** The Board of Managers, at the request of a Commercial Unit Owner will enter into a recognition agreement with any commercial tenant of all or any portion of their Commercial Unit. Under the terms of the recognition agreement, the tenant will acknowledge that the lease is subject and subordinate to the Declaration and Bylaws and the Board of Managers will agree that so long as there is no event of default under said lease, as would entitle a Commercial Unit Owner or any successor landlord under the lease to terminate the lease or dispossess the tenant thereunder, the tenant shall not be named or joined in any action or proceeding to foreclose the Board of Managers' lien on a Commercial Unit for Common Charges or any other sums due and owing by such Commercial Unit Owner to the Board of Managers, and the Board of Managers shall agree that the lease shall not be terminated nor shall the tenant's use, possession, or enjoyment of the Commercial Unit in question be interfered with, nor shall the leasehold estate granted by the lease be affected in any manner, nor shall any of the rights of the tenant granted under the lease be affected in any manner, in any foreclosure or other action or proceeding instituted under or in connection with such lien or in the exercise of any rights of the Board of Managers, or take possession of a Commercial Unit pursuant to any provision of the Declaration or By-Laws, or otherwise; provided however that if the Board of Managers or any other party succeeds to the interest of a Commercial Unit Owner under the lease the tenant will agree to be bound to such Board of Managers or party under all of the terms, covenants and conditions of the lease and the tenant will attorn to such Board of Managers or party as its landlord.

ARTICLE IX

Condemnation

Section 1. ***Condemnation.***

(a) The Board of Managers shall give written notice to all Unit Owners and all holders, insurers and guarantors of mortgages in Units, whose names and address appear on the books and records of the Condominium, of any written notification received by the Board of Managers advising it of a pending or threatened condemnation of any portion of the Property.

(b) In the event of taking in condemnation or by eminent domain of all or any part of the Common Elements (including Residential Common Elements and the Limited Common Elements) the Board of Manager, subject to the provisions of Section 1(c) of this Article IX, will arrange for the prompt repair and restoration of such part of the Common Elements (including Residential Common Elements and the Limited Common Elements) so taken. The award made for any such taking shall be payable to the Board of Managers, and shall be disbursed to contractors engaged in such repair and restoration, if any, in appropriate progress payments. If the net proceeds of any such award are insufficient to cover, or if such net proceeds exceed the cost of any repairs or restorations, the deficit or surplus, as the case may be, will be borne or

shared by all Unit Owners with respect to any taking of the Common Elements pro rata in accordance with their respective Common Interests, or with respect to any taking of the Residential Common Elements pro rata in accordance with the Residential Unit Owners' respective interests in the Residential Common Interests, or with respect to any taking of the Commercial Units in accordance with the Commercial Unit Owners' respective interests in the Commercial Common Interests, as to any Commercial Unit Owner affected by any such condemnation. No payment of any surplus award shall be made to a Unit Owner until there has first been paid out of his or her share of such award, such amount as may be necessary to reduce or discharge unpaid liens on his or her Unit, other than existing mortgages thereon, unless otherwise required pursuant to the terms of the existing mortgages, in order of priority of such liens.

(c) Notwithstanding any provisions contained herein to the contrary, if 75% or more of the Units or Common Elements (including Residential Common Interests) would be required to be restored as a result of such condemnation and Unit Owners holding seventy-five (75%) percent or more in Common Interest of all Unit Owners, do not duly and promptly approve the repair and restoration of such Common Elements or Units, the Board of Managers shall disburse the net proceeds of such award in the same manner as they are required to distribute insurance proceeds where there is no repair or restoration of the damage, as provided in Section 3 of Article V of these By-Laws. As used in this Section, the words "promptly approve" shall mean not more than one hundred twenty (120) days from the date of such taking.

(d) If a portion of any Unit shall be taken in condemnation or by eminent domain and the Condominium shall not be terminated, the Common Interest appurtenant to such Unit shall be adjusted in the proportion that the total floor area of such Unit and its appurtenant Limited Common Elements after such taking bears to the total floor area of such Unit and its appurtenant Limited Common Elements prior to such taking. The Board of Managers 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 or remaining Units shall be adjusted accordingly and reflected in an amendment to the Declaration duly executed and acknowledged by the Board of Managers and the owners of, together with the holders of record of all liens upon, all of the other or remaining Units.

ARTICLE X

Records

Section 1. ***Records and Audits.*** The Board of Managers or the Managing Agent shall keep detailed records of the actions of the Board of Managers and the Managing Agent, minutes of the meetings of the Board of Managers, minutes of the meetings of the Unit Owners, and

financial records and books of account of the Condominium, including a chronological listing of receipts and expenditures, as well as a separate account for each Unit which, among other things, shall contain the amount of each assessment of Common Charges against such Unit, the date when due, the amounts paid thereon, and the balance remaining unpaid. An annual financial statement of the Condominium, prepared by an independent certified public accountant, shall be rendered by the Board of Managers to all Unit Owners, promptly after the end of each fiscal year, which financial statement shall be certified while the Declarant is in control of the Board of Managers. The cost of such report shall be paid by the Board of Managers as a Common Expense. Records of the Board of Managers and the Condominium, including but not limited copies of the Declaration, these Bylaws, the Rules and Regulations as same may be amended from time to time, shall be kept at its offices at the Property and shall be available for inspection by all Unit Owners and other interested persons.

ARTICLE XI

Arbitration

Section 1. ***General Procedure.*** Any arbitration provided for in these By-Laws shall be conducted before one arbitrator in New York City by the American Arbitration Association or any successor organization thereof, in accordance with its rules then in effect and the decision rendered in such arbitration shall be binding upon the parties and may be entered in any court having jurisdiction. In the event that the American Arbitration Association is not then in existence and has no successor, any arbitration hereunder shall be conducted in New York City before one arbitrator appointed, on application of any party, by the President of the Real Estate Board of New York. The arbitrator appointed shall be experienced in matters relating to the management and/or operation of condominiums or cooperatives.

Section 2. ***Costs and Expenses.*** The fees, costs and expenses of the arbitrator will be borne by the losing party in the arbitration or, if the position of neither party to the dispute will be substantially upheld by the arbitrator, such fees, costs and expenses will be borne equally by the disputants. Each disputant will also bear the fees and expenses of his counsel and expert witnesses. All costs and expenses paid or incurred by the Board of Managers in connection with any arbitration held hereunder, including, without limitation, the fees and expenses of counsel and expert witnesses, will constitute Common Expenses.

Section 3. ***Agreement by Parties.*** The parties to any dispute required or permitted to be submitted to arbitration hereunder may, by mutual agreement between them vary any of the provisions of Section 1 within respect to the arbitration of such dispute, or may agree to resolve their dispute in any other manner, including, without limitation, the manner set forth in Section 3031 of the New York Civil Practice Law and Rules and known as the "New York Simplified Procedure for Court Determination of Disputes".

ARTICLE XII

Miscellaneous

Section 1. ***Notices.*** All notices hereunder shall be sent by either registered or certified mail, personal delivery and/or by overnight express mail delivery service to the Board of Managers c/o the Managing Agent, or if there be no Managing Agent, to the office of the Board of Managers or to such other address as the Board of Managers may hereafter designate from time to time, by notice in writing to all Unit Owners and to all mortgagees of Units. All notices to any Unit Owner shall be sent by either registered or certified mail, personal delivery and/or by overnight express mail delivery service to the Building, or to such other address as may have been designated by a Unit Owner from time to time, in writing, to the Board of Managers, except that notices of an annual meeting pursuant to Article III, Section 4 may be sent by regular mail. All notices to mortgagees of Units shall be sent by registered or certified mail, personal delivery and/or overnight express mail delivery service to their respective addresses, as designated by them from time to time, in writing, to the Board of Managers. All notices shall be deemed to have been given within 2 days after mailed, the date of personal delivery, or within one day after being sent by overnight express delivery service except notices of change of address which shall be deemed to have been given when received.

Section 2. ***Invalidity.*** The invalidity of any part of these By-Laws shall not impair or affect in any manner the validity, enforceability or effect of the balance of these By-Laws.

Section 3. ***Captions.*** The captions herein are inserted only. as a matter of convenience and for reference, and in no way define, limit or describe the scope of these By-Laws, or the intent of any provision thereof.

Section 4. ***Gender.*** The use of the masculine gender in these By-Laws shall be deemed to be the feminine or neuter gender and the use of the singular shall be deemed to be the plural, whenever the context so requires or admits.

Section 5. ***Waiver.*** No restriction, condition, obligation, or provision contained in these By-Laws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches thereof which may occur.

ARTICLE XIII

Amendments to By-Laws and Rights of Declarant

Section 1. ***Amendments by Unit Owners.*** Subject to the provisions contained herein or in the Declaration with respect to amendments, modifications, additions or deletions affecting Declarant or Sponsor's Designee, or any Unsold Residential Units, or the Commercial Units or any Commercial Unit Owner, (i) any provision of these By-Laws may be added to, amended, modified or deleted by the vote of at least 67% in number and in Common Interest of all Unit Owners taken in accordance with the provisions of these By-Laws, provided, however, that the

Common Interest appurtenant to each Unit as expressed in the Declaration shall not be altered without the written consent of all Unit Owners directly affected; (ii) any provision of these By-Laws benefiting, protecting or otherwise affecting only the Residential Unit Owners and/or the Residential Common Interests may be amended, modified, added to or deleted by affirmative vote of at least 67% in number and in Residential Common Interest of all Residential Unit Owners taken in accordance with the provisions of these By-Laws; (iii) any provision of these By-Laws benefiting, protecting or otherwise affecting only the Commercial Unit Owners may not be amended modified, added to or deleted, in whole or in part, in any material respect without the consent of the affected Commercial Unit Owners. Subject to the provisions contained herein or in the Declaration with respect to amendments, modifications, additions or deletions affecting the Declarant or its Designee or the Commercial Unit Owners, any such amendment, modification, addition or deletion shall be executed by the Board of Managers, as attorney-in-fact for all Unit Owners, coupled with an interest, to which the Board of Managers is hereby authorized by the Unit Owners to so act as their attorney-in-fact.

The By-Laws and the Rules and Regulations may not be amended in any material respect without the consent in writing of the Declarant or its Designee, if such amendment may materially adversely affect the rights of the Declarant and/or its Designee, so long as the Declarant and/or its Designee shall be the owner of one or more Units and/or without the consent of affected Commercial Unit Owner(s), if such amendment requires any material change to any of the provisions of the Bylaws benefiting, protecting and otherwise affecting only a Commercial Unit or its Owner. The requirement for the written consent of the Declarant and/or its Designee shall mean just the Declarant for so long as the Declarant owns title to one or more Units and shall mean its Designee (or the majority in interest of its Designees, based on their aggregate percentage interest of the Common Elements, if there is more than one Designee of the Declarant), for so long as the Designee of the Declarant owns one or more Units, if the Declarant no longer owns any Units. Additionally, i) no such amendment to the Bylaws shall materially adversely affect the lien of any mortgage encumbering a Unit without the written consent of any such mortgagee; ii) no such amendment to the Bylaws may increase the percentage of Common Interests allocated to any Unit or Units with the consent of the owner of any such Unit; iii) no such amendments to the Bylaws shall increase the percentage of the Common Interests allocated to any Unit or Unit without the written consent of the mortgagee of any such Unit or Units, if any.

Section 2. ***Mortgagee Notice and Rights.***

(a) The vote of any Unit Owner as to any proposed amendment or modification of the By-laws is subject to any written consent that may be required of the holder of a Unit mortgage, to extent such consent is required by the terms of any such mortgage.

(b) Any notice of a meeting of Unit Owners as to any proposed amendment or modification of these By-laws shall be sent at the same time to the holders of any mortgage encumbering a Unit, whose name and address appears on the books and records of the Condominium, together with a copy of the proposed text of any such amendment. Subject to the provisions contained in this Article XIII with respect to amendments or modifications affecting the Declarant or its Designees, or any Unsold Units, or the Commercial Units or any Commercial

Unit Owners, if holders of first mortgages of record attributable to 51% or more of the Common Interests of the Unit Owners, object to any such proposed amendment or modification to the Bylaws and such objections are received in writing by the Board of Managers on or prior to the date of such meeting, then such proposed amendment or modification shall not be enacted and shall be deemed disapproved by the Unit Owners.

Section 3. ***Use Changes***. Notwithstanding anything to the contrary herein contained, no provision of these By-Laws relating to the use of the Units may be amended without the consent of every Unit Owner affected by such amendment, nor shall these By-Laws be amended so as to adversely effect the rights, privileges, duties and obligations of each Unit Owner unless the Unit Owner adversely affected gives his or her written consent to such Amendment.

ARTICLE XIV

Conflicts

Section 1. ***Conflicts***. These By-Laws are set forth to comply with the requirements of Article 9-B of the Real Property Law of the State of New York. In case any of these By-Laws conflict with the provisions of said statute or of the Declaration, the provisions of said statute or of the Declaration, as the case may be, shall control.

RULES AND REGULATIONS

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SCHEDULE A

RULES AND REGULATIONS OF THE CONDOMINIUM

1. The sidewalks, entrances, passages, public halls, vestibules, corridors and stairways of the Building shall not be obstructed or used for any other purpose than ingress to and egress from the Units.

2. No article (including, but not limited to, garbage cans, bottles or mats) shall be placed in any of the passages, public halls, vestibules, corridors, stairways or fire tower landings of the Building, nor shall any fire exit thereof be obstructed in any manner. Nothing shall be hung or shaken from any doors, windows or roofs or placed upon the window sills of the Building.

3. Neither occupants nor their guests shall play in the entrances, passages, public halls, vestibules, corridors, stairways or fire towers of the Building.

4. No public hall or vestibule of the Building shall be decorated or furnished by any Unit Owner in any manner.

5. Each Unit Owner shall keep such Unit Owner's Unit and any Limited Common Elements appurtenant thereto in a good state of preservation and cleanliness, and shall not sweep or throw or permit to be swept or thrown therefrom, or from the doors or windows thereof, any dirt or other substance.

6. No window guards shall be used in or about any Residential Unit, unless otherwise required by law, except such as shall have been approved in writing by the Board or the managing agent. No clothes, sheets, blankets, laundry or other articles of any kind shall be hung on or out of a Unit or its appurtenant Limited Common Elements. No window frames or mullions in any Residential Unit may be removed, altered or replaced without the written consent of the Board.

7. No radio, television aerial, satellite dish or similar device shall be attached to or hung from the exterior of the Building and no sign, notice, advertisement or illumination shall be inscribed or exposed on or at any door or window of a Residential Unit or other part of the Building, except as such are permitted pursuant to the Declaration or the By-Laws or shall have been approved in writing by the Board or the managing agent of the Building, nor shall anything be projected from any door or window of the Building without similar approval, except as may otherwise be required by law or as such are permitted pursuant to the Declaration or the By-Laws.

8. No heat, ventilator or air conditioning device or window fan shall be installed in any Residential Unit without the prior written approval of the Board, which approval may be granted or refused in the sole discretion of the Board.

9. All radio, television or other electrical equipment of any kind or nature installed or used in each Unit shall fully comply with all rules, regulations, requirements or recommendations of the New York Board of Fire Underwriters and the public authorities having jurisdiction and the Unit Owner alone shall be liable for any damage or injury caused by any radio, television or other electrical equipment in such Unit Owner's Unit.

10. No velocipedes, bicycles, scooters or similar vehicles, and baby carriages or any of the above-mentioned vehicles or other equipment, furniture or other personal articles shall be allowed to stand in the passages, public halls, vestibules, corridors or other public areas of the Building.

11. No Unit Owner shall make or permit any disturbing noises or activity in the Building, or do or permit anything to be done therein, which will interfere with the rights, comfort or convenience of other Unit Owners or the tenants or occupants of the Building. No Residential Unit Owner shall play or suffer to be played any musical instrument, or practice or suffer to be practiced vocal music, or operate or permit to be operated a phonograph, radio, television computer, stereo or other loud speaker in such Unit Owner's Unit between 11:00 P.M. and the following 7:00 A.M., if the same shall disturb or annoy other occupants of the Building, unless the same shall have the prior written consent of the Board. No construction or 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 8:00 A.M. and 5:00 P.M., unless such construction or repair work is necessitated by an emergency or unless such work is performed by Declarant and/or the Owner of the Commercial Unit.

12. No pets other than dogs, caged birds, cats and fish (which do not cause a nuisance, health hazard or unsanitary condition), shall be permitted, kept or harbored in a Unit without the same in each instance having been expressly permitted in writing by the Board or the managing agent of the Building and such consent, if given, shall be revocable by the Board in its sole discretion, at any time. In no event shall any Unit Owner maintain more than two (2) pets in a Unit (other than fish) without the consent of the Board nor shall any bird, reptile, or animal be permitted in any of the public portions of the Section, unless carried or on a leash. No pigeons or other birds or animals shall be fed from the window sills or other public portions of the Building or on the sidewalk or street adjacent to the Building. Each Unit Owner who keeps any type of pet in such Unit Owner's Unit may be required to enter into an agreement with the Board setting forth such other rules regarding pets as the Board shall deem suitable and indemnifying and holding harmless the Condominium, all Unit Owners and the managing agent from all claims and expenses resulting from acts of such pet.

13. All service and delivery persons for the Residential Units may be required to use the service entrance (if any), unless otherwise directed. Deliveries will be made only at such times as a Residential Unit is occupied by the resident thereof or an authorized person and said resident or authorized person is willing to accept delivery. If the Residential Unit is not so occupied or delivery is declined, the package will be held until the resident or authorized person returns or requests delivery. In the case of packages containing perishable food items, service or delivery persons who are registered with Building personnel will be permitted to make deliveries

directly to individual Residential Units after such service or delivery persons have received approval for such delivery from the Residential Unit Owner.

14. Trunks and heavy baggage shall be taken in or out of the Building to or from a Residential Unit through a designated entrance only.

15. No Unit Owner or any visitor, guest, patient, employee or any client of a Unit Owner shall be allowed in the heating, electrical or mechanical equipment areas without the express permission of the Board of Managers.

16. All damage to the Building or Common Elements (including Residential Common Elements) caused by the moving or carrying of any article therein shall be paid by the Unit Owner responsible for the presence of such article.

17. No refuse from the Units shall be sent to the below grade levels of the Building except at such times and in such manner as the Board or the managing agent may direct.

18. Water-closets and other water apparatus in the Building shall not be used for any purpose other than those for which they were designed, nor shall any sweepings, rubbish, rags or any other article be thrown into the 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 such Unit.

19. No occupant of the Building shall send any employee of the Building or of the managing agent thereof out of the Building on any private business.

20. The agents of the Board or the managing agent, and any contractor or worker authorized by the Board or the managing agent of the Building, may enter any room or Unit at any reasonable hour of the day, on at least one day's prior written 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 manner so as not to unreasonably interfere with the use of such Unit for its permitted purposes.

21. Corridor doors shall be kept closed at all times, except when in actual use for ingress or egress to and from public corridors.

22. The Board or the managing agent of the Building may retain a passkey to each Residential Unit. If any lock is altered or a new lock is installed, the Board or the managing agent of the Building shall be provided with a key thereto immediately upon such alteration or installation. If the Residential Unit Owner is not personally present to open and permit an entry to such Unit Owner's 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 Board or the managing agent, then the Board or managing agent or their agents (but, except in an emergency, only when specifically authorized by an officer of the Board or an officer of the managing agent) may forcibly enter such Residential Unit without liability for damages or trespass by reason thereof (if during such entry reasonable care under the circumstances is given

to such Unit Owner's property).

23. No vehicle belonging to a Residential Unit Owner or to a member of the family guest, tenant or employee of a Residential Unit Owner shall be parked in such manner as to or prevent ready access to any entrance to or exit from the Building by another vehicle.

24. Complaints regarding the services of the Building shall be in writing to the Board or to the managing agent.

25. Any consent or approval given under these Rules and Regulations may be granted, refused, added to, amended or repealed, in the sole discretion of the Board at any time by resolution of the Board. Further, any such consent or approval of the discretion of the Board, be conditional.

26. Unit Owners will faithfully observe the following procedures with respect to the use of the compactor: (a) wrap dust, floor and powdered waste in compact packages before depositing the same; (b) thoroughly drain and wrap in paper all garbage before depositing the same; (c) refrain from forcing large bundles into the chute; (d) crush into tight bundles all papers before placing the same in the hopper door; (e) deposit all bundles of waste into the hopper (f) refrain from depositing waste of an explosive nature therein; (g) observe all Laws regarding recycling of refuse then imposed by governmental agencies having jurisdiction thereover and (h) observe any additional recycling rules established by the Condominium Board.

27. Except as permitted under the Declaration and By-Laws, Residential Unit Owners, their families, guests, servants, employees, agents, visitors, tenants, sub-lessees or licensees shall not at any time or for any reason whatsoever enter upon or attempt to enter upon the roof of the Building.

28. Unit Owners, their guests, servants, employees, agents, visitors, tenants, sub-lessees or licensees shall not cause or permit any unusual or objectionable noise or odors to be produced upon or to emanate from their Units or any public portions of the Building.

29. No Unit Owner or any of such Unit Owner's family members, agents, servants, employees, licensees, tenants, sub-lessees or visitors shall, at any time, bring into or keep in such Unit Owner's Unit any inflammable, combustible or explosive fluid, material, chemical or substance, except as shall be necessary and appropriate for the permitted uses of such Unit.

30. If any key or keys are entrusted by a Residential Unit Owner or by any member of such Residential Unit Owner's family or by such Residential Unit Owner's agent, servant, employee, tenant, sub-lessee, licensee or visitor to an employee of the Board or the managing agent, whether for such Residential Unit Owner's Unit or an automobile, trunk or other item of personal property, the acceptance of the key shall be at the sole risk of such Residential Unit Owner, and neither the Board nor the managing agent of the Building shall be liable for injury, loss or damage of any nature whatsoever, directly or indirectly resulting therefrom or connected therewith.

31. Nothing shall be done or kept in any Unit or in the Common Elements (including the Residential Common Elements) or Limited Common Elements which will increase the rate of insurance of the Building or contents thereof without the prior written consent of the Condominium Board. No. Unit Owner shall permit anything to be done or kept in such Unit Owner's Unit or in the Common Elements or Limited Common Elements which will result in the cancellation of insurance on the Building or which would be in violation of any law. No waste shall be committed in the Common Elements (including the Residential Common Elements) or Limited Common Elements.

32. The Board shall have the right from time to time to relocate any portion of the Common Elements (including the Residential Common Elements) devoted to storage or service purposes.

33. No group tour or exhibition of any Residential Unit or its contents shall be conducted, nor shall any auction sale be held in any Residential Unit, without the prior consent of the Board or the managing agent.

34. In the event that any Residential Unit is used for home occupation purposes which are permitted by law and the By-Laws, in no event shall any patients, clients or other invitees be permitted to wait in any lobby, public hallway or vestibule.

35. Unless expressly authorized by the Board in each case, at least 80% of the floor area of each Residential Unit (excepting only kitchens, pantries, bathrooms, closets and foyers) must be covered with rugs, carpeting or equally effective noise-reducing material.

36. There will be no barbecuing in the Residential Units, in their Limited Common Elements (including the Residential Common Elements), or the Common Elements, except for those areas (if any) specifically designated for barbecuing by the Board.

37. The Board reserves the right to rescind, alter, waive or add, as to one or more or all occupants, any rule or regulation at any time prescribed for the Building when, in the reasonable judgment of the Board, the Board deems it necessary or desirable for the reputation, safety, character, security, care, appearance or interests of the Building, or the preservation of good order therein, or the operation or maintenance of the Building, or the equipment thereof, or the comfort of Unit Owners, occupants or others in the Building. No rescission, alteration, waiver or addition of any rule or regulation in respect of one Unit Owner or other occupant shall operate as a rescission, alteration or waiver in respect of any other Unit Owner or other occupant.

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CERTIFICATIONS

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CERTIFICATION OF SPONSOR AND SPONSOR'S PRINCIPALS PURSUANT TO PART 20 OF THE REGULATIONS ISSUED BY THE ATTORNEY GENERAL PURSUANT TO GENERAL BUSINESS LAW, ARTICLE 23-A, AS AMENDED

April 26, 2006

New York State Department of Law
Real Estate Financing Bureau
120 Broadway, 23rd floor
New York, New York 10271
Attention: Investment Protection Bureau

Re: The Hit Factory Condominium, 421 West 54th Street, New York, New York

I am the Sponsor and the principal of sponsor of the condominium Offering Plan for the captioned property.

I understand that I have primary responsibility for compliance with the provisions of Article 23-A of the General Business Law, the regulations promulgated by the Attorney General in Part 20 and such other laws and regulations as may be applicable.

I have read the entire offering plan. We have investigated the facts set forth in the Offering Plan and the underlying facts. I have exercised due diligence to form a basis for this Certification. I jointly and severally certify that the Offering Plan does and that documents submitted hereafter by the Sponsor 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 make their judgments;
(iii) not omit any material fact;
(iv) not contain any untrue statement of a material act;
(v) not contain any-fraud, deception, concealment, suppression, false pretense or fictitious or pretended purchase or sale;
(vi) not contain any promise or representation as to the future which is beyond reasonable expectation or unwarranted by existing circumstances; and
(vii) not contain any representation or statement which is false, where we: (a) knew the truth; (b) with reasonable effort could have known the truth; (c) made no reasonable effort to ascertain the truth, or (d) did not have knowledge concerning the representations or statements made.

This Certification is made under penalty of perjury for 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.

SAGAMORE 54th ST. INVESTMENTS LLC

By: _____
Charles M. Dubroff, Managing Member

HF SPONSOR CORP.

By: _____
Charles M. Dubroff, President

_____
Charles M. Dubroff

OFFICIAL SEAL
PALMIRA MALONE
NOTARY PUBLIC-ARIZONA
MARICOPA COUNTY
My Comm. Expires Nov. 5, 2007

Sworn to before me this
26 day of April, 2006

_____
Notary Public

ARPAD BAKSA

ARCHITECT, P.C.

99 Wall Street, Suite 1600
New York, New York 10005-4301
tel: 212.768.4191
fax: 212.768.4473
e-mail:
abaksa@arpad-baksa-architect.com
www.arpad-baksa-architect.com

CERTIFICATION OF SPONSOR'S ARCHITECT PURSUANT TO SECTION 18.4 (C)-*occupied units* 20.4(C)-*vacant* OF THE REGULATIONS ISSUED PURSUANT TO GENERAL BUSINESS LAW, ARTICLE 23-A, AS AMENDED.

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

Attn: Real Estate Financing Bureau

Re: 421-429 West 54th Street, New York, NY

The undersigned, an architect licensed to practice as a professional architect in New York State certifies as follows:

The Sponsor of the offering to convert the captioned property to condominium ownership retained Arpad Baksa Architect, P.C. (ABA) to prepare a report describing the renovation of the property (the "Report"). ABA visually inspected the property on 18 May, 2005. ABA prepared the building plans and specifications and prepared the Report dated 20 July, 2005 and Addendum #01 dated 7 December 2005, a copy of which is intended to be incorporated into the Offering Plan so that prospective purchasers may
rely on the Report.

We understand that we are responsible for complying with Article 23-A of the General Business Law and the regulations promulgated by the Attorney General in Part 20 insofar as they are applicable to this report.

ABA has 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. ABA certifies that the Report:

(i) sets forth in narrative form the description and/or physical condition of the entire property as it will exist upon completion of renovation, provided that renovation is in accordance with the plans and specifications that ABA prepared as part of this Report as well as Construction documents we filed with the New York City Buildings Department;

(ii) in ABA's professional opinion, affords potential investors, purchasers, and participants an adequate basis upon which to found their judgment concerning the description and the hysical condition of the property as it will exist upon completion of renovation, provided renovation is in accordance with the plans and specifications that ABA prepared for this Report as well as the Construction Documents we have filed with the New York city Buildings Department;

(iii) does not omit any material fact;

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

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

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

(vii) does not contain any representation or statement which is false, where I; (a) knew the truth; (b) with reasonable effort could have known the truth; (c) made no reasonable effort to ascertain the truth, or; (d) did not have knowledge concerning the representations or statement made.

ABA further certifies that ABA is not owned or controlled by and has no beneficial interest in the Sponsor and that ABA's compensation for preparing this Report is not contingent upon the conversion of the Property to Condominium ownership or on the profitability or the price of the offering.

This statement is not intended as a guarantee or warranty of the physical condition of the property.

Sworn to before me this
31 day of March, 2006.

Daniel W. McFarlane
Commissioner of Deeds
City of New York - 2-10730
Certified in New York County
Commission Expires Jan 1, 07

Notary Public

REGISTERED ARCHITECT
ARPAD BAKSA
STATE OF NEW YORK
16325

Arpad Baksa, R.A., #16325

BUCHBINDER & WARREN, LLC
One Union Square West, Room 402
New York, New York 10003
(212) 243-6722
Fax: (212) 645-0985

CERTIFICATION OF ADEQUACY OF BUDGET

April 12, 2006

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

Re: The Hit Factory® Condominium
421 West 54th Street
New York, New York 10019 (the "Premises")

The Sponsor of the Condominium Offering Plan for the above-referenced Premises retained the undersigned to prepare Schedules "B" and "B-1" (the "Schedules") containing projections of income and expenses for the first year of the condominium operation of the Premises starting January 1, 2007 and ending December 31, 2007.

Undersigned or undersigned's principal(s) have managed or operated cooperatives or condominiums or rental properties for at least 40 years.

Undersigned understands that the undersigned is responsible for complying with Article 23-A of the General Business Law and the regulations promulgated by the Department of Law in Part 20 insofar as they are applicable to the Schedule "B" and "B-1".

Undersigned has reviewed the Schedule and investigated the facts set forth in the Schedule and the facts underlying them with due diligence in order to form a basis for this certification. Undersigned also has relied on undersigned's experience in managing residential buildings.

Undersigned certifies that the projections in the Schedule appear reasonable and adequate under existing circumstances, and the projected income appears to be sufficient to meet the anticipated operating expenses for the first year of condominium operation.

Undersigned certifies that the Schedule:

(i) sets forth in detail the projected income and expenses for the first year of the condominium operation;

(ii) afford potential investors, purchasers and participants an adequate basis upon which to found their judgement concerning the first year of condominium operation;

(iii) do not omit any material fact;

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

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

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

(vii) do not contain any representation or statement which is false, where undersigned:

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

Undersigned further certifies that undersigned is not owned or controlled by the Sponsor. Undersigned understands that a copy of this certification is intended to be incorporated into the Offering Plan. The statement is not intended as a guarantee or warranty of the income and expenses of 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. Undersigned understands that violations are subject to the civil and criminal penalties of the General Business Law and Penal Law.

BUCHBINDER & WARREN, LLC

By: _____

Print Name: Rosemary Paparo
Print Title: Director of Management

Sworn to before me this 12th day
of April, 2006

Jacqueline Pasternack
Notary Public

JACQUELINE PASTERNACK
Notary Public, State of New York
No. 01PA6006779
Qualified in Kings County
Commission Expires May 4, 2006

BUCHBINDER & WARREN, LLC
One Union Square West, Room 402
New York, New York 10003
(646) 637-9038
Fax: (212) 645-0985

CERTIFICATION OF EXPERT CONCERNING THE ADEQUACY OF COMMON CHARGES PAYABLE BY THE COMMERCIAL UNIT OWNER(S) PURSUANT TO SEC. 20.4 (e) OF THE REGULATIONS ISSUED PURSUANT TO GENERAL BUSINESS LAW, ARTICLE 23-A, AS AMENDED

April 12, 2006

State of New York Department of Law
Investment Protection Bureau, Real Estate Financing Section,
120 Broadway – 23rd Floor
New York, N.Y. 10271

Re: The Hit Factory® Condominium
421 West 54th Street
New York, New York 10019 (the "Premises")

Dear Sir/Madam,

The Sponsor of the Condominium Offering Plan for the captioned property has retained Buchbinder & Warren to prepare Schedules "A" and "B" which includes projections of common charges payable by the owner(s) of the Commercial Unit(s). Our experience in this field includes managing or operating cooperatives, condominiums or rental properties, including loft buildings, in New York for more than 30 years. We currently manage more than fifty cooperatives and condominiums in Manhattan.

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 the Commercial unit(s) listed in Schedules "A" and "B".

I have reviewed the Schedule as it impacts upon the Commercial Unit(s) and investigated the facts underlying it with due diligence in order to from a basis for this certification. I have also relied on my experience in managing residential buildings.

I certify that the projections in Schedules "A" and "B" for common charges payable by the owner(s) of the Commercial Unit(s) appear reasonable and adequate under existing circumstances to meet the anticipated operating expenses fairly attributable to such Commercial Unit(s) for the projected first year of condominium operation, and that the allocation of common charges attributable to the Commercial Unit(s) also reflects special or exclusive use or availability or exclusive control of particular common areas.

I certify that the estimates in Schedules "A" and "B" for the common charges payable by the owner(s) of the Commercial Unit(s):

(i) set forth in detail the projected common charges for the Commercial Unit(s) for the first year of the condominium operation;

(ii) afford potential investors, purchasers and participants an adequate basis upon which to found their judgement concerning common charges payable by the owner(s) of the Commercial Unit(s) for the first year of condominium operation;

(iii) do not omit any material fact;

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

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

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

(vii) do not contain any representation or statement which is false, where we, the undersigned:

(a) knew the truth;
(b) with reasonable effort could have known the truth;
(c) made no reasonable effort to ascertain the truth;
or
(d) did not have knowledge concerning the representations or statements 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 common charges fairly attributable to the Commercial Unit(s) 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. I understand that violations are subject to the civil and criminal penalties of the General Business Law and Penal Law.

BUCHBINDER & WARREN, LLC

By: _____
Eugene Warren, Principal Member

Sworn to before me this 12th day
of April 2006

Jacqueline Pasternack
Notary Public

JACQUELINE PASTERNACK
Notary Public, State of New York
No. 01PA6006779
Qualified in Kings County
Commission Expires May 4, 2006

COUNSEL PRESS
520 EIGHTH AVENUE, NEW YORK, NEW YORK 10018
(212) 685-9800; (716) 852-9800; (800) 4-APPEAL

(201046)